

marble  
mountain  
development  
corporation



ANNUAL REPORT

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<b>Contents</b> .....	1
Chairperson’s Message.....	3
1.0 Marble Mountain Development Corporation: Overview .....	4
1.1 Mandate.....	5
1.2 Vision.....	5
1.3 Mission.....	6
1.4 Values .....	6
1.5 Lines of Business .....	7
Alpine Activities and Services .....	7
Meetings, Conferences and Special Events .....	7
Accommodations .....	7
Food and Beverage.....	8
1.6 Key Statistics .....	8
2.0 Shared Commitments.....	9
Private Sector Investment .....	9
3.0 Highlights and Accomplishments: 2012-13.....	11
Marketing.....	11
Events.....	12
Catering .....	13
Snow School.....	13
Terrain Park.....	14
Marble Villa.....	14
Marble Zip Tours .....	14
4.0 Report on Performance: 2012-13 .....	15
4.1 Preamble .....	15
4.2 Issue One: Financial and Client Service performance .....	15
Discussion of Results.....	16
Indicator Development for 2013-14.....	17
4.3 Issue Two: Public-Private Partnerships.....	18
Discussion of Results.....	19

Indicator Development for 2013-14.....	20
4.4 Issue Three: Increased Participation .....	20
Discussion of Results.....	21
Indicator Development for 2013-14.....	21
5.0 Opportunities and Challenges.....	22
5.1 Winter Opportunities .....	22
5.2 Summer Opportunities.....	23
5.3 Challenges.....	24
6.0 Financial Performance .....	24
Appendix A – MMDC Organizational Chart.....	25
Appendix B – Visitor Statistics.....	26

## CHAIRPERSON'S MESSAGE

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On behalf of the Board of Directors, I am happy to present Marble Mountain Resort's Annual Report for 2012-2013. This year marks the second of three in Marble Mountain Development Corporation's (MMDC) *Business Plan 2011-2014*, and we are on our way to achieving the goals and objectives set for the Resort. Each year we use the Business Plan to guide our direction and in planning our day to day operations.

Each development accomplished this past season puts Marble Mountain Resort on track to not only maintain its designation as the Province's premier winter destination, but also to become a four season tourism attraction for residents of Newfoundland and Labrador and beyond, in accordance with the Department of Tourism, Culture, and Recreation's *Vision 2020*.

Some of the highlights of this past year the Resort is proud to share are significant increases in Marble Villa revenue; the beginning of the implementation of brand new IT platforms which will streamline the majority of the Resort's guest services and produce accurate information for decision-making; and increased skier visits on per-day basis, despite a shortened ski and snowboard season. Each gain is a stepping stone for even greater success in the coming season, as well as in years to come. Each development also contributes to the Resort's overall plans of becoming a fully operational, four season destination.

The Government of Newfoundland and Labrador's support of Marble Mountain Resort ensures continued employment in the region, as well as continued economic stimulation. Private businesses in the area continue to grow and benefit from the Resort's operations, and Marble Mountain is the key attraction to the Western region during winter in the Province.

It is with thanks to the Board of Directors and the management and staff of Marble Mountain Resort that I present this report. Without the dedication of all those involved, Marble Mountain would not be on the road to success it is today. MMDC's Annual Report 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 (Bob) Pike  
Chairperson

## 1.0 MARBLE MOUNTAIN DEVELOPMENT CORPORATION: OVERVIEW

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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 operator – Marble Zip Tours – has run a successful zip line tourism operation. More recently Marble Zip Tours has expanded to include an ATV tour and snowmobile rental business, as well as an obstacle course on MMDC property.

MMDC’s management team consists of five full-time managers, including the newly created position of Sales and Accommodation Manager (began employment in October 2012), who oversees 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. Holding a typical summer wedding, meeting or conference event requires between 10 and 15 employees. The majority of employees of the MMDC are from the Humber Valley region.

The MMDC Board of Directors is composed of 10 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 members-at-large. 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. A listing of members of the board can be found in Appendix A.

The Corporation faced a number of continuing challenges and opportunities over the past year. 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 sectors 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*
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## 1.2 Vision

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

### 1.3 Mission

Over the next planning cycle, the Marble Mountain Development Corporation will have enhanced sustainable visitation and improved its client service performance. It will have sought to promote Marble Mountain as a key tourism destination while maintaining fiscal responsibility and seeking to increase revenues from sources other than alpine skiing.

**Mission:** By April 30, 2017, the Marble Mountain Development Corporation will have sought to enhance sustainable visitation and client service performance.

**Measure:** Enhanced sustainable visitation and client service performance improved.

#### Indicators

- Enhanced visitation and increased yield-per-visitor
- Maintained or increased visitor satisfaction
- Increased revenues from both alpine and non-alpine sources
- Increased infrastructure reliability

### 1.4 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:

Marble Mountain Values	
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.
Lead	▪ Each person will aspire to deliver operational excellence.

## 1.5 Lines of Business

### ALPINE ACTIVITIES AND SERVICES

Skiing and Snowboarding remain the primary activities of the Resort. Chair lift rides are also offered in the winter season.

Marble Mountain offers equipment rentals and repairs, snow school instruction, 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, advertising space in the resort brochure, and in various places around 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, *Super Demo Days*, *Old Sam Day* featuring ski & 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, 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. Food and beverage services are also provided by the Resort for special events in the winter season, as well as in the spring, summer, and fall for meetings, conferences, and weddings.

### 1.6 Key Statistics

A summary of key statistics, including skier visits, ski days, pass sales, weddings and events and communications activities (including traditional, online and web-related) can be found in Appendix B. Season pass sales increased by 4 % due to small price adjustments and the sale of day lift tickets decreased slightly by 2% in 2012-13. Despite a slight decline in lift ticket sales, the resort experienced a stronger effective ticket price (ETP) from the previous year of \$25.85, versus \$24.01 the previous year, an increase of 7.6%. The increase in ETP was driven primarily by increased pricing.

Total skier visits per day were 796 in 2012-2013 which represents a 10% increase over the previous season. The decrease in day lift ticket sales came primarily from the considerably shorter season of 83 days versus 100 in 2011-12, and the warmer than expected weather this March as compared to the previous year.

## 2.0 SHARED COMMITMENTS

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Marble Mountain Resort is committed to becoming a four season tourism generator, with an emphasis on being a catalyst for further destination-oriented development in the area. Skiing and snowboarding will remain the primary activities of the Resort, however summer and other off-season activities will also be given priority.

Supporting Government's Strategic Direction focus area to develop priority, in-demand and export ready tourism products and experiences and for the province to become a multi-season tourism destination, under the Strategic Direction to "Strengthen Public-Private Partnership in Tourism", 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, snowmobile rental and packages including a Zip and Stay promotion that combined a Marble Zip tour with accommodations at Marble Villa. The company is slated to open another attraction on Marble Mountain Resort property: a ropes (or obstacle) course. The scheduled opening day for the course is July 1, 2013. As Marble Zip Tours is, the ropes course will be available to service guests year round, in all four seasons. These products will continue to attract customers to the resort who might not normally choose to visit, while also adding value and enriching the experience of those guests who do visit on a regular or semi-regular basis.

These activities are attracting people from the province and beyond, helping make the province a multi-season tourism destination. MMDC also continued its partnerships with three travel packaging companies: Newfoundland and Labrador-based Vision Atlantic and Maxxim Vacations, as well as Ultimate Ski Vacations (USV) which is based in Ontario.

In 2011, Marble Mountain Resort entered into a contractual partnership with the St. John's based agency Spark Marketing. The relationship continued this season, with a focus on creating a stronger connection to the Resort's community of guests. The Come Out and Play photo and video submission contest was a huge success, and also provided the Resort with content to use in future advertising and promotions. Guest submissions went live on a microsite ([www.skimarble.com/play](http://www.skimarble.com/play)), and were also visible on digital billboards in St. John's that continually updated in real time. The Resort was informed by the digital billboard company, Pattison, that we are the first organization in the country to utilize that advertising medium in that way.

### PRIVATE SECTOR INVESTMENT

Marble Mountain continues to be 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) has used Marble

Mountain as a primary component of its marketing and investment attraction program. While HVR is now operating under new owners and a new business model, the chalets are privately owned and many are available for vacation rentals.

The Sir Wilfred Grenfell College campus of Memorial University in Corner Brook continues to use Marble Mountain Resort as one of its main selling points for their organization and programs. The Campus attracts students from all over the Province, Atlantic Canada, and the rest of the country. The College was one of the Resort's biggest advertisers this season.

Marble Inn Resort, 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. In the past year alone, Marble Inn Resort has opened a café, a pro fishing supply store, and has begun offering guided fishing and sightseeing tours. 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 also built condominiums in the area and is planning further developments in the future.

R.O.A.M. The Rock, a Guiding Collective, will be entering its third year of operation in the summer of 2013. While the bulk of the company's business is done during the summer months, R.O.A.M. has engaged in some winter tours as well. The company's office location close to the base of Marble Mountain Resort, in the Marblewood Village area, provides the perfect starting point for R.O.A.M.'s activities, which include kayaking the Humber River, caving, and rock climbing. R.O.A.M. plans to expand its product offering in the summer of 2013 to include more activities and possibly overnight excursions.

Marble Zip Tours is continuing to expand its operations rapidly. This past year, the company has added snowmobile and ATV tours and rentals to its list of products. Most notably, a new installation to Marble Mountain Resort property began construction in June, 2013. A high ropes obstacle course is set to open in early July, and operate year round.

### 3.0 HIGHLIGHTS AND ACCOMPLISHMENTS: 2012-13

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The MMDC highlights and accomplishments in 2012-2013 supported Government's Strategic Direction of Physical Activity, Active Recreation and Sport, specifically the focus area to further advance the Recreation and Sport Strategy and its seven key directions. These especially concern the focus areas of after school physical activity for children, youth and families, promoting increased physical activity (including increased access and participation), supporting regional recreation and sport, and supporting sport development. Through its strengthened public-private partnerships, Marble Mountain also works to further advance the Tourism Vision and its seven key directions especially developing priority, in-demand export ready tourism products and experiences, and working with the Province and regional partners to market Newfoundland and Labrador as a tourism destination.

## MARKETING

A new management position was created within Marble Mountain Resort this past season with the intent to increase overall sales. A Sales and Accommodation Manager was hired late in 2012, and certainly was a driving force behind the strong Marble Villa statistics achieved in January 2013. The Resort has never had someone in place specifically to drive sales, and gains from the creation of the position have already been realized.

The launch of Marble Mountain's new website in December 2012 greatly enhanced The Resort's online marketing capabilities for the season. The website featured the new *Come Out and Play* brand and had a streamlined user experience to allow for better targeting. On average, users viewed more pages, stayed on the website longer and interacted with the features provided. This season Marble Mountain introduced online information request forms for booking events, renting rooms at Marble Villa or requesting information packages. The response from this feature alone has over 20,559 unique page views for packages, over 300 emails for meeting spaces and hundreds of sales calls. Information request forms are the early stages of developing an online commerce system for the 2013/2014 season, allowing Marble Mountain to utilize this traffic and reduce overhead with automated bookings. Visitor numbers from Nova Scotia and Ontario combined accounted for 25% of total website visits. Such success in reaching off-island markets will help in planning successful campaigns to target them in 2014.

Facebook and Twitter were the two main social media channels used last season. Twitter was a great way to send out quick updates on events, resort conditions and cancellations. Facebook is the more robust communication tool of the two and for this reason it acts as Marble's main social media channel. Both social media channels were very effective

throughout the season and saw an increase in the number of fans. Twitter gained a few hundred followers and finished at just over 1,800. Facebook was immensely popular and received over 2,300 new fans, ending with 9,700 in April. The early season activity on Facebook and Twitter prompted the introduction of a third social media platform, Instagram, to Marble Mountain's social media arsenal in order to strengthen the Resort's connection to its community. Instagram has a large number of young users dedicated to capturing images and uploading them online. This allows people to see what is being done without any additional features that traditional social media has. Our teams shared a variety of brand, personality and behind the scene photos, accumulating over 300 followers by April.

Marble also received recognition in the SBC Media magazine as being in the top three ski resorts in the east with the best terrain. Several radio stations set up remote broadcasts from the mountain during the season and there was a lot of exposure from media outlets covering the many events hosted there.

## EVENTS

The third annual JibFest weekend was a huge success. The terrain park competition organized by Ballistic, a snowboard retail store in St. John's, received rave reviews from participants and spectators alike, garnering comments that it was the best competition setup in the history of the Resort. There was added support from Red Bull, one of the Resort's newest sponsors, in the form of an ollie contest (a competition to see who can ollie or "hop" over the highest bar on a snowboard) that also attracted a large number of competitors as well as viewers. The alignment of the Marble Mountain brand with Red Bull, a world class, extreme sports brand, strengthens the Resort's image. The success of the ollie contest bodes well for the future of that sponsorship. Ballistic has already begun discussions about next season's events, and the management team at Marble Mountain is looking at ways to build on this year's contests to attract even more participants and spectators in the 2013/2014 ski and snowboard season.

Super Demo Days, also held on JibFest weekend, grew to much greater proportions in the 2012/2013 season. Not only did the Resort's regular ski and snowboard brand partners attend to demo their product on the Mountain, there were also a number of other organizations that wanted to be present for that weekend. The Resort was approached by Plaza Scion, a car dealership from St. John's, that subsequently brought a vehicle on the snow and sponsored the terrain park contest. Mountain Dew (through the Resort's partner Browning Harvey) and Davids Tea each set up sampling stations both inside and outside the lodge. These additions to the highest revenue generating weekend of the season shows

promise for the interest in and growth of that weekend, and opportunity to sell demo space to vendors in the future.

Corona Extra Snow Tracks, an event sponsored by Molson Coors, saw the return of the Party at the Peak at Marble Mountain. VIP winners were extremely excited about the idea, and it gained a lot of attention to main event itself. The concert in the lodge featured world class hip hop and DJ talent, and attendees were extremely happy with the well-staffed, quick bar service. Approximately 500 people attended the concert. Molson was so pleased with the execution and results of the event that they are interested in planning a summer event at the Resort, as well as next year's Snow Tracks and peak party.

## CATERING

The 2012 summer and fall catering season saw 10 weddings booked from June through September. Twelve events and meetings, a number of them spanning multiple days, were held at the lodge, totaling 30 days of events overall. The summer and fall catering season provided the Resort revenues, totaling \$140,684. That number is down from the previous year, however weddings and events in the area, in general, were not as numerous as in past seasons, based on conversations with other venues and businesses. Summer of 2013 is looking much stronger than the 2012 season, with 21 weddings and 31 days' worth of conferences confirmed already with more pending confirmation in the near future.

## SNOW SCHOOL

Snow School programs continued their success with the children's season-long Krunchers, Kids Kamp, and Marble Riders programs. Revenues generated from Snow School kids lessons totaled \$68,161.57. Private and semi-private lessons provided \$24,280.03 in revenue, and the Discover Ski/Snowboard program brought in just under \$11,000. Marble Mountain's external school programs generated \$18,143.72, which is promising as there is room for increases in our pricing for that product. Overall, private and semi-private lessons experienced the greatest financial gains compared to the previous season, and Snow School profits increased overall by \$5,524.86 in 2012-13.

## TERRAIN PARK

Four new features were added to the terrain park this season and were well-received by guests. The progression park<sup>1</sup> was improved this season by adding more small features and grouping them together, so that less skilled park users, or those new to the park, had a place to practice. Two small features were added to the beginners' area, which really excited guests who were taking lessons there, and introduced them to the idea of the terrain park. As mentioned, the new features played a huge part in the success of the JibFest contest held this season.

## MARBLE VILLA

Though the Marble Villa's ski and snowboard season occupancy rate was down slightly from the previous year (42% vs. 40%), the daily rates increased, so there was actually an increase in revenue of \$15,199.30, as well as profits, \$30,438.68, in January, February, and March, despite a shortened ski season. The decrease in occupancy could be attributed to the high number of cancellations the Villa experienced due to poor weather. The summer and fall seasons in 2012 were not as strong as the previous year, as weddings and events saw a decrease in the region as a whole, thus less people seeking accommodations in the area.

## MARBLE ZIP TOURS

Although Marble Zip Tours (MZT) is a separate operation, MMDC saw the benefit of having the venture located on Resort property. When MMDC's operations were minimized or altered due to weather or other factors, guests were able to avail of the services of MZT, and thus maintained a positive experience while visiting the Resort. MMDC partnered with MZT to offer packages that combine a MZT tour with accommodations 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, the West Coast in particular, become a multi-season tourism destination.

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<sup>1</sup> Many resorts now maintain several terrain parks across the mountain, with "progression" features designed for beginners, intermediates and advanced riders (pertaining to level of skill and experience).

### 4.1 Preamble

During 2012-13, MMDC worked to support Government's Strategic Directions to "Strengthen public-private partnerships in tourism" and "Physical activity, active recreation and sport" especially the key focus areas of Develop priority, in-demand and export ready tourism products and experiences" and "Further advance the Recreation and Sport Strategy and its six key directions".

Marble Mountain is committed to becoming a major all-season tourism generator, with an emphasis on being a catalyst for further high-end destination-oriented development in the area. Skiing and snowboarding are considered the primary activities, however, summer and other off-season activities are also given priority.

### 4.2 Issue One: Financial and Client Service performance

During the past year the Board in an effort to improve client services, has completed its review of its infrastructure, including everything from its snow making and ski lift systems, accommodations, main lodge facilities to the maintenance facilities. From this review, the Board has completed a 10-year capital plan that will see the life cycle of its most critical assets extended.

**Goal One:** By April 30, 2014, the Marble Mountain Development Corporation will have initiated improvement in the areas of financial performance and client service performance.

**Objective 2013:** By April 30, 2013, the MMDC Board will have reviewed and improved financial information and management systems and practices.

**Measure:** Financial information and management systems reviewed and areas for improvement identified and initiated.



<b>Indicators</b>	<b>Report on Indicators</b>
Reviewed systems reliability	<ul style="list-style-type: none"> <li>• An IT system review was conduct to understand current systems and their constraints.</li> <li>• This review identified current functional constraints by department.</li> </ul>
Defined system needs	Systems were defined based on business needs and client services.
Identified systems for improvement	<ul style="list-style-type: none"> <li>• Key business functions identified by department.</li> </ul>
Improvements to system practices initiated	<ul style="list-style-type: none"> <li>• IT Systems RFP initiated</li> <li>• Vendor selected</li> <li>• Implementation initiated</li> </ul>

## DISCUSSION OF RESULTS

During the reporting period the General Manager and Finance Manager spent considerable time reviewing the resort’s IT infrastructure. This provided a hands-on, detailed overview which allowed for a better understanding of the current challenges and, most importantly, what changes are required to improve these systems.

From this review an initial list was created which ranked items in priority based the needs of the business and client services..

By the fall of 2012 a 3-year IT systems improvement plan was created which addresses immediate business and client services issues and prioritizes the infrastructure needs over the 3-year period.

IT system improvements made in 2012-13 included:

- Replacement of the existing financial software system which was no longer supported by the provider with software that matches current business volumes and can be expanded should the need arise.
- Replacement of the season pass and lift ticket software that was developed in-house by an employee pre Y2K.

- Replacement of hotel software that does not allow web based bookings with one that will.
- Implementation of Customer Relationship Management (CRM) system

IT system improvements planned over the next 2 years include:

- Food & Beverage system upgrades
- Sales and Catering solution to handle sales quotations, contracts and manage the planning of single or multi-day catering events.
- Replace rental store systems to enable electronic waiver storage and online reservations
- In-resort and online booking system to allow the centralized management of gift card sales & redemption, guest loyalty programs and activities such as snow school lessons, zip lining and snowmobile tours.
- Access control systems at each chairlift lift to prevent fraudulent season pass's or lift tickets from being used.

## INDICATOR DEVELOPMENT FOR 2013-14

**Objective:** By April 30, 2014, the MMDC Board will have implemented mechanisms to assess and monitor visitor satisfaction and improved client services.

**Measure:** Mechanisms to assess and monitor visitor satisfaction and improved client services implemented.

### Indicators:

- Timely, relevant and reliable financial and non-financial information available for better management control and accountability
- Non-alpine revenue sources identified and opportunities developed
- Visitor needs and satisfaction assessed, evaluated and monitored
- Client service needs identified and client service improvements initiated
- Infrastructure needs identified

### 4.3 Issue Two: Public-Private Partnerships

The MMDC board recognizes that in order to move Marble Mountain to a four-season resort, it needs to partner with private companies that can provide high-quality tourism products and experiences.

**Goal Two:** By April 30, 2014, the Marble Mountain Development Corporation will have taken steps to initiate public-private partnerships in tourism.

**Objective 2013:** By April 30, 2013, the MMDC Board will have implemented initiatives to increase working relationships with 3<sup>rd</sup> party activity operators.

**Measure:** Implement initiatives to increase working relationships with 3<sup>rd</sup> party activity operators.

Indicators	Report on Indicators
Continued identification of opportunities for partnerships with third-party operators	<ul style="list-style-type: none"> <li>• Opportunities explored with Marble Zip Tours to expand product offerings including a high ropes course*, music promoter to increase the number of musical events/concerts annually, ski &amp; snowboard movie premiers, packages with other operators/businesses locally and provincially (restaurants, retailers, etc.)</li> </ul>
Partnership opportunities examined for viability	<ul style="list-style-type: none"> <li>• MZT put together a business plan for high ropes course.</li> <li>• Budgets and plans created for concerts/movie premieres.</li> <li>• Airline package examined with Provincial Airlines.</li> </ul>
Continued development of identified opportunities with 3 <sup>rd</sup> party operators	<ul style="list-style-type: none"> <li>• MZT business plan discussed with and approved by MMDC</li> </ul>
Implementation of identified initiatives and opportunities.	<ul style="list-style-type: none"> <li>• MZT expanding product this summer to install a high ropes course</li> <li>• Implemented music events/concerts with a provincial music promoter Surefire Entertainment to hold four</li> </ul>

Indicators	Report on Indicators
	<p>events over the winter season.</p> <ul style="list-style-type: none"> <li>• Partnered with R.O.A.M. the Rock to bring ski &amp; snowboard movie premiers to Newfoundland.</li> <li>• Airline package with Provincial Airlines &amp; provincial packagers created.</li> </ul>

\* A ropes course is a challenging outdoor personal development and team building activity which usually consists of high and/or low elements. Low elements take place on the ground or only a few feet above the ground. High elements are usually constructed in trees or made of utility poles and require a belay for safety.

## DISCUSSION OF RESULTS

Marble Mountain continues to partner with Marble Zip Tours (MZT) on expanding year round product offerings. MZT will be building a High Ropes Course at the base of the mountain this summer and it will operate on a year round basis. This new product will complement their existing zip line, ATV and snowmobile products.

SureFire Entertainment approached Marble Mountain during the summer of 2012 to offer music concerts to the resorts ski/snowboarding guests during the winter. It was agreed to work together on four events, Jingle Jam on Dec 16, New Year’s Eve, the annual Jib Fest Weekend in February and Corona Extra Snow Tracks in March. All four events were sold out which reinvigorated the night time atmosphere at Marble Mountain and drew a large amount of guests to the resort and surrounding area. Due to this positive response from guests, planning has already begun for the 2013-14 winter.

Marble Mountain began conversations with Resort partner Provincial Airlines to offer discounted airline tickets to guests in promotional packages designed to get more people the Resort overall, but also during historically low periods. Two provincial vacation packagers were engaged and are looking to partner on the opportunity. The packages are set to launch for the 2014 ski and snowboard season.

R.O.A.M. the Rock, a Guiding Collective partnered with two ski/snowboard movie production companies, Match Stick Productions and Teton Gravity Research to launch two ski/snowboard movie premiers in Newfoundland. Marble Mountain gained national marketing by being the host venue and was listed on both companies promotional material,

print, online. The event was such a success, that R.O.A.M. The Rock is already planning for 2013/2014 movie premier season.

## INDICATOR DEVELOPMENT FOR 2013-14

**Objective:** By April 30, 2014, the MMDC Board will have increased activity towards the number of third party partnerships.

**Measure:** Activity toward the number of third party partnerships increased.

### Indicators:

- Viable non-alpine events identified
- Identified opportunities for partnerships with third-party operators
- Initiated steps toward new partnerships with third-party operators

## 4.4 Issue Three: Increased Participation

Marble Mountain Resort is a key organization on the West coast of the island to increase access and participation to physical activity, active recreation, and sport, as per the Department of Tourism, Culture and Recreation’s Strategic Direction.

**Goal Three:** By April 30, 2014, the Marble Mountain Development Corporation will have increased opportunities for participation in physical, active recreation and sport activities.

**Objective:** By April 30, 2013, the MMDC Board will have implemented sustainable after school hour programing.

**Measure:** Implement after-school hour programming.

Indicators	Report on Indicators
Explored opportunities for implementation of after-school programming.	<ul style="list-style-type: none"> <li>• Opportunities were reviewed that included public school offerings, dual slalom race course open to all guests, change night skiing operating hours to open earlier.</li> </ul>
Improved night skiing product	<ul style="list-style-type: none"> <li>• Night lighting added to beginner area.</li> </ul>

Indicators	Report on Indicators
	<ul style="list-style-type: none"> <li>• Dual slalom race course initiated during night skiing periods.</li> <li>• BBQ offered during night riding</li> </ul>
Implement identified viable after school programming.	<ul style="list-style-type: none"> <li>• Extended night skiing to begin at 4:00pm rather than at 6:00pm.</li> <li>• Initiated public school lessons on Friday afternoons/evenings with local schools such as Presentation Junior High.</li> </ul>

## DISCUSSION OF RESULTS

During the past year MMDC identified some areas where it can grow its participation rates by retooling some existing programming/products and implementing some new programming.

During the past season MMDC introduced a new program, a dual slalom race course, to its night skiing product. Lights were added to the recently improved learning area so that beginner skier & snowboarders have a comfortable area to learn the sports. The hours of operation were changed to attract schools. Previous years Marble Mountain was closed between 4:00pm and 6:00pm, this past season the Mountain opened during this period to attract schools who wanted to bring kids skiing or snowboarding but didn't want to do it during schools hours.

### INDICATOR DEVELOPMENT FOR 2013-14

**Objective:** By April 30, 2014, the MMDC Board will have increased partnerships in provincial snow sport organizations.

**Measure:** Partnerships in provincial snow sport organizations increased.

**Indicators:**

- Increased night skiing visitation
- Initiated efforts to increase provincial participation in snow sport activities

### 5.1 Winter Opportunities

MMDC's social media opportunities continue to grow, providing rapid, direct communication with guests. The Resort can also receive and build upon content from a large pool of guests. This past season focused on creating a community among visitors, which increased as well as encouraged involvement among our clientele. MMDC can draw from submitted content to use in future advertising and promotion opportunities for the Resort. Greater involvement by guests creates a stronger connection to the Mountain, which in turn improves brand image and spreads positive word of mouth.

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. Measures are already in place to begin execution of guest feedback surveys, and one has already been completed, as of May 27, 2013. Surveys will be created for everything from lift ticket and season pass value, to food quality in the Cookhouse. Guests will feel valued, and their feedback will help in various decision making processes to enhance the overall Marble Mountain Resort experience.

Implementing the right Customer Relationship Management (CRM) tools to capture guest feedback and measure and assign value to customer relationships is critical. MMDC has selected new IT software that will provide relevant information about guests, which will be used in targeted marketing and promotional efforts, as well as creating new products and services to meet guest needs.

One of the ways the Resort can enhance the guest experience is by streamlining processes. Last season, online lift ticket and season pass purchases were available through [skimarble.com](http://skimarble.com), and there is room to take it a step further. Parents will be able to register their children in season long snow school programs online, and another goal is to enable guests to reserve their Marble Villa accommodations and packages online as well. A medium- to long-term goal is to make [skimarble.com](http://skimarble.com) the hub for activity and accommodations in the area. An opportunity that was discussed this past season is to create packages that include Provincial Airlines flights from St. John's (and possibly some off-island locations), accommodations, and lift tickets, and as well, to reserve these items online.

Opportunities exist through Snow School through the creation of new programs and services. As the Resort has put a large focus on the terrain park in recent seasons, a terrain

park snow school program will be implemented in the 2013/14 season. Not only will this product target more experienced users of the facility, but it will also promote the terrain park in general to all users. Further down the road, as sponsorship is explored, this new snow school program will be a key selling feature.

As a Marble Mountain season pass is an incredible value relative to other resorts, there is room to increase revenue from season passes through price increases by offering additional value to guests. MMDC can increase and grow partnerships by creating “perks” that only season pass holders receive, like discounts or coupons with local retailers, restaurants, and service providers.

## 5.2 Summer Opportunities

The biggest opportunity MMDC has in the summer months is to increase the number of weddings, events, and conferences that are held on premises, and thus increase Marble Villa occupancy and revenue. This can be achieved through attraction of associations or other organized groups that require meeting space or activities, and by promoting the lodge as a great venue for concerts and fundraisers. Through upgrades and reconfiguration of meeting spaces around the lodge, Marble Mountain Resort can become the “go to” venue for functions on the west coast of the province. An avenue for increased revenue from meetings and weddings is to charge a fee for items that we historically have offered for free, such as audio/visual equipment and new value added services, like pre-loaded presentations or images on digital screens. A pricing plan for these items has been created and implemented for 2013 weddings and conferences. Another goal is to lease space, whether inside or outside the lodge, to external operators in order to expand the offerings of the Resort, and to further add value to those visiting in the area, or specifically visiting the Resort for events.

As MMDC has the goal of becoming a four season resort, one of the ways it can augment its summer operations is by offering an all-day kids camp to primary and elementary school-aged children. The camp would teach skills and expose children to new activities. Such a venture would also contribute to the Department of Tourism, Culture and Recreation’s strategic direction of Physical Activity, Active Recreation and Sport. As well, improvement of the summer barbecue product is essential to the success and longevity of that operation. The issues with the 2012 barbecue have been worked on (fresh, made to order food; attractive beverage options; an improved location and payment system; and increased promotional activities). With all the adjustments, the 2013 barbecue should be the most successful one to date. In the future, MMDC would like to take that product to the next level



and offer on-mountain dining, which can be facilitated in conjunction with a chairlift access sightseeing service.

## 5.3 Challenges

The biggest challenge of Marble Mountain Resort has always been transportation and access, especially by air. Not only is travel to the region relatively expensive, it is also time consuming. Partnerships can also be created with other transportation service providers and businesses that can help with transportation issues.

Marble Mountain Resort's core business will continue to be influenced by changing weather patterns as seen in the past few seasons when the region has experienced rapid increases in temperature and rain. Continued investment in the resort's snow making system will act as insurance against potentially harming weather patterns and events. MMDC needs to work change public perception of the Resort (especially on the Avalon Peninsula) when these weather events happen.

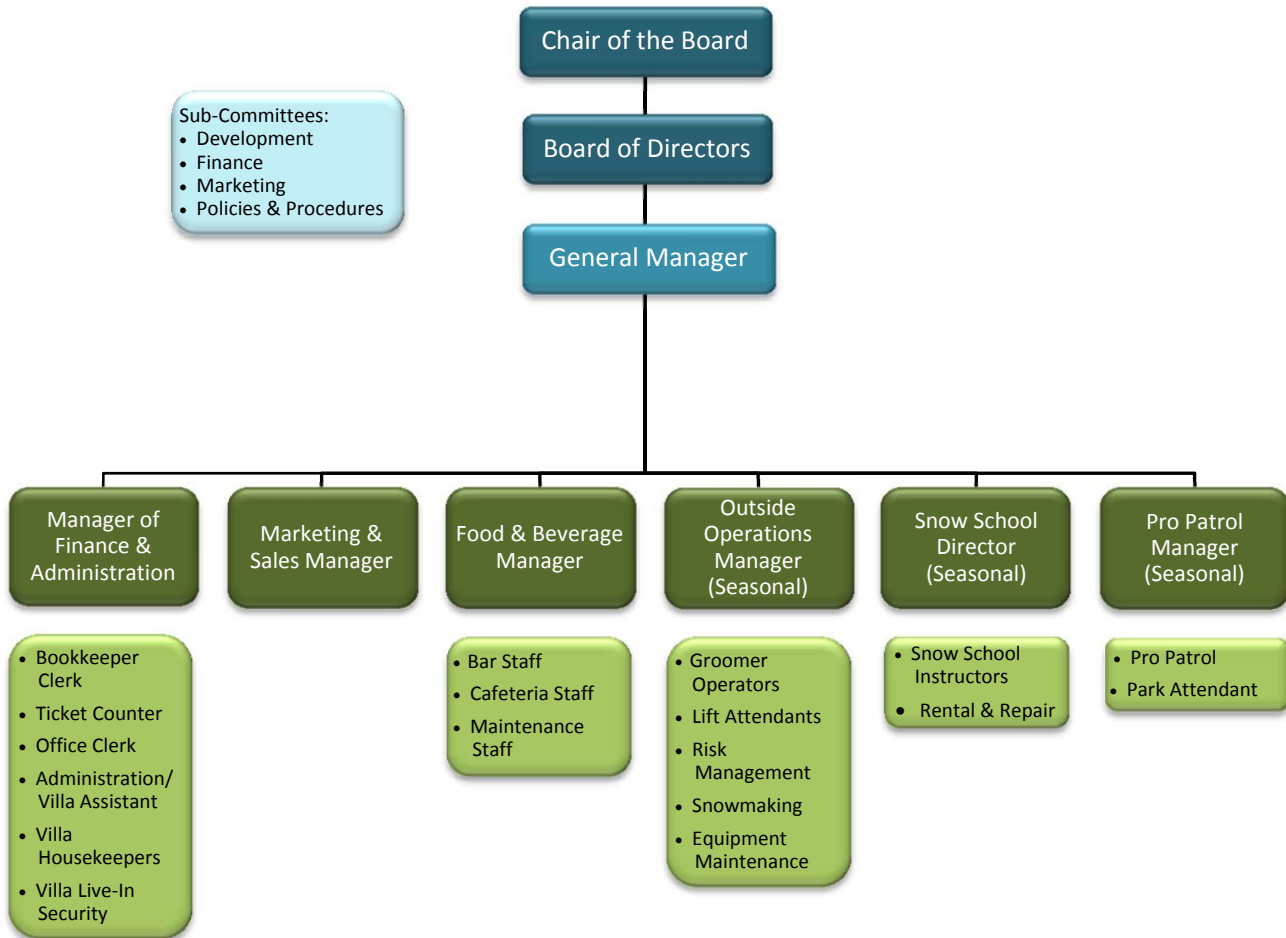
Continued infrastructure maintenance is essential to ensure safe, reliable, accessible and enjoyable use for all of our guests. The base lodges, accommodations, and mountain-based infrastructure will require continued capital investment to ensure a strong future for the Resort.

## 6.0 FINANCIAL PERFORMANCE

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The audited financial statements of the Marble Mountain Development Corporation have been prepared by the firm of BDO Canada LLP 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



- Sub-Committees:**
- Development
  - Finance
  - Marketing
  - Policies & Procedures

Board of Directors	
• Robert Pike	Chair
• Janice Ryan	Vice-Chair
• Deputy Minister/designate	Department of Finance
• Deputy Minister/designate	Department of Tourism, Culture and Recreation
• John Davis	Department of Innovation, Trade and Rural Development
• Mike Dolter	City of Corner Brook
• Donna Thistle	Town of Steady Brook
• Jerry George	Marble Mountain Ski and Ride Club
• Stephen May	At Large
• Laura Walbourne	At Large
• Carla Lynn Haynes	At Large

## APPENDIX B – VISITOR STATISTICS

### Historical Overview 2008-09 to 2012-13

Marble Mountain Selected Key Indicators 2008-09 to 2011-12										
Indicator	2008-09	Annual % <sup>4</sup>	2009-10	Annual % <sup>4</sup>	2010-11	Annual % <sup>4</sup>	2011-12	Annual % <sup>4</sup>	2012-13	Annual % <sup>4</sup>
<b>Skier Visits<sup>1</sup></b>	90,705	- 4.8	84,962	- 6.3	72,551	- 14.6	72,470	-0.11	66,069	-8.8
<b>Ski Days<sup>2</sup></b>	104	- 13.3	86	- 17.3	82	- 4.7	100	+22	83	-17
<b>Average Per Ski Day<sup>3</sup></b>	872	+ 9.8	988	+13.3	885	-10.4	725	-18	796	+9.8

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

#### Glossary

<sup>1</sup> 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)

<sup>2</sup> A 'ski day' is an industry term to denote the number of days that Marble Mountain was available (open) for guests to ski.

<sup>3</sup> Average Per Ski Day is the number of skier visits divided by the number of ski days open

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

#### Notes:

Start Dates: 2008-09 (Dec. 26); 2009-10 (Jan.9); 2010-11 (Jan. 18); 2011-12 (Dec.26). 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 2008-09 to 2011-12 is as follows:

- Skier Visits: Average annual decrease 2008-09 to 2011-12 is 5%
- Ski Days: Average annual decrease 2008-09 to 2010-11 is 3%
- Average Per Ski Day: Average annual increase 2007-08 to 2010-11 is 1%

## Detailed Statistics 2010-11 to 2012-13

	2010-11	2011-12	% Change	2012-13	% Change
<b>Season Passes</b>	2,183	2,119	-3%	1,940	-8.4
<b>Daily Lift Tickets</b>	22,700	23,733	+4.5%	21,449	-9.6
<b>Total Skier Visits</b>	72,551	72,470	-0.11%	66,069	-8.8

\* 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

	2010-11	% of Total	2011-12	% of Total	2012-13	% of Total
<b>Student</b>	619	28%	614	29%	440	22.7%
<b>Senior</b>	40	2	52	2.5	46	2.4
<b>Family</b>	601	28	667	31.5	654	33.7
<b>Adult</b>	488	22	448	21	411	21.2
<b>Child (5-12)</b>	364	17	305	14.5	349	18
<b>Under 5</b>	46	2	33	1.5	40	2
<b>Unknown</b>	25	1	0	0	0	0
<b>Total</b>	2,183		2,119		1,940	

## Season Pass Holder Origin

	2010-11	% of Total	2011-12	% of Total	2012-13	% of Total
<b>Local (2 hours)</b>	1,804	83%	1,763	83%	1,597	82.3%
<b>St. John's (metro)</b>	275	13	289	14	262	13.5
<b>Rest of NL</b>	30	1	29	1	41	2.1
<b>Atlantic Canada</b>	26	1	13	0.6	12	0.6
<b>Rest of Canada</b>	7	0.3	10	0.4	8	0.4
<b>UK/Ireland</b>	10	0.5	9	0.5	0	0
<b>International</b>	6	0.2	6	0.5	10	0.5
<b>Unknown</b>	25	1	0	0	11	0.5

## Daily Lift Ticket Customer Origin

	2010-11	% of Total	2011-12	% of Total	2012-13	% of Total
<b>Local (2 hours)</b>	11,245	50%	11,733	40%	12,975	60.5%
<b>Rest of NL</b>	8,191	36	8,270	35	6,035	28.1
<b>Atlantic Canada</b>	1,225	5	1,219	5	737	3.4
<b>Rest of Canada</b>	395	1.7	225	1	240	1.1
<b>USA</b>	13	.05	27	0.1	26	0.1
<b>Britain</b>	395	1.7	699	2.9	346	1.6
<b>International (other)</b>	299	1.3	450	1.8	265	1.2
<b>Comp</b>	358	1.5	547	2	325	1.5
<b>Unknown</b>	579	2.5	563	2	437	2

## Weddings and Events

	2009-10	2010-11	2011-12	2012-13
<b># of Weddings</b>	16	19	17	10
<b># of Events</b>	12	18	16	12
<b>Grand Total All Events</b>	28	37	33	22
<b>Revenues Weddings</b>	\$121,754	\$137,248	\$124,083	\$40,156.99
<b>Revenues Events</b>	\$81,475	\$146,061	\$124,199	\$100,527.36
<b>Grand Total All Revenues from Above</b>	\$203,230	\$283,309	\$248,282	\$140,684.35

Online Communications and Social Marketing Activities						
Indicator	2009-10	2010-11	% Change	2011-12	% Change	2012-13
<b>Website visits</b>	189,898	152,584	-19	151,161	-1	145,027
<b>Unique website visitors</b>	89,258	67,736	-24	77,389	14	44,000
<b>Newsletter Subscribers</b>	1,429	1,473	3.1	1,521	3	
<b>Facebook page "likes"</b>	3,985	5,981	50.1	7,453	25	9,762
<ul style="list-style-type: none"> <li>Website visits are from May 1 – April 30, except 2012-13 is January 1-April 30</li> <li>www.skimarble.com was redesigned before the 2009-10 season, and before the 2012-13 season.</li> </ul>						

**OFFICE COPY**

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**Please Sign and Return**

**MARBLE MOUNTAIN DEVELOPMENT  
CORPORATION**

**Financial Statements  
For the Year Ended April 30, 2013**

# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Financial Statements For the Year Ended April 30, 2013

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<b>Statement of Responsibility</b>	<b>1</b>
<b>Auditors' Report</b>	<b>2</b>
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Operations</b>	<b>4</b>
<b>Statement of Change in Net Financial Assets (Net Debt)</b>	<b>5</b>
<b>Statement of Cash Flow</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7-11</b>
<b>Schedule 1 - Schedule of Tangible Capital Assets</b>	<b>12</b>
<b>Schedule 2 - Schedule of Lift Operations</b>	<b>13</b>
<b>Schedule 3 - Schedule of Repair Shop Operations</b>	<b>14</b>
<b>Schedule 4 - Schedule of Rental Operations</b>	<b>15</b>
<b>Schedule 5 - Schedule of Cafeteria Operations</b>	<b>16</b>
<b>Schedule 6 - Schedule of Bar Operations</b>	<b>17</b>
<b>Schedule 7 - Schedule of Ski School Operations</b>	<b>18</b>
<b>Schedule 8 - Schedule of Events Operations</b>	<b>19</b>
<b>Schedule 9 - Schedule of Marketing Operations</b>	<b>20</b>
<b>Schedule 10 - Schedule of Marble Villa Operations</b>	<b>21</b>


## STATEMENT OF RESPONSIBILITY


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

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

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

*BDO Canada LLP* as the Organization's appointed external auditors, have audited the Financial Statements. The Auditor's Report is addressed to the General Manager and the Board of Directors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector standards.

  
\_\_\_\_\_  
Chris Beckett  
General Manager

  
\_\_\_\_\_  
Jonathan MacDonald  
Manager of Finance and Administration





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

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

## INDEPENDENT AUDITOR'S REPORT

To the General Manager and Board of Directors  
**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

We have audited the accompanying consolidated financial statements of Marble Mountain Development Corporation, which comprise the consolidated statement of financial position as at April 30, 2013 and the consolidated statements of operations, change in net financial asset (net debt), cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Marble Mountain Development Corporation as of April 30, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

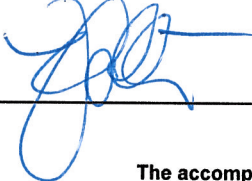
Corner Brook, NL  
May 29, 2013

*BDO Canada LLP*  
CHARTERED ACCOUNTANTS

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**As at April 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>FINANCIAL ASSETS</b>		
Cash and bank	\$ 3,000	\$ 8,080
Accounts receivable	55,275	26,147
	<u>\$ 58,275</u>	<u>\$ 34,227</u>
<b>LIABILITIES</b>		
Bank Indebtedness (Note 4)	\$ 1,395,492	\$ 1,884,430
Accounts payable and accrued liabilities (Note 5)	358,840	677,543
Current portion of obligations under capital lease (Note 8)	57,929	59,577
Deferred revenue	28,165	11,500
Deferred grant (Note 7)	840,000	-
Long-term debt (Note 11)	300,000	300,000
Obligations under capital lease (Note 3 and Note 8)	197,851	255,789
Deferred government assistance (Note 3 and Note 6)	5,896,290	5,733,513
	<u>9,074,567</u>	<u>8,922,352</u>
<b>NET FINANCIAL ASSETS ( DEBT)</b>	<u>\$ (9,016,292)</u>	<u>\$ (8,888,125)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1) (Note 3)	\$ 14,147,774	\$ 14,901,405
Inventory (Note 3)	35,754	33,876
Deferred charges	-	7,253
Prepaid expenses	<u>28,470</u>	<u>23,210</u>
	<u>14,211,998</u>	<u>14,965,744</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 5,195,706</u>	<u>\$ 6,077,619</u>

Approved on behalf of Board:



The accompanying notes are an integral part of these financial statements  
BDO Canada LLP, Chartered Accountants

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**STATEMENT OF OPERATIONS**  
Year Ended April 30, 2013

	<u>2013</u> Actual	<u>2012</u> Actual
<b>REVENUES</b>		
Lift Operations (Schedule 2)	\$ (330,385)	\$ (571,531)
Repair Shop (Schedule 3)	31,154	35,742
Rental (Schedule 4)	134,349	146,191
Cafeteria (Schedule 5)	29,560	19,256
Bar (Schedule 6)	41,840	32,981
Ski School (Schedule 7)	19,646	11,443
Events (Schedule 8)	16,733	77,276
Marketing (Schedule 9)	(40,425)	(39,916)
Marble Villa (Schedule 10)	128,677	235,728
Operating Grant	394,000	400,000
Wage Subsidy Grant	1,326	1,200
Total revenues	<u>426,475</u>	<u>348,370</u>
<b>EXPENSES</b>		
Administration	20,373	14,252
Advertising	1,226	2,523
Bad Debts	-	3,256
Board and Committee Meetings	1,535	1,708
Communications	14,848	14,057
Directors Fees	4,475	5,180
Interest and Bank Charges	63,928	56,816
Interest on Capital Leases	17,073	17,228
Labour	224,376	203,659
Miscellaneous	2,483	2,055
Professional Fees	8,888	8,054
Travel and Conference	13,067	15,997
Total expenses	<u>372,272</u>	<u>344,785</u>
<b>ANNUAL SURPLUS</b>	<u>54,203</u>	<u>3,585</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	6,077,618	7,214,305
<b>AMORTIZATION FOR THE YEAR</b>	<u>(936,115)</u>	<u>(1,140,272)</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>5,195,706</u>	<u>6,077,618</u>

The accompanying notes are an integral part of these financial statements  
BDO Canada LLP, Chartered Accountants

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)**  
**Year ended April 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 54,203</b>	<b>\$ 3,585</b>
Acquisition of tangible capital assets	(519,704)	(805,107)
Amortization of deferred grants	337,222	312,390
Proceeds on disposal of tangible capital assets	-	138,980
Decrease (Increase) in deferred charges	7,253	7,253
Decrease (Increase) in inventories	(1,880)	23,741
Decrease (Increase) in prepaids	(5,260)	(4,456)
	<u>(182,369)</u>	<u>(327,199)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(128,166)</b>	<b>(323,614)</b>
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<b><u>(8,888,126)</u></b>	<b><u>(8,564,512)</u></b>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<b><u>\$ (9,016,292)</u></b>	<b><u>\$ (8,888,126)</u></b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOW**  
**Year Ended April 30, 2013**

	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 54,203	\$ 3,585
Items not affecting cash		
Amortization of tangible assets	1,273,338	1,302,591
Adjustment to surplus	(936,115)	(1,160,670)
Loss of disposal of capital assets	-	159,048
Changes in non-cash items		
Accounts receivable	(29,128)	42,694
Accounts payable and accrued liabilities	(318,703)	46,153
Deferred revenue	16,665	(10,130)
Prepaid expenses	(5,260)	(4,456)
Inventory	(1,878)	23,741
Deferred charges	7,253	7,253
Deferred government grant	840,000	-
Deferred government assistance	162,777	137,610
Cash Flow from Operating Activities	<u>1,063,152</u>	<u>547,419</u>
<b>INVESTING ACTIVITIES</b>		
Cash used to acquire tangible capital assets	(519,707)	(805,107)
Proceeds on disposal of tangible capital assets	-	150,400
Cash Flow from Investing Activities	<u>(519,707)</u>	<u>(654,707)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds (repayment) of Bank Indebtedness	(488,938)	(4,773)
Proceeds from Obligations Under Capital Lease		186,913
Repayment of Obligations Under Capital Leases	(59,587)	(73,913)
Cash Flow from (used by) Financing Activities	<u>(548,525)</u>	<u>108,227</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(5,080)</b>	<b>940</b>
<b>CASH AND BANK, BEGINNING OF YEAR</b>	<b><u>8,080</u></b>	<b><u>7,140</u></b>
<b>CASH AND BANK, END OF YEAR</b>	<b><u>\$ 3,000</u></b>	<b><u>\$ 8,080</u></b>
<b>CASH CONSISTS OF:</b>		
<b>CASH</b>	<b><u>3,000</u></b>	<b><u>8,080</u></b>

The accompanying notes are an integral part of these financial statements  
BDO Canada LLP, Chartered Accountants

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at April 30, 2013**

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**1. Description of Operations**

The Organization is an "Other Government Organization" (OGO) 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 non-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. Management's Responsibility for the Financial Statements**

The financial statements of the Other Government Organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

**3. Significant Accounting Policies**

**a) Basis of Accounting**

These financial statements have been prepared using Canadian public sector accounting standards.

**b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand.

**c) Inventory**

Inventory is valued at cost

**d) Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly

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

#### **e) Government Assistance and Other Contributions**

Provincial government grants and other contributions related to the acquisitions of capital assets are accounted for as contributed surplus. Federal government grants and other contributions related to the acquisitions of capital assets are recorded as deferred government grants and amortized to income in relation 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.

#### **f) Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

#### **g) Revenue Recognition**

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

#### **h) Leased Assets**

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

#### **i) Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### 4. Bank Indebtedness

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

#### 5. Accounts Payable and Accrued Liabilities

	2013	2012
Trade	\$ 356,307	\$ 542,559
HST Payable	(9,952)	95,077
Payroll Deductions Payable	12,485	39,907
	<u>\$ 358,840</u>	<u>\$ 677,543</u>

#### 6. Deferred Government Assistance - Capital Assets

	2013	2012
Balance, beginning of year	\$ 5,733,513	\$ 5,595,903
Plus: Deferred government assistance received for the year	500,000	450,000
Less: Amount transferred to income by reduction of the amortization expense for the year	(337,223)	(312,390)
	<u>\$ 5,896,290</u>	<u>\$ 5,733,513</u>

#### 7. Government Assistance and Other Contributions - Operations

	2013	2012
Administrative Operating Grant	\$ 394,000	\$ 400,000
Capital Grants	500,000	450,000
Marketing Grants	196,000	200,000
	<u>\$ 1,090,000</u>	<u>\$ 1,050,000</u>

During the year the operating grant for the 2013/2014 fiscal year was received. This has been set up as a deferred grant to be taken into revenue over the next fiscal year.

#### 8. Obligations under Capital Lease

	2013	2012
National Leasing lease repaid during the year	\$ -	1,773
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.	7,036	16,854
National Leasing bearing interest at 5.65% per annum, repayable in monthly blended payments of \$4,960. The lease matures on December 1, 2016 and is secured by a charge over specific equipment.	242,449	286,896
	(Continued)	9



## 8. Obligations under Capital Lease (Continued)

	<u>2013</u>	<u>2012</u>
National Leasing bearing interest at 8.952% per annum, repayable in monthly blended payments of \$356. The lease matures on October 1, 2013 and is secured by a charge over specific equipment.	6,295	9,834
	<u>\$ 257,793</u>	<u>\$ 317,378</u>
Amounts payable within one year	(57,929)	(59,577)
	<u>\$ 199,864</u>	<u>\$ 257,801</u>

## 9. Contingent Liability

As at April 30, 2013, a supplier had claimed that the Organization owed it approximately \$70,005 for services rendered. The Organization's management feels the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Organization has not recorded a provision for losses that may result from the claim.

## 10. Related Party Transactions

During the year ended April 30, 2013, director's fees of \$4,475 (2012 - \$5,180) were paid in aggregate to the Board of Directors of the Organization.

## 11. Long Term Debt

	<u>2013</u>	<u>2012</u>
Department of Innovation, Rural Development and Trade loan secured by a chattel mortgage on specific equipment. The 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 Organization has until 2015 to repay the loan in full.	\$300,000	\$300,000

## 12. Capital Management

The organization's capital consists of shareholder equity. The organization'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 organization'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 organization 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.

**13. Patrol Operating Expenses**

	<b>2013</b>	<b>2012</b>
Labour	<b>\$ 59,446</b>	<b>\$ 72,660</b>
Supplies	<b>4,924</b>	<b>9,292</b>
Telephone	<b>350</b>	<b>140</b>
Radio Rental	<b>540</b>	<b>1,105</b>
Sundry	<b>3,641</b>	<b>437</b>
	<b>\$ 68,901</b>	<b>\$ 83,634</b>

**Marble Mountain Development Corporation**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**Year Ended April 30, 2013**

(Schedule 1)

Cost											Totals
	Area Improvements	Buildings	Computer Equipment	Equipment Under Capital Lease	Furniture and Fixtures	Lifts	Rental Equipment	Signs	Vehicles	2013	
Opening costs	\$ 10,711,703	\$ 10,604,700	\$ 18,683	\$ 643,389	\$ 802,281	\$ 5,200,164	\$ 109,514	\$ 96,782	7,426,700	\$ 35,613,916	\$ 35,289,895
Additions during the year	9,990	7,266	48,575	-	3,304	178,257	2,007	-	270,305	519,704	805,107
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	(461,066)
Closing costs	<u>10,721,693</u>	<u>10,611,966</u>	<u>67,258</u>	<u>643,389</u>	<u>805,585</u>	<u>5,378,421</u>	<u>111,521</u>	<u>96,782</u>	<u>7,697,005</u>	<u>36,133,620</u>	<u>35,613,916</u>
<b>Accumulated Amortization</b>											
Opening accum'd amortization	6,472,992	4,123,519	18,683	224,134	802,281	3,014,938	95,441	86,799	5,873,721	20,712,508	19,561,559
Amortization	357,224	265,209	14,324	70,543	3,304	171,239	16,080	9,983	365,432	1,273,338	1,302,591
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	(151,639)
Closing accum'd amortization	<u>6,830,216</u>	<u>4,388,728</u>	<u>33,007</u>	<u>294,677</u>	<u>805,585</u>	<u>3,186,177</u>	<u>111,521</u>	<u>96,782</u>	<u>6,239,153</u>	<u>21,985,846</u>	<u>20,712,511</u>
Net Book Value of Tangible Capital Assets	<u>\$ 3,891,477</u>	<u>\$ 6,223,238</u>	<u>\$ 34,251</u>	<u>\$ 348,712</u>	<u>\$ -</u>	<u>\$ 2,192,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,147,774</u>	<u>\$ 14,901,405</u>	

The accompanying notes are an integral part of these financial statements  
BDO Canada LLP, Chartered Accountants

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**Lift Operations**  
**Year Ended April 30, 2013**

*(Schedule 2)*

	2013	2012
<b>Revenue</b>		
Lift Ticket Revenue	\$ 558,160	\$ 560,280
Season Pass Revenue	565,841	541,820
Children Center Revenue	8,082	9,731
Miscellaneous Revenue	50,040	39,834
	<u>1,182,123</u>	<u>1,151,665</u>
<b>Expenditures</b>		
Children's centre	14,777	19,423
Communications	4,902	6,434
Management contract	103,600	112,000
Equipment rental	8,882	11,208
Heating and electricity	151,059	202,230
Insurance	117,748	123,350
Interest and bank charges	46,981	55,311
Labour	387,558	450,135
Lift repairs	136,821	108,407
Maintenance		
Building	30,824	30,945
Slopes	40,591	43,324
Miscellaneous	19,803	18,803
Municipal fees	24,000	32,000
Security	299	299
Patrol expenses (Note 13)	68,901	83,634
Snowclearing	40,690	14,025
Snowmaking		
Electricity	87,589	112,776
Labour	23,065	42,422
Equipment maintenance	67,632	109,426
Supplies	28,659	31,293
Vehicle operating		
Repairs	37,708	31,363
Fuel	62,340	70,387
Uniforms	8,079	14,001
	<u>1,512,508</u>	<u>1,723,196</u>
<b>Income from operations</b>	<u>\$ (330,385)</u>	<u>\$ (571,531)</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**Repair Shop**  
**Year Ended April 30, 2013**

**(Schedule 3)**

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>	<b>\$ 48,418</b>	<b>\$ 54,838</b>
<b>Expenditures</b>		
Labour	<b>16,218</b>	17,911
Supplies	<b>1,046</b>	1,185
	<b>17,264</b>	19,096
<b>Income from operations</b>	<b>\$ 31,154</b>	<b>\$ 35,742</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**Rental**

**(Schedule 4)**

**Year Ended April 30, 2013**

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>	<b>\$ 178,201</b>	<b>\$ 198,758</b>
<b>Expenditures</b>		
Communications	<b>231</b>	<b>539</b>
Labour	<b>42,499</b>	<b>51,208</b>
Supplies	<b>1,122</b>	<b>820</b>
	<b>43,852</b>	<b>52,567</b>
<b>Income from operations</b>	<b>\$ 134,349</b>	<b>\$ 146,191</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**Cafeteria**

**(Schedule 5)**

**Year Ended April 30, 2013**

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>	<b>\$ 220,316</b>	<b>\$ 262,527</b>
Cost of sales	<b>104,468</b>	129,516
<b>Gross profit</b>	<b>115,848</b>	133,011
<b>Expenditures</b>		
Communications	<b>949</b>	186
Labour	<b>75,101</b>	102,327
Miscellaneous	<b>503</b>	1,449
Repairs and maintenance	<b>2,831</b>	300
Supplies	<b>6,904</b>	9,493
	<b>86,288</b>	113,755
<b>Income from operations</b>	<b>\$ 29,560</b>	<b>\$ 19,256</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Bar****(Schedule 6)****Year Ended April 30, 2013**

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>	<b>\$ 151,466</b>	<b>\$ 158,626</b>
Cost of sales	<u>59,890</u>	<u>62,679</u>
<b>Gross profit</b>	<u><b>91,576</b></u>	<u><b>95,947</b></u>
<b>Expenditures</b>		
Communications	<b>168</b>	267
Entertainment	<b>3,750</b>	4,428
Labour	<b>30,419</b>	34,470
Licenses and fees	-	658
Repairs and maintenance	<b>1,238</b>	671
Security	<b>943</b>	2,413
Special Events - Bar	<b>8,226</b>	16,712
Supplies	<b>3,525</b>	1,934
Utilities	<b>1,467</b>	1,413
	<u><b>49,736</b></u>	<u><b>62,966</b></u>
<b>Income from operations</b>	<u><b>\$ 41,840</b></u>	<u><b>\$ 32,981</b></u>

The accompanying notes are an integral part of these financial statements.  
BDO Canada LLP, Chartered Accountants



**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**Ski School**  
**Year Ended April 30, 2013**

*(Schedule 7)*

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>	<b>\$ 127,641</b>	<b>\$ 125,701</b>
<b>Expenditures</b>		
Communications	410	318
Krunchers Club	5,199	4,555
Labour	95,988	103,246
Miscellaneous	1,081	499
Supplies	2,079	1,185
Training	3,238	3,601
Uniforms	-	854
	<b>107,995</b>	<b>114,258</b>
<b>Income from operations</b>	<b>\$ 19,646</b>	<b>\$ 11,443</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**Events**

**(Schedule 8)**

**Year Ended April 30, 2013**

	2013	2012
<b>Revenue</b>		
Events	\$ 154,412	\$ 267,778
BBQ	6,544	-
	160,956	267,778
<b>Cost of sales</b>		
Events	35,554	62,332
BBQ	2,043	-
	37,597	62,332
<b>Gross profit</b>	123,359	205,446
<b>Expenditures</b>		
Communications	233	908
Interest and bank charges	5,137	-
Labour	73,576	113,924
Labour - BBQ	10,475	
Maintenance	4,670	3,822
Miscellaneous	2,685	4,697
Security	1,442	-
Supplies	3,385	4,819
Supplies - BBQ	5,023	-
	106,626	128,170
<b>Income from operations</b>	\$ 16,733	\$ 77,276

The accompanying notes are an integral part of these financial statements.  
BDO Canada LLP, Chartered Accountants

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**Marketing**

*(Schedule 9)*

**Year Ended April 30, 2013**

	2013	2012
<b>Revenue</b>		
Sponsorships	\$ 22,000	\$ 27,000
Marketing Revenue - Advertising	14,070	\$ 20,670
Marketing Grant	196,000	200,000
	<u>232,070</u>	<u>247,670</u>
<b>Expenditures</b>		
Advertising		
Internet	-	11,653
Marketing Campaign	1,933	1,366
Print	-	1,404
Radio	-	2,200
Television	-	4,843
Communications	3,435	3,324
Labour	49,921	59,758
Marketing agency	208,800	181,753
Membership fees	2,588	2,076
Office and postage	17	124
Ski shows and familiarization tours	605	-
Supplies	5,196	19,033
Travel and meetings	-	52
	<u>272,495</u>	<u>287,586</u>
<b>Income from operations</b>	<b>\$ (40,425)</b>	<b>\$ (39,916)</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**  
**Marble Villa**  
**Year Ended April 30, 2013**

**(Schedule 10)**

	<b>2013</b>	<b>2012</b>
<b>Revenue</b>	<b>\$ 285,728</b>	<b>\$ 408,029</b>
<b>Expenditures</b>		
Cable television	5,168	4,362
Communications	6,036	5,913
Heat and light	35,538	39,574
Labour	68,187	59,675
Insurance	6,019	6,159
Laundry	497	1,101
Marketing	4,725	4,080
Miscellaneous	1,002	1,937
Repairs and maintenance	22,245	39,297
Supplies	7,634	10,203
	<b>157,051</b>	<b>172,301</b>
<b>Income from operations</b>	<b>\$ 128,677</b>	<b>\$ 235,728</b>