

PARADISE ISLAND BEACH CLUB

Financial Statements for the Year Ended December 31, 2018

And Independent Auditors' Report

PARADISE ISLAND BEACH CLUB

Financial Statements

Years ended December 31, 2018 and 2017

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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, 2018, 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, 2018, 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 30, 2019

PARADISE ISLAND BEACH CLUB

Statement of Financial Position

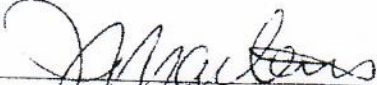
December 31, 2018 and 2017

(Expressed in Bahamian dollars)

	Note	2018	2017
Assets			
Current assets			
Cash and cash equivalents	5, 19	\$ 920,377	872,405
Accounts receivable	6, 19	75,626	76,008
Inventories	7	25,869	98,325
Prepayments		110,468	109,808
Total current assets		1,132,340	1,156,546
Non-current assets			
Property and equipment, net	8	1,272,803	1,346,212
Total non-current assets		1,272,803	1,346,212
Total assets		\$ 2,405,143	2,502,758
Liabilities and equity			
Current liabilities			
Accounts payable and accrued expenses	9, 19	\$ 429,947	474,832
Due to related parties	16, 19	261,908	324,180
Total current liabilities		691,855	799,012
Non-current liabilities			
Maintenance fees paid in advance		2,262,695	2,170,452
Total non-current liabilities		2,954,550	2,969,464
Equity			
Accumulated surplus (deficit)		-549,407	-466,706
Total deficit		-549,407	-466,706
Commitments	18	-	-
Total liabilities and equity		\$ 2,405,143	2,502,758

See accompanying notes to financial statements.

These financial statements were approved by the Management Committee on August 30, 2019 and signed on behalf of the Management Committee by:


James Martens

Nominated Member – Chairman


David Rice

Elected Member

PARADISE ISLAND BEACH CLUB

Statement of Comprehensive Income

December 31, 2018 and 2017

(Expressed in Bahamian dollars)

	Note	2018	2017
Income			
Maintenance fees		\$ 2,588,578	2,592,659
Energy surcharge revenue	10	219,524	219,176
Credit card revenue	10	24,834	21,947
Minimart revenue		548,845	795,580
Pool Bar revenue		558,669	521,274
Interest income	5	5,854	10,110
Internet revenue		0	3,478
Other income	18	314,332	306,027
Total income		4,260,636	4,470,251
Direct expenses			
Cost of sales		674,312	958,758
Salary and benefits	11	1,301,692	1,473,571
Utilities	12	459,431	428,948
Maintenance materials	13	483,739	535,174
Contracted services	14	108,378	103,877
Other supplies and materials	15	168,448	205,401
Saturday reception party		43,350	42,556
Uniforms		1,270	2,022
Replacement of amenities		6,125	1,878
Total direct expenses		3,246,745	3,752,185
Operating profit		1,013,891	718,066
Indirect expenses			
Management compensation	17	157,516	181,500
Licenses and taxes		153,755	146,553
Insurance		140,720	130,657
Bank charges		70,063	64,240
Professional fees		59,174	73,658
Rent expense - welcome center	18	39,130	39,130
Computer and IT services		66,555	78,456
Office supplies and expenses		88,145	106,487
Company vehicle		15,227	26,810
Travel and entertainment		1,980	5,409
Finance costs		12,708	18,180
Bad debt expense	6	191,623	118,477
Depreciation	8	99,996	99,996
Total indirect expenses		1,096,592	1,089,553
Net income/(loss)		\$ -82,701	-371,487

See accompanying notes to financial statements.

PARADISE ISLAND BEACH CLUB

Statement of Changes in Equity

December 31, 2018 and 2017

(Expressed in Bahamian dollars)

		Accumulated
		Deficit
Balance at December 31, 2016	\$	(95,219)
Net income for the year		(371,487)
Balance at December 31, 2017	\$	(466,706)
Net income for the year		(82,701)
Balance at December 31, 2018	\$	(549,407)

See accompanying notes to financial statements.

PARADISE ISLAND BEACH CLUB

Statement of Cash Flows

December 31, 2018 and 2017

(Expressed in Bahamian dollars)

	Note	2018	2017
Cash flows from operating activities			
Net loss for the year		\$ -82,701	-371,487
Adjustments:			
Depreciation	8	99,996	99,996
Bad debt expense	6	191,623	228,477
Net cash from operations before changes in working capital		208,918	-43,014
Increase in accounts receivable		-191,241	-236,554
Decrease in inventories		72,456	103,559
(Increase)/Decrease in prepayments		-660	3,449
(Decrease)/increase in accounts payable and accrued expenses		-44,885	72,488
Decrease in due to related parties		-62,272	-111,820
Increase in maintenance fees paid in advance		92,243	12,590
Net cash provided by/(used in) operating activities		74,559	-199,303
Cash flows from investing activities			
Additions to property and equipment	8	-26,587	-351,859
Net cash used in investing activities		-26,587	-351,859
Net (decrease)/increase in cash and cash equivalents		47,972	-551,163
Cash and cash equivalents, beginning of year		872,405	1,423,568
Cash and cash equivalents, end of year	5	\$ 920,377	872,405

See accompanying notes to financial statements.

PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

Years ended December 31, 2018 and 2017

(Expressed in Bahamian dollars)

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 Company 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 of whom 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, 2018.

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, 2018.

Amended Standards

IFRS 1	Amendments resulting from Annual Improvements 2014–2016 Cycle (removing short-term exemptions)
IFRS 2	Amendments to clarify the classification and measurement of share-based payment transactions
IFRS 4	Amendments regarding the interaction of IFRS 4 and IFRS 9
IFRS 15	Amendments to defer the effective date to 1 January 2018 Clarifications to IFRS 15
IAS 28	Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)
IAS 39	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
IAS 40	Amendments to clarify transfers or property to, or from, investment property

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

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

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

New Standards

IFRS 16	Leases
IFRS 17	Insurance Contracts

Amended Standards

		Effective for annual periods beginning on or after
IFRS 3	Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	1 January 2019
	Amendments to clarify the definition of a business	1 January 2020
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 11	Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	1 January 2019
IAS 1	Amendments regarding the definition of material	Annual periods beginning on or after 1 January 2020
IAS 8	Amendments regarding the definition of material	Annual periods beginning on or after 1 January 2020
IAS 12	Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	Annual periods beginning on or after 1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or	Annual periods

	settlements	beginning on or after 1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015–2017 Cycle (borrowing costs eligible for capitalization)	Annual periods beginning on or after 1 January 2019
IAS 28	Amendments regarding long-term interests in associates and joint ventures	Annual periods beginning on or after 1 January 2019

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 described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access 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 liability.

(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

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.

3. Significant accounting policies, Continued

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.

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.

3. Significant accounting policies, Continued

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.

3. Significant accounting policies, Continued

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

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.

3. Significant accounting policies, Continued

(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).

3. Significant accounting policies, Continued

- (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).

(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

	2018	2017
Cash on hand	\$ 7,700	10,450
Cash held with banks	912,677	861,955
Cash and cash equivalents	920,377	872,405

Term deposits having maturities of less than 3 months are a part of cash held with banks and earn interest rates between 0% to 1% per annum (2017 – 0.00% to 1.00% per annum).

6. Accounts receivable

	2018	2017
Accounts receivable – members	\$ 322,128	228,122
Allowance for doubtful debts	-246,502	-152,114
	\$ 75,626	76,008

The aging of accounts receivable – members is as follows:

	2018	2017
Current	\$ 0	0
Past due but not impaired	75,626	76,008
Past due and impaired	246,502	152,114
	\$ 322,128	228,122

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

	2018	2017
Balance at January 1	\$ 152,114	42,114
Provision made during the year	191,623	110,000
Provision reversed during the year	-97,235	0
Balance as at December 31	\$ 246,502	152,114

7. Inventories

		2018	2017
Food items	\$	3,333	12,668
Beverage items		7,392	28,096
Disposal plastic and paper products		8,621	32,766
Other items		6,524	24,795
	\$	25,869	98,325

8. Property and equipment, net

COSTS

		Leasehold Improvements			Computers			Total
		Exterior	Interior	Amenities	SW & HW	Vehicles	Equipment	
Additions	31-Dec-16 \$	510,555	2,248,547	606,473	176,100	9,200	92,026	3,642,901
		150,000	201,859	-	0	0	0	351,859
Additions	31-Dec-17 \$	660,555	2,450,406	606,473	176,100	9,200	92,026	3,994,760
		-	26,587	-	0	0	0	26,587
	31-Dec-18 \$	660,555	2,476,993	606,473	176,100	9,200	92,026	4,021,347

ACCUMULATED DEPRECIATION

Depreciation	31-Dec-16 \$	428,708	1,549,813	433,424	75,755	9,200	51,652	2,548,552
		8,403	70,493	13,470	3,572	0	4,058	99,996
Depreciation	31-Dec-17 \$	437,111	1,620,306	446,894	79,327	9,200	55,710	2,648,548
		8,403	70,493	13,470	3,572	0	4,058	99,996
	31-Dec-18 \$	445,514	1,690,799	460,364	82,899	9,200	59,768	2,748,544
Net Book Value December 31, 2018	\$	215,041	786,194	146,109	93,201	-	32,258	1,272,803
Net Book Value December 31, 2017	\$	223,444	830,100	159,579	96,773	-	36,316	1,346,212

9. Accounts payable and accrued expenses

		2018	2017
Accounts payable	\$	278,737	339,696
Accrued expenses		151,210	135,135
	\$	429,947	474,832

10. Energy surcharge and credit card fee revenue

The Club charges its members an energy charge of \$100 (2016 - \$100) per week when members stay at the Club. The Club also charges credit card revenue at the rate of 2.75% (2016-2.75%) for each credit card payment.

11. Salary and benefits

	2018	2017
Vacation experience	37,454	45,670
Housekeeping	312,487	338,097
Maintenance	277,508	342,310
Mini-mart	212,581	214,222
Pool bar	198,899	226,994
Sales Bonus and Commissions	28,279	44,325
Administration	234,484	261,953
	\$ 1,301,692	1,473,571

	2018	2017
Salary	1,234,021	1,379,445
National Insurance	48,628	51,943
Group Insurance	18,443	17,783
Pension	600	600
Bonuses	0	23,800
	\$ 1,301,692	1,473,571

12. Utilities

	2018	2017
Electricity	302,061	257,310
Water	84,871	83,372
CATV and internet	36,975	53,084
Telephone	35,524	35,182
	\$ 459,431	428,948

13. Maintenance materials

	2018	2017
Exteriors	129,182	146,763
Interiors	65,480	50,444
Maintenance at shut down	289,077	337,967
	\$ 483,739	535,174

14. Contracted services

	2018	2017
Security personnel	61,578	60,312
Fire fighting and security equipment	18,960	18,312
Garbage removal	20,671	18,085
Pest control	7,169	7,169
	\$ 108,378	103,877

15. Other supplies and materials

	2018	2017
Cleaning supplies	46,898	50,172
Laundry supplies	24,207	18,709
Inventory replacement - linens, towels, kitchen items	92,025	121,659
Decorations	2,198	3,212
Other	3,120	11,648
	\$ 168,448	205,401

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.

	2018	2017
<i>Balances</i>		
Due to related parties	\$ 261,908	324,180
Net due to related parties	\$ 261,908	324,180

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. The purpose of the loan was to take advantage of the remaining available balance on the duty free Concession which expired November 19th 2017. This concession was in lieu of a special assessment. The Duty Free Concession was extended during the year to December 31, 2020.

17. Management Compensation

	2018	2017
Management fees	150,000	150,000
Bonuses and incentives	7,516	31,500
	\$ 157,516	181,500

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:

	2018	2017
Less than one year	\$ 39,140	39,140
Two to five years	156,560	156,560
Over five years	156,560	156,560
	\$ 352,260	352,260

A portion of the above premises was sub-leased to other tenants on a month to month lease basis on December 6 2018. The Club earned rental income of \$6,000 – during 2018 (2017 - \$0) 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 \$323,692 (2017 - \$680,542). As of December 31, 2018, interest rates on the cash held with banks are 0% to 1% per annum (2017 - 0% to 1%).

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 \$6,800 (2016 - \$6700) 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:

	2018	2017
Cash held with banks	\$ 912,677	861,955
Accounts receivable, net	75,626	76,008
	\$ 988,303	937,963

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 \$912,677 (2017 - \$861,955) 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:

19. Financial risk management (cont)

At December 31, 2018	Carrying amount	Contractual cash flows	On Demand	1 - 12 months	1 - 5 years	More than 5 years
Due to related parties	\$ 261,908	261,908	261,908	-	-	-
Accounts payables and accrued expenses	429,947	429,947	429,947	-	-	-
	\$ 691,855	691,855	691,855	-	-	-

At December 31, 2017	Carrying amount	Contractual cash flows	On Demand	1 - 12 months	1 - 5 years	More than 5 years
Due to related parties	\$ 324,180	324,180	324,180	-	-	-
Accounts payables and accrued expenses	474,832	474,832	474,832	-	-	-
	\$ 799,012	799,012	799,012	-	-	-

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.