PARADISE ISLAND BEACH CLUB

Financial Statements for the Year Ended December 31, 2016

And Independent Auditors' Report

PARADISE ISLAND BEACH CLUB

Financial Statements

Years ended December 31, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Paradise Island Beach Club:

We have audited the accompanying financial statements of Paradise Island Beach Club, which comprise the statement of financial position as of December 31, 2016, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Unqualified Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Paradise Island Beach Club as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Roshan Noronha
Chartered Accountants
August 29, 2017

PARADISE ISLAND BEACH CLUB
Statement of Financial Position

December 31, 2016 and 2015
(Expressed in Bahamian dollars)

	Note		2016	2015
Assets				
Current assets				
Cash and cash equivalents	5, 19	$	1,423,568	1,319,263
Accounts receivable	6, 19		67,929	28,464
Inventories	7		201,884	130,198
Prepayments			113,257	9,273
Total current assets			1,806,638	1,487,198
Non-current assets				
Property and equipment, net	8		1,094,349	1,023,174
Total assets		$	2,900,987	2,510,372
Liabilities and equity				
Current liabilities				
Accounts payable and accrued expenses	9, 19	$	402,344	177,127
Due to related parties	16, 19		436,000	80,000
Total current liabilities			838,344	257,127
Non-current liabilities				
Maintenance fees paid in advance			2,157,862	2,154,783
Total liabilities			2,996,206	2,411,910
Equity				
Accumulated surplus (deficit)			(95,219)	98,462
Total deficit			(95,219)	98,462
	18			
Total liabilities and equity		$	2,900,987	2,510,372

See accompanying notes to financial statements.

These financial statements were approved by the Management Committee on August 29, 2017 and signed on behalf of the Management Committee by:

James Martens
Nominated Member - Chairman

Scott Sieck
Elected Member

PARADISE ISLAND BEACH CLUB

Statement of Comprehensive Income

December 31, 2016 and 2015
(Expressed in Bahamian dollars)

	Note		2016	2015
Income				
Maintenance fees		$	2,543,625	2,437,800
Energy surcharge revenue	10		217,217	231,020
Credit card revenue	10		22,034	14,262
Minimart revenue			803,542	818,789
Pool Bar revenue			533,214	480,043
Interest income	5		11,927	11,920
Internet revenue			4,850	8,798
Telephone revenue			0	99
Other income	18		374,380	347,783
Total income			4,510,789	4,350,514
Direct expenses				
Cost of sales			803,035	833,443
Salary and benefits	11		1,395,831	1,283,603
Utilities	12		394,433	486,500
Maintenance materials	13		647,226	376,878
Contracted services	14		110,804	107,777
Other supplies and materials	15		211,284	183,171
Saturday reception party			62,785	61,700
Uniforms			5,056	863
Replacement of amenities			7,045	11,131
Total direct expenses			3,637,499	3,345,066
Operating profit			873,290	1,005,448
Indirect expenses				
Management compensation	17		170,000	155,000
Licenses and taxes			133,024	128,850
Insurance			138,735	151,940
Bank charges			69,413	68,900
Professional fees			72,199	43,241
Rent expense - welcome center	18		39,130	39,130
Computer and IT services			66,313	54,516
Office supplies and expenses			109,106	90,189
Company vehicle			13,709	13,251
Travel and entertainment			4,054	7,120
Bad debt expense	6		151,472	47,245
Depreciation	8		99,996	99,996
Total indirect expenses			1,067,151	899,378
Net income/(loss)		$	(193,861)	106,070

See accompanying notes to financial statements.

PARADISE ISLAND BEACH CLUB
Statement of Changes in Equity

December 31, 2016 and 2015
(Expressed in Bahamian dollars)

		Accumulated Deficit
Balance at December 31, 2014	$	(7,608)
Net income for the year		106,070
Balance at December 31, 2015	$	98,462
Net loss for the year		(193,681)
Balance at December 31, 2016	$	(95,219)

See accompanying notes to financial statements.

PARADISE ISLAND BEACH CLUB

Statement of Cash Flows

December 31, 2016 and 2015

(Expressed in Bahamian dollars)

	Note		2016	2015
Cash flows from operating activities				
Net loss for the year		$	(193,681)	106,070
Adjustments:				
Depreciation	8		99,996	99,996
Provision for Bad debt made during the year	6		151,472	47,245
Net cash from operations before changes in working capital			57,787	253,311
Increase in accounts receivable			(190,937)	5,413
Increase in inventories			(71,686)	(22,239)
Increase in prepayments			(103,984)	(2,100)
Increase in accounts payable and accrued expenses			225,217	10,687
Loan from related parties			396,000	0
(Decrease)/in due to related parties			(40,000)	(50,000)
Increase in maintenance fees paid in advance			3,079	168,804
Net cash provided by operating activities			275,477	363,876
Cash flows from investing activities				
Additions to property and equipment	8		(171,171)	(133,905)
Net cash used in investing activities			(171,171)	(133,905)
Net increase in cash and cash equivalents			104,305	229,971
Cash and cash equivalents, beginning of year			1,319,263	1,089,292
Cash and cash equivalents, end of year	5	$	1,423,568	1,319,263

See accompanying notes to financial statements.

1. General information

Paradise Island Beach Club ("the Club") is a forty-four unit timeshare resort located on Paradise Island, Bahamas which was developed in 1984 by Paradise Island Development Ltd. ("PIDL" or "Founder Member"). The Founder Member is a wholly owned subsidiary of Paradise Island Beach Club Limited ("PIBCL" or "Landlord") having its registered office at first floor, Claughton House Shirley & Charlotte Street, Nassau, Bahamas.

The property on which the Club was developed was conveyed by PIDL to CIBC Trust Company Bahamas Ltd to be held in trust until December 31, 2028 as assurance for purchasers of timeshare units that the property could not be encumbered. The term of the Trust was extended until December 31, 2032 to accommodate a longer than anticipated sell-out. The trust was transferred from CIBC Trust Compnay Bahamas Ltd to Butterfield Bank (Bahamas) Ltd. (formerly "Thorand Bank & Trust Ltd.") on June 2, 2003. At the end of the trust period, the property will revert to Landlord.

The Club is a non-profit-making entity whose objective is to secure for the members joint rights of use of the timeshare units.

PIDL sold vacation certificates for each of the forty-four units which gave the purchaser/member the right to occupy a unit for one week per year (out of possible fifty weeks) for a total of forty years. Each member is obligated to pay their annual member's dues prior to being allowed to make a reservation to occupy a unit.

Under the Constitution of the Club ("the Constitution"), the affairs of the Club shall be managed by a Management Committee of 5 individuals, 3 of whom are nominated by the Founder Member and 2 shall be members of the Club. PIBC Management Ltd. ("PIBCML"), incorporated on September 27, 2007, was formed to provide management services to the Club under an agreement dated November 14, 2007. The Club operates a mini-mart, restaurant and pool-bar, all of which are located on the premises of the Club. All relevant business and trade licenses are in the name of PIBCML.

2. Adoption of New And Amended International Financial Reporting Standards And International Accounting Standards

In the current year, the Club has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2016.

New Standards

IFRS 14	Regulatory Deferral Accounts

Amended Standards

IFRS 5 IFRS 7 IAS 19 IAS 34	Amendments resulting from September 2014 annual improvements to IFRSs
IFRS 10 IAS 28	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 10 IFRS 12 IAS 28	Amendments regarding the application of the consolidation exception
IFRS 11	Amendments regarding the accounting for acquisitions of an interest in a joint operation
IAS 1	Amendments resulting from the disclosure initiative
IAS 16 IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortization
IAS 16 IAS 41	Amendments bringing bearer plants into the scope of IAS 16
IAS 27	Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures, and associates in an entity's separate financial statements

The adoption of these standards and interpretations did not have a material impact on the Club's financial statements.

At the date of authorization of these financial statements, the following relevant standards and interpretations were in issue but not yet effective:

2. Adoption of New And Amended International Financial Reporting Standards And International Accounting Standards, Continued

New Standards

		Effective for annual periods beginning on or after
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

Amended Standards

		Effective for annual periods beginning on or after
IFRS 1	Amendments resulting from Annual Improvements 2014 – 2016 cycle (removing short-term exemptions)	January 1, 2018
IFRS 2	Amendments to clarify the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	Overlay approach – when IFRS 9 first applied Deferral approach – January 1, 2018
IFRS 7	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 applied
IFRS 12	Amendments resulting from Annual Improvements 2014 – 2016 cycle (clarifying scope)	January 1, 2017
IFRS for SMEs	Amendments as the result of the first comprehensive review	January 1, 2017
IAS 7	Amendments as result of the disclosure initiative	January 1, 2017
IAS 12	Amendments regarding the recognition of deferred tax assets for unrealized losses	January 1, 2017

Management has not assessed whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Club.

3. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

(b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except where otherwise disclosed.

Historical costs are generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS-17,and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are descried as follows:

-Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can acess at the measurement date:
-Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
-Level 3 inputs are unobservable inputs for the asset or liabiity.

(c) Functional and presentation currency

These financial statements are presented in Bahamian dollars which is the functional and reporting currency of the Club. The Bahamian dollar is the prime currency of the country where the Club operates.

(d) Use of estimates and judgment

3. Significant accounting policies, Continued

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 6	Accounts receivable
Note 7	Inventories
Note 8	Property and equipment, net
Note 19	Financial instruments and associated risks

Following is a summary of the significant accounting policies which have been applied consistently by the Club in preparing these financial statements.

(a) Financial instruments

Classification

Financial instruments include financial assets and financial liabilities. Financial assets that are classified as loans and receivables include cash held with banks, term deposits and accounts receivable. Financial liabilities that are not at fair value through profit or loss include accounts payable and accrued expenses and due to related parties.

Recognition

The Club recognizes financial instruments initially at the trade date, which is the date when it becomes a party to the contractual provisions of the instruments.

Measurement

Financial instruments are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortized.

Subsequent to initial recognition, financial assets and financial liabilities not at fair value through profit or loss are carried at amortized cost using the effective interest method, less, in the case of financial assets, impairment losses, if any.

3. Significant accounting policies, Continued

Derecognition

The Club derecognizes a financial asset when the contractual rights to cash flows from the financial asset expire or it transfers the financial asset.

The Club derecognizes a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash held with banks including term deposits having maturity of three months or less.

(c) Accounts receivable

Accounts receivable are stated at amortized cost net of allowance for doubtful accounts.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out ("FIFO") method and includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Property and equipment

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Assets are capitalized during the year as determined by the Management Committee. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive income as incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property and equipment, and are recognized in the statement of comprehensive income.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amounts substituted for cost, less its residual value.

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the items of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated depreciation rate of property and equipment are as follows:

	Life	Residual values
Leasehold Improvements:		
Exterior	5	$0
Interior	3	$30,000
Amenities	2	$10,000
Computer Hardware & Software	3	$10,000
Vehicles	3	$0
Office Equipment	3	$0

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted, if appropriate.

(f) *Impairment*

Financial assets

Financial assets other than receivables, which are reviewed on a continuous basis, are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis. All impairment losses are recognized in the statement of income.

Financial assets

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

3. Significant accounting policies, Continued

The carrying amounts of the Club's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of the asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use represents the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses are recognized in the statement of income.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

(g) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term benefits if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

(h) Revenue recognition

Revenue is comprised primarily of members' annual maintenance, maid service revenue, electricity surcharge, telephone, credit card and internet revenue. Revenue is recognized when the services are provided and the goods are delivered to guests.

Annual maintenance fees are billed in advance for the year in which they are due. Maintenance fees collected in advance are shown as maintenance fees paid in advance at the reporting date and recognized as revenue in the following year.

(i) Interest income

Interest income is accrued on a daily basis using the effective interest rate method.

(j) Expenses

Expenses are recognized on the accrual basis.

(k) Foreign currencies

Transactions in foreign currencies are translated into Bahamian dollars at exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in such currencies at year-end date are translated at the rates prevailing at that date. Any differences arising on translation are recognized as exchange gains/losses in the statement of comprehensive income.

(l) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("Reporting Entity").

(a) A person or a close member of that person's family is related to a Reporting Entity if that person:

(i) has control or joint control over the Reporting Entity;

(ii) has significant influence over the Reporting Entity; or

(iii) is a member of the key management personnel of the Reporting Entity or of a parent of the Reporting Entity.

(b) An entity is related to a Reporting Entity if any of the following conditions applies:

(i) The entity and the Reporting Entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Reporting Entity or an entity related to the Reporting Entity. If the Reporting Entity is itself such a plan, the sponsoring employers are also related to the Reporting Entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting policies, Continued

(m) Provisions

Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that the Club will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Annual maintenance fee and maintenance fee in advance

The Management Committee determines annual maintenance fee for members to contribute in order to support operations of the Club. These dues are received in advance and are recorded as maintenance fee in advance. Maintenance fee in advance is recorded as revenue in the year it relates to.

(o) Sale of re-possessed units

Under rule 8A of the Constitution, any and every vacation certificate forfeited to the Club for non-payment of dues shall be held by the Founder Member on behalf of the Club upon trust to subsequently sell the same. The Club will be the beneficiary of the net proceeds of sale of every such vacation certificate and the Founder Member shall be entitled to pay the usual commission to any person affecting such sale. The Founder Member will be entitled to let the premises to which such vacation certificate relates and the Club will be the beneficiary of the net proceeds of such lettings. The Club will be responsible for the annual dues in respect to all such vacation certificates.

The Club in accordance to the 1995 Amended Constitution is responsible for the payment of maintenance fees on all Defaulted Weeks.

4. Critical accounting judgments and key sources of estimation uncertainty

Certain amounts included in or affecting the Club's financial statements and related disclosures must be estimated, requiring the Club's management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the Club's financial condition and results, and requires management's most difficult, subjective of complex judgments, often result of the need to make estimates about the effect of matters that are inherently uncertain.

5. Cash and bank balances

		2016	2015
Cash on hand	$	12,680	9,800
Cash held with banks		1,410,888	1,309,463
Total cash and cash equivalents	$	1,423,568	1,319,263

Term deposits having maturities of less than 3 months are a part of cash held with banks and earn interest rates between 1% to 2% per annum (2015 – 1.00% to 2.00% per annum).

6. Accounts receivable

		2016	2015
Accounts receivable – members	$	110,043	383,169
Other receivables		0	2,049
Allowance for doubtful debts		(42,114)	(356,754)
	$	67,929	28,464

The aging of accounts receivable – members is as follows:

		2016	2015
Current	$	0	2,049
Past due but not impaired		67,929	26,415
Past due and impaired		42,114	356,754
	$	110,043	385,218

The movement in the allowance for doubtful debts was as follows:

		2016	2015
Balance at January 1	$	356,754	1,164,460
Provision made during the year		151,472	47,245
Provision reversed during the year		(466,112)	(854,951)
Balance as at December 31	$	42,114	356,754

Subsequent to the year ended December 31, 2016, the Management Committee released 10 Defaulted Winter weeks in its inventory for sale.

7. Inventories

		2016	2015
Food items	$	26,010	16,774
Beverage items		57,688	37,204
Disposal plastic and paper products		67,275	43,387
Other items		50,911	32,833
	$	201,884	130,198

8. Property and equipment, net

		Leasehold Improvements			Computers			
		Exterior	Interior	Amenities	SW & HW	Vehicles	Equipment	Total
COSTS								
December 31, 2014	$	510,555	2,171,107	435,302	168,125	9,200	43,536	3,337,825
Additions		-	77,440	-	7,975	-	48,490	133,905
December 31, 2015	$	510,555	2,248,547	435,302	176,100	9,200	92,026	3,471,730
Additions		-	-	171,171	-	-	-	171,171
December 31, 2016	$	510,555	2,248,547	606,473	176,100	9,200	92,026	3,642,901
ACCUMULATED DEPRECIATION								
December 31, 2014	$	411,902	1,408,827	406,484	68,611	9,200	43,536	2,348,560
Depreciation		8,403	70,493	13,470	3,572	-	4,058	99,996
December 31, 2015	$	420,305	1,479,320	419,954	72,183	9,200	47,594	2,448,556
Depreciation		8,403	70,493	13,470	3,572	-	4,058	99,996
December 31, 2016	$	428,708	1,549,813	433,424	75,755	9,200	51,652	2,548,552
Net Book Value December 31, 2016	**$**	**81,847**	**698,734**	**173,049**	**100,345**	**-**	**40,374**	**1,094,349**
Net Book Value December 31, 2015	**$**	**90,250**	**769,227**	**15,348**	**103,917**	**-**	**44,432**	**1,023,174**

9. Accounts payable and accrued expenses

		2016	2015
Accounts payable	$	309,730	101,159
Accrued expenses		92,614	75,968
	$	402,344	177,127

10. Energy surcharge and credit card fee revenue

The Club charges its members an energy charge of $100 (2015 - $100) per week when members stay at the Club. The Club also charges credit card revenue at the rate of 2.75% (2015-2.75%) for each credit card payment.

11. Salary and benefits

		2016	2015
Vacation experience	$	39,895	31,200
Housekeeping		298,807	290,121
Maintenance		350,929	283,779
Mini-mart		204,702	194,568
Pool bar		230,135	209,047
Sales Bonus & Commissions		47,535	54,017
Administration		223,828	220,871
	$	1,395,831	1,283,603

		2016	2015
Salary	$	1,305,674	1,172,077
National Insurance		47,053	70,488
Group Insurance		16,984	15,679
Pension		600	600
Bonuses		25,520	24,759
	$	1,395,831	1,283,603

12. Utilities

		2016	2015
Electricity	$	237,469	327,565
Water		88,606	89,291
CATV and internet		35,085	45,991
Telephone		33,273	23,653
	$	394,433	486,500

13. Maintenance materials

		2016	2015
	$		
Exteriors		141,966	76,686
Interiors		216,678	72,651
Maintenance at shut down		288,582	227,541
	$	647,226	376,878

14. Contracted services

		2016	2015
Security personnel	$	63,997	66,369
Fire fighting and security equipment		26,148	19,373
Garbage removal		13,595	15,075
Pest control		7,064	6,960
	$	110,804	107,777

15. Other supplies and materials

		2016	2015
Cleaning supplies	$	34,539	39,598
Laundry supplies		19,989	40,589
Inventory replacement - linens, towels, kitchen items		136,833	78,923
Decorations		5,296	5,748
Other		14,627	18,313
	$	211,284	183,171

16. Related party transactions

Related party balances and transactions are shown below. Balances due from and/to related parties are interest-free and are without stated terms of repayments.

		2016	2015
Balances			
Due to related parties	$	436,000	80,000
Net due to related parties	$	436,000	80,000

A loan was secured in the amount of $396,000 for a period of five years at 5% Interest, with monthly payments in the amount of $7,500.00 this was to take advantage of the remaining available balance on the duty free Concession which expires November 19th 2017, this is in lieu of a special assessment

17. Management Compensation

	2016	2015
Management fees	$150,000	150,000
Salary	-	-
Bonuses and incentives	20,000	5,000
Group Insurance	-	-
National Insurance	-	-
	$170,000	155,000

18. Lease commitments

On April 17, 2003, PIDL entered into a lease agreement with Marriott Ownership Resorts (Bahamas) Ltd. in its capacity as the Founder Member of the Club for and on behalf of the Club and its members effective January 1, 2003 for a term of 23 years. The property leased is to be used for the benefit of the members of the Club which now serves as the Welcome Centre. The Club's commitments on this operating lease are as follows:

		2016	2015
Less than one year	$	39,140	39,140
Two to five years		156,560	156,560
Over five years		195,700	234,840
	$	391,400	430,540

A portion of the above premises was sub-leased to other tenants on a month to month lease basis. The Club earned rental income of $1,800 during 2016 (2015 - $3,000) which was included in other income.

19. Financial risk management

There are a number of risks that are identified and managed on an ongoing basis. Among these risks, the more significant are market, credit and liquidity. The Club presents qualitative information about its exposure to risk and the objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout this note.

(a) Market risk

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will affect the Club's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company is not exposed to significant price risk as it does not invest in any equities and has minimum exposure to currency and interest rate risks.

Currency risk

All of the Company's financial assets and liabilities are denominated in Bahamian dollars or in US dollars; therefore the Company is not normally exposed to significant currency risk.

Interest rate risk

Interest rate risk refers to the risk of loss due to adverse movements in interest rates. The Club's interest rate risk arises from its cash held with banks including term deposits. The interest rate exposure at the reporting date is $670,432 (2015 - $1,194,428). As of December 31, 2016, interest rates on the cash held with banks are 1% to 2% per annum (2015 – 1% to 2%).

Interest rate risk, continued

The Club believes that interest rate risk is minimal and a hypothetical 1% increase/decrease in the interest rate would have an impact of $6,700 (2015 - $12,040) on the financial position and results of operations.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Club.

The Club's maximum exposure to credit risk is as follows:

		2016	2015
Cash held with banks	$	1,410,888	1,309,464
Accounts receivable, net		67,929	28,464
	$	1,478,817	1,337,928

Management actively monitors the aging of receivables and establishes an allowance as circumstances warrant. The Club does not anticipate any losses in excess of the allowance for doubtful accounts as a result of this exposure.

Cash at bank amounting to $1,410,888 (2015 - $1,309,463) was deposited with regulated financial institutions. Accordingly management considers this to bear minimal credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Club will not be able to meet its financial obligations as they fall due. The Club's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities and other commitments when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Club's reputation.

A maturity analysis of financial liabilities is as follows:

At December 31, 2016		Carrying amount	Contractual cash flows	On Demand	1 - 12 months	1 - 5 years	More than 5 years
Due to repated parties	$	436,000	436,000	436,000	-	-	-
Accounts payables and accrued expenses		402,344	402,344	402,344	-	-	-
	$	838,344	838,344	838,344	-	-	-

At December 31, 2015		Carrying amount	Contractual cash flows	On Demand	1 - 12 months	1 - 5 years	More than 5 years
Due to repated parties	$	80,000	80,000	80,000	-	-	-
Accounts payables and accrued expenses		177,127	177,127	177,127	-	-	-
	$	257,127	257,127	257,127	-	-	-

20. Fair values of financial instruments

The carrying values of financial assets and liabilities are considered to approximate their fair values due to the following reasons:

(a) immediate or short-term maturity; and/or

(b) interest rates approximate current market rates

The fair values of cash and cash equivalents, accounts receivables, accounts payable and accrued expenses are not considered to be materially different from their carrying values due to their short-term nature. Because of the interest-free nature and uncertainty surrounding the timing of the settlement of balances due to related parties, management is unable to estimate the fair value of these financial instruments.

21. Capital management

The Club's main objectives when managing its capital are to safeguard its ability to continue as a going concern, to maintain adequate liquidity to meet obligations and to keep the property in an acceptable state of repair.