Canada

Saskatchewan

LAST OAK PARK

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

# FINANCIAL REVIEW & FIVE YEAR PROJECTION OF INCOME FOR LAST OAK DEVELOPMENT CORPORATION

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The development of Last Oak Park has reached the point at which the current Agreement between Canada-Saskatchewan and Last Oak Park will expire on March 31, 1978. The significance of this is that the existing arrangement by which federal funds have been provided to support operational and capital investment in the Corporation will soon terminate. The issues which now require critical examination, and to which this study has been directed, are the short and longer range possibilities and limitations which exist for the Last Oak Park Corporation at this time. The decisions needed on both continuing operational matters and on future development are considered, both within the capability of the Corporation's own resources, as well as within the possibility of further external financial assistance.

In order to clarify federal involvement with the Corporation, a historical development, Section II, is presented from the very tentative beginning to the full scale involvement by DREE. A series of tables are presented in this section which present comparisons of estimated and actual financial contributions made by Canada over the term of the two Agreements involving DREE.

Section III presents a general evaluation of the level of financial system effectiveness currently in place in the Corporation. A series of areas are noted and commented upon in terms of observed effectiveness or inadequacy as the case may be.

A very general comment is included in Section IV with respect to general management. This topic is not examined in depth in an evaluative sense, but instead an attempt is made to clarify the nature of management's role in the Corporation.

Sections V, VI and VII comprise the in-depth evaluation of the effect of variable revenue limitations on current operations and also consider the effect of these potential varying revenues on future development planning. The material is presented in considerable technical detail. These evaluations were compiled to allow the scope and complexity of the Last Oak Park operation to be reviewed by personnel outside the Corporation and to provide Corporation management with a guide for developing future financial reporting and planning information. It should be noted that future consolidation of this type of material can be and should be significantly improved.

The alternatives as presented, should not be considered as the only combinations that can be conceptualized. The material is prepared in such a way that varying alternatives can be assembled over a five year period to examine the impact which might result. For example, a combination showing the effect of a normal year followed by two bad years and two above average years can be compiled quite easily. The author of this study is available to carry out varying manipulations of this data upon request.

For background purposes, Section VIII provides a breakdown of

Corporation operational and capital expenditures made under the revised 1974-1978 Agreement. An estimate of the disposition of remaining Agreement funds under the Agreement's revised Schedule B is also shown.

Sections IX and X contain the conclusions and recommendations based on information and data compiled in the study.

## II. HISTORICAL DEVELOPMENT OF LAST OAK PARK

The beginning of the Development of Last Oak Park can be traced back as far as 1963[1] when the Broadview area was designated as a Rural Development Area under the Agricultural and Rural Development Act (ARDA). A survey of the farming sector was carried out as a result of that designation. A further study was implemented from 1964 to 1966 to analyze the socio-economic circumstances of the area which included the Indian reserves in the vicinity of Broadview. The study resulted in a report which indentifed a number of problems faced by Indian people. These problems included low income, poor communication among people, lack of skilled manpower, lack of leadership initiative, poor transportation, lack of adequate urban facilities, inadequate public health practices, and shortcomings in the social change process.

An ARDA research project was approved in 1966 for the purpose of studying and planning the recreational potential of Indian lands fronting on Crooked and Round Lakes. This project recognized that a relatively untapped resource existed in the form of recreational potential on the Sakimay, Cowessess, Kahkewistahaw and Ochapowace Indian reserves. The thrust of the recommendations from the ensuing report, submitted in 1967, revolved around the need to maintain the interest of the Indian

1. Gordon Thomsen, Revised Summary Report of the Survey of Farmers and their Families in the Broadview Area, Saskatchewan Dept. of Agriculture, Regina, 1966, pp., 34.

2. Koozma Tarasoff, The Broadview Rural Development Area Study, Saskatchewan Dept. of Welfare, 1968, pp.142.

people and, to provide management, planning, and training in a project that would be part of a major development.

As a result of the 1967 study, an interim agreement was reached in 1968 which provided $77,500 in federal funds from DIAND, for developmental purposes. Two of the major consequences of this project included the passing of a referendum by the Indian people on the four reserves which turned over land required for recreational development to the Last Oak Park Development Corporation, incorporated in February 1969.

On December 31, 1970, the Department of Regional Economic Expansion and the Province of Saskatchewan signed an Agreement under the authority of the Agriculture and Rural Development Act (ARDA). The broad objectives of this Agreement were to provide assistance to the Province and through it, to the Last Oak Park Development Corporation for the development of recreation resources on the four Indian reserves in the Qu'Appelle Valley.

The establishment of these facilities was considered as a direct method of enhancing both social and economic conditions on the four Indian reserves. A secondary benefit was also expected through the provision of much needed recreational facilities for this part of the province. Specific development proposed in the Agreement included access road improvements, further development of the ski facility which had been commenced under the previous interim agreement, establishment of a nine-hole golf course, a ninety unit campsite, improved beach and picnic facilities, a cottage subdivision and ancilliary facilities. The total federal contribution identified in the Agreement for this phase of development was $940,000. As demonstrated in Table 1, (see page 6) specific fund allocations were estimated for each component of the total development. The actual expenditures incurred are also included for comparison purposes. As demonstrated in this comparison, very little expenditure or progress was made in the campground, beach facilities and cottage subdivision. Funds were instead diverted to the ski and golf course development and associated infrastructure.

It was clearly recognized that further funding would have to be provided beyond 1974, the term of the Agreement, in order to complete the complex. Work carried out during the 1970 to 1974 period was considered as the first phase of a three phase plan. The anticipated requirements for the second and third phases were defined in the Agreement, based on the assumption that phase one would be completed as originally estimated. The fact that expectations were not fully realized in the implementation of phase one led to a recognition that fund allocation between projects would have to be changed in the subsequent Agreement.

A second Agreement between Canada and Saskatchewan was signed on September 26, 1974 which reflected a modified plan for phase two and three. The overall objectives and planning remained essentially the same as in the first Agreement, but provided for a re-allocation of funds between projects. In order to compare the degree of change in the estimate of expenditures for individual components of the development see Table 2 (page 7). As shown in this table, there were a number of significant changes in fund allocation for specific projects. This was principally the result of either cost escalation or changes in planning and priorities. Some significant changes included the expansion of the ski facilities, the relocation of the golf course from the originally proposed site and a transfer of some of the development emphasis from the Round Lake to the Crooked Lake area.

As implementation of the Agreement progressed, it became necessary to establish a further realignment of funds to the revised project requirements.

Progressive experience during the term of the second Agreement revealed that certain projects had higher funding requirements than originally anticipated. It was decided to revise Schedule B, which specified estimated project funding, to reflect a more realistic presentation of what could be accomplished within the constraints of the remaining funds in the Agreement. A comparison of the change from "Schedule B", as originally presented in the second Agreement and the revised Schedule B is shown on Table 3 (see page 8). It should be noted that the revised schedule does not provide for the construction of a campground. This decision was supported at an early stage in the development of this report. An amendment to the Agreement extending the term from March 31, 1977 to March 31, 1978 was also approved concurrently with the revision of Schedule B. This accommodated unavoidable construction delays which were encountered.

Under the terms of the current revised Agreement, DREE participation in the development of Last Oak Park will cease as of March 31, 1978. In examining the originally proposed development as opposed to the actual development at Last Oak, it can be observed that significant changes in emphasis had to be made. Time and funding limitations imposed under the Agreement, as well as inflationary factors, restricted the full development as originally envisaged. It can be concluded that there may be a very real potential for further long term development.

TABLE 1

Estimated Project Expenditure (Federal)
Phase I Development, 1970-74

| Project | Estimated Expenditure | Actual Expenditure | Remarks |
|---|---|---|---|
| Roads | $142,000 | $150,267 | Rebuilding, building and improving access roads. |
| Ski Area | 251,000 | 382,419 | Chair lift, snow-making equipment, 3-phase power and pro shop. |
| Golf Course | 109,000 | 125,426 | 9-hole course and irrigation |
| Campground | 30,000 | 1,328 | Completion of 90 unit complete |
| Beach-picnic | 114,000 | 5,505 | Buildings, improvements & services |
| Cottage Subdiv. | 21,000 | 2,398 | Infrastructures for 120 lots |
| Maintenance | 81,000 | 105,636 | Shop, storage, vehicles, mowers, etc. |
| Training, Admin. & Publicity | 140,000 | 127,397 | Management, training costs & consulting fees. |
| Provincial Staff | 52,000 | 38,782 | Actual sal. & exp. - primarily for technical assistance. |
| | $940,000 | $939,158 | |

TABLE 2

Comparison of Estimated Project Expenditures

Estimated in First Agreement as Compared to Second Agreement

for Phases II and III

| Project Name | First Agreement | Second Agreement |
|---|---|---|
| Internal Park Roads | $153,000 | $163,000 |
| Interlake Area | 40,000 | 100,000 |
| Golf Course | 170,000 | 231,000 |
| Round Lake Development | 272,000 | 118,000 |
| Crooked Lake Development | - | 115,000 |
| Administration Centre | - | 95,000 |
| Maint, Eq. & Entry Gate | 70,000 | 75,000 |
| Jubilee Hill Road | 330,000 | 450,000 |
| Hwy. #247 | 350,000 | 215,500 |
| Corp. Admin. | 75,000 | 120,000 |
| Prov. Admin. | - | 50,000 |
| Theme Centre | 200,000 | - |
| | 1,660,000 | 1,732,500 |

Note: The total amount payable by Canada under the terms of the Second Agreement is $1,992,500. This includes a contingency item of $260,000 for unforeseen costs.

TABLE 3

Comparison of Estimated Project Expenditures

Estimated in the Second Agreement

Original Schedule B as Compared to Revised Schedule B

| Project Name | Original Schedule B | Revised Schedule B |
|---|---|---|
| Internal Park Roads | $163,000 | - |
| Road - Ski Area to Golf Course | - | $24,000 |
| Interlake Area (lodge, pro-shop etc). | 100,000 | 250,000 |
| Golf Course | 231,000 | 436,500 |
| Round Lake & Crooked Lake Sub-division developments | 233,000 | 97,000 |
| Corp. Admin., Maintenance etc. | 195,000 | 490,000 |
| Jubilee Hill Road & Hwy. #247 | 665,500 | 645,000 |
| Prov. Admin. | 50,000 | 50,000 |
| Administration Centre | 95,000 | - |
| Contingency Item | 260,000 | - |
| | 1,992,500 | 1,992,500 |

## III. FINANCIAL SYSTEMS

### A. Accounting

The accounting system presently in place in the Corporation appears to be adequate for recording receivables and payables. Posting is made to a synoptic on a routine basis and seemed to be well maintained. No attempt was made to carry out an audit. The inspection was restricted solely to the type of records being maintained. The secretary to the General Manager, Ms. R. Delorme, appeared to have a good understanding of existing records.

### B. Cost Accounting

The accounting system presently in operation does not provide the necessary data to readily carry out cost accounting analysis. Specific records are not maintained in respect to fixed asset costs, unit costs, and departmental costs of the different facets of the operation. As a result of this inadequacy, a realistic measure of the contribution or lack of contribution by the various segments of the operation is difficult to measure.

### C. Budgeting

Due to ongoing development of the operation, it has not been possible to realistically carry out an operating budget. The lack of differentiation between capital and operating items further precluded this type of planning. Budgeting has in the past been directed solely at establishing funding requirements from the Agreement. There has been no attempt at evaluating any long term potential for self-sufficiency.

D. Financial Controls

(a) Receipts

A number of control problems have existed in the past in respect to matching of cash receipts to sales records. Each problem area has been identified and a solution formulated for implementation in the upcoming season. Inventories of stock items were not maintained until very recently. This has been partially rectified at this time but still requires a more systematic approach.

(b) Purchasing

A purchase order system has been recently put in place to control purchases. Purchase order copies are now compared to invoices to assure that only legitimate charges are paid for.

(c) Disbursements

The issue of cheques now requires the signatures of both the General Manager and his secretary. The existence of a purchase order system has eliminated the potential for overpayment of accounts or purchases. It would appear that satisfactory control is presently being exercised in this area.

E. Cash Management

The situation currently exists whereby a substantial cash reserve can accumulate for short periods of time in the Corporation's current account. This is especially true during the term of the Agreement. Under the current system, ongoing operational costs are charged directly against revenues. As previously explained, unrestricted signing authority is delegated to the General Manager for issuing of cheques to meet operational expenses. In order to assure that major expenditures are approved by the Board of Directors, a formal review and control system should be implemented. This could be accomplished by placing revenues in a restricted account which could not be utilized for meeting the issue of cheques. As the requirement is demonstrated, funds could be transferred from the restricted account to the current account. This authority to transfer should be retained entirely by the Board of Directors. The issue of cheques against the current account would continue to be the responsibility of the General Manager. In order to provide a greater degree of financial control, a restriction on the dollar amount of a single transaction could also be initiated.

## F. CONCLUSIONS AND RECOMMENDATIONS

The financial control aspect of the operation has recently undergone extensive scrutiny and numerous changes are in the implementation stage. When all the solutions are in place, including the added controls on cash management, a basically sound financial system should be realized.

More emphasis and development should be directed at maintaining records for costing and analysis purposes. This would entail the extension of the present accounting format into a double entry bookkeeping system. Fixed asset accounts should be set up to record costs as well as providing information for budgeting purposes. A systematic approach should be developed in the budgeting area and appropriate cost relationships evaluated against estimated performance.

It would be unrealistic to expect the General Manager of the Corporation to initiate and implement this type of a system in the foreseeable future. His role at this time is more essential in the operating, developmental and promotional areas. The development of a cost and budgeting system should be undertaken by someone outside the Corporation.

## IV. MANAGEMENT

Management of the Corporation is currently going through a transitional phase. The emphasis in prior years has been directed at construction and associated development. Now that the ski operation and the first nine holes of the golf course are completed, a more operational or service perspective is required. This will include a stronger emphasis on the relationships of revenue and associated costs. The majority of management decisions will involve features of this relationship. As previously pointed out, systems to provide financial data are essential in providing ongoing information. This data, however, is of no value unless the information is analyzed and appropriate action implemented as required. This will tend to take a substantial portion of the General Manager's time. Due to the small Administration organization, it may be necessary to have more responsibility placed on other personnel in the direct operational and service areas. A part of this perspective should include adequate attention to promotion and marketing.

This change has been recognized by the General Manager of the Corporation and particular emphasis has been given to promotion. Pamphlets and brochures are being prepared for distribution to tourist booths on major highways. Posters are being printed for placement in sports shops in Saskatchewan and Manitoba. Media advertising is being accelerated to reach a larger area and to emphasize the quality of the finished facilities. More concerted attention is contemplated for special groups such as ski clubs, school physical education programs and ski and golf tour groups.

The importance of the promotion aspect of the operation has been basically well recognized. Some assistance could be provided by DREE information service resources to develop a slide-tape presentation for the Corporation. This type of promotion could prove of significant value for presentation to groups and service clubs.

The real limiting factor to promotion is the time that can be spent on this activity by the General Manager. It should be recognized that time spent for promotional activity necessarily detracts from effectiveness in providing services.

## V. LAST OAK PARK CORPORATION ESTIMATED PROFIT AND LOSS STATEMENTS 1976 to 1981

In order to evaluate the potential effect of different circumstances on the total operation of the Corporation, a number of different variables had to be considered.

These include:

(a) The effect of building or not building the proposed campground.

(b) The effect of adding or not adding a chair lift and expanding the ski chalet.

(e) Various participation levels for both the ski and golf operation.

(f) The effect of detrimental weather conditions. i.e. lack of snow.

The following section presents estimated Profit and Loss statements for the Corporation under varying combinations of the possible circumstances described above.

The alternatives, designated by the letters A, B, C or D identify the various combinations that develop when considering the effects of building or not building the campground and/or the chair lift and expansion of the ski chalet. The Profit and Loss Statements are preceded by a further breakdown that reflects the variability of the participation rates and weather conditions under each condition.

Analysis and assumptions which were considered for various components within each operational segment are examined in detail in Section VII.

## A. LAST OAK PARK CORPORATION ESTIMATED PROFIT & LOSS STATEMENTS ALTERNATIVE A

| | | Background Ref. Page |
|---|---|---|
| Alternative A: | Campground included<br>Chair lift and chalet expansion included | |
| 1. | Ski Operation<br>- 110 ski days<br>- 76-77 - 20,000 participants<br>- 77-81 - 25,000 participants/yr. | 44 |
| | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 48 |
| | Campground<br>- provincial utilization data | 49 |
| 2. | Ski Operation<br>- 110 ski days<br>- 76-77 - 25,000 participants<br>- 77-81 - 30,000 participants/yr. | 51 |
| | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 74 |
| | Campground<br>- provincial utilization data | 79 |
| 3. | Ski Operation<br>- 76-77 - 20,000 participants<br>- 77-78 - 50% loss of ski season<br>- 78-81 - 25,000 participants | 93 |
| | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants | 97 |
| | Campground<br>- provincial utilization data | 98 |

Alternative A-1 - realistically conservative
Alternative A-2 - optimistic
Alternative A-3 - effect of a bad ski season (77-78), imposed on Alternative A-1.

ALTERNATIVE A-1

# LAST OAK PARK
## Profit & Loss Statement
## 1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Rev. | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | - | - | 27.8 |
| Ski Op. Rev. | 154.0 | 234.3 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | 6.7 | 7.6 | 8.5 |
| Gross Revenue | 780.0 | 552.7 | 340.5 | 382.7 | 451.5 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 144.8 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | 12.0 | 13.0 | 14.0 |
| Total Operating Expense | 216.5 | 235.9 | 292.2 | 295.6 | 327.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 4.0 | 4.4 | 4.9 |
| Admin. Salary | 30.5 | 33.6 | 38.7 | 44.4 | 51.0 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 51.5 | 59.3 | 65.9 |
| Total Oper., Gen. & Admin. Exp. | 256.7 | 282.2 | 343.7 | 354.9 | 393.3 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | 380.0 | - | - |
| Golf Operation | 244.6 | - | 12.0 | - | - |
| Campground | - | 300.0 | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 360.5 | 392.0 | - | - |
| Total Expense | 624.6 | 642.7 | 735.7 | 354.9 | 393.3 |
| Profit before D.A. (Loss) | 155.4 | ( 90.0) | (395.2) | 27.8 | 58.2 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 62.0) | ( 73.0) | ( 73.0) |
| Net Profit or (Loss) | 105.4 | (140.0) | (457.2) | ( 45.2) | ( 14.8) |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE A-2

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 183.9 | - | - | 78.3 |
| Ski Op. Rev. | 188.0 | 286.5 | 332.5 | 354.9 | 372.3 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | 6.7 | 7.6 | 8.5 |
| Gross Revenue | 814.0 | 633.4 | 401.2 | 446.5 | 569.1 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 113.5 | 155.6 | 179.2 | 196.6 | 215.9 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | 12.0 | 13.0 | 14.0 |
| Total Operating Expense | 222.0 | 246.7 | 305.3 | 308.9 | 341.1 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 4.0 | 4.4 | 4.9 |
| Admin. Salary | 30.5 | 33.6 | 38.7 | 44.4 | 51.0 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 51.5 | 59.3 | 65.9 |
| Total Oper., Gen. & Admin. Exp. | 262.2 | 293.0 | 356.8 | 368.2 | 407.0 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | 380.0 | - | - |
| Golf Operation | 244.6 | - | 12.0 | - | - |
| Campground | - | 300.0 | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 360.5 | 392.0 | - | - |
| Total Expense | 630.1 | 653.5 | 748.8 | 368.2 | 407.0 |
| Profit before D.A. (Loss) | 183.9 | ( 20.1) | (347.6) | 78.3 | 162.1 |
| Dep. Allow | ( 50.0) | ( 50.0) | ( 62.0) | ( 73.0) | ( 73.0) |
| Net Profit or (Loss) | 133.9 | ( 70.1) | (409.6) | 5.3 | 89.1 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE A-3

# LAST OAK PARK
## Profit & Loss Statement
## 1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | - | - | 27.8 |
| Ski Op. Rev. | 154.0 | 145.7 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | 6.7 | 7.6 | 8.5 |
| Gross Revenue | 780.0 | 464.1 | 340.5 | 382.7 | 451.5 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 99.1 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | 12.0 | 13.0 | 14.0 |
| Total Operating Expense | 216.5 | 190.2 | 292.2 | 295.6 | 327.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 4.0 | 4.4 | 4.9 |
| Admin. Salary | 30.5 | 33.6 | 38.7 | 44.4 | 51.0 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 51.5 | 59.3 | 65.9 |
| Total Oper., Gen. & Admin. Exp. | 256.7 | 236.5 | 343.7 | 354.9 | 393.3 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | 380.0 | - | - |
| Golf Operation | 244.6 | - | 12.0 | - | - |
| Campground | - | 300.0 | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 360.5 | 392.0 | - | |
| Total Expense | 624.6 | 597.0 | 735.7 | 354.9 | 393.3 |
| Profit before D.A. (Loss) | 155.4 | (132.9) | (395.2) | 27.8 | 58.2 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 62.0) | ( 73.0) | ( 73.0) |
| Net Profit or (Loss) | 105.4 | (182.9) | (457.2) | ( 45.2) | ( 14.8) |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

Alternative A-1; A-2; A-3

Summary

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Alternative A-1 | 105.4 | (140.0) | (457.2) | (45.2) | (14.8) |
| Alternative A-2 | 133.9 | (70.1) | (409.6) | 5.3 | 89.1 |
| Alternative A-3 | 105.4 | (182.9) | (457.2) | (45.2) | (14.8) |

This alternative assumes that the campground, further extension of the chalet and a chairlift will be constructed. Even under the most optimistic conditions, Alternative A-2, a deficit of 70.1K is incurred in 77-78 and a 409.6K in 78-79. If the less optimistic alternatives are considered, the corporation would be in a serious deficit position in each year from 1977-78 to 1980-81. In order for the corporation to meet its obligations and continue operating, further financial assistance would have to be provided.

NOTE: Amounts shown are net profit after depreciation allowance.

## B. LAST OAK PARK CORPORATION
## ESTIMATED PROFIT & LOSS STATEMENTS
## ALTERNATIVE B

| | | Background Ref. Page |
|---|---|---|
| Alternative B: | Campground excluded<br>Chair lift and chalet expansion included | |
| 1. | Ski Operation<br>- 110 ski days<br>- 76-77 - 20,000 participants<br>- 77-81 - 25,000 participants/yr. | 44 |
| | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 48 |
| 2. | Ski Operation<br>- 110 ski days<br>- 76-77 - 25,000 participants<br>- 77-81 - 30,000 participants/yr. | 51 |
| | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 74 |
| 3. | Ski Operation<br>- 76-77 - 20,000 participants<br>- 77-78 - 50% loss of ski season<br>- 78-81 - 25,000 participants | 93 |
| | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants | 97 |

Alternative B-1 - realistically conservative
Alternative B-2 - optimistic
Alternative B-3 - effect of a bad ski season (77-78), imposed on Alternative B-1.

ALTERNATIVE B-1

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | 210.0 | - | 35.4 |
| Ski Op. Rev. | 154.0 | 234.3 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | - | - | - |
| Gross Revenue | 780.0 | 552.7 | 543.8 | 375.1 | 450.6 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 144.8 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | - | - | - |
| Total Operating Expense | 216.5 | 235.9 | 280.2 | 282.6 | 313.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 |
| Admin. Salary | 30.5 | 33.6 | 37.7 | 43.3 | 49.8 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 49.5 | 57.1 | 63.5 |
| Total Oper., Gen & Admin. Exp. | 256.7 | 282.2 | 329.7 | 339.7 | 376.9 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | 380.0 | - | - |
| Golf Operation | 244.6 | - | 12.0 | - | - |
| Campground | - | - | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 60.5 | 392.0 | - | - |
| Total Expense | 624.6 | 342.7 | 721.7 | 339.7 | 376.9 |
| Profit before D.A. (Loss) | 155.4 | 210.0 | (177.9) | 35.4 | 73.7 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 50.0) | ( 61.0) | (61.0) |
| Net Profit or (Loss) | 105.4 | 160.0 | (227.9) | ( 25.6) | 12.7 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE B-2

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 183.9 | 279.9 | - | 85.9 |
| Ski Op. Rev. | 188.0 | 286.5 | 332.5 | 354.9 | 372.3 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | - | - | - |
| Gross Revenue | 814.0 | 633.4 | 674.4 | 438.9 | 568.2 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 113.5 | 155.6 | 179.2 | 196.6 | 215.9 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | - | - | - |
| Total Operating Expense | 222.0 | 246.7 | 293.3 | 295.9 | 327.1 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 |
| Admin. Salary | 30.5 | 33.6 | 37.7 | 43.3 | 49.8 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 49.5 | 57.1 | 63.5 |
| Total Oper., Gen & Admin. Exp. | 262.2 | 293.0 | 342.8 | 353.0 | 390.6 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | 380.0 | - | - |
| Golf Operation | 244.6 | - | 12.0 | - | - |
| Campground | - | - | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 60.5 | 392.0 | - | - |
| Total Expense | 630.1 | 353.5 | 734.8 | 353.0 | 390.6 |
| Profit before D.A. (Loss) | 183.9 | 279.9 | ( 60.4) | 85.9 | 177.6 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 50.0) | ( 61.0) | ( 61.0) |
| Net Profit or (Loss) | 133.9 | 229.9 | (110.4) | 24.9 | 116.6 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE B-3

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | 167.1 | - | 35.4 |
| Ski Op. Rev. | 154.0 | 145.7 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | - | - | - |
| Gross Revenue | 780.0 | 464.1 | 500.9 | 375.1 | 450.6 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski. Operation | 108.0 | 99.1 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | - | - | - |
| Total Operating Expense | 216.5 | 190.2 | 280.2 | 282.6 | 313.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 |
| Admin. Salary | 30.5 | 33.6 | 37.7 | 43.3 | 49.8 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 49.5 | 57.1 | 63.5 |
| Total Oper., Gen. & Admin. Exp. | 256.7 | 236.5 | 329.7 | 339.7 | 376.9 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | 380.0 | - | - |
| Golf Operation | 244.6 | - | 12.0 | - | - |
| Campground | - | - | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 60.5 | 392.0 | - | - |
| Total Expense | 624.6 | 297.0 | 721.7 | 339.7 | 376.9 |
| Profit before D.A. (Loss) | 155.4 | 167.1 | (220.8) | 35.4 | 73.7 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 50.0) | ( 61.0) | ( 61.0) |
| Net Profit or (Loss) | 105.4 | 117.1 | (270.8) | ( 25.6) | ( 12.7) |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

Alternative B-1; B-2; B-3

Summary

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Alternative B-1 | 105.4 | 160.0 | (227.9) | (25.6) | 12.7 |
| Alternative B-2 | 133.9 | 229.9 | (110.4) | 24.9 | 116.6 |
| Alternative B-3 | 105.4 | 117.1 | (270.8) | (25.6) | 12.7 |

This alternative assumes that only the further chalet expansion and chairlift would be constructed in 78-79. Even without the campground and under the most optimistic of conditions, (Alternative B-2) the availability of funds for this expansion would be marginal. This is best reflected in Alternatives B-1 and B-3 which shows a significant deficit position for the years 78-79 and 79-80 if this expansion is undertaken. It can be concluded that in order to consider further capital expansion in subsequent years, it will be necessary to realize an increase in revenue which could be applied to retiring the debt financing which would be required.

NOTE: Amounts shown are net profit after depreciation allowance.

## C. LAST OAK PARK CORPORATION
## ESTIMATED PROFIT & LOSS STATEMENTS
## ALTERNATIVE C

| Alternative C: | | Campground included<br>Chair lift and chalet expansion excluded | Background Ref. Page |
|---|---|---|---|
| | 1. | Ski Operation<br>- 110 ski days<br>- 76-77 - 20,000 participants<br>- 77-81 - 25,000 participants/yr. | 44 |
| | | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 48 |
| | | Campground<br>- provincial utilization data | 49 |
| | 2. | Ski Operation<br>- 110 ski days<br>- 76-77 - 25,000 participants<br>- 77-81 - 30,000 participants/yr. | 51 |
| | | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 74 |
| | | Campground<br>- provincial utilization data | 79 |
| | 3. | Ski Operation<br>- 76-77 - 20,000 participants<br>- 77-78 - 50% loss of ski season<br>- 78-81 - 25,000 participants | 93 |
| | | Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants | 97 |
| | | Campground<br>- provincial utilization data | 98 |

Alternative C-1 - realistically conservative
Alternative C-2 - optimistic
Alternative C-3 - effect of a bad ski season (77-78), imposed on Alternative C-1.

ALTERNATIVE C-1

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Rev. | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | - | - | 27.8 |
| Ski Op. Rev. | 154.0 | 234.3 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | 6.7 | 7.6 | 8.5 |
| Gross Revenue | 780.0 | 552.7 | 340.5 | 382.7 | 451.5 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 144.8 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | 12.0 | 13.0 | 14.0 |
| Total Operating Expense | 216.5 | 235.9 | 292.2 | 295.6 | 327.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 4.0 | 4.4 | 4.9 |
| Admin. Salary | 30.5 | 33.6 | 38.6 | 44.4 | 50.0 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 51.4 | 59.3 | 64.9 |
| Total Oper., Gen. & Admin. Exp. | 256.7 | 282.2 | 343.6 | 354.9 | 392.3 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | - | - | - |
| Golf Operation | 244.6 | - | - | - | - |
| Campground | - | 300.0 | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 360.5 | - | - | - |
| Total Expense | 624.6 | 642.7 | 343.6 | 354.9 | 392.3 |
| Profit before D.A. (Loss) | 155.4 | ( 90.0) | ( 3.1) | 27.8 | 59.2 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 62.0) | ( 62.0) | ( 62.0) |
| Net Profit or (Loss) | 105.4 | (140.0) | ( 65.1) | ( 34.2) | ( 2.8) |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE C-2

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 183.9 | - | 44.4 | 122.7 |
| Ski Op. Rev. | 188.0 | 286.5 | 332.5 | 354.9 | 372.3 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | 6.7 | 7.6 | 8.5 |
| Gross Revenue | 814.0 | 633.4 | 401.2 | 490.9 | 613.5 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 113.5 | 155.6 | 179.2 | 196.6 | 215.9 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | 12.0 | 13.0 | 14.0 |
| Total Operating Expense | 222.0 | 246.7 | 305.3 | 308.9 | 341.1 |
| Gen. & Admin. Expense | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 4.0 | 4.4 | 4.9 |
| Admin. Salary | 30.5 | 33.6 | 38.7 | 44.4 | 51.0 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 51.5 | 59.3 | 65.9 |
| Total Oper., Gen. & Admin. Exp. | 262.2 | 293.0 | 356.8 | 368.2 | 407.0 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | - | - | - |
| Golf Operation | 244.6 | - | - | - | - |
| Campground | - | 300.0 | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 360.5 | - | - | - |
| Total Expense | 630.1 | 653.5 | 356.8 | 368.2 | 407.0 |
| Profit Before D.A. (Loss) | 183.9 | ( 20.1) | 44.4 | 122.7 | 206.5 |
| Dep. Allow | ( 50.0) | ( 50.0) | ( 62.0) | ( 62.0) | ( 62.0) |
| Net Profit or (Loss) | 133.9 | ( 70.1) | ( 17.6) | 60.7 | 144.5 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE C-3

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | - | 3.1 | 30.9 |
| Ski Op. Rev. | 154.0 | 145.7 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | 6.7 | 7.6 | 8.5 |
| Gross Revenue | 780.0 | 464.1 | 340.5 | 385.8 | 454.6 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 99.1 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | 12.0 | 13.0 | 14.0 |
| Total Operating Expense | 216.5 | 190.2 | 292.2 | 295.6 | 327.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 4.0 | 4.4 | 4.9 |
| Admin. Salary | 30.5 | 33.6 | 38.6 | 44.4 | 50.0 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 51.4 | 59.3 | 64.9 |
| Total Oper., Gen & Admin. Exp. | 256.7 | 236.5 | 343.6 | 354.9 | 392.3 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | - | - | - |
| Golf Operation | 244.6 | - | - | - | - |
| Campground | - | 300.0 | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 360.5 | - | - | - |
| Total Expense | 624.6 | 597.0 | 343.6 | 354.9 | 392.3 |
| Profit before D.A. (Loss) | 155.4 | (132.9) | 3.1 | 30.9 | 62.3 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 62.0) | ( 62.0) | ( 62.0) |
| Net Profit or (Loss) | 105.4 | (182.9) | ( 58.9) | ( 31.1) | 0.3 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

Alternative C-1; C-2; C-3

Summary

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Alternative C-1 | 105.4 | (140.0) | (65.1) | (34.2) | (2.8) |
| Alternative C-2 | 133.9 | (70.1) | (17.6) | 60.7 | 144.5 |
| Alternative C-3 | 105.4 | (182.9) | (58.9) | (31.1) | 0.3 |

This alternative assumes that only the campground will be constructed and no further expansion undertaken. As demonstrated, even under the most optimistic of conditions, (Alternative C-2), the Corporation couldn't finance this venture without an infusion of funds. The more realistic estimates shown in Alternative C-1 and C-3 show even greater cash deficiencies which can be expected. In view of the limited funds still available in the Agreement, a continuing deficit position over successive years is anticipated if this capital expenditure is undertaken.

NOTE: Amounts shown are net profit after the depreciation allowance.

## D. LAST OAK PARK CORPORATION
## ESTIMATED PROFIT & LOSS STATEMENTS
## ALTERNATIVE D

Alternative D: Campground excluded
Chair lift and chalet expansion excluded

| | Background Ref. Page |
|---|---|
| 1. Ski Operation<br>- 110 ski days<br>- 76-77 - 20,000 participants<br>- 77-81 - 25,000 participants/yr. | 44 |
| Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 48 |
| 2. Ski Operation<br>- 110 ski days<br>- 76-77 - 25,000 participants<br>- 77-81 - 30,000 participants/yr. | 51 |
| Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants/yr. | 74 |
| 3. Ski Operation<br>- 76-77 - 20,000 participants<br>- 77-78 - 50% loss of ski season<br>- 78-81 - 25,000 participants | 93 |
| Golf Operation<br>- good weather conditions<br>- 76-77 - 6,000 participants<br>- 77-78 - 8,000 participants<br>- 78-81 - 10,000 participants | 97 |

Alternative D-1 - realistically conservative
Alternative D-2 - optimistic
Alternative D-3 - effect of a bad ski season (77-78), imposed on Alternative D-1.

ALTERNATIVE D-1

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | 210.0 | 214.1 | 249.5 |
| Ski Op. Rev. | 154.0 | 234.3 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | - | - | - |
| Gross Revenue | 780.0 | 552.7 | 543.8 | 589.2 | 664.7 |
| Expenses: | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 144.8 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | - | - | - |
| Total Operating Expense | 216.5 | 235.9 | 280.2 | 282.6 | 313.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 |
| Admin. Salary | 30.5 | 33.6 | 37.7 | 43.3 | 49.8 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 49.5 | 57.1 | 63.5 |
| Total Oper., Gen. & Admin. Exp. | 256.7 | 282.2 | 329.7 | 339.7 | 376.9 |
| Capital Expenses: | | | | | |
| Ski Operation | 103.5 | - | - | - | - |
| Golf Operation | 244.6 | - | - | - | - |
| Campground | - | - | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 60.5 | - | - | - |
| Total Expense | 624.6 | 342.7 | 329.7 | 339.7 | 376.9 |
| Profit before D.A. (Loss) | 155.4 | 210.0 | 214.1 | 249.5 | 287.8 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 50.0) | ( 50.0) | ( 50.0) |
| Net Profit or (Loss) | 105.4 | 160.0 | 164.1 | 199.5 | 237.8 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE D-2

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 183.9 | 229.9 | 281.6 | 367.5 |
| Ski Op. Rev. | 188.0 | 286.5 | 332.5 | 354.9 | 372.3 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | - | - | - |
| Gross Revenue | 814.0 | 633.4 | 624.4 | 720.5 | 849.8 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 113.5 | 155.6 | 179.2 | 196.6 | 215.9 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | - | - | - |
| Total Operating Expense | 222.0 | 246.7 | 293.3 | 295.9 | 327.1 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.0 |
| Insurance | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 |
| Admin. Salary | 30.5 | 33.6 | 37.7 | 43.3 | 49.8 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 49.5 | 57.1 | 63.5 |
| Total Oper., Gen. & Admin Exp. | 262.2 | 293.0 | 342.8 | 353.0 | 390.6 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | - | - | - |
| Golf Operation | 244.6 | - | - | - | - |
| Campground | - | - | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 60.5 | - | - | - |
| Total Expense | 630.1 | 353.5 | 342.8 | 353.0 | 390.6 |
| Profit before D.A. (Loss) | 183.9 | 279.9 | 281.6 | 367.5 | 459.2 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 50.0) | ( 50.0) | ( 50.0) |
| Net Profit or (Loss) | 133.9 | 229.9 | 231.6 | 317.5 | 409.2 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be covered by a non-repayable form of financing.

ALTERNATIVE D-3

LAST OAK PARK
Profit & Loss Statement
1976 - 77 to 1980 - 81

(000's)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Contributed Revenue | 566.0 | 120.0 | - | - | - |
| Cash | 30.0 | 155.4 | 167.1 | 171.2 | 206.6 |
| Ski Op. Rev. | 154.0 | 145.7 | 271.8 | 291.1 | 305.2 |
| Golf Rev. | 30.0 | 43.0 | 62.0 | 84.0 | 110.0 |
| Campground Rev. | - | - | - | - | - |
| Gross Revenue | 780.0 | 464.1 | 500.9 | 546.3 | 621.8 |
| **Expenses:** | | | | | |
| Operating Expense: | | | | | |
| Dir. Ski Operation | 108.0 | 99.1 | 166.1 | 183.3 | 202.2 |
| Golf Operation | 108.5 | 91.1 | 114.1 | 99.3 | 111.2 |
| Camp Operation | - | - | - | - | - |
| Total Operating Expense | 216.5 | 190.2 | 280.2 | 282.6 | 313.4 |
| Gen. & Admin. Expense: | | | | | |
| Maintenance | 7.3 | 10.0 | 8.8 | 10.5 | 10.7 |
| Insurance | 2.4 | 2.7 | 3.0 | 3.3 | 3.7 |
| Admin. Salary | 30.5 | 33.6 | 37.7 | 43.3 | 49.8 |
| Total Gen. & Admin. Exp. | 40.2 | 46.3 | 49.5 | 57.1 | 64.2 |
| Total Oper., Gen. & Admin. Exp. | 256.7 | 236.5 | 329.7 | 339.7 | 377.6 |
| **Capital Expenses:** | | | | | |
| Ski Operation | 103.5 | - | - | - | - |
| Golf Operation | 244.6 | - | - | - | - |
| Campground | - | - | - | - | - |
| Subdivision | 19.8 | 60.5 | - | - | - |
| Total Capital Costs | 367.9 | 60.5 | - | - | - |
| Total Expense | 624.6 | 297.0 | 329.7 | 339.7 | 377.6 |
| Profit before D.A. (Loss) | 155.4 | 167.1 | 171.2 | 206.6 | 244.2 |
| Dep. Allow. | ( 50.0) | ( 50.0) | ( 50.0) | ( 50.0) | ( 50.0) |
| Net Profit or (Loss) | 105.4 | 117.1 | 121.2 | 156.6 | 194.2 |

Note: Losses are not forwarded to next subsequent year. It is hypothetically assumed that losses would be be covered by a non-repayable form of financing.

Alternative D-1; D-2; D-3

Summary

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Alternative D-1 | 105.4 | 160.0 | 164.1 | 199.5 | 237.8 |
| Alternative D-2 | 133.9 | 229.9 | 231.6 | 317.5 | 409.2 |
| Alternative D-3 | 105.4 | 117.1 | 121.2 | 156.6 | 194.2 |

This alternative assumes that neither the campground or any further expansion is undertaken. Even in the most conservative estimate (Alternative D-3) there are indications that a sound continuing revenue and profit base can be established and maintained. It would appear that this alternative would provide the only method whereby the corporation can achieve a level of self-sufficiency.

NOTE: Amounts shown are net profit after depreciation allowance.

## VI. ADMINISTRATIVE & OVERHEAD COSTS

The costs presented in the following sections are not totally allocatable to direct parts of the operation. Where possible estimated amounts were charged directly to a unit of the operation and a balance of the total was designated as unallocated. Specific note should be taken of the Maintenance Schedule. This schedule estimates those costs which may be expected both for required and planned maintenance. Allowance for Depreciation is another estimated cost which reflects the expiration of fixed assets. It, however, differs from other administrative and overhead costs in that the yearly cash requirement will not equal the amount of allowance specified. Funds equal to the allowance specified should be held in a reserve account to enable the replacement of fixed assets over time.

The unallocated costs are shown on the Profit and Loss Statements for the entire operation.

## MAINTENANCE SCHEDULE

| DIRECT SKI OPERATION | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Ski Dozer | 2,000 | 1,000 | 2,000 | 1,500 | 2,000 |
| Snow Maker | 300 | 400 | 700 | 500 | 500 |
| Moxy Snow Mover | 100 | 100 | 100 | 150 | 150 |
| Ford Indust. Mtr. (pump) | 300 | 300 | 1,000 | 350 | 400 |
| Big Lift | 1,000 | 3,000 | 2,000 | 2,500 | 2,500 |
| Small Lift | 1,000 | 3,000 | 2,000 | 2,000 | 2,500 |
| Lights | 60 | 100 | 100 | 120 | 150 |
| Ski Repair Equipment | --- | 100 | 200 | 200 | 250 |
| TOTAL DIRECT SKI OPERATION | 4,760 | 8,000 | 8,100 | 7,320 | 8,450 |

| DIRECT GOLF OPERATION | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Peerless Pump | 1,500 | 1,600 | 1,700 | 1,800 | 1,900 |
| Ford Diesel Eng. | 500 | 700 | 2,000 | 700 | 800 |
| Ford Tractor & blade | 1,800 | 600 | 300 | 500 | 500 |
| Yazoo Master Mower | 400 | 500 | 600 | --- | --- |
| Meter Matic | 100 | 100 | 200 | 200 | 200 |
| Jacobson Fringe Mower | 300 | 300 | 400 | 400 | 450 |
| Ditch Witch Trencher | 500 | 500 | 800 | 500 | 550 |
| Fairway Mower | 100 | 100 | 100 | 150 | 150 |
| Greensking Mower | 500 | 300 | 300 | 400 | 400 |
| Sod Cutter | 100 | 100 | 200 | 200 | 250 |
| Ryan Arifier | 100 | 100 | 200 | 200 | 200 |
| Jacobson Cruiser | 300 | 300 | 500 | 350 | 350 |
| Servis Rotary Mower | 100 | 100 | 100 | 150 | 150 |
| Royer Shredder | 100 | 100 | 100 | 150 | 150 |
| Trap King | 50 | 100 | 100 | 100 | 150 |
| Model 70 Trailer | 50 | 50 | 50 | 75 | 100 |
| Super Spramite | 50 | 50 | 50 | 75 | 100 |
| Spra-Pak | 50 | 100 | 100 | 150 | 150 |
| Lonestar Landscape Rake | 50 | 50 | 100 | 100 | 150 |
| Irrigation System | 1,000 | 1,100 | 1,200 | 1,300 | 1,500 |
| TOTAL DIRECT GOLF OPERATION | 7,650 | 6,850 | 9,100 | 7,500 | 8,200 |

# MAINTENANCE SCHEDULE

| BUILDINGS | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Chalet | --- | 1,000 | 1,000 | 2,000 | 2,500 |
| Maintenance Building | 200 | 300 | 350 | 400 | 450 |
| Rental Shop | 500 | 1,500 | 500 | 600 | 650 |
| Cabins (2) | 1,000 | 1,100 | 1,200 | 1,300 | 1,400 |
| Golf Club House | --- | 500 | 1,000 | 1,500 | 2,000 |
| TOTAL BUILDINGS | 1,700 | 4,400 | 4,050 | 5,800 | 7,000 |
| MISC. EQUIPMENT (unassigned) | | | | | |
| M-F Tractor | 500 | 2,500 | 500 | 550 | 600 |
| Massey Harris Model 44 | 100 | 110 | 200 | 250 | 300 |
| Maint. Equipment $100 | 2,000 | 2,200 | 2,400 | 2,600 | 2,800 |
| Road Maintenance | 1,200 | 1,400 | 1,600 | 1,600 | 1,600 |
| Vehicles | 1,000 | 1,300 | 1,500 | 1,600 | 1,700 |
| Fences, Signs | 500 | 500 | 600 | 650 | 700 |
| Tools $100 | 2,000 | 2,000 | 2,000 | 2,200 | 2,300 |
| TOTAL MISC. EQUIPMENT | 7,300 | 10,010 | 8,800 | 9,450 | 10,000 |
| TOTAL MAINTENANCE | 21,410 | 29,260 | 30,050 | 30,070 | 33,650 |

## INSURANCE EXPENSE

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Sales | 500 | 550 | 605 | 665 | 730 |
| Repairs | 550 | 600 | 660 | 726 | 800 |
| Cabins | 150 | 165 | 180 | 200 | 220 |
| Ski Rental | 1,000 | 1,100 | 1,200 | 1,320 | 1,450 |
| Restaurant | 400 | 440 | 485 | 530 | 580 |
| Ski Slopes (chalet) | 3,000 | 3,300 | 3,650 | 4,000 | 4,400 |
| Golf | 1,000 | 1,100 | 1,210 | 1,330 | 1,460 |
| Campground | --- | --- | 1,000 | 1,100 | 1,210 |
| Unallocated | 2,400 | 2,745 | 3,010 | 3,329 | 3,650 |
| TOTAL | 9,000 | 10,000 | 12,000 | 13,200 | 14,500 |

## GENERAL ADMINISTRATION EXPENSE

| Applied Administration Salaries | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Sales | 500 | 575 | 660 | 760 | 875 |
| Repairs | 250 | 290 | 335 | 385 | 440 |
| Cabins | 100 | 115 | 130 | 150 | 175 |
| Ski Rental | 450 | 520 | 600 | 690 | 790 |
| Restaurant | --- | 1,500 | 1,725 | 1,980 | 2,300 |
| Ski Slopes | 5,000 | 5,750 | 6,600 | 7,600 | 8,750 |
| Golf | 1,000 | 1,150 | 1,300 | 1,500 | 1,700 |
| Campground | --- | --- | 975 | 1,125 | 1,275 |
| Unallocated | 30,500 | 33,600 | 37,675 | 43,310 | 49,820 |
| TOTAL ADMINISTRATION SALARIES | 37,800 | 43,500 | 50,000 | 57,500 | 66,125 |

NOTE: Administration salaries escalated at 15% /annum. Assumed that this level of increase will result from cost of living increases and raises <u>or</u> addition of administration staff.

## ALLOWANCE FOR DEPRECIATION

### SKIING OPERATION

| Asset | Cost | Service Life | Salvage Value | Yearly Allowance | |
|---|---|---|---|---|---|
| Ski dozer | 15.0 | 5 | 3.0 | 2.4 | |
| Snow Maker | 19.0 | 7 | 2.0 | 2.4 | |
| Moxy Snow Mover | 6.0 | 15 | 1.0 | .3 | |
| Ford Ind. Mtr. | 3.0 | 10 | .3 | .3 | |
| Big Lift | 51.0 | 20 | 5.0 | 2.3 | |
| Small Lift | 28.0 | 20 | 3.0 | 1.3 | |
| Chalet | 250.0 | 25 | 50.0 | 8.0 | |
| Rental Shop | 15.0 | 15 | 3.0 | .8 | |
| Maint. Building | 20.0 | 20 | 4.0 | .8 | |
| Ski Sander | 2.5 | 5 | .2 | .5 | |
| Lower Terminal Bldg. | 3.0 | 15 | .5 | .2 | |
| Pump Houses | 2.0 | 15 | .3 | .1 | |
| Vehicles | 8.5 | 4 | 2.0 | 1.6 | ½ cost |
| Misc. Tools | 1.0 | 20 | .5 | .05 | ½ cost |
| Office Furniture | 1.5 | 10 | .2 | .13 | ½ cost |
| Kitchen Equipment | 3.0 | 10 | .3 | .3 | |
| Cabin Equipment | 2.0 | 10 | .2 | .2 | |
| Cabins | 4.0 | 10 | 1.0 | .3 | |
| Ski hill lights | 11.0 | 10 | 1.0 | 1.1 | |
| Ski doo's | 3.2 | 2 | .6 | 1.2 | |
| | | | | 24.28 | |

### GOLF OPERATION

| Asset | Cost | Service Life | Salvage Value | Yearly Allowance | |
|---|---|---|---|---|---|
| Ford Diesel Engine | 4.0 | 10 | .4 | .4 | |
| Ford Tractor & blade | 1.6 | 5 | .4 | .3 | |
| Yazoo Master Mower | 2.0 | 3 | .2 | .6 | |
| Meter Matic | 1.3 | 10 | .1 | .1 | |
| Jacob. Fringe Mower | 1.8 | 7 | .2 | .2 | |
| Ditch Witch Trancher | 3.5 | 5 | .4 | .6 | |
| Fairway Mower | 2.5 | 10 | .3 | .1 | |
| Greensking Mower | 4.8 | 7 | .5 | .6 | |
| Sod Cutter | 1.1 | 10 | .1 | .1 | |
| Ryan Arifier | 4.2 | 10 | .4 | .4 | |
| Jacobson Cruiser | 1.9 | 5 | .2 | .3 | |
| Servis Rot. Mower | .8 | 10 | .1 | .08 | |
| Royer Shredder | .7 | 7 | .1 | .1 | |
| Trap King | 2.2 | 10 | .2 | .2 | |
| Model 70 Trailer | 1.0 | 20 | .1 | .05 | |
| Super Spramite | .5 | 10 | .05 | .05 | |
| Spra-Pak | 1.3 | 10 | .1 | .1 | |
| Lonestar Ldscp. Rake | .5 | 7 | .05 | .01 | |
| Irrigation System | 200.0 | 10 | .20 | 18.0 | |
| Maint. Building | 10.0 | 20 | 2.0 | .4 | |
| Vehicles | 8.5 | 4 | 2.0 | 1.6 | ½ cost |
| Misc. Tools | 1.0 | 20 | .5 | .05 | ½ cost |
| Office Furniture | 1.5 | 10 | .2 | .13 | ½ cost |
| | | | | 24.47 | |

CAMPGROUND $\frac{300 - 50}{20} = \frac{250}{20} = 12.5$ K/yr

EXPANSION $\frac{380 - 50}{20} = \frac{339}{20} = 11$ K/yr

## VII. ANALYSIS OF INDIVIDUAL OPERATING COMPONENTS

In order to compile profit and loss statements for the Corporation a systemized breakdown of each major function of the operation was required as well as further analysis of smaller independent revenue components. Three major functions, the ski operation, golf operation and campground were separated for revenue and expenditure evaluation. A further breakdown of the ski operation was considered necessary because of the variety of services involved. This variety includes the "Ski Slopes" which pertains to ski season tickets, excursion fees and individual tow bar revenues. Another unit is "Sales" of skiing equipment and accessories. Ski rentals includes rental of ski's as well as other associated equipment. The repair unit of the operation provides two benefits, a service to skiers and an internal capability for repairing rental equipment. The corporation also has a limited accommodation service in the form of four cabins. The final revenue unit is the chalet restaurant. As separate units within the ski operation, each component reflects unique revenue and cost characteristics relative to varying activity levels.

As previously outlined four variations of the effect which can result from capitalization decisions is presented in the profit and loss statements of the operation. The varying results are identified by alpha characters A, B, C and D. The analysis presented in this section relates only to operating revenues and costs which are directly attributable to a particular facet of the operation. A further extension of this approach is the introduction of different participation levels and weather conditions. In terms of the statements for the total operation the corresponding identifiers are the numerals 1, 2 and 3.

## A. Alternative A-1;B-1;C-1;D-1
## Ski - Golf - Campground
## Assumptions and Analysis
## for
## Estimated Profit and Loss Statements

Corresponding Profit & Loss Statements:

Alternative A-1 - See Page 17
B-1 - See Page 22
C-1 - See Page 27
D-1 - See Page 32

Assumptions:

Ski Operation

- 110 ski days
- 76-77 - 20,000 participants
- 77-81 - 25,000 participants

Golf Operation

- good weather conditions
- 76-77 - 6,000 participants
- 77-78 - 8,000 participants
- 78-81 - 10,000 participants/yr.

Campground

- provincial utilization data

NOTE: The statements presented for these alternatives are an abbreviated form of those shown for Alternatives A-2, B-2, C-2, and D-2. Applicable percentage decreases were applied to the latter to reflect the change in assumptions. The Golf Operation and Campground analysis presented is the same as that shown under A-2; B-2: C-2 and D-2.

(a) Ski Operation
Assumptions & Calculations
20% Reduction in Participation

Ski Slopes

| | | |
|---|---|---|
| Optimistic assumption - | 25,000 | (76-77) |
| Less Seasons Ticket | 4,000 | |
| | 21,000 | |
| .80 | 16,800 | |
| Excursions (.80 X 3000) | 2,400 | |
| Individual Tickets | 14,400 | |

14,400
36% seniors - 5184
64% juniors - 9216

Seniors .70 x 5184 x 6.00 = 21,772
.30 x 5184 x 3.00 = 4,666

Juniors .80 x 9216 x 4.00 = 29,491
.20 x 9216 x 2.00 = 3,686

| | | |
|---|---|---|
| | | 59,615 |
| Seasons Tickets | | 6,350 |
| Excursions | 2400 x 7.75 | 18,600 |
| | | 84,565 |

Original assumed revenue - 104,000
.80 of 104,000 = 83,200

∴ To show a 20% reduction in participation and still reflect the impact of the three separate components, i.e. Seasons tickets, excursion and individual, a percentage greater than .80% must be applied.

x · 104,000 = 85,000

x = .81 (.83 used to be more conservative)

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Rev. | 85.0 | 126.0 | 149.0 | 159.0 | 163.0 |
| Exp. | 42.1 | 51.1 | 61.5 | 67.8 | 76.9 |
| Net Profit | 42.9 | 74.9 | 87.5 | 91.2 | 86.1 |

Revenue Calculations
Formula: Gross Revenue of Optimistic Assumptions x .83
1976-77: 103,000 x .83 = 85.0
1977-78: 152,000 x .83 = 126.0
1978-79: 180,000 x .83 = 149.0
1979-80: 191,000 x .83 = 159.0
1980-81: 196,000 x .83 = 163.0

Expenses: Unless the decrease in participation occurred in a short time frame, it is assumed that expenses will remain at the same level as in A-2; B-2; C-2 and D-2.

## Sales

Two factors should be considered in reducing participation by 20% and the resultant impact on sales.

(1) A concerted effort is being made to compete with local sporting goods stores. This would establish a part of total sales before the ski season with sales completed to people who might ski out of province. This marketing aspect would not be significantly influenced by reduced participation.

(2) A significant portion of sales is related to spontaneous purchasing. The new skier is more likely to purchase indiscriminately. The seasonal skier will require more evidence of advantages in performance and safety. This part of the market will be affected by reduced participation.

Reduced gross sales not only affects the net revenues but also leaves a higher year end inventory. This inventory must be sold the following year at reduced prices thereby reducing the profit margin. This feature will also cut into sale of new equipment the following year creating an undesirable alternative.

If the assumption that a good ski season occurs and that the area will only supply 20,000 participants is valid; it can be speculated that either full advantage is not being taken of the potential market or that the market is fully exploited. In either case, sales are found to be influenced.

∴ An assumption has been made that a decrease of 20% in gross income will occur and that expenses will remain constant.

| | 1976-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Sales | 33.6 | 28.8 | 32.0 | 32.8 | 33.6 |
| C.O.G.S. | (22.4) | (18.0) | (21.1) | (21.9) | (21.0) |
| Exp. | (5.7) | (6.9) | (8.1) | (9.2) | (10.4) |
| Net Inc. | 5.5 | 3.9 | 2.8 | 1.7 | 2.2 |
| | 50% * Mark-up | 60% Mark-up | 48% Mark-up | 50% Mark-up | 60% Mark-up |

*Considers sale of old stock at reduced prices.

## Rentals

On the basis of the effect which reduced participation has on the ski slope operation it has been assumed that a 20% reduction of gross revenues would result and that expenses would remain constant.

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Rev. | 27.2 | 40.0 | 46.4 | 49.6 | 52.8 |
| Exp. | 24.5 | 29.3 | 31.6 | 35.2 | 39.1 |
| Net Inc. | 2.7 | 10.7 | 14.8 | 14.4 | 13.7 |

## Repairs

As Above

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Rev. | 3.2 | 4.0 | 4.4 | 4.8 | 5.5 |
| Exp. | 3.1 | 3.5 | 3.9 | 4.3 | 4.8 |
| Net Inc. | .1 | .5 | .5 | .5 | .7 |

## Cabin Rental

This being a limited operation, it is assumed that revenue and expenses will remain constant.

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Rev. | 3.0 | 3.5 | 4.0 | 4.5 | 5.0 |
| Exp. | 9.1 | 10.1 | 10.8 | 11.4 | 12.1 |
| Net Loss | (6.1) | (6.6) | (6.8) | (6.9) | (7.1) |

## Restaurant - Chalet

One of the major costs in this operation is for direct supplies. This can be controlled depending on the food/patronage demand. A constant relativity has been assumed to exist between revenues and expenses in terms of supplies and other costs have remained fixed. Assume 30% profit margin.

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Rev. | 2.0 | 32.0 | 36.0 | 40.4 | 45.3 |
| Var. Exp. | ( - ) | (14.8) | (16.4) | (18.2) | (20.2) |
| Fix. Exp. | ( .9) | ( 9.8) | (11.3) | (12.9) | (14.7) |
| Net Inc. | 1.1 | 7.4 | 8.3 | 9.3 | 10.4 |
| | | | | | |
| Total Expense | 0.9 | 24.6 | 27.7 | 31.1 | 34.9 |

Alternative: A-1
B-1
C-1
D-1

SKI OPERATION

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues: | 154,000 | 234,300 | 271,800 | 291,100 | 305,200 |
| Expenses: | 107,800 | 143,500 | 164,700 | 180,900 | 199,200 |
| Profit before Unalloc. Exp. | 46,200 | 90,800 | 107,100 | 110,200 | 106,000 |
| Unallocated Exp.: | | | | | |
| Chalet Maint. | - | 1,000 | 1,000 | 2,000 | 2,500 |
| Maint. Bldg. Maint. | 200 | 300 | 350 | 400 | 450 |
| Total Unall. Expense | 200 | 1,300 | 1,350 | 2,400 | 2,950 |
| Total Expenses | 108,000 | 144,800 | 166,050 | 183,300 | 202,150 |
| Net Profit | 46,000 | 89,500 | 105,750 | 107,800 | 103,050 |

## (b) GOLF OPERATION

The assumptions for the golf operation are the same as those presented for A-2; B-2; C-2 and D-2 (see page 74). Resultant statements are also the same.

## (c) CAMPGROUND

The assumptions for the campground are the same as those presented for A-2; B-2; C-2 and D-2 (see page 79). Resultant statements are also the same.

B. Alternative A-2;B-2;C-2;D-2

Ski - Golf - Campground
Assumptions and Analysis
for
Estimated Profit and Loss Statements

Corresponding Profit & Loss Statements:

Alternative A-2 - See Page 18
B-2 - See Page 23
C-2 - See Page 28
D-2 - See Page 33

Assumptions:

Ski Operation

- 110 ski days
- 76-77 - 25,000 participants
- 77-81 - 30,000 participants/yr.

Golf Operation

- good weather conditions
- 76-77 - 6,000 participants
- 77-78 - 8,000 participants
- 78-81 - 10,000 participants/yr.

Campground

- provincial utilization data

NOTE: The statements presented for these alternatives are in detailed form together with the associated calculation methods involved. The development of this alternative is the basis under which the others were calculated. The Golf Operation and Campground assumptions and analysis presented are considered static for the analysis carried out in A-1;B-1;C-1; D-1; and A-3;B-3;C-3 and D-3.

## (a) SKI OPERATION

## ASSUMPTIONS & CALCULATIONS

## 1976-77

### Ski Slopes

Gross Revenue - 104K

| | | | |
|---|---|---|---|
| Assumption | - 25,000 participants | | |
| Excursions | - 3,000 x 7.75 | = | 23,250 |
| Seasons Tickets - | | = | 6,350 |

(4,000 individual shows)
$195/family x 11 x 2 = 4,290
65/adult x 14 x 2 = 1,820
40/junior x 3 x 2 = 240
(Assumes double 1975-76 volume)
Remaining Participation
25,000 - 3,000 - 4,000 = 18,000

Seniors - 36% = 6,480
Juniors - 64% = 11,520

Rates
Seniors - 6.00/day
3.00/½ day
Juniors - 4.00/day
2.00/½ day

Seniors - 70% full day
30% ½ day
Juniors - 80% full day
20% ½ day

| | | |
|---|---|---|
| Senior Tow Fees | - .70 x 6,480 x 6.00 = | 27,216 |
| | .30 x 6,480 x 3.00 = | 5,832 |
| Junior Tow Fees | - .80 x 11,520 x 4.00 = | 36,864 |
| | .20 x 11,520 x 2.00 = | 4,608 |
| | Total Gross Revenue | 104,120 |

Expenses -

| | | |
|---|---|---|
| Direct Salaries: | | |
| 3 people for 4 months @ 4.00/hr. av. | | |
| 110 days x 3 people x 4.00/hr. x 8 hrs./day | | 10.5K |
| Advertising | | 3.0 |
| Material: | | |
| Fuel - 5,000 gal. x .85 | 4.3K | |
| Tickets | 1.0 | |
| Lights - 1.20/hr. x 30 hrs./wk. x 15 wks. | .5 | 5.8 |
| Snowmaking | | |
| Fuel - 2,500 gal. x .85 | 2.1 | |
| Salaries | | |
| 83 days x 3 people x 4.00/hr. x 8 hrs./day | 8.0 | |
| Total Snowmaking | | 10.1 |
| Total Expenses | | 29.4K |

## Sales

| | | | |
|---|---|---|---|
| Revenues: | | | |
| Gross Sales | | | 42.0 K |
| Sales Ret. & Allow. | | | .03 |
| Net Sales | | | 41.97 |
| Cost of Goods Sold: | | | |
| Merch. Inv. April 1/76 | | 13.0K | |
| Purchases | 17.0K | | |
| Less: Purch. Ret. & Allow. | - | | |
| Net Purchases | 17.0 | | |
| Add: Freight-in | .1 | | |
| Net Cost of Purchases | | 17.1 | |
| Goods Avail. for Sale | | 30.1 | |
| Merch. Inv. March 31/77 | | 2.0 | |
| Cost of Goods Sold | | | 28.1 |
| Gross Profit from Sales | | | 13.87 |
| Operating Expenses: | | | |
| Selling Expenses: | | | |
| Sales Salaries | 3.0 | | |
| Advert. Expense | 1.0 | | |
| Freight-out & del. | .1 | | |
| Supplies | .1 | | |
| Total Selling Expense | | 4.2K | |
| Gen. & Admin. Expense | | | |
| Office Salaries | .5 | | |
| Insurance | .5 | | |
| Office Supplies | .5 | | |
| Total Gen. & Admin. Expense | | 1.5 | |
| Total Operating Expenses | | | 5.7 |
| Net Income | | | 8.17K |

## Rentals

Gross Revenue: 34.0K

| | | |
|---|---|---|
| Rates - | Senior - | 7.00/day |
| | | 4.00/½ day |
| | Junior - | 5.00/day |
| | | 3.00/day |

Assumed - 6,500 rentals/year
Seniors 30% - 1,950 rentals
Juniors 70% - 4,550 rentals
Rates of day to ½ day - 85:15

| | | |
|---|---|---|
| Seniors: | 7.00 x .85 x 1,950 | 11,602 |
| | 4.00 x .15 x 1,950 | 1,170 |
| Juniors: | 5.00 x .85 x 4,550 | 19,337 |
| | 3.00 x .15 x 4,550 | 2,047 |
| | Total Gross Revenue | 34,156 |

Expenses:

| | |
|---|---|
| Salaries | |
| 190 hr./wk. x 15 wks. x 3.25/hr. | 9.0 K |
| Insurance | 1.0 |
| Stock Replacement | 11.0 |
| Cost of Repairs | 1.5 |
| Utilities | .35 |
| Advertising | .3 |
| Office Salaries | .45 |
| Office Supplies | .25 |
| Freight | .1 |
| Total Expenses | 23.95K |

## Repairs

Est. Gross Revenue - 4.0K

Expenses:

| | |
|---|---|
| Salaries | .9 K |
| Direct Material & Supplies | .4 |
| Insurance | .55 |
| Utilities | .45 |
| Advert. | .3 |
| Office Salaries | .25 |
| Office Supplies | .1 |
| Freight | .1 |
| Total Expenses | 3.05K |

## Cabin Rental

Est. Gross Revenue - 3.0 to 3.2K

Assumption: 2.6K in 75-76. Anticipate some increase in utilization and progressive rate increases.

Expenses:

| | |
|---|---|
| Utilities | 2.4 K |
| Loan Payment | 3.5 |
| Supplies | 1.5 |
| Insurance | .1 |
| Total Expenses | 7.5 K |

## Chalet Restaurant

Gross Revenue - 2.0K (lease)

Expenses:

| | |
|---|---|
| Utilities | .45K |
| Insurance | .4 |
| Total Expenses | .85K |

# SKI OPERATION

## ASSUMPTIONS & CALCULATION

## 1977-78

### Ski Slopes

Gross Revenue - 152K

| | | | |
|---|---|---|---|
| Assumption | - 30,000 participants | | |
| Excursions | - 3,500 x 7.75 | = | 27,125 |
| Seasons Tickets | - Est. $9,000 | = | 9,000 |

(30% fee increase over 76-77
4,000 individual shows)
Remaining Participation
30,000 - 3,500 - 4,000 = 22,500

Seniors - 36% = 8,100
Juniors - 64% = 14,400

Rates
Seniors - 7.00/day
4.00/½ day
Juniors - 5.00/day
3.00/½ day

Seniors - 70% full day
30% ½ day
Juniors - 80% full day
20% ½ day

| | | |
|---|---|---|
| Senior Tow Fees | - .70 x 8,100 x 7.00 = | 39,690 |
| | .30 x 8,100 x 4.00 = | 9,720 |
| Junior Tow Fees | - .80 x 14,400 x 5.00 = | 57,600 |
| | .20 x 14,400 x 3.00 = | 8,640 |
| Total Gross Revenue | | 151,775 |

Expenses -

| | | | |
|---|---|---|---|
| Direct Salaries: | | | |
| 3 people for 4 months @ 4.50/hr. av. | | | |
| 110 days x 3 people x 4.50/hr. x 8 hrs./day | | | 11.8K |
| Advertising | | | 3.5 |
| Material | | | |
| Fuel 5,000 gal. x 1.00 | 5.0K | | |
| Tickets | 1.3K | | |
| Lights - 1.40/hr. x 30 hr. x 15 | .7K | | 7.0 |
| Snowmaking | | | |
| Fuel - 2,500 gal. x 1.00 | | 2.5 | |
| Salaries | | | |
| 83 days x 3 people x 4.50 hrs. x 8 hrs./day | | 9.0 | |
| Total Snowmaking | | | 11.5 |
| Total Expenses | | | 33.8 |

## Sales

| | | | |
|---|---|---|---|
| Revenues: | | | |
| Gross Sales | | | 36.0 K |
| Sales Ret. & Allow. | | | .03 |
| Net Sales | | | 35.97 |
| Cost of Goods Sold: | | | |
| Merch. Inv. April 1/77 | | 2.0K | |
| Purchases | 25.0K | | |
| Less: Pur. Ret. & Allow. | - | | |
| Net Purchases | 25.0K | | |
| Add: Freight-in | .1 | | |
| Net Cost of Purchases | | 25.1 | |
| Goods Avail. for Sale | | 27.1K | |
| Merch. Inv. Mar. 31/78 | | 4.5 | |
| Cost of Goods Sold | | | 22.6 |
| Gross Profit from Sales | | | 13.37 |
| Operating Expenses: | | | |
| Selling Expenses: | | | |
| Sales Salaries | 3.5 | | |
| Advert. Expense | 1.5 | | |
| Freight-out & del. | .1 | | |
| Supplies | .1 | | |
| Total Selling Expense | | 5.2 | |
| Gen. & Admin. Expense | | | |
| Office Salaries | .6 | | |
| Insurance | .6 | | |
| Office Supplies | .6 | | |
| Total Gen. & Admin. Exp. | | 1.8 | |
| Total Operating Expenses | | | 7.0 |
| Net Income | | | 6.37 |

## Rentals

**Gross Revenue:**

Rates - Senior - 8.00/day
5.00/½ day
Junior - 6.00/day
4.00/½ day

Assumed - 8,000 rentals/year
Seniors 30% - 2,400 rentals
Juniors 70% - 5,600 rentals
Rates of day to ½ day - 85:15

| | | |
|---|---|---|
| Seniors: | 8.00 x .85 x 2,400 = | 16,320 |
| | 5.00 x .15 x 2,400 = | 1,800 |
| Juniors: | 6.00 x .85 x 5,600 = | 28,560 |
| | 4.00 x .15 x 5,600 = | 3,360 |
| | Gross Revenue | 50,040 |

**Expenses:**

| | |
|---|---|
| Salaries | |
| 190 hr./wk. x 15 wk. x 4.00/hr. | 11.4 K |
| Insurance | 1.1 |
| Stock Replacement | 12.0 |
| Cost of Repairs | 1.6 |
| Utilities | .4 |
| Advertising | .3 |
| Office Salaries | .5 |
| Office Supplies | .3 |
| Freight | .1 |
| Total Expenses | 27.7 K |

## Repairs

Est. Gross Revenue - 5.0K
Assumes volume & price increase over 1976-77.

Expenses:

| | |
|---|---|
| Salaries | 1.0K |
| Direct Material & Supplies | .5 |
| Insurance | .6 |
| Utilities | .5 |
| Advertising | .3 |
| Office Salaries | .3 |
| Office Supplies | .1 |
| Freight | .1 |
| Total Expenses | 3.4K |

## Cabin Rentals

Est. Gross Revenue - 3.5K
Assumes rate increase from 1976-77.

Expenses:

| | |
|---|---|
| Utilities | 2.8K |
| Loan Payment | 3.5 |
| Supplies | 2.0 |
| Insurance | .2 |
| Total Expenses | 8.5K |

## Chalet Restaurant

Est. Gross Revenue - 40.0K
Assumes a participation rate of 30,000 and an average expenditure of $1.30/patron.

Expenses:

| | |
|---|---|
| Salaries | 7.0K |
| Direct Supplies | 21.2 |
| Utilities | .5 |
| Freight | .15 |
| Office Supplies | .2 |
| Office Salaries | 1.5 |
| Insurance | .44 |
| Total Expenses | 30.99 |

SKI OPERATION

ASSUMPTIONS & CALCULATIONS

1978-79

Ski Slopes

Gross Revenue - 180K (rounded off)

| | | | |
|---|---|---|---|
| Assumption | - 30,000 participants | | |
| Excursions | - 3,500 x 9.00 | = | $ 31,500 |
| Seasons Tickets (fee increased from 77-78 and 4,000 individual shows) | | = | 7,800 |

Remaining Participation
30,000 - 3,500 - 4,000 = 22,500

Seniors - 36% = 8,100
Juniors - 64% = 14,400

Rates
Seniors - 8.00/day
5.00/½ day
Juniors - 6.00/day
4.00/½ day

| | | | |
|---|---|---|---|
| Senior Tow Fees - | .70 x 8,100 x 8.00 | = | 45,360 |
| | .30 x 8,100 x 5.00 | = | 12,150 |
| Junior Tow Fees - | .80 x 14,400 x 6.00 | = | 69,120 |
| | .20 x 14,400 x 4.00 | = | 11,520 |
| | Total Gross Revenue | | 177,450 |

Expenses -

| | |
|---|---|
| Direct Salaries | |
| 4 people for 4 months x 4.50/hr. av. | |
| 110 days x 4 people x 4.50/hr. x 8 hrs./day | 16.0 |
| Advertising | 3.5 |
| Material | |
| Fuel 9,000 gal. x 1.00 | 9.0 |
| Tickets | 1.5 |
| Lights - 1.40/hr. x 30 hrs. x 15 | .7 |
| Snowmaking | |
| Fuel - 3,400 gal. x 1.00 | 3.4 |
| Salaries | |
| 83 days x 3 people x 4.50/hr. x 8 hrs./day | 9.0 |
| Total Expenses | 43.1 |

NOTE: Gross revenues & expenses have both been inflated to reflect a possible chairlift & chalet expansion. The net revenue has been held constant so that in effect no real change is reflected.

## Sales

| | | | |
|---|---|---|---|
| Revenues: | | | |
| Gross Sales | | | 40.0 K |
| Sales Ret. & Allow. | | | .04 |
| Net Sales | | | 39.96 |
| Cost of Goods Sold: | | | |
| Merch. Inv. April 1/78 | | 4.5K | |
| Purchases | 27.5 | | |
| Less: Purch. Ret. & Allow. | - | | |
| Net Purchases | 27.5 | | |
| Add: Freight-in | .1 | | |
| Net Cost of Purchases | | 27.6 | |
| Goods Avail. for Sale | | 32.1 | |
| Merch. Inv. Mar. 31/79 | | 5.0 | |
| Cost of Goods Sold | | | 27.10 |
| Gross Profit from Sales | | | 12.86 |
| Operating Expenses: | | | |
| Selling Expenses: | | | |
| Sales Salaries | 4.0K | | |
| Advertising Exp. | 2.0 | | |
| Freight-out & del. | .1 | | |
| Supplies | .1 | | |
| Total Selling Expense | | 6.2 | |
| Gen. & Admin. Expense | | | |
| Office Salaries | .7 | | |
| Insurance | .6 | | |
| Office Supplies | .6 | | |
| Total Gen. & Admin. Exp. | | 1.9 | |
| Total Operating Expense | | | 8.1 |
| Net Income | | | 4.76 |

## Rentals

Gross Revenue - 58K

Rates - Senior - 9.00/day
6.00/½ day
Junior - 7.00/day
5.00/½ day

Assumed - 8,000 rentals/year
Seniors 30% - 2,400 rentals
Juniors 70% - 5,600 rentals
Rates of day to ½ day - 85:15

| | | |
|---|---|---|
| Seniors: | 9.00 x .85 x 2,400 | = 18,360 |
| | 6.00 x .15 x 2,400 | = 2,160 |
| Juniors: | 7.00 x .85 x 5,600 | = 33,320 |
| | 5.00 x .15 x 5,600 | = 4,200 |
| | Total Gross Revenues | 58,040 |

Expenses -

| | |
|---|---|
| Salaries (Increased 15% above 77-78) | 13.0 |
| Insurance | 1.2 |
| Stock replacement | 13.0 |
| Cost of repairs | 2.0 |
| Utilities | .5 |
| Advertising | .4 |
| Office Salaries | .6 |
| Office Supplies | .4 |
| Freight | .1 |
| Total Expenses | 31.2K |

## Repairs

Est. Gross Revenue - 5.5K
Assumes price & volume limits established in 77-78.

Expenses:

| | |
|---|---|
| Salaries | 1.1 K |
| Direct Material & Supplies | .55 |
| Insurance | .66 |
| Utilities | .55 |
| Advertising | .4 |
| Office Salaries | .34 |
| Office Supplies | .15 |
| Freight | .15 |
| Total Expenses | 3.90K |

## Cabin Rentals

Est. Gross Revenue - 4.0K
Assumes slight rate increase from 1977-78.

Expenses:

| | |
|---|---|
| Utilities | 3.1 K |
| Loan Payment | 3.5 |
| Supplies | 2.2 |
| Insurance | .18 |
| Total Expenses | 8.98K |

## Chalet Restaurant

Est. Gross Revenue - 45.0K
Assumes a participation rate of 30,000 and an average expenditure of $1.50/patron

Expenses:

| | |
|---|---|
| Salaries | 8.0 |
| Direct Supplies | 23.7 |
| Utilities | .6 |
| Freight | .2 |
| Office Salaries | 1.7 |
| Office Supplies | .3 |
| Insurance | .49 |
| Total Expenses | 34.99 |

# SKI OPERATION

## ASSUMPTIONS & CALCULATIONS

## 1979-80

### Ski Slopes

Gross Revenue - 191K

| | | | |
|---|---|---|---|
| Assumption | - 30,000 participants | | |
| Excursions | - 3,500 x 9.50 | = | 33,250 |
| Seasons Tickets (fee increased from 78-79 and 4,000 individual shows) | | = | 8,200 |

Remaining Participation
30,000 - 3,500 - 4,000 = 22,500

Seniors - 36% = 8,100
Juniors - 64% = 14,400

<u>Rates</u>
Seniors - 8.50/day
5.50/½ day
Juniors - 6.50/day
4.50/½ day

| | | | |
|---|---|---|---|
| Senior Tow Fees | - .70 x 8,100 x 8.50 | = | 48,195 |
| | .30 x 8,100 x 5.50 | = | 13,365 |
| Junior Tow Fees | - .80 x 14,400 x 6.50 | = | 74,880 |
| | .20 x 14,400 x 4.50 | = | 12,960 |
| | Total Gross Revenue | | 190,850 |

Expenses -

Total operating costs have been increased by approximately 10% more than costs shown for 1978-79.

## Rentals

Gross Revenue - 62K

| | | | |
|---|---|---|---|
| Rates | - | Senior - | 9.50/day |
| | | | 6.50/½ day |
| | | Junior - | 7.50/day |
| | | | 5.50/½ day |

Assumed - 8,000 rentals/year
Seniors 30% - 2,400 rentals
Juniors 70% - 5,600 rentals
Rates of day to ½ day = 85:15

| | | | |
|---|---|---|---|
| Seniors: | 9.50 x .85 x 2,400 | = | 19,380 |
| | 6.50 x .15 x 2,400 | = | 2,340 |
| Juniors: | 7.50 x .85 x 5,600 | = | 35,700 |
| | 5.50 x .15 x 5,600 | = | 4,620 |
| | Total Gross Revenue | | 62,040 |

Expenses:

Total operating costs have been increased by approximately .10% more than costs shown for 1978-79.

Sales - Repairs - Cabin Rentals - Chalet Restaurant

Revenues and costs are increased slightly to reflect inflationary factors. No real change in terms of volume sales or patronage increase is reflected.

# SKI OPERATION

## ASSUMPTIONS & CALCULATIONS

## 1980-81

### Ski Slopes

Gross Revenue - 196K

| | | | |
|---|---|---|---|
| Assumption | - 30,000 participants | | |
| Excursions | - 3,500 x 10.00 | = | 35,000 |
| Seasons Tickets<br>(fee increased from 1979-80<br>and 4,000 individual shows) | | = | 8,500 |

Remaining Participation
30,000 - 3,500 - 4,000 = 22,500

Seniors - 36% = 8,100
Juniors - 64% = 14,400

<u>Rates</u>
Seniors - 9.00/day
5.50/½ day
Juniors - 6.50/day
4.50/½ day

| | | | |
|---|---|---|---|
| Senior Tow Fees | - .70 x 8,100 x 9.00 | = | 51,030 |
| | .30 x 8,100 x 5.50 | = | 13,365 |
| Junior Tow Fees | - .80 x 14,400 x 6.50 | = | 74,880 |
| | .20 x 14,400 x 4.50 | = | 12,960 |
| | Total Gross Revenue | | 195,735 |

Expenses -

Total operating costs have been increased by approximately 10% more than costs shown for 1979-80.

## Rentals

Gross Revenue - 66K

| | | | |
|---|---|---|---|
| Rates | - | Senior | - 10.00/day |
| | | | 7.00/½ day |
| | | Junior | - 8.00/day |
| | | | 6.00/½ day |

Assumed - 8,000 rentals/year
Seniors 30% - 2,400 rentals
Juniors 70% - 5,600 rentals
Rates of day to ½ day = 85:15

| | | |
|---|---|---|
| Seniors: | 10.00 x .85 x 2,400 | = 20,400 |
| | 7.00 x .15 x 2,400 | = 2,520 |
| Juniors: | 8.00 x .85 x 5,600 | = 38,080 |
| | 6.00 x .15 x 5,600 | = 5,040 |
| | Total Gross Revenue | 66,040 |

Expenses:

Total operating costs have been increased by approximately 10% more than costs shown for 1979-80.

Sales - Repairs - Cabin Rentals - Chalet Restaurant

Revenues and costs are increased slightly to reflect inflationary factors. No real change in terms of volume sales or patronage increase is reflected.

ALTERNATIVE: A-2
B-2
C-2
D-2

## SKI OPERATION

## PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues | 188,000 | 286,500 | 332,500 | 354,900 | 372,310 |
| Oper. Exp. | | | | | |
| Dir. Salaries | 31,800 | 44,350 | 51,600 | 59,425 | 68,322 |
| Utilities | 10,500 | 12,400 | 17,800 | 19,565 | 21,425 |
| Supplies | 42,100 | 59,620 | 68,060 | 72,150 | 75,060 |
| Maintenance | 6,260 | 10,600 | 9,800 | 9,220 | 10,500 |
| Advertising | 4,600 | 5,700 | 6,300 | 7,000 | 7,900 |
| Freight | 300 | 480 | 590 | 725 | 775 |
| Op. Eq. Repairs | 1,500 | 1,600 | 2,000 | 2,200 | 2,400 |
| Insurance | 5,600 | 6,155 | 6,780 | 7,441 | 8,180 |
| Off. Salaries | 6,300 | 8,750 | 10,050 | 11,565 | 13,330 |
| Off. Supplies | 850 | 1,160 | 1,400 | 1,450 | 1,525 |
| Loan | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Total Dir. & Admin. Exp. | 113,310 | 154,315 | 177,880 | 194,241 | 212,917 |
| Unall. Expenses: | | | | | |
| Chalet Maint. | - | 1,000 | 1,000 | 2,000 | 2,500 |
| Maint. Bldg. Maint. | 200 | 300 | 350 | 400 | 450 |
| Total Unalloc. Exp. | 200 | 1,300 | 1,350 | 2,400 | 2,950 |
| Total Expense | 113,510 | 155,615 | 179,230 | 196,641 | 215,867 |
| Net Profit | 74,490 | 130,885 | 153,270 | 158,259 | 156,443 |

SKI SLOPES

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues | 103,000 | 152,000 | 180,000 | 190,850 | 195,735 |
| Oper. Exp. | | | | | |
| Dir. Salaries | 18,500 | 21,000 | 25,000 | 28,750 | 33,062 |
| Fuel | 6,300 | 7,500 | 12,400 | 13,640 | 15,000 |
| Electricity | 550 | 700 | 700 | 800 | 900 |
| Tickets | 1,000 | 1,300 | 1,500 | 1,650 | 1,800 |
| Advertising | 3,000 | 3,500 | 3,500 | 4,000 | 4,500 |
| Maintenance | 4,760 | 8,000 | 8,100 | 7,320 | 8,450 |
| Total Op. Exp. | 34,110 | 42,000 | 51,200 | 56,160 | 63,712 |
| Gen. Admin. Exp. | | | | | |
| Ins. (Chalet) | 3,000 | 3,300 | 3,650 | 4,000 | 4,400 |
| Off. Salaries | 5,000 | 5,750 | 6,600 | 7,600 | 8,750 |
| Total Gen. Ad. Exp. | 8,000 | 9,050 | 10,250 | 11,600 | 13,150 |
| Total Expense | 42,110 | 51,050 | 61,450 | 67,760 | 76,862 |
| Net Profit | 60,890 | 100,950 | 118,550 | 123,090 | 118,873 |

SKI RENTAL

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues | 34,000 | 50,000 | 58,000 | 62,040 | 66,040 |
| Expenses: | | | | | |
| Salaries | 9,000 | 11,400 | 13,000 | 15,000 | 17,300 |
| Eq. Replacement | 11,000 | 12,000 | 13,000 | 14,000 | 15,000 |
| Cost of Repairs | 1,500 | 1,600 | 2,000 | 2,200 | 2,400 |
| Utilities | 350 | 400 | 450 | 500 | 525 |
| Bldg. Maint. | 500 | 1,500 | 500 | 600 | 650 |
| Insurance | 1,000 | 1,100 | 1,200 | 1,320 | 1,450 |
| Advertising | 300 | 350 | 400 | 400 | 450 |
| Freight | 100 | 110 | 120 | 125 | 150 |
| Off. Salaries | 450 | 520 | 600 | 690 | 790 |
| Off. Supplies | 250 | 300 | 350 | 400 | 400 |
| Total Expense | 24,450 | 29,280 | 31,620 | 35,235 | 39,115 |
| Net Profit | 9,550 | 20,720 | 26,380 | 26,805 | 26,925 |

SALES

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Sales | 42,000 | 36,000 | 40,000 | 41,000 | 42,000 |
| Cost of Goods Sold: | | | | | |
| Merch. Inv. April 1/ | 13,000 | 2,000 | 4,500 | 5,000 | 5,800 |
| Net Purchases | 17,100 | 25,000 | 27,500 | 28,100 | 27,100 |
| Goods Avail. for Sale | 30,100 | 27,000 | 32,000 | 33,100 | 32,900 |
| Merch. Inv. Mar. 31/ | 2,000 | 4,500 | 5,000 | 5,800 | 6,700 |
| Cost of Goods Sold | 28,100 | 22,500 | 27,000 | 27,300 | 26,200 |
| Gross Profit from Sales | 13,900 | 13,500 | 13,000 | 13,700 | 15,800 |
| Operating Expense: | | | | | |
| Sales Salaries | 3,000 | 3,500 | 4,000 | 4,600 | 5,300 |
| Advert. | 1,000 | 1,500 | 2,000 | 2,200 | 2,500 |
| Freight-out & del. | 100 | 110 | 120 | 200 | 200 |
| Supplies | 100 | 110 | 120 | 200 | 200 |
| Total Sell. Expense | 4,200 | 5,220 | 6,240 | 7,200 | 8,200 |
| Gen. & Admin. Exp: | | | | | |
| Off. Salaries | 500 | 575 | 660 | 760 | 875 |
| Insurance | 500 | 550 | 605 | 665 | 730 |
| Off. Supplies | 500 | 550 | 600 | 600 | 600 |
| Total Gen. & Admin. Exp. | 1,500 | 1,675 | 1,865 | 2,025 | 2,205 |
| Total Expenses | 5,700 | 6,895 | 8,105 | 9,225 | 10,405 |
| Net Income | 8,200 | 6,605 | 4,895 | 4,475 | 5,395 |
| | Mark-up 50% | Mark-up 60% | Mark-up 48% | Mark-up 50% | Mark-up 60% |

REPAIRS

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenue | 4,000 | 5,000 | 5,500 | 6,000 | 6,900 |
| Expenses: | | | | | |
| Salaries | 900 | 1,000 | 1,100 | 1,300 | 1,500 |
| Utilities | 450 | 500 | 550 | 575 | 600 |
| Advert. | 300 | 350 | 400 | 400 | 450 |
| Freight | 100 | 110 | 150 | 150 | 175 |
| Repair Materials | 400 | 500 | 550 | 600 | 660 |
| Off. Salaries | 250 | 290 | 335 | 385 | 440 |
| Off. Supplies | 100 | 110 | 150 | 150 | 175 |
| Insurance | 550 | 600 | 660 | 726 | 800 |
| Total Expenses | 3,050 | 3,460 | 3,895 | 4,286 | 4,800 |
| Net Profit | 950 | 1,540 | 1,605 | 1,714 | 2,100 |

CABIN RENTAL

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues | 3,000 | 3,500 | 4,000 | 4,500 | 5,000 |
| Expenses: | | | | | |
| Utilities | 2,400 | 2,800 | 3,100 | 3,400 | 3,700 |
| Loan Pmt. | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Supplies | 1,500 | 2,000 | 2,200 | 2,300 | 2,500 |
| Salaries | 400 | 450 | 500 | 575 | 660 |
| Maint. | 1,000 | 1,100 | 1,200 | 1,300 | 1,400 |
| Off. Salaries | 100 | 115 | 130 | 150 | 175 |
| Insurance | 150 | 165 | 180 | 200 | 220 |
| Total Expenses | 9,050 | 10,130 | 10,810 | 11,425 | 12,155 |
| Net Loss | (6,050) | (6,630) | (6,810) | (6,925) | (7,155) |

RESTAURANT - CHALET

PROFIT & LOSS STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues | 2,000 | 40,000 | 45,000 | 50,510 | 56,635 |
| Expenses: | | | | | |
| Dir. Supplies | - | 21,210 | 23,690 | 26,100 | 28,700 |
| Utilities | 450 | 500 | 600 | 650 | 700 |
| Salaries | - | 7,000 | 8,000 | 9,200 | 10,500 |
| Freight | - | 150 | 200 | 250 | 250 |
| Off. Supplies | - | 200 | 300 | 300 | 350 |
| Off. Salaries | - | 1,500 | 1,725 | 1,980 | 2,300 |
| Insurance | 400 | 440 | 485 | 530 | 580 |
| Total Expense | 850 | 31,000 | 35,000 | 39,010 | 43,380 |
| Net Profit | 1,150 | 9,000 | 10,000 | 11,500 | 13,255 |

PROFIT MARGIN 30%

## (b) GOLF OPERATION

## ASSUMPTIONS AND CALCULATIONS

## 1976

Revenues - 30K
based on 6,000 clients

| | | |
|---|---|---|
| Green Fees | - | 14.0K |
| Season Pass | - | 3.1 |
| Eq. Sales | - | 4.2 |
| Rentals | - | 2.2 |
| Rest. & Conf. | - | 6.2 |
| Maint. Equipt. Rental | - | .5 |
| Gross Revenue | | 30.2K |

Expenses -

| | | |
|---|---|---|
| Salaries | - | 23.8K |
| Utilities | - | 2.2 |
| Mat. & Supp. | | |
| Fertilizer | - | .4 |
| Chemicals | - | .9 |
| Seed | - | 1.0 |
| Flags, Tees, Etc. | - | .3 |
| Stock Pro Shop | - | 5.2 |
| Advert. | - | 2.5 |
| Pro Shop Salaries | - | 3.5 |
| Replace Golf Rental Equipt. | - | -- |
| Loss & Damage Equipt. | - | 1.0 |
| Repair for Flood Damage | - | 26.0 |
| Creek Bed Work (rip-rap, contract etc.) | - | 32.0 |
| Total Expenses | | 98.8K |

GOLF OPERATION

ASSUMPTIONS AND CALCULATIONS

1977

GOLF

Revenues - $42.6K

based on 6,000 clients 76 - & increase to 8,000 clients

| | | |
|---|---|---|
| Green Fees | - | 20.0K |
| Seasons Pass | - | 4.0 |
| Equipt. Sales | - | 4.0 |
| Rentals | - | 2.6 |
| Rest. & Confect. | - | 12.0 |
| Gross Revenue | | 42.6K |

Increasing green fees by $1,00/person more than 1976 season

Expenses -

| | | |
|---|---|---|
| Salaries | - | 32.0K |
| Utilities | - | 5.0 |
| Mat. & Supp. | | |
| Fertilizer | | |
| Chemicals | - | 3.0 |
| Seed | | |
| Flags, Tees, Etc. | | |
| Stock Pro Shop | - | 3.0 |
| Advert. | - | 2.0 |
| Pro Shop Salaries | - | 5.0 |
| Replace - Golf Equipt. for Rentals | - | 1.0 |
| Loss & Damage | - | .5 |
| Repairs for Flood Damage | - | 10.0 |
| Creek Bed Work (rip-rap, contract etc.) | - | 10.0 |
| | | 71.5K |
| Rest. & Conf. Stock | - | 10.0 |
| Total Expenses | | 81.5K |

GOLF OPERATION

ASSUMPTIONS AND CALCULATIONS

1978

Revenues - 62.0K

based on 10,000 clients

Assumes back 9 going but not placing emphasis on this.

| | | | |
|---|---|---|---|
| Green Fees | - | 20.0K | |
| Seasons Pass | - | 5.0K | |
| Eq. Sales | - | 6.5 | |
| Rentals | - | 12.5 | (golf cart rentals-10K) |
| Rest. & Conf. | - | 18.0 | (assumes price inc. & meals added) |
| Gross Revenue | | 62.0K | |

Increasing green fees by $1.00 more than 77-78.

Expenses -

| | | | |
|---|---|---|---|
| Salaries | - | 36.0K | |
| Utilities | - | 6.0 | |
| Mat. & Supp. | | | |
| Fertilizer | | | |
| Chemicals | - | 7.0 | |
| Seed | | | |
| Flag, Tees, Etc. | - | | |
| Stock Pro Shop | - | 5.0 | |
| Advert. | - | 4.0 | (opening back 9) |
| Pro Shop Salaries | - | 5.5 | |
| Replace Golf Equipt. Rentals | - | 5.0 | |
| Loss & Damage | - | 1.0 | |
| Repairs for Flood Damage | - | 10.0 | |
| Creek Bed Work | - | 10.0 | |
| Rest. & Conf. Stock | - | 12.0 | |
| Total Expenses | | 101.5K | |

NOTE: If power carts are not purchased, revenue would be overstated by 10.0K. This amount seems rather high as a revenue source.

## GOLF OPERATION

## ASSUMPTIONS AND CALCULATIONS

## 1979

Increase revenue by 30%

Recognizies added revenue potential and possible fee increases which could be derived from 18 hole course.

## GOLF OPERATION

## ASSUMPTIONS AND CALCULATIONS

## 1980

Increase revenue by 30%

## GOLF OPERATION

## INCOME STATEMENT

| | 1976 | 1977 | 1978 | 1979 | 1980 |
|---|---|---|---|---|---|
| Revenues | 30,000 | 43,000 | 62,000 | 84,000 | 110,000 |
| Salaries | 23,800 | 32,000 | 36,000 | 41,500 | 47,700 |
| Pro Shop Salaries | 3,500 | 5,000 | 5,500 | 6,300 | 7,200 |
| Stock Pro Shop | 5,200 | 3,000 | 5,000 | 5,500 | 6,000 |
| Utilities | 2,200 | 5,000 | 6,000 | 6,500 | 6,750 |
| Replace Golf Eq. | - | 1,000 | 5,000 | 1,500 | 1,500 |
| Loss & Damage Eq. | 1,000 | 500 | 1,000 | 1,200 | 1,200 |
| Mat. & Supplies | | | | | |
| Fertilizer | 400 | 600 | 1,200 | 1,400 | 1,500 |
| Chemicals | 900 | 1,000 | 1,500 | 1,600 | 1,800 |
| Seed | 1,000 | 1,100 | 2,500 | 2,800 | 3,000 |
| Misc. | 300 | 300 | 1,800 | 2,000 | 2,200 |
| Advert. | 2,500 | 2,000 | 4,000 | 4,000 | 4,500 |
| Extraordinary Ex. | 58,000 | 20,000 | 20,000 | - | - |
| Insurance | 1,000 | 1,100 | 1,210 | 1,330 | 1,460 |
| Off. Salaries | 1,000 | 1,150 | 1,300 | 1,500 | 1,700 |
| Eq. Maint. | 7,650 | 6,850 | 9,100 | 7,500 | 8,200 |
| Club House Maint. | - | 500 | 1,000 | 1,500 | 2,000 |
| Restaurant Stock | - | 10,000 | 12,000 | 13,200 | 14,500 |
| Total Expense | 108,450 | 91,100 | 114,110 | 99,330 | 111,210 |
| Net Loss | (78,450) | (48,100) | (52,110) | (15,330) | (1,210) |

(c) CAMPGROUND

ASSUMPTIONS AND CALCULATIONS

1978-79-80

The viability of the campground has previously been evaluated and presented in a study carried out by Project Development Associates Ltd. As part of the process of re-examining this issue, reference was made to the P.D.A. study. The most pertinent assumptions and projections were critically examined and found to be unsupportable in many cases. In light of the fact that the P.D.A. study has been considered as supportive of the proposed campground and had been utilized as part of the rationale for undertaking this project, it was considered essential that the assumptions be carefully evaluated. The following states the major assumptions and comments on the areas where alternative evidence can be demonstrated or questions the validity of the assumptions themselves.

Assumptions in the Project Development Associates Study:

- SEASON FROM LAST WEEK IN MAY TO SECOND WEEK IN SEPTEMBER.

  Provincial records demonstrate high participation in July only. May and September are very low in participation and contribute a very minor revenue.

- PATRONAGE IN JUNE CAN BE QUITE HEAVY COMPARED WITH OTHER WATER BASED SITES WITH A LESSER FISHING RESOURCE.

  Three of the provincial campgrounds considered in the data have fishing availability. The P.D.A. study estimates usage factors of 63% for serviced sites and 43% for tent sites. Provincial data demonstrated a significantly lower rate for equivalent types of facilities.

June

| | Trailer Sites | Tent Sites |
|---|---|---|
| Kenoosee | 39% | 26% |
| Echo Valley | 29% | 16% |
| Rowan's Ravine | 18% | 6% |

- CLOSE PROXIMITY TO U.S. BORDER AND THE TRANS-CANADA HIGHWAY SHOULD ENABLE CAPACITY FACTOR TO BE MAINTAINED AT A HIGH LEVEL THROUGHOUT JUNE, JULY, AUGUST.

The proposed campsite is over 100 miles from the U.S. border which is not particularly close in proximity. The closest state over that border is North Dakota which has extremely limited market potential. Another factor to be considered in assuming American patronage is that Moose Mountain Provincial Park is one-half the distance from the border and offers similar services.

The reference to the Trans-Canada Highway can be interpreted in two ways. First, this might suggest that the campground will be utilized for overnight stops. It would appear to me that it is unrealistic to expect tourists to drive approximately 12 miles off the Trans-Canada to get to overnight camping facilities. Even if this type of traffic can be expected, the participation figures for Moosomin which is adjacent to the Trans-Canada does not reflect a high participation rate for three months. The use factors for the Moosomin campsite are shown below:

| | Trailer Sites | Tent Sites |
|---|---|---|
| May | 8% | 6% |
| June | 31% | 36% |
| July | 70% | 81% |
| August | 25% | 21% |
| September | 13% | 11% |

Secondly, the reference to No. 1 highway might suggest that easy access is provided for people who might want to camp for longer periods of time. Again, it must be pointed out that this highway is some distance from the campground. In terms of out-of-province tourists, No. 1 highway is primarily the route considered best suited to drive through Saskatchewan in the most expedient manner for vacation locations in the east and west of Canada. It is doubtful that many tourists travelling the Trans-Canada will divert to the proposed campground.

Historically the area around Crooked Lake has been utilized for recreation by patrons from communities in the surrounding area. This primarily involves permanent cabins with some weekend camping. It is unlikely that this pattern will change unless fairly drastic changes occur in holidaying styles. It would appear to me that only local participation can be realistically considered as a potential market and that No. 1 highway is not a significant contributing factor to utilization rates at this campground.

- THE MAJOR MARKETING EFFORT WILL HAVE TO BE DIRECTED AT INCREASING THE WEEKDAY TRADE AS MUCH AS POSSIBLE.

  The lack of weekday trade is certainly the limiting factor in this kind of an operation. This substantially reduces the average use factor of all the provincial campgrounds used as a random sample in this study. For example, the Echo Valley campground has to utilize overflow facilities quite often on weekends, yet the highest monthly utilization is 63% of maximum capacity in July. If this problem cannot be resolved by a fully developed facility such as Echo Valley, it may be unrealistic to expect a substantially inferior facility to do better. The problem is more likely that the location has a limited attractiveness for the type of tourist who would stay in the area for extended periods.

- THE ADDITIONAL TOURIST TRAFFIC TO THE AREA BECAUSE OF THE CAMPGROUND SHOULD RESULT IN INCREASED PATRONAGE OF THE GOLF COURSE.

  This assumes that the campground is going to contribute significantly to increased tourist flow. It should be noted that there is already a substantial development of tourist facilities available. The addition of 24 trailer sites and 44 campsites is not a major increase factor.

  The fact that the campground is located approximately seven miles from the golf course excludes it from being considered as an associated facility. Package rates and discount programs referred to in the P.D.A. study, could be just as easily extended to patrons of existing facilities if only promotion of the golf course is being considered.

- THE FEASIBILITY OF KEEPING THE CAMPGROUND OPEN DURING THE WINTER SHOULD BE EXPLORED.

  If the operation is not successful in the summer months, it won't be feasible in the winter months.

Again the distance from the ski operation must be considered. There is little to support the premise that two operations fourteen miles apart can be considered as being complimentary to each other.

The utilization data for provincial campgrounds varies significantly from that presented in the Project Development Associates Ltd. study. It should be particularly noted that the utilization trends are the same for all five campgrounds which were considered in the random sample.

In terms of statistical analysis, this reflects a very high probability that the use factors derived from the provincial data are substantially accurate. If this is the case, revenue potential demonstrated by the P.D.A. study is drastically overstated. For example, estimated revenue project in 1978 by the P.D.A. study is $20,300. Revenues projected on the basis of use factors derived from provincial data for the same year is $6,663. A revenue of this magnitude would result in a substantial loss in each year of operation.

On a purely financial basis the campground is not a viable operation. Because of the distance from the golf course and ski resort, it cannot be considered as contributing any significant financial benefit to either the golf or ski operations.

Proposed Campground

Utilization Rate and Fee Assumptions

Rates -

| | | | | |
|---|---|---|---|---|
| Provincial rates - | 1975-76 - | Serviced | - | $3.00 |
| | | Non Serv. | - | 1.00 |
| Assumed: | 1978-79 | Serviced | - | $4.00 |
| | | Non Serv. | - | 1.50 |
| | 1979-80 | Serviced | - | $4.50 |
| | | Non Serv. | - | 1.75 |
| | 1980-81 | Serviced | - | 5.00 |
| | | Non Serv. | - | 2.00 |

Sites - Serviced - 24 sites
Non Serv.- 44 sites

| Use Factors | Serviced | Non Serviced |
|---|---|---|
| May | 9% | 6% |
| June | 29 | 21 |
| July | 70 | 60 |
| Aug. | 19 | 27 |
| Sept. | 13 | 11 |

## Average Campground Utilization

## Provincial Data

| | | % Usage Serviced | % Usage Unserviced |
|---|---|---|---|
| Averages | May | 9 (16) | 6 (6) |
| | June | 29 (63) | 21 (43) |
| | July | 70 (77) | 60 (77) |
| | Aug. | 19 (77) | 27 (84) |
| | Sept. | 13 (30) | 11 (10) |

NOTE: No.'s shown thus - ( ) reflect the use factors used in the Project Development Associates Ltd. study.

## Provincial Campground

## Facility Description

**Kenoosee (Prov. Park)**

- camping
- picnicking
- swimming
- boating
- golf course
- rental cabins
- store
- winter sports
- fishing
- riding stables

**Moosomin**

- showers
- laundry
- sewage dump station
- electrified sites
- shelters
- flush toilets

**Echo Valley (Prov. Park)**

- camping
- picnicking
- swimming
- boating
- golf course
- store
- fishing

**McLean**

- showers
- laundry
- sewage dump station
- electrified sites
- shelters
- flush toilets

**Rowan's Ravine (Prov. Park)**

- camping
- picnicking
- swimming
- boating
- store
- fishing

# Campground Utilization
## Provincial Data

| | Month | Elect Site Days | Actual Usage | % Usage | Non elect Site Days | Actual Usage | % Usage |
|---|---|---|---|---|---|---|---|
| *Kenoosee | May | 3937 | 264 | 7 | 3937 | 185 | 5 |
| | June | 3810 | 1480 | 39 | 3810 | 978 | 26 |
| | July | 3937 | 4000 | 102 | 3937 | 3245 | 82 |
| | Aug. | 3937 | 825 | 21 | 3937 | 491 | 13 |
| Moosomin | May | 1457 | 113 | 8 | 1395 | 80 | 6 |
| | June | 1410 | 440 | 31 | 1350 | 479 | 36 |
| | July | 1457 | 1020 | 70 | 1395 | 1133 | 81 |
| | Aug. | 1457 | 362 | 25 | 1395 | 291 | 21 |
| | Sept. | 1410 | 183 | 13 | 1350 | 145 | 11 |
| *Echo Valley | May | 3751 | 387 | 10 | 6851 | 598 | 9 |
| | June | 3630 | 1057 | 29 | 6630 | 1084 | 16 |
| | July | 3751 | 2359 | 63 | 6851 | 4099 | 60 |
| | Aug. | 3751 | 645 | 17 | 6851 | 844 | 12 |
| McLean | - Slightly more than Moosemin | | | | | | |
| *Rowan's Ravine | May | 1829 | 164 | 9 | 6510 | 191 | 3 |
| | June | 1770 | 320 | 18 | 6300 | 387 | 6 |
| | July | 1829 | 820 | 45 | 6510 | 994 | 15 |
| | Aug. | 1829 | 203 | 11 | 6510 | 215 | 3 |

Provincial Campgrounds

Revenue/Cost Comparison

| Sites | Revenue | Expend. | Profit (Loss) | % Profit or Loss |
|---|---|---|---|---|
| Kenoosee | 53,300 | 55,620 | (2,320) | -4 |
| Moosomin | 12,850 | 38,203 | (25,353) | -66 |
| *Echo Valley | 42,200 | 169,480 | (127,280) | -75 |
| McLean | 15,000 | 37,000 | (22,000) | -59 |
| *Rowan's Ravine | 23,000 | 66,760 | (43,760) | -66 |

CAMPGROUND

ESTIMATED REVENUES

1978

| Month | Serviced Site days | Actual Usage | Revenue Serviced | Non Serv. Site days | Actual Usage | Revenue Non Serv. | Total Revenue |
|---|---|---|---|---|---|---|---|
| May | 744 | 67 | 268.00 | 1364 | 82 | 123.00 | 391.00 |
| June | 720 | 209 | 836.00 | 1320 | 277 | 415.50 | 1251.50 |
| July | 744 | 521 | 2084.00 | 1364 | 818 | 1227.00 | 3311.00 |
| Aug. | 744 | 141 | 564.00 | 1364 | 368 | 552.00 | 1116.00 |
| Sept. | 720 | 94 | 376.00 | 1320 | 145 | 217.50 | 593.50 |
| | Total Revenue | | 4,128.00 | | | 2,535.00 | 6,663.00 |

1979

| Month | Serviced Site days | Actual Usage | Revenue Serviced | Non Serv. Site days | Actual Usage | Revenue Non Serv. | Total Revenue |
|---|---|---|---|---|---|---|---|
| May | 744 | 67 | 301.50 | 1364 | 82 | 143.50 | 445.00 |
| June | 720 | 209 | 940.50 | 1320 | 277 | 484.75 | 1425.25 |
| July | 744 | 521 | 2344.50 | 1364 | 818 | 1431.50 | 3776.00 |
| Aug. | 744 | 141 | 634.50 | 1364 | 368 | 644.00 | 1278.50 |
| Sept. | 720 | 94 | 423.00 | 1320 | 145 | 253.75 | 676.75 |
| | | | 4,644.00 | | | 2,957.50 | 7,601.50 |

1980

| Month | Serviced Site days | Actual Usage | Revenue Serviced | Non Serv. Site days | Actual Usage | Revenue Non Serv. | Total Revenue |
|---|---|---|---|---|---|---|---|
| May | 744 | 67 | 335.00 | 1364 | 82 | 164.00 | 499.00 |
| June | 720 | 209 | 1045.00 | 1320 | 277 | 554.00 | 1599.00 |
| July | 744 | 521 | 2605.00 | 1364 | 818 | 1636.00 | 4241.00 |
| Aug. | 744 | 141 | 705.00 | 1364 | 368 | 736.00 | 1441.00 |
| Sept. | 720 | 94 | 470.00 | 1320 | 145 | 290.00 | 760.00 |
| | | | 5,160.00 | | | 3,380.00 | 8,540.00 |

NOTE: See Page 86 for daily rates and usage rates.

G. Alternative A-3;B-3;C-3;D-3
Ski - Golf - Campground
Assumptions and Analysis
for
Estimated Profit and Loss Statements

Corresponding Profit & Loss Statements:

Alternative A-3 - See Page 19
B-3 - See Page 24
C-3 - See Page 29
D-3 - See Page 34

Assumptions:

Ski Operation

- 76-77 - 20,000 participants
- 77-78 - 50% loss of ski season
- 78-81 - 25,000 participants/yr.

Golf Operation

- good weather conditions
- 76-77 - 6,000 participants
- 77-78 - 8,000 participants
- 78-81 - 10,000 participants/yrs.

Campground

- provincial utilization data

Note: The statements presented for these alternatives are only for providing information in the development of the profit and loss statements of the whole operation. It should be noted that five successive years of a 50% loss of the ski operation is shown. The cumulative effect would, of course, exaggerate what could realistically be expected to happen in practice. The effect for any one year is treated first in isolation and then combined with a series of average years. The combination of introducing a 50% ski season, i.e., 1977-78 to an average series of years is shown in A-3; B-3;C-3;D-3

# (a) SKI OPERATION
## ASSUMPTIONS & CALCULATIONS
## 50% LOSS OF SKI REVENUE

Optional Ski days from

| | |
|---|---|
| December | 17 |
| January | 31 |
| February | 28 |
| March | 31 |
| | 107 |

15 weekends or 30 days

I'm informed that it is estimated that 25% of ski-slope revenues are derived during the Christmas/New Year's holidays.

If we assume a bad season where this holiday patronage is wiped out and an additional 3 weeks as well, it could result in approximately 50% of reduced revenue potential.

Because of the drastic reduction in operation days, operating salary costs have been reduced by an equivalent 50% and utility cost by 30%.

The percentage decreases have been applied to the most optimistic case. i.e. A-2; B-2; C-2; D-2.

## SKI SLOPES

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Revenue (↓ 50%) | 51.5 | 76.0 | 90.0 | 96.7 | 99.3 |
| Var. Costs (see above) | (12.7) | (14.9) | (19.1) | (21.6) | (24.5) |
| Fix Costs (same) | ( 8.8) | (12.0) | (13.1) | (13.0) | (14.8) |
| Gen. & Admin. (same) | ( 8.0) | ( 9.1) | (10.3) | (11.6) | (13.2) |
| Net Revenue | 22.0 | 40.0 | 47.5 | 50.5 | 46.8 |
| Total Expenses | 29.5 | 36.0 | 42.5 | 46.2 | 52.5 |

## SALES

Gross decreased by 30% instead of 50%. This reflects pre-season purchasing.

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Revenue | 29.5 | 25.5 | 28.0 | 29.0 | 29.4 |
| C.O.G.S. (↓ 30% approx.) | (20.0) | (16.0) | (17.0) | (17.5) | (18.0) |
| Var. Costs (see above) | (1.5) | (1.8) | (2.0) | (2.3) | (2.7) |
| Fixed Costs (same) | (1.2) | (1.7) | (2.2) | (2.6) | (2.9) |
| Gen. & Admin. (same) | (1.5) | (1.7) | (1.9) | (2.0) | (2.2) |
| Net Revenue | 5.3 | 4.3 | 4.9 | 4.6 | 3.6 |
| Total Expenses | 24.2 | 21.2 | 23.1 | 24.4 | 25.8 |

## SKI RENTAL

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Revenue (↑ 50%) | 17.0 | 25.0 | 29.0 | 31.0 | 33.0 |
| Salary (↑ 50%) | (4.5) | (5.8) | (6.5) | (7.5) | (8.6) |
| Utilities (↑ 30%) | ( .2) | ( .3) | ( .3) | ( .4) | ( .4) |
| Equip. Replace. (↑ 50%) | (5.5) | (6.0) | (6.5) | (7.0) | (7.5) |
| Fixed Costs (same) | (4.1) | (5.5) | (5.2) | (5.7) | (6.3) |
| Net Revenue | 2.7 | 7.4 | 10.5 | 10.4 | 10.2 |
| Total Expenses | 14.3 | 17.6 | 18.5 | 20.6 | 22.8 |

## REPAIRS

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Revenue | 2.0 | 2.5 | 2.8 | 3.0 | 3.4 |
| Salary (↑ 50%) | ( .5) | ( .5) | ( .5) | ( .6) | ( .8) |
| Utilities (↑ 30%) | ( .3) | ( .4) | ( .4) | ( .4) | ( .4) |
| Rep. Mtl. (↑ 50%) | ( .2) | ( .3) | ( .3) | ( .3) | ( .3) |
| Fixed Costs (same) | (1.3) | (1.5) | (1.7) | (1.8) | (2.0) |
| Net Loss | (0.3) | (0.2) | (0.1) | (0.1) | (0.1) |
| Total Expenses | 2.3 | 2.7 | 2.9 | 3.1 | 3.5 |

## CABIN RENTALS

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Revenue (↑ 50%) | 1.5 | 1.7 | 2.0 | 2.3 | 2.5 |
| Supplies (↑ 50%) | ( .8) | (1.0) | (1.1) | (1.1) | (1.2) |
| Salary (↑ 50%) | ( .2) | ( .2) | ( .3) | ( .3) | ( .3) |
| Maint. (↑ 50%) | ( .5) | ( .5) | ( .6) | ( .6) | ( .7) |
| Fixed Costs (same) | (6.2) | (6.6) | (6.9) | (7.3) | (7.6) |
| Net Loss | (6.2) | (6.6) | (6.9) | (7.0) | (7.3) |
| Total Expenses | 7.7 | 8.3 | 8.9 | 9.3 | 9.8 |

## RESTAURANT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Gross Revenue | 2.0 | 15.0 | 17.5 | 20.0 | 23.0 |
| Utilities (↑ 30%) | ( .3) | ( .4) | ( .4) | ( .5) | ( .5) |
| Salary (↑ 50%) | - | ( 3.5) | ( 4.0) | ( 4.6) | ( 5.3) |
| Dir. Supplies | - | ( 5.9) | ( 7.0) | ( 8.0) | ( 8.5) |
| Freight (↑ 50%) | - | ( .1) | ( .1) | ( .1) | ( .2) |
| Fixed Costs (same) | ( .4) | ( 2.1) | ( 2.5) | ( 2.8) | ( 3.2) |
| Net Revenue | 1.3 | 3.0 | 3.5 | 4.0 | 5.3 |
| Total Expenses | .7 | 12.0 | 14.0 | 16.0 | 17.7 |

Restaurant Calculations - Gross Revenue

| | | | | |
|---|---|---|---|---|
| 77-78 | $1.50/person/day | x 10,000 participants | = | 15.0 K. |
| 78-79 | 1.75 | x 10,000 participants | = | 17.5 K. |
| 79-80 | 2.00 | x 10,000 participants | = | 20.0 K. |
| 80-81 | 2.25 | x 10,000 participants | = | 22.5 K. |

Alternative: A-3
B-3
C-3
D-3

SKI OPERATION

INCOME STATEMENT

| | 76-77 | 77-78 | 78-79 | 79-80 | 80-81 |
|---|---|---|---|---|---|
| Revenues | 103,500 | 143,200 | 168,300 | 178,500 | 190,200 |
| Expenses | 78,700 | 93,800 | 109,900 | 118,100 | 132,100 |
| Profit before Unalloc. Exp. | 24,800 | 49,400 | 58,400 | 60,400 | 58,100 |
| Chalet Maint. | - | 1,000 | 1,000 | 2,000 | 2,500 |
| Maint. Bldg. Maint. | 200 | 300 | 350 | 400 | 450 |
| Total Unall. Exp. | 200 | 1,300 | 1,350 | 2,400 | 2,950 |
| Net Profit | 24,600 | 48,100 | 57,050 | 58,000 | 55,150 |

## (b) GOLF OPERATION

The assumptions for the golf operation are the same as those presented for A-2; B-2; C-2 and D-2 (see page 74). Resultant statements are also the same.

## (c) CAMPGROUND

The assumptions for the campground are the same as those presented for A-2; B-2; C-2 and D-2 (see page 79). Resultant statements are also the same.

## VII. LAST OAK PARK DEVELOPMENT CORPORATION
### Broadview, Saskatchewan

### Statement of Changes in Financial Position For The Years Ended 31 March 1976, 1975

Exhibit "D"

| | 1976 | 1975 |
|---|---|---|
| **Sources:** | | |
| Net income from operations | $ 24,425 | $ 29,932 |
| Province of Sask - Contributions - Phase II | 514,640 | 110,471 |
| DIAND Grant - Phase I | -0- | 76,000 |
| I.A.B. Cabin Grant | -0- | 2,000 |
| Financing Received - Sakimay Band | -0- | 20,000 |
| - Government of Canada | -0- | 18,000 |
| Economic Development loan | 39,825 | -0- |
| | $578,890 | $256,403 |
| **Applications:** | | |
| Phase I expenditures | $ -0- | $ 27,578 |
| Phase II expenditures | 512,892 | 116,657 |
| Ticket sales office | 1,104 | 9,229 |
| Economic Development loans | 4,425 | 5,362 |
| Financing repaid | -0- | 38,000 |
| Increase in deferred interest | 17,325 | -0- |
| | $535,746 | $196,826 |
| Net change | $ 43,144 | $ 59,577 |

| Represented By: | 1976 | 1975 |
|---|---|---|
| Change in Current Assets | $ 61,594 | $ 54,877 |
| Change in Current Liabilities | (18,450) | 4,700 |
| | $ 43,144 | $ 59,577 |

Note: Funds are defined as working capital.

Statement prepared by Arscott, Ogrady, Hill & Co., July 6, 1976

LAST OAK PARK
1974 - 1978 Agreement
Estimated Balance of Expenditures
As per Revised Schedule B

| | Rev. Sched. B | 74-75 & 75-76 | 76-77 Actual to Dec 31/76 | 76-77 Est Jan 1/77 to Mar 31/77 | 77-78 |
|---|---|---|---|---|---|
| Ski Area - | $ 250,000 | $146,466 | $101,003 | $ 2,531 | - |
| Golf Course - | 436,500 | 191,904 | 142,503 | 102,093 | - |
| Round & Cr. Lake - | 97,000 | 16,660 | 19,800 | - | 60,540 |
| Admin. & O & M - | 490,000 | 233,347 | 137,619 | 60,000 | 59,034 |
| | $1,273,500 | $588,377 | $400,925 | $164,624 | $119,574 |
| 4.5 mi. Road | 24,000 | Canada - Saskatchewan | | | |
| Jub. Hill & 247 | 645,000 | | | | |
| Prov. Admin. | 50,000 | | | | |
| | 719,000 | | | | |
| Total | $1,992,500 | | | | |

NOTE: Golf Course: An additional $58,000 has been provided by Special ARDA - i.e. Club House.

Last Oak Park

1974-1978 Agreement

Summary of Corporation Expenditure

April 1/74 to Dec. 31/76

| Date as of | Ski 0 & M | Ski Cap. | Golf 0 & M | Golf Cap. | Roads | 0 & M | Campgnd. | R. Lake Sub | Sheesheep Sub | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| April 1/74 to Mar. 31/75 | - | 6,228 | - | 17,088 | - | 74,653 | - | - | - | 97,969 |
| April 30/75 | - | - | - | 3,134 | - | 10,286 | - | - | - | 13,420 |
| May | - | 3,806 | 4,415 | - | - | 21,001 | - | - | - | 29,222 |
| June | - | 6,987 | 5,889 | 23,961 | | 8,658 | | | | 45,495 |
| July | | 13,075 | 11,579 | 13,512 | | 11,181 | | | | 49,347 |
| August | | 11,594 | 4,881 | 37,336 | | 8,612 | 4,200 | | | 66,623 |
| September | | 9,930 | | 25,565 | | 13,245 | 5,070 | 720 | 4,663 | 59,193 |
| October | | 10,587 | | 11,575 | | 12,996 | 1,007 | 1,000 | | 37,165 |
| November | 3,025 | 12,234 | 1,267 | 3,724 | | 8,693 | | | | 28,943 |
| December | 3,447 | 27,260 | 2,756 | 19,617 | 24,000 | 18,040 | | | | 95,120 |
| Jan. 30/76 | 176 | 11,998 | 60 | 375 | | 19,426 | | | | 32,035 |
| February | 4,354 | 14,838 | | 1,056 | | 10,982 | | | | 31,230 |
| March 30/76 | | 6,927 | | 4,114 | | 15,574 | | | | 6,615 |
| Total 75-76 | 11,002 | 129,236 | 30,847 | 143,969 | 24,000 | 158,694 | 10,277 | 1,720 | 4,663 | 514,408 |
| April 30/76 | | 4,862 | | | | 10,106 | | | | 14,968 |
| May | | 7,926 | 5,288 | 667 | | 10,204 | | | | 24,085 |
| June | 70 | 8,567 | 3,807 | 4,221 | | 16,015 | | | | 32,680 |
| July | 2,843 | 18,883 | 6,648 | 16,420 | | 10,715 | 19,800 | | | 75,309 |
| August | | 8,455 | 1,656 | 17,210 | | 10,975 | | | | 38,296 |
| September | | 9,984 | | 34,328 | | 17,341 | | | | 61,653 |
| October | 767 | 21,261 | | 18,701 | | 16,844 | | | | 57,573 |
| November | 726 | 7,577 | 205 | 14,495 | | 11,828 | | | | 34,831 |
| December 31/76 | 434 | 8,648 | 565 | 18,292 | | 33,591 | | | | 61,530 |
| Total to Dec. 31/76 | 4,840 | 96,163 | 18,169 | 124,334 | - | 137,619 | 19,800 | - | - | 400,925 |
| Total | 15,842 | 231,627 | 49,016 | 285,391 | 24,000 | 370,966 | 30,077 | 1,720 | 4,663 | 1,013,302 |

## IX. CONCLUSIONS

### Financial Systems

The effectiveness of control over receipts and disbursements appears to be adequate. The present accounting system, however, is not adequate to provide the financial data necessary for future planning. Other inadequacies also exist in the lack of a structured approach to maintaining stock and equipment inventory records. The current system control over cash deposits is lacking. This should be remedied to assure consistency in the involvement of the Board of Directors in a structured sense and to avoid placing the General Manager in a compromising position.

### Management

Management of the Corporation is demanding more time for operational concerns. Emphasis will have to be placed on providing the General Manager with assistance to assure that adequate time is spent on promotion, operational planning and financial analysis both for the present operation as well as for possible future development.

### Development

The development of Last Oak Park can be traced to its beginning fourteen years ago. This demonstrates that development of an operation of this magnitude has to be regarded as a long term proposition. Changes from the original plans to the actual complex in existence today points to the requirement for flexibility. It can be concluded that development of Last Oak Park has not reached its maximum potential. This maximization can be best attained by careful long term planning to take advantage of opportunities that are both economically and socially advantageous for the four Indian bands involved.

On the basis of the financial projections compiled in this report, it would appear that future capital development which would require significant funding cannot be internally funded by Last Oak Park. Future development will be restricted severely in the future without additional grants.

Operational Viability of Present Complext

The existing complex if left at its present stage of development, should be capable of long term viability. This is in very large part a result of the further infusion of Agreement funds which cover operating costs in 76-77 and 77-78. There is, however, a very real possibility that financing will be required, beyond the term of the LOP Agreement for short and medium term requirements. This is primarily due to the short revenue period during the ski season followed by the limited earning power of the golf operation. As a result, funds to meet the high start-up costs of the following ski season may be required from external sources.

Because of the variety of factors which can affect the earning power of the operation, it is impossible to isolate one specific amount which can be regarded as a realistic estimate of possible short term financing over a period of time. This type of estimate would have to be prepared on a one year basis taking into consideration the current financial status at the time the estimate is prepared and the potential range of revenue potential for the upcoming year.

Campground

On the basis of statistical data obtained from the Province of Saskatchewan, the campground as proposed is not a viable operation and would divert much needed operating funds. A campground would only provide benefit to the Corporation if it reinforced the profit potential of the other facets of the operation or provided an independent source of revenue. In isolation, revenues gained directly from the campground facility would not even meet operational costs.

# X. RECOMMENDATIONS

Financial Systems

- The corporation should spend the necessary time to fully develop a total inventory system.
- An outside financial specialist and the General Manager of Last Oak Park should establish the requirements for an accounting system which will provide necessary financial data. The actual implementation could be carried out by a university student or a consultant.
- This report should be considered as a guide in developing a yearly system of budgeting and operational planning.
- A formal arrangement should be structured which defines cash reserves to be the responsibility of the Board of Directors or a financial committee of the Board with Federal representation. The General Manager should be responsible solely for operational expenditures with a dollar maximum per transaction.

Management

- A review should be conducted to determine if the current administration organization has the capacity to carry out the necessary management functions. On the basis of the results of this review, staffing and training should be undertaken to provide adequate management skills.

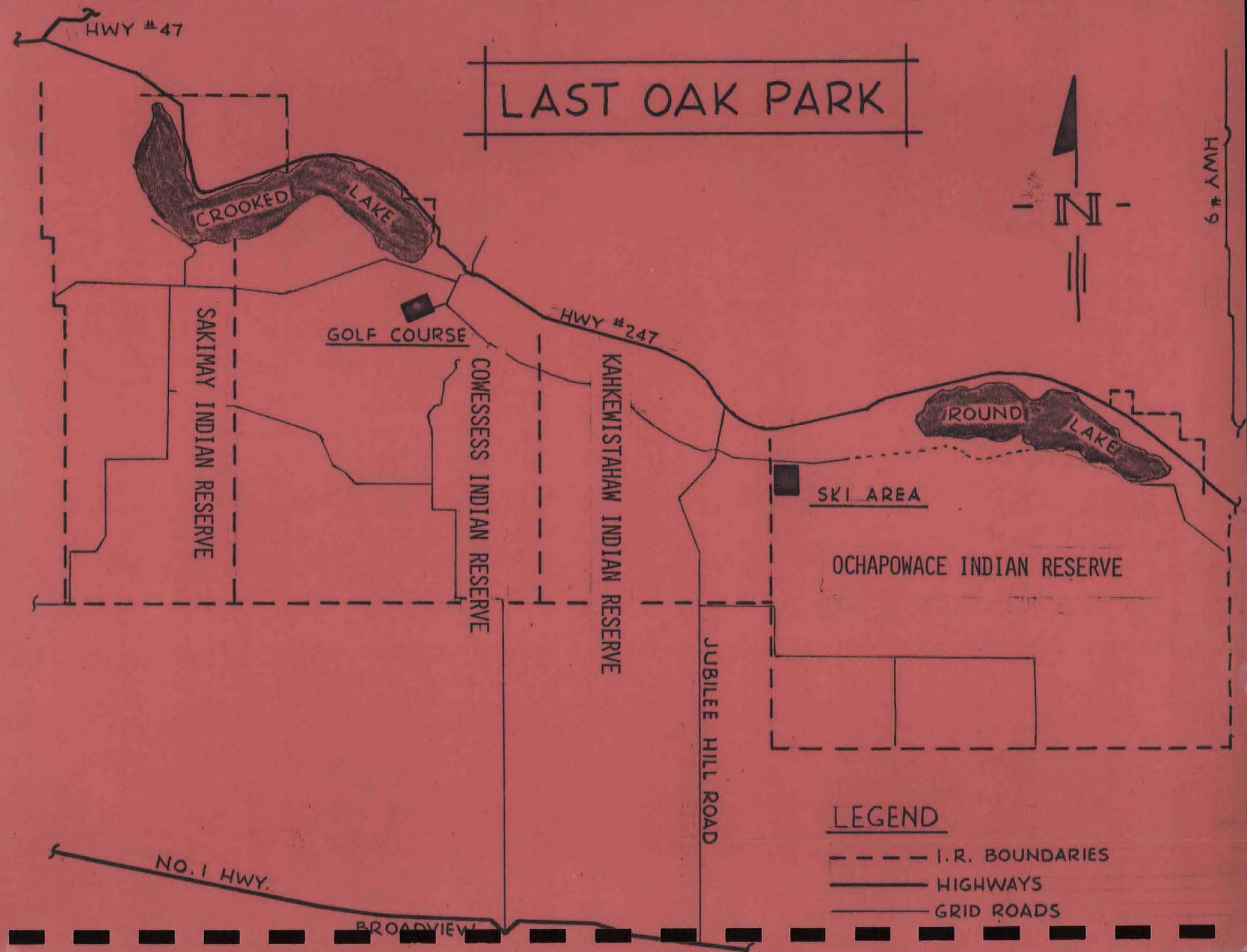
Operational Viability of Present Complex

- Profit and Loss Statements for 1976 - 77 should be prepared as soon as possible after March 31, 1977. The results should be compared to the projections in this study to determine the reliability of the projections. A one year forecast, broken down into monthly segments, should be made up to reflect cash requirements in a monthly time frame.

- In order to provide short term financing which may be required, a line of credit should be established with a financial institution. Because of the limitations of providing collateral to cover financial obligations, it is recommended that DIAND co-sign the agreement for the line of credit, and accept responsibility should default of repayment occur.

Development

- Future development of Corporation facilities and services will require external funding. In order to assure that full socio-economic benefits can be maximized from this project, federal funds in the form of grants should be made available. Each proposed project should be considered independently and then in terms of the overall contribution which it can make to the Corporation. It is recommended that DREE maintain its role of providing capital funding through existing programs such as Special ARDA for projects which meet the necessary criteria.


LAST OAK PARK
HWY #47
CROOKED LAKE
HWY #247
HWY #9
GOLF COURSE
SAKIMAY INDIAN RESERVE
COWESSESS INDIAN RESERVE
KAHKEWISTAHAW INDIAN RESERVE
ROUND LAKE
SKI AREA
OCHAPOWACE INDIAN RESERVE
JUBILEE HILL ROAD
NO. 1 HWY.
BROADVIEW
LEGEND
I.R. BOUNDARIES
HIGHWAYS
GRID ROADS
N