

Marble Mountain Development Corporation

Annual Report 2019-20

Message from the Chair

As Interim Chair of the Marble Mountain Development Corporation, I am pleased to submit the Annual Report for the period of May 1, 2019 to April 30, 2020. 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.

This past year was a challenging one, ending with the early closure of Marble Mountain on March 13, 2020, due to the COVID-19 pandemic.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Murphy". The signature is written in a dark ink and is positioned above the printed name.

Carmela Murphy, Interim Chair
Marble Mountain Development Corporation

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Entity Overview

Organizational Structure

The Marble Mountain Development Corporation (MMDC) was established in April 1988 as a Crown corporation to plan and oversee the development of Marble Mountain as a destination attraction with the potential for multi-season operations. MMDC worked with the Department of Tourism, Culture, Arts and Recreation (formerly known as the Department of Tourism, Culture, Industry and Innovation) on efforts to attract private sector investment.

Staff and Budget

MMDC employs approximately 145 staff with the majority being winter seasonal employees. This past season, Marble operated for 55 days, which was less than the 2019 ski season (72 days) mainly because of the early shutdown of operations due to COVID-19. MMDC's general revenue declined due to lower skier visits and the early shutdown. Total skier visits for the 2020 ski season were 44,782, which is a decrease of 7.4 per cent from last year (48,383). Sales revenue was just over \$1.7 million, down 14 per cent from the previous year.

For the 2019-20 operating season, the Provincial Government provided \$806,400 in grants. MMDC's audited financial statements for the year ended April 30, 2020, are provided at the end of this report.

Board of Directors

MMDC is governed by a Board of Directors appointed by the Lieutenant-Governor in Council in accordance with the requirements of the **Corporations Act**. The Board has by-laws to guide its operations and is accountable to the Provincial Government through the Minister of Tourism, Culture, Arts and Recreation. The Corporation is under the guidance of a transitional board. As of April 30, 2020, the Board consisted of the following members:

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- Interim Chairperson: Carmela Murphy, former Department of Tourism, Culture, Industry and Innovation
- Former Department of Tourism, Culture, Industry and Innovation Representatives:
 - Brent Decker
 - Carol-Ann Gilliard
 - Jeff Mercer
 - Gillian Skinner
- Department of Finance Representative:
 - Doug Trask

Physical Location

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Facsimile: (709) 634-1702

Website: www.skimarble.com

Highlights and Partnerships

Highlights

In July 2019, MMDC launched a new and improved website to better serve clients. Through this new website, MMDC is able to better communicate to its clients the various initiatives that have been implemented to improve the visitor experience, including offering a greater range of activities, events and promotions. MMDC created and launched an events calendar with new and existing events. Some of the new events were added in an effort to attract new business. These events included a New Year's Eve family event, a Light it Up Pink event to raise funds for breast cancer research, snow bike races, and the Western Sno-Riders poker run.

Partnerships

In 2019-20, MMDC continued to partner with several groups and organizations including 365 Sports, Marble Mountain Alpine Race Team, Corner Brook Winter Carnival, Brent McNamara Events, Spicy Caesar, J. Osmond Design, Wingin' It, Western Sno-Riders, and the local Shriner's Club and food bank. These partnerships with businesses and organizations are very important to provide a quality recreational experience to the people participating in events/skiing at the Marble Mountain.

Report on Performance

Issue #1: Improving Operational Efficiency and Sustainability

MMDC has taken measures to improve operational efficiencies and sustainability of the facility. It has worked towards improving the visitor experience, developing new marketing and operating strategies and new business partnerships to develop the base area of the Marble Mountain Resort.

Goal Statement

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

Indicator 1: Identified opportunities for an improved visitor experience and increased revenue.

MMDC improved the visitor experience by making changes for the 2018 ski season. These initiatives were intended to increase participation by bringing ticket prices on par with other Atlantic Canadian ski resorts and offer more events at the hill. Both early bird and regular season pass prices were reduced for the 2018 season. Since October 1, Marble Mountain skiers were able to purchase early bird season passes and save \$100 off the price of a regular season pass. Additionally, at the Cookhouse and the Knotty Pine Lounge, new cafeteria and bar menus with more affordable options were introduced with gluten-free, vegetarian and vegan options.

MMDC initiated a three-year strategy to increase revenues. The strategy included finding ways to utilize the venue during traditionally slower periods; getting the ticket bookings ahead of time to have continuous influx of people; better communication through its website. Some notable initiatives that eventually will lead to generating more revenues included offering discounts and promotions on tickets so as to bring more people to the venue especially during traditionally slower periods. At MMDC, an event calendar was

created with a list of new and existing events so that public can plan ahead and do the bookings ahead of time. More activities and events were organized to get more visitors.

Indicator 2: Identified business development opportunities for the base area.

In 2018, MMDC issued a Request for Proposals (RFP) to seek private sector development interest. The process is underway and an update will be provided once the process is finalized. The Provincial Government is looking into the long term sustainability of the Marble Mountain Ski Resort.

Indicator 3: Strengthened the financial position of the Corporation.

During 2017-20, MMDC completed a review of its expenditures and identified opportunities for savings and highlighted expenditures for further investigation. This review resulted in savings on employee uniforms, repair costs, food costs, spoilage costs and more. In addition to a review of expenditures, during 2017-20, MMDC explored ways to increase revenues. Therefore, the Corporation has taken measures to reduce expenditures and worked on increasing revenues in order to strengthen the financial position of the Corporation.

2019-20 Objective

By April 30, 2020, MMDC will have implemented the three-year strategy for reducing operational expenditures and increasing revenue.

Indicator 1: Reviewed and assessed proposals and options for development, operations, alternative management, and the potential lease or sale or other investment opportunities for the Marble Mountain resort.

In 2018, MMDC issued a Request for Proposals to seek private sector development interest. This process is still ongoing, and an update will be provided once the process has been finalized.

Opportunities and Challenges

MMDC's business model is primarily seasonal. It is a challenge to generate revenues throughout the year as the busiest months are from January through March, and dependent on the number of skiers.

The number of skier visit depends on favorable weather conditions. MMDC does it best to manage the risk of low snowfall with snowmaking facilities however extreme rain and wind events cause a negative impact on snow conditions.

Safety of staff and skiers is the top priority for MMDC since the resort operates in many business with varied safety risks.

On March 12, 2020, the World Health Organization declared the emerging COVID-19 outbreak a pandemic. Subsequently, on March 13, 2020, the Government of Newfoundland and Labrador announced the closure of Marble Mountain for the remainder of the 2020 ski season. The pandemic also slowed consideration of the RFP noted above.

Visitor Statistics

Table 1: Historical Overview of Key Indicators for 2016-17 to 2019-20

Indicator	2016-17	2017-18	Annual % ⁴	2018-19	Annual % ⁴	2019-20	Annual % ^{4, 5}
Ski Visits¹	63,176	59,402	-6.0	48,383	-18.5	44,782	-7.4
Ski Days²	92	73	-20.7	72	-1.4	55	-23.6
Average per Ski Day³	687	814	+18.5	672	-17.4	814	+21.1

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.

⁵ The 2020 ski season ended on March 13, 2020, due to the COVID-19 pandemic.

Start Dates

2016-17: December 31st

2017-18: January 6th

2018-19: January 5th

2019-20: January 10th

Financial Information

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
APRIL 30, 2020

STATEMENT OF RESPONSIBILITY

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

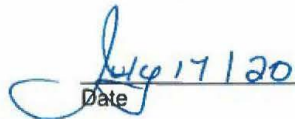
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial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

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

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



Carmela Murphy
Chair



Date



Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Marble Mountain Development Corporation

Opinion

We have audited the financial statements of Marble Mountain Development Corporation (the Corporation), which comprise the statement of financial position as at April 30, 2020 and the statement of operations, changes in net financial assets (debt) and cash flows for the year ended April 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Corporation are prepared, in all material respects, in accordance with the standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis for Opinion

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

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

Management is responsible for the preparation of the financial statements in accordance with the standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

Corner Brook
Newfoundland and Labrador
July 15, 2020

Bonnell Cole Janes
CHARTERED PROFESSIONAL ACCOUNTANTS



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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash (Note: 2)	\$ 5,209	\$ 4,459
Accounts receivable (Note: 3)	<u>367,712</u>	<u>78,364</u>
	<u>372,921</u>	<u>82,823</u>
LIABILITIES		
Bank indebtedness (Note: 8)	2,022,265	1,238,384
Accounts payable and accrued liabilities (Note: 5)	132,101	194,647
Deferred revenue (Note: 7)	30,779	43,005
Obligations under capital lease (Note: 6)	<u>56,583</u>	<u>166,772</u>
	<u>2,241,728</u>	<u>1,642,808</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(1,868,807)</u>	<u>(1,559,985)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	10,624,010	11,829,967
Inventories held for use (Note: 2)	45,649	31,147
Prepaid expenses (Note: 4)	<u>82,164</u>	<u>86,322</u>
	<u>10,751,823</u>	<u>11,947,436</u>
ACCUMULATED SURPLUS	<u>\$ 8,883,016</u>	<u>\$ 10,387,451</u>

APPROVED ON BEHALF OF BOARD:



See accompanying notes to the consolidated financial statements



MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
REVENUE			
Lift operations (Schedule 2)	\$ (594,591)	\$ (829,485)	\$ (591,494)
Rental and repair shop (Schedule 3)	91,304	68,464	87,965
Food and beverage (Schedule 4)	68,296	19,374	66,721
Ski school (Schedule 5)	1,775	(9,465)	211
Marketing (Schedule 6)	(150,000)	(94,978)	(94,512)
Marble Villa (Schedule 7)	<u>74,416</u>	<u>22,505</u>	<u>74,340</u>
	<u>(508,800)</u>	<u>(823,585)</u>	<u>(456,769)</u>
EXPENDITURES			
Labour	164,975	104,337	164,976
Interest on short-term debt	63,800	64,105	63,800
Administration	41,010	48,909	43,255
Professional Fees	21,325	19,432	21,325
Communications	13,697	11,318	13,697
Interest on capital lease obligations		4,078	2,979
Miscellaneous	6,172	3,922	5,237
Interest and bank charges	9,538	2,776	9,538
Travel and conference fees	2,113	547	2,238
Donations			
Bad debts			
	<u>322,630</u>	<u>259,424</u>	<u>327,045</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE CAPITAL GRANT, AMORTIZATION & OTHER	<u>(831,430)</u>	<u>(1,083,009)</u>	<u>(783,814)</u>
OTHER OPERATING:			
Gov. transfers-operating grant (Note:9)	306,400	656,400	656,400
Gov. transfers-marketing partnership (Note:9)	150,000	150,000	150,000
Flooding repairs			<u>(88,330)</u>
	<u>456,400</u>	<u>806,400</u>	<u>718,070</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE CAPITAL GRANT, AMORTIZATION & OTHER	<u>(375,030)</u>	<u>(276,609)</u>	<u>(65,744)</u>
CAPITAL GRANT, AMORTIZATION & OTHER:			
Gov. transfers - capital grant (Note:9)	400,000		400,000
Amortization of tangible capital assets		(1,229,435)	(1,430,712)
Gain on disposal of tangible capital assets		<u>1,609</u>	<u>11,797</u>
	<u>400,000</u>	<u>(1,227,826)</u>	<u>(1,018,915)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 24,970</u>	(1,504,435)	(1,084,659)
ACCUMULATED SURPLUS, beginning of the year		<u>10,387,451</u>	<u>11,472,110</u>
ACCUMULATED SURPLUS, end of the year		<u>\$ 8,883,016</u>	<u>\$10,387,451</u>

See accompanying notes to the consolidated financial statements



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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED APRIL 30, 2020

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>24,970</u>	\$ <u>(1,504,435)</u>	\$ <u>(1,084,659)</u>
Acquisition of tangible capital assets	(400,000)	(23,478)	(118,368)
Amortization of tangible capital assets		1,229,435	1,430,712
Loss (gain) on disposal of tangible capital assets		(1,609)	(11,797)
Proceeds on sale of tangible capital assets		1,609	22,120
(Increase) decrease in prepaid expenses		4,158	49
(Increase) decrease in inventories		<u>(14,502)</u>	<u>641</u>
	<u>(400,000)</u>	<u>1,195,613</u>	<u>1,323,357</u>
CHANGE IN NET FINANCIAL ASSETS	\$ <u>(375,030)</u>	(308,822)	238,698
NET DEBT, BEGINNING OF THE YEAR		<u>(1,559,985)</u>	<u>(1,798,683)</u>
NET DEBT, END OF THE YEAR		\$ <u>(1,868,807)</u>	\$ <u>(1,559,985)</u>

See accompanying notes to the consolidated financial statements



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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (1,504,435)	\$ (1,084,659)
Changes in non-cash items:		
Accounts receivable	(289,348)	3,706
Inventories	(14,502)	641
Prepays	4,158	49
Accounts payable and accrued liabilities	(62,545)	(158,784)
Deferred revenue	(12,227)	2,734
Loss (gain) on disposal of tangible capital assets	(1,609)	(11,797)
Amortization	<u>1,229,435</u>	<u>1,430,712</u>
Cash provided (used) in operating activities	<u>(651,073)</u>	<u>182,602</u>
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	1,609	22,120
Cash used to acquire tangible capital assets	<u>(23,478)</u>	<u>(118,368)</u>
Cash provided (used) in capital activities	<u>(21,869)</u>	<u>(96,248)</u>
FINANCING ACTIVITIES		
Repayment of obligations and capital leases	<u>(110,189)</u>	<u>(69,105)</u>
Cash provided (used) in financing activities	<u>(110,189)</u>	<u>(69,105)</u>
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(783,131)	17,249
CASH DEFICIENCY, beginning of the year	<u>(1,233,925)</u>	<u>(1,251,174)</u>
CASH DEFICIENCY, end of the year	<u>\$ (2,017,056)</u>	<u>\$ (1,233,925)</u>
CASH CONSISTS OF:		
Cash on hand	\$ 5,209	\$ 4,459
Bank indebtedness	<u>(2,022,265)</u>	<u>(1,238,384)</u>
	<u>\$ (2,017,056)</u>	<u>\$ (1,233,925)</u>

See accompanying notes to the consolidated financial statements



MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

1. Status of the Marble Mountain Development Corporation

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

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

2. Significant Accounting Policies

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

(a) Basis of Accounting

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

(b) Financial Assets

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

(c) Non-Financial Assets

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

(d) Inventories

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

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

2. Significant Accounting Policies (Cont'd)**(e) Government Transfers**

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

(f) Tangible Capital Assets

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

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

(g) Revenue Recognition

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

(h) Use of Estimates

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used. Items requiring the use of significant estimates include the value of inventory, the useful life of capital assets, accrued liabilities, and deferred revenue.

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

2. Significant Accounting Policies (Cont'd).**(i) Leased assets**

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

(j) Cash

	<u>2020</u>	<u>2019</u>
Cash is comprised of the following:		
Cash on hand	\$ <u>5,209</u>	\$ <u>4,459</u>

3. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 61,312	\$ 78,364
Other receivables	<u>306,400</u>	<u> </u>
	<u>\$ 367,712</u>	<u>\$ 78,364</u>

4. Prepaid expenses

	<u>2020</u>	<u>2019</u>
Insurance	\$ 80,829	\$ 77,786
Computer maintenance		5,266
Advertising		1,493
Lease deposit	<u>1,335</u>	<u>1,777</u>
	<u>82,164</u>	<u>\$ 86,322</u>

5. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 75,058	\$ 102,157
Government remittances payable	46,453	82,548
Other payables	<u>10,590</u>	<u>9,942</u>
	<u>\$ 132,101</u>	<u>\$ 194,647</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

6. Obligations under capital lease

	<u>2020</u>	<u>2019</u>
National Leasing lease bearing interest at 0% per annum, repayable in monthly payments of \$6,399. The lease matures March 1, 2021 and is secured by a charge over specific equipment.	\$ 17,037	\$ 93,828
National Leasing lease bearing interest at 6.485% per annum, repayable in blended monthly payments of \$1,532. The lease matures on January 1, 2021 and is secured by a charge over specific equipment.	13,424	30,340
National Leasing lease bearing interest at 0% per annum, repayable in monthly payments of \$384. The lease matures on January 1, 2020 and is secured by a charge over specific equipment.		3,074
National Leasing lease bearing interest at 7.79% per annum, repayable in blended monthly payments of \$1,335. The lease matures on January 1, 2022 and is secured by a charge over specific equipment.	<u>26,122</u>	<u>39,530</u>
	<u>\$ 56,583</u>	<u>\$ 166,772</u>

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

2021	\$ 45,222
2022	<u>11,361</u>
	<u>\$ 56,583</u>

7. Deferred Revenue

The organization has on deposit funds collected for events not yet held and unused gift cards sold. There is also nonmonetary consideration received for advertising revenue not yet earned. The balance of \$30,779 will be recognized in revenue in 2021.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

8. Bank Indebtedness

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

	<u>2020</u>	<u>2019</u>
Current bank account (overdraft)	\$ 169,451	\$ 111,045
Operating line of credit	<u>1,852,814</u>	<u>1,127,339</u>
	<u>\$ 2,022,265</u>	<u>\$ 1,238,384</u>

9. Government transfers

	<u>2020</u>	<u>2019</u>
Provincial administrative operating grant	\$ 656,400	\$ 656,400
Capital grants	<u>656,400</u>	<u>400,000</u>
	<u>150,000</u>	<u>150,000</u>
Provincial marketing grant	<u>150,000</u>	<u>150,000</u>
	<u>\$ 806,400</u>	<u>\$ 1,206,400</u>

10. Patrol operating expenses

	<u>2020</u>	<u>2019</u>
Labour	\$ 73,731	\$ 83,973
Supplies	4,422	12,521
Telephone	816	819
Radio rental	1,170	2,691
Sundry	<u>724</u>	<u>1,912</u>
	<u>\$ 80,863</u>	<u>\$ 101,916</u>

11. Financial instrument risk management

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

Credit risk

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

(Cont'd)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

11. Financial instrument risk management (Cont'd)

At year end, the amounts outstanding are as follows:

	<u>2020</u>	<u>2019</u>
Current	\$ 307,550	\$ 7,089
31 to 60 days	7,798	5,255
61 to 90 days	8,713	5,255
Over 90 days	<u>41,188</u>	<u>60,765</u>
	<u>\$ 365,249</u>	<u>\$ 78,364</u>

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

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

Liquidity Risk

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

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

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

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

Fair value

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

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
APRIL 30, 2020

ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED APRIL 30, 2020
SCHEDULE 1

	Area Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Equipment under Capital Lease	Furniture and Fixtures	Lifts	Rental Equipment	Signs	Uniforms	Totals	
											2020	2019
Cost												
Opening costs	\$ 10,792,132	\$ 10,943,449	\$ 8,572,898	\$ 194,477	\$ 1,056,118	\$ 883,557	\$ 7,499,470	\$ 218,164	\$ 96,781	\$ 13,190	\$40,270,236	\$40,216,408
Additions during the year						2,287		13,857		7,334	23,478	118,368
Disposals and write downs								(1,609)			(1,609)	(64,540)
Closing costs	<u>10,792,132</u>	<u>10,943,449</u>	<u>8,572,898</u>	<u>194,477</u>	<u>1,056,118</u>	<u>885,844</u>	<u>7,499,470</u>	<u>230,412</u>	<u>96,781</u>	<u>20,524</u>	<u>40,292,105</u>	<u>40,270,236</u>
Accumulated Amortization												
Opening accumulated amortization	8,981,982	6,008,814	8,339,162	180,405	689,185	859,169	3,090,361	187,815	96,781	6,595	28,440,269	27,063,776
Amortization	359,738	273,586	221,639	9,381	91,404	4,366	245,390	18,312		5,619	1,229,435	1,430,712
Disposals and write downs								(1,609)			(1,609)	(54,219)
Closing accumulated amortization	<u>9,341,720</u>	<u>6,282,400</u>	<u>8,560,801</u>	<u>189,786</u>	<u>780,589</u>	<u>863,535</u>	<u>3,335,751</u>	<u>204,518</u>	<u>96,781</u>	<u>12,214</u>	<u>29,668,095</u>	<u>28,440,269</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,450,412</u>	<u>\$ 4,661,049</u>	<u>\$ 12,097</u>	<u>\$ 4,691</u>	<u>\$ 275,529</u>	<u>\$ 22,309</u>	<u>\$ 4,163,719</u>	<u>\$ 25,894</u>	<u>\$</u>	<u>\$ 8,310</u>	<u>\$10,624,010</u>	<u>\$11,829,967</u>

See accompanying notes to the consolidated financial statements

ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 2
SCHEDULE OF LIFT OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Season passes	\$ 390,174	\$ 408,898
Lift tickets	337,405	381,716
Miscellaneous	75,909	72,027
Locker rental	43,824	43,725
Children's Centre	<u>13,147</u>	<u>14,719</u>
	<u>860,459</u>	<u>921,085</u>
EXPENDITURES		
Snow making		
Electricity	80,379	84,378
Equipment maintenance	36,668	15,595
Labour services		291
Maintenance		
Building	63,070	65,683
Slopes	213,621	27,749
Vehicle operating		
Fuel	45,189	62,479
Repairs	45,576	34,159
Labour	471,420	440,615
Management contract	145,600	145,600
Heating and electricity	127,153	130,586
Insurance	115,080	118,262
Lift repairs	96,414	83,619
Patrol expenses (Note 10)	80,863	101,916
Interest and bank charges	30,134	26,298
Snow clearing	42,000	51,515
Municipal fees	27,826	27,826
Supplies	20,541	31,601
Children's centre	15,136	13,128
Miscellaneous	13,358	20,252
Communications	11,496	16,331
Equipment rental	6,281	6,902
Uniforms	1,840	7,495
Security	<u>299</u>	<u>299</u>
	<u>1,689,944</u>	<u>1,512,579</u>
DEFICIT FROM OPERATIONS	\$ <u>(829,485)</u>	\$ <u>(591,494)</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 3
SCHEDULE OF RENTAL AND REPAIR SHOP OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Rentals	\$ 122,541	\$ 145,296
Repairs	<u>8,328</u>	<u>8,537</u>
	<u>130,869</u>	<u>153,833</u>
EXPENDITURES		
Labour	56,152	60,443
Supplies	1,247	1,745
Interest and bank charges	4,596	3,269
Communications	<u>410</u>	<u>411</u>
	<u>62,405</u>	<u>65,868</u>
SURPLUS FROM OPERATIONS	<u>\$ 68,464</u>	<u>\$ 87,965</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 4
SCHEDULE OF FOOD AND BEVERAGE OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
REVENUE	\$ 381,854	\$ 501,870
COST OF SALES	<u>165,009</u>	<u>203,010</u>
GROSS PROFIT	<u>216,845</u>	<u>298,860</u>
EXPENDITURES		
Labour	153,124	177,142
Supplies	21,420	16,996
Interest and bank charges	13,411	11,379
Entertainment	3,100	7,407
Repairs and maintenance	3,051	5,729
Miscellaneous	1,441	5,732
Communications	1,360	1,363
Utilities	564	1,368
Security	<u>5,023</u>	<u>5,023</u>
	<u>197,471</u>	<u>232,139</u>
SURPLUS FROM OPERATIONS	<u>\$ 19,374</u>	<u>\$ 66,721</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 5
SCHEDULE OF SKI SCHOOL OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
REVENUE	\$ <u>110,280</u>	\$ <u>124,351</u>
EXPENDITURES		
Labour	109,894	113,734
Miscellaneous	3,256	1,849
Krunchers Club	2,552	3,493
Supplies	2,180	1,153
Communications	963	978
Training	900	2,796
Uniforms	<u> </u>	<u>137</u>
	<u>119,745</u>	<u>124,140</u>
SURPLUS (DEFICIT) FROM OPERATIONS	\$ <u>(9,465)</u>	\$ <u>211</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 6
SCHEDULE OF MARKETING OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Sponsorships	\$ 17,000	\$ 19,500
Advertising	3,248	6,371
Miscellaneous	<u>1,786</u>	<u> </u>
	<u>22,034</u>	<u>25,871</u>
EXPENDITURES		
Marketing	53,896	45,694
Labour	53,293	54,994
Office and postage	6,504	12,146
Communications	1,933	2,871
Membership fees	735	1,380
Uniforms	539	2,013
Supplies	<u>112</u>	<u>1,285</u>
	<u>117,012</u>	<u>120,383</u>
DEFICIT FROM OPERATIONS		
- BEFORE MARKETING GRANT	(94,978)	(94,512)
Marketing grant (Note: 9)	<u>150,000</u>	<u>150,000</u>
SURPLUS FROM OPERATIONS	<u>\$ 55,022</u>	<u>\$ 55,488</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2019-20

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 7
SCHEDULE OF MARBLE VILLA OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Occupancy	\$ 208,556	\$ 278,806
Miscellaneous	<u>66</u>	<u>26</u>
	<u>208,622</u>	<u>278,832</u>
EXPENDITURES		
Labour	76,988	84,433
Heat and light	35,006	37,129
Insurance	24,000	20,000
Repairs and maintenance	12,251	15,502
Communications	10,227	11,349
Supplies	7,852	9,300
Interest and bank charges	7,325	14,508
Miscellaneous	6,126	7,121
Cable television	5,644	4,067
Marketing	698	700
Laundry	<u>383</u>	<u>383</u>
	<u>186,117</u>	<u>204,492</u>
SURPLUS FROM OPERATIONS	<u>\$ 22,505</u>	<u>\$ 74,340</u>

See accompanying notes to the consolidated financial statements



