

Marble Mountain Development Corporation

Annual Report 2020-21

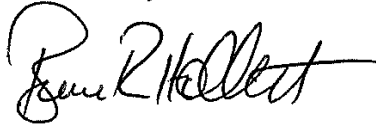
Message from the Chair

I am pleased to submit the Annual Report for the period of May 1, 2020 to April 30, 2021. 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.

We were pleased to open Marble Mountain ski hill safely during the COVID-19 pandemic to offer winter recreational activities to support healthy living. I wish to thank our loyal and patient season pass holders and all our valued sponsors and customers for the support you have shown this year. We faced an unprecedented number of challenges getting to opening day, but it was a pleasure for everyone who works at Marble Mountain to provide a safe and active outdoor experience. I commend and thank the MMDC management and staff for their dedication to making the 2021 ski season a success.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce R. Hollett". The signature is fluid and cursive, with a large initial "B" and "H".

Bruce Hollett, 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.

Given the global pandemic, MMDC worked with the Office of the Chief Medical Officer of Health on a re-opening proposal for the Marble Mountain Ski Resort. The goal was to re-open in a safe and efficient manner to offer a recreational ski experience.

Mandate

The mandate of the MMDC is to promote the Marble Mountain resort area to local users, visitors to the province, and potential business operators. It also supports the development of the lands and facilities for commercial tourism operations by private interests.

Staff and Budget

MMDC employed approximately 78 staff in 2021, most of whom are winter seasonal employees. During the 2021 ski season, Marble operated for 22 days, which was less than the 2020 ski season (55 days). This significant drop was mainly due to the late arrival of snow and the February 2021 COVID-19 outbreak. As a result, MMDC's general revenue declined due to the late start to the ski season and associated lower skier visits. Specifically, there were 13,244 total skier visits for the 2021 ski season, which represented a decrease of 70 per cent from the prior year of 44,782. Sales revenue was just over \$626,000, down 63 per cent from the previous year.

For the 2020-21 operating season, the Provincial Government provided \$1,906,400 in grants. MMDC's audited financial statements for the year ended April 30, 2021, are provided at the end of this report.

Board of Directors

A Board of Directors, appointed by the Lieutenant-Governor in Council, governs the MMDC. The Board is accountable to the Provincial Government through the Minister of Tourism, Culture, Arts and Recreation and guides its operations in accordance with its by-laws. Currently, the Corporation is under the guidance of an interim board. As of April 30, 2021, the Board consisted of the following individuals:

- Interim Chairperson: Carmela Murphy, Department of Tourism, Culture, Arts and Recreation
- Department of Innovation, Energy and Technology:
 - Brent Decker
 - Carol-Ann Gilliard
 - Jeff Mercer
 - Gillian Skinner
- Department of Finance Representative:
 - Doug Trask

Physical Location

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Telephone: (709) 637-7601, Toll Free: 1-888-462-7253

Facsimile: (709) 634-1702

Website: www.skimarble.com

Highlights and Partnerships

Highlights

As the challenges caused by the COVID-19 outbreak continued to shift, MMDC assessed risk related to the workplace and the public and adjusted its 2021 operating plan to adhere to the conditions established in the Special Measures Orders issued by the Chief Medical Officer of Health.

In July 2020, Mountain Consultants and Anderson Engineering tabled reports on Marble Mountain's base infrastructure (Main lodge, Marble Villa building envelope, Maintenance building envelope and snowmaking pump house and lift capacity), as much of this infrastructure is over 25 years old and requires maintenance and or replacement. The Base lodge public deck was identified as the number one priority for remediation as the inspection report revealed substantial structural concerns.

The main drive cable for the Black Mariah chair lift was installed in 1989. Over time, the cable stretched and consequently lost a portion of its diameter (thickness) therefore exceeded its life expectancy as per CAN/CSA Z98 Code for "Passenger Ropeways and Conveyors". This chair lift wasn't in operation for the 2021 ski season. A replacement cable is scheduled to be installed in summer 2021.

Partnerships

MMDC networked with local accommodation operators and food and beverage providers to offer services to clients.

Report on Performance

Issue #1: Supporting Operations

MMDC committed to ensuring the health and safety of all guests, staff and local residents. Following the specific guidelines for COVID-19 management detailed by the Government of Newfoundland and Labrador, the MMDC developed a COVID-19 reopening plan for the 2021 season at Marble Mountain.

Goal Statement

By April 30, 2023, the MMDC will have supported the operation of Marble Mountain.

2020-21 Objective

By April 30, 2021, the MMDC will have provided a recreational ski experience for the public.

Indicator 1: Undertook activities to support the operation of the ski hill at Marble Mountain.

Marble Mountain designed the operating plan to offer a skiing and snowboarding experience in a safe environment. Due to COVID-19, there were changes that needed to be made in order to be able to accommodate guests safely including:

- A reduced ski week opening from Thursday to Monday.
- The main lodge was only used for time-restricted warm up and bathroom breaks.
- A reduced food service and closure of the Knotty Pine Lounge to allow the maximum number of guests accommodated inside the lodge.
- Max 375 people permitted inside the lodge at one time with seating capacity reduced by 50%.
- Out of an abundance of caution, no childcare services were offered this season.
- Marble Villa remained closed.

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- Ski Lift Operations:
 - The Lightning Express chairlift was the only chair in regular operation for 2021.
 - The Black Mariah Chairlift was closed for the season as it required a new haul rope.
 - The Magic Carpets were fully operational, so beginners and families had a safe place to learn the basics before going on the chairlift.
- Events:
 - No major events were offered this season due to the public health restrictions regarding gatherings;
 - MMDC undertook emergency repairs to the decking to ensure compliance with fire and safety guidelines.

Opportunities and Challenges

Snow Conditions

In the last five ski seasons, MMDC has opened no later than January 10. However, due to snow conditions, the hill was not able to be opened at the usual time. The ski resort had planned to open on January 7, but mild weather at the end of December and January delayed the opening further. Specifically, only 27.4 cm of snow fell in Corner Brook in January 2021, setting a new record for the least snowfall in that month. The previous record was set in January 1953, according to Environment Canada.

COVID-19 Pandemic

The COVID-19 pandemic presented a significant challenge for the past ski season. In addition to enhanced safety protocols, an outbreak due to the U.K. variant hit the province just as the hill was about to open. In combination with a lack of snow early in the season, the skiing season was much shorter than normal, opening on March 4, 2021 and closing on April 4, 2021. This represented a 22-day skiing season, which is significantly less than the average of 72.5 days over the last two ski seasons and a 60 per cent decrease from last year.

Post Pandemic

Marble Mountain is a significant generator of employment in the western region of Newfoundland. As COVID-19 restrictions lift in the province, MMDC has the opportunity to increase visitation and revues by promoting the potential for private sector businesses and investments. MMDC is a winter travel driver for tourism development including accommodations, food services, adventure tourism and events which creates economic spin-off for the area.

Visitor Statistics

Table 1: Historical Overview of Key Indicators for 2017-18 to 2020-21

Indicator	2017-18	2018-19	Annual % ⁴	2019-20	Annual % ^{4, 5}	2020-21	Annual % ⁴
Ski Visits¹	59,402	48,383	-18.5	44,782	-7.4	13,244	-70.4
Ski Days²	73	72	-1.4	55	-23.6	22	-60.0
Average per Ski Day³	814	672	-17.4	814	+21.1	602	-26.0

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

2017-18: January 6th

2018-19: January 5th

2019-20: January 10th

2020-21: March 4th

Financial Information

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
APRIL 30, 2021

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.



Executive Chairperson

Oct. 20/2021
Date



General Manager

Oct. 20/2021
Date





Chartered Professional Accountants

2 HUMBER ROAD, CORNER BROOK, NL. A2H 1C9 (709) 639-7501 FAX 639-9220 EMAIL info@bcj.ca

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, 2021 and the statement of operations, changes in net financial assets (debt) and cash flows for the year ended April 30, 2021, 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
October 15, 2021

Bonnell Cole Jones
CHARTERED PROFESSIONAL ACCOUNTANTS



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MARBLE MOUNTAIN DEVELOPMENT CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED APRIL 30, 2021

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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash (Note: 2)	\$ 500	\$ 5,209
Accounts receivable (Note: 3)	<u>64,853</u>	<u>367,712</u>
	<u>65,353</u>	<u>372,921</u>
LIABILITIES		
Bank indebtedness (Note: 8)	1,538,899	2,022,265
Accounts payable and accrued liabilities (Note: 5)	16,323	132,101
Deferred revenue (Note: 7)	12,423	30,779
Obligations under capital lease (Note: 6)	<u>11,631</u>	<u>56,583</u>
	<u>1,579,276</u>	<u>2,241,728</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(1,513,923)</u>	<u>(1,868,807)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	9,685,616	10,624,010
Inventories held for use (Note: 2)	31,662	45,649
Prepaid expenses (Note: 4)	<u>162,850</u>	<u>82,164</u>
	<u>9,880,128</u>	<u>10,751,823</u>
ACCUMULATED SURPLUS	<u>\$ 8,366,205</u>	<u>\$ 8,883,016</u>

APPROVED ON BEHALF OF BOARD:



 Oct. 20 / 21

See accompanying notes to the consolidated financial statements



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MARBLE MOUNTAIN DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>Budget</u>	<u>2021</u>	<u>2020</u>
REVENUE			
Lift operations (Schedule 2)	\$ (508,579)	\$ (795,667)	\$ (829,485)
Rental and repair shop (Schedule 3)	91,982	28,986	68,464
Food and beverage (Schedule 4)	9,139	(44,399)	19,374
Ski school (Schedule 5)	10,030	(16,012)	(9,465)
Marketing (Schedule 6)	(20,000)	(13,588)	(94,978)
Marble Villa (Schedule 7)	<u>(25,000)</u>	<u>(53,377)</u>	<u>22,505</u>
	<u>(442,428)</u>	<u>(894,057)</u>	<u>(823,585)</u>
EXPENDITURES			
Labour	160,000	117,188	104,337
Interest on capital lease obligations		47,625	4,078
Interest on short-term debt	40,000	39,782	64,105
Administration	40,000	36,257	48,909
Professional Fees	25,000	24,493	19,432
Communications	8,500	11,948	11,318
Miscellaneous	5,000	4,134	3,922
Interest and bank charges	5,000	2,525	2,776
Travel and conference fees		109	547
Donations			
Bad debts			
	<u>283,500</u>	<u>284,061</u>	<u>259,424</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE CAPITAL GRANT, AMORTIZATION & OTHER	<u>(725,928)</u>	<u>(1,178,118)</u>	<u>(1,083,009)</u>
OTHER OPERATING:			
Gov. transfers-operating grant (Note:9)	750,000	1,200,000	656,400
Gov. transfers-marketing partnership (Note:9)			150,000
Flooding repairs			
	<u>750,000</u>	<u>1,200,000</u>	<u>806,400</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE CAPITAL GRANT, AMORTIZATION & OTHER	<u>24,072</u>	<u>21,882</u>	<u>(276,609)</u>
CAPITAL GRANT, AMORTIZATION & OTHER:			
Gov. transfers - capital grant (Note:9)	400,000	400,000	
Amortization of tangible capital assets		(939,923)	(1,229,435)
Gain on disposal of tangible capital assets		1,230	1,609
	<u>400,000</u>	<u>(538,693)</u>	<u>(1,227,826)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 424,072</u>	(516,811)	(1,504,435)
ACCUMULATED SURPLUS, beginning of the year		<u>8,883,016</u>	<u>10,387,451</u>
ACCUMULATED SURPLUS, end of the year		<u>\$ 8,366,205</u>	<u>\$ 8,883,016</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, 2021

	<u>Budget</u>	<u>2021</u>	<u>2020</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>424,072</u>	\$ <u>(516,811)</u>	\$ <u>(1,504,435)</u>
Acquisition of tangible capital assets	(400,000)	(1,529)	(23,478)
Amortization of tangible capital assets		939,923	1,229,435
Loss (gain) on disposal of tangible capital assets		(1,230)	(1,609)
Proceeds on sale of tangible capital assets		1,230	1,609
(Increase) decrease in prepaid expenses		(80,686)	4,158
(Increase) decrease in inventories	<u> </u>	<u>13,987</u>	<u>(14,502)</u>
	<u>(400,000)</u>	<u>871,695</u>	<u>1,195,613</u>
CHANGE IN NET FINANCIAL ASSETS	\$ <u>24,072</u>	354,884	(308,822)
NET DEBT, BEGINNING OF THE YEAR		<u>(1,868,807)</u>	<u>(1,559,985)</u>
NET DEBT, END OF THE YEAR		\$ <u>(1,513,923)</u>	\$ <u>(1,868,807)</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, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (516,811)	\$ (1,504,435)
Changes in non-cash items:		
Accounts receivable	302,859	(289,348)
Inventories	13,987	(14,502)
Prepays	(80,686)	4,158
Accounts payable and accrued liabilities	(115,778)	(62,545)
Deferred revenue	(18,356)	(12,227)
Loss (gain) on disposal of tangible capital assets	(1,230)	(1,609)
Amortization	<u>939,923</u>	<u>1,229,435</u>
Cash provided (used) in operating activities	<u>523,908</u>	<u>(651,073)</u>
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	1,230	1,609
Cash used to acquire tangible capital assets	<u>(1,529)</u>	<u>(23,478)</u>
Cash provided (used) in capital activities	<u>(299)</u>	<u>(21,869)</u>
FINANCING ACTIVITIES		
Repayment of obligations and capital leases	<u>(44,952)</u>	<u>(110,189)</u>
Cash provided (used) in financing activities	<u>(44,952)</u>	<u>(110,189)</u>
INCREASE (DECREASE) IN CASH	478,657	(783,131)
CASH DEFICIENCY, beginning of the year	<u>(2,017,056)</u>	<u>(1,233,925)</u>
CASH DEFICIENCY, end of the year	<u>\$ (1,538,399)</u>	<u>\$ (2,017,056)</u>
CASH CONSISTS OF:		
Cash on hand	\$ 500	\$ 5,209
Bank indebtedness	<u>(1,538,899)</u>	<u>(2,022,265)</u>
	<u>\$ (1,538,399)</u>	<u>\$ (2,017,056)</u>

See accompanying notes to the consolidated financial statements



MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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, 2021

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, 2021

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>2021</u>	<u>2020</u>
Cash is comprised of the following:		
Cash on hand	\$ <u>500</u>	\$ <u>5,209</u>

3. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Trade receivables	\$ 30,821	\$ 61,312
HST receivable	34,032	
Other receivables	<u> </u>	<u>306,400</u>
	<u>\$ 64,853</u>	<u>\$ 367,712</u>

4. Prepaid expenses

	<u>2021</u>	<u>2020</u>
Insurance	\$ 97,061	\$ 80,829
Equipment deposit	64,454	
Lease deposit	<u>1,335</u>	<u>1,335</u>
	<u>\$ 162,850</u>	<u>\$ 82,164</u>

5. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 15,613	\$ 75,058
Government remittances payable		46,453
Other payables	<u>710</u>	<u>10,590</u>
	<u>\$ 16,323</u>	<u>\$ 132,101</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

6. Obligations under capital lease

	<u>2021</u>	<u>2020</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
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
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>11,631</u>	<u>26,122</u>
	<u>\$ 11,631</u>	<u>\$ 56,583</u>

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

2022	<u>\$ 11,361</u>
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7. Deferred Revenue

The organization has on deposit funds collected for unused gift cards sold. There is also nonmonetary consideration received for advertising revenue not yet earned. The balance of \$12,423 will be recognized in revenue in 2021.

8. Bank Indebtedness

The line of credit has an authorized limit in the amount of \$2,087,000 (2020 - \$2,087,000) and bears an interest at the bank's prime rate + 0.75% per annum. It is secured by a Provincial Government guarantee and a letter of indemnity and an overdraft agreement signed by the Board of Directors.

	<u>2021</u>	<u>2020</u>
Current bank account (overdraft)	\$ 116,566	\$ 169,451
Operating line of credit	<u>1,422,333</u>	<u>1,852,814</u>
	<u>\$ 1,538,899</u>	<u>\$ 2,022,265</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

9. Government transfers

	<u>2021</u>	<u>2020</u>
Provincial administrative operating grant	\$ 1,200,000	\$ 656,400
Capital grants	<u>400,000</u>	<u> </u>
	1,600,000	656,400
Provincial marketing grant	<u> </u>	<u>150,000</u>
	<u>\$ 1,600,000</u>	<u>\$ 806,400</u>

10. Patrol operating expenses

	<u>2021</u>	<u>2020</u>
Labour	\$ 42,120	\$ 73,731
Supplies	4,925	4,422
Telephone	815	816
Radio rental	1,200	1,170
Sundry	<u>1,020</u>	<u>724</u>
	<u>\$ 50,080</u>	<u>\$ 80,863</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, 2021

11. Financial instrument risk management (Cont'd)

At year end, the amounts outstanding are as follows:

	<u>2021</u>	<u>2020</u>
Current	\$ 39,465	\$ 310,013
31 to 60 days		7,798
61 to 90 days		8,713
Over 90 days	<u>25,388</u>	<u>41,188</u>
	<u>\$ 64,853</u>	<u>\$ 367,712</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.

Interest rate risk

The organization is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the organization to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

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, 2021

ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED APRIL 30, 2021
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	
											2021	2020
Cost												
Opening costs	\$ 10,792,132	\$ 10,943,449	\$ 8,572,898	\$ 194,477	\$ 1,056,118	\$ 885,844	\$ 7,499,470	\$ 230,412	\$ 96,781	\$ 20,524	\$ 40,292,105	\$ 40,270,236
Additions during the year								1,529			1,529	23,478
Disposals and write downs								(1,230)			(1,230)	(1,609)
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>230,711</u>	<u>96,781</u>	<u>20,524</u>	<u>40,292,404</u>	<u>40,292,105</u>
Accumulated Amortization												
Opening accumulated amortization	9,341,720	6,282,400	8,560,801	189,787	780,589	863,534	3,335,751	204,518	96,781	12,214	29,668,095	28,440,269
Amortization	359,738	273,586	691	4,690	88,220	4,137	190,124	14,094		4,643	939,923	1,229,435
Disposals and write downs								(1,230)			(1,230)	(1,609)
Closing accumulated amortization	<u>9,701,458</u>	<u>6,555,986</u>	<u>8,561,492</u>	<u>194,477</u>	<u>868,809</u>	<u>867,671</u>	<u>3,525,875</u>	<u>217,382</u>	<u>96,781</u>	<u>16,857</u>	<u>30,606,788</u>	<u>29,668,095</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,090,674</u>	<u>\$ 4,387,463</u>	<u>\$ 11,406</u>	<u>\$</u>	<u>\$ 187,309</u>	<u>\$ 18,173</u>	<u>\$ 3,973,595</u>	<u>\$ 13,329</u>	<u>\$</u>	<u>\$ 3,667</u>	<u>\$ 9,685,616</u>	<u>\$10,624,010</u>

See accompanying notes to the consolidated financial statements

ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 2
SCHEDULE OF LIFT OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Season passes	\$ 122,762	\$ 390,174
Lift tickets	260,955	337,405
Miscellaneous	2,163	75,909
Locker rental	27,381	43,824
Children's Centre	<u> </u>	<u>13,147</u>
	<u>413,261</u>	<u>860,459</u>
EXPENDITURES		
Snow making		
Electricity	58,506	80,379
Equipment maintenance	13,443	36,668
Maintenance		
Building	113,573	63,070
Slopes	21,302	213,621
Vehicle operating		
Fuel	19,956	45,189
Repairs	28,560	45,576
Labour	310,025	471,420
Insurance	150,158	115,080
Management contract	126,000	145,600
Heating and electricity	83,919	127,153
Lift repairs	75,904	96,414
Patrol expenses (Note 10)	50,080	80,863
Snow clearing	46,000	42,000
Interest and bank charges	30,815	30,134
Municipal fees	27,269	27,826
Supplies	22,192	20,541
Miscellaneous	11,526	13,358
Communications	12,168	11,496
Equipment rental	6,381	6,281
Uniforms	877	1,840
Security	274	299
Children's centre	<u> </u>	<u>15,136</u>
	<u>1,208,928</u>	<u>1,689,944</u>
DEFICIT FROM OPERATIONS	<u>\$ (795,667)</u>	<u>\$ (829,485)</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 3
SCHEDULE OF RENTAL AND REPAIR SHOP OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Rentals	\$ 53,566	\$ 122,541
Repairs	<u>1,689</u>	<u>8,328</u>
	<u>55,255</u>	<u>130,869</u>
EXPENDITURES		
Labour	21,740	56,152
Interest and bank charges	4,120	4,596
Communications	409	410
Supplies	<u> </u>	<u>1,247</u>
	<u>26,269</u>	<u>62,405</u>
SURPLUS FROM OPERATIONS	<u>\$ 28,986</u>	<u>\$ 68,464</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 4
SCHEDULE OF FOOD AND BEVERAGE OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUE	\$ 47,450	\$ 381,854
COST OF SALES	<u>41,381</u>	<u>165,009</u>
GROSS PROFIT	<u>6,069</u>	<u>216,845</u>
EXPENDITURES		
Labour	39,152	153,124
Miscellaneous	3,950	1,441
Interest and bank charges	3,538	13,411
Supplies	2,067	21,420
Communications	1,372	1,360
Entertainment	300	3,100
Utilities	89	564
Repairs and maintenance	<u> </u>	<u>3,051</u>
	<u>50,468</u>	<u>197,471</u>
SURPLUS (DEFICIT) FROM OPERATIONS	\$ <u>(44,399)</u>	\$ <u>19,374</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 5
SCHEDULE OF SKI SCHOOL OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUE	\$ <u>26,201</u>	\$ <u>110,280</u>
EXPENDITURES		
Labour	37,744	109,894
Supplies	3,493	2,180
Communications	976	963
Miscellaneous		3,256
Krunchers Club		2,552
Training		<u>900</u>
	<u>42,213</u>	<u>119,745</u>
DEFICIT FROM OPERATIONS	\$ <u>(16,012)</u>	\$ <u>(9,465)</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 6
SCHEDULE OF MARKETING OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Sponsorships	\$ 2,000	\$ 17,000
Advertising	16,838	3,248
Miscellaneous	<u> </u>	<u>1,786</u>
	<u>18,838</u>	<u>22,034</u>
EXPENDITURES		
Marketing	28,736	53,896
Communications	1,767	1,933
Labour	1,038	53,293
Membership fees	485	735
Office and postage	400	6,504
Uniforms	<u> </u>	539
Supplies	<u> </u>	<u>112</u>
	<u>32,426</u>	<u>117,012</u>
DEFICIT FROM OPERATIONS		
- BEFORE MARKETING GRANT	(13,588)	(94,978)
Marketing grant (Note: 9)	<u> </u>	<u>150,000</u>
SURPLUS (DEFICIT) FROM OPERATIONS	<u>\$ (13,588)</u>	<u>\$ 55,022</u>

See accompanying notes to the consolidated financial statements



ANNUAL REPORT 2020-21

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
SCHEDULE 7
SCHEDULE OF MARBLE VILLA OPERATIONS
FOR THE YEAR ENDED APRIL 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Occupancy	\$ 2,201	\$ 208,556
Miscellaneous	<u> </u>	<u>66</u>
	<u>2,201</u>	<u>208,622</u>
EXPENDITURES		
Heat and light	28,922	35,006
Communications	13,361	10,227
Repairs and maintenance	9,818	12,251
Miscellaneous	2,409	6,126
Cable television	656	5,644
Marketing	248	698
Interest and bank charges	164	7,325
Labour		76,988
Insurance		24,000
Supplies	<u> </u>	<u>7,852</u>
	<u>55,578</u>	<u>186,117</u>
SURPLUS (DEFICIT) FROM OPERATIONS	<u>\$ (53,377)</u>	<u>\$ 22,505</u>

See accompanying notes to the consolidated financial statements



