Intrawest Resorts Holdings, Inc.
Form 10-K/A
November 03, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
Amendment No. 1

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2016

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-36286

Intrawest Resorts Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	46-3681098
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1621 18th Street, Suite 300	
Denver, Colorado	80202
(Address of Principal Executive Offices)	(Zip Code)

(303) 749-8200
(Registrant's Telephone Number, Including Area Code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. o Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. x Yes oNo

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of $7.82 per share as reported on the New York Stock Exchange Composite Tape on December 31, 2015 (the last business day of the registrant’s most recently completed second fiscal quarter) was $99,295,201.

As of September 2, 2016, 39,770,271 shares of the registrant’s common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Definitive Proxy Statement for its 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K, to be filed within 120 days of the registrant’s fiscal year ended June 30, 2016.

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Explanatory Note

On September 8, 2016, Intrawest Resorts Holdings, Inc. (“we”, “us”, “our”, or the “Company”) filed an Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (the “Original Form 10-K”). This Amendment No. 1 on Form 10-K/A (this “Amendment”) is being filed (i) to amend Part II, Item 9A of the Original Form 10-K to include the entire definition of disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (ii) to correct the certifications of the Company’s Chief Executive Officer and Chief Financial Officer, which were filed as Exhibits 31.1 and 31.2, respectively, to the Original Form 10-K, to include certain required language with respect to internal control over financial reporting which was inadvertently omitted from the Original Form 10-K. There has been no change to the financial statements included in Part II, Item 8 hereof from those included in Part II, Item 8 of the Original Form 10-K.

Except as described above, this Amendment does not modify or update the disclosures presented in the Original Form 10-K or in the previously filed exhibits to the Original Form 10-K in any way. This Amendment speaks as of the date of the Original Form 10-K and does not reflect events occurring after the filing of the Original Form 10-K. As such, this Amendment should be read in conjunction with the Original Form 10-K, as well as any other filings made by the Company with the Securities and Exchange Commission (the “SEC”) pursuant to Section 13(a) or 15(d) of the Exchange Act subsequent to the filing of the Original Form 10-K.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Intrawest Resorts Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of Intrawest Resorts Holdings, Inc. and subsidiaries as of June 30, 2016 and 2015, and the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows for each of the years in the three year period ended June 30, 2016. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related consolidated financial statement schedule, Schedule II - Valuation and Qualifying Accounts and Reserves, for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Intrawest Resorts Holdings, Inc. and subsidiaries as of June 30, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three year period ended June 30, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, Schedule II - Valuation and Qualifying Accounts and Reserves, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
Denver, Colorado
September 8, 2016

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INTRAWEST RESORTS HOLDINGS, INC.
Consolidated Balance Sheets

(In thousands, except per share data)

	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$107,066	$90,580
Restricted cash	12,475	10,018
Receivables, net of allowances of $831 and $717, respectively	36,660	36,176
Inventories	23,620	22,913
Prepaid expenses and other assets	21,081	21,701
Current assets held for sale	—	23,156
Total current assets	200,902	204,544
Property, plant and equipment, net	511,486	527,186
Real estate held for development	137,283	139,951
Intangible assets, net	50,226	56,501
Goodwill	105,981	106,469
Equity method investments	26,398	25,394
Other long-term assets, net	5,529	4,991
Long-term assets held for sale	—	29,959
Total assets	$1,037,805	$1,094,995
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$64,869	$62,890
Deferred revenue and deposits	67,937	62,441
Capital lease obligations due within one year	3,345	3,927
Long-term debt due within one year	497	6,919
Current liabilities held for sale	—	9,955
Total current liabilities	136,648	146,132
Deferred revenue and deposits	8,106	8,909
Long-term capital lease obligations	35,061	35,175
Long-term debt	537,295	566,922
Other long-term liabilities	60,660	60,121
Total liabilities	777,770	817,259
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 300,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value; 2,000,000 shares authorized; 39,736 and 45,230 shares issued and outstanding, respectively	453	452
Treasury stock, at cost; 5,556 shares and 0 shares, respectively	(50,643)	—
Additional paid-in capital	2,900,696	2,897,343
Accumulated deficit	(2,726,074)	(2,766,947)
Accumulated other comprehensive income	131,920	145,379
Total stockholders' equity	256,352	276,227
Noncontrolling interest	3,683	1,509

Total equity	260,035	277,736
Total liabilities and equity	$1,037,805	$1,094,995

See accompanying notes to consolidated financial statements.

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INTRAWEST RESORTS HOLDINGS, INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)

(In thousands, except per share data)

	Year Ended June 30,		
	2016	2015	2014
Revenue	$570,912	$587,589	$525,253
Operating expenses	474,453	492,917	452,202
Depreciation and amortization	60,123	59,076	55,413
(Gain) on sale of Intrawest Resort Club Group	(40,401)	—	—
(Gain) loss on disposal of assets	(1,926)	(2,280)	267
Impairment of real estate and long-lived assets	—	—	871
Loss on remeasurement of equity method investment	—	1,454	—
Income from operations	78,663	36,422	16,500
Interest income	2,863	4,185	4,728
Interest expense on third party debt	(40,377)	(43,891)	(53,004)
Interest expense on notes payable to affiliates	—	—	(119,858)
Earnings (loss) from equity method investments	1,933	(3,810)	(271)
Loss on extinguishment of debt	—	(676)	(35,480)
Other income (expense), net	1,757	(1,231)	(986)
Income (loss) before income taxes	44,839	(9,001)	(188,371)
Income tax expense (benefit)	1,773	(3,902)	677
Net income (loss)	43,066	(5,099)	(189,048)
Income attributable to noncontrolling interest	2,193	1,821	369
Net income (loss) attributable to Intrawest Resorts Holdings, Inc.	$40,873	$(6,920)	$(189,417)
Weighted average shares of common stock outstanding:			
Basic	43,236	45,099	43,132
Diluted	43,270	45,099	43,132
Net income (loss) attributable to Intrawest Resorts Holdings, Inc. per share:			
Basic	$0.95	$(0.15)	$(4.39)
Diluted	$0.94	$(0.15)	$(4.39)
Consolidated Statements of Comprehensive Income (Loss)			
Net income (loss)	$43,066	$(5,099)	$(189,048)
Foreign currency translation adjustments	(12,081)	(54,594)	(4,040)
Realized portion on cash flow hedge (net of tax of $0)	1,195	1,486	3,398
Actuarial gain (loss) on pensions (net of tax of $0)	(2,592)	776	(3,631)
Comprehensive income (loss)	29,588	(57,431)	(193,321)
Comprehensive income attributable to noncontrolling interest	2,174	1,833	430
Comprehensive income (loss) attributable to Intrawest Resorts Holdings, Inc.	$27,414	$(59,264)	$(193,751)

See accompanying notes to consolidated financial statements.

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INTRAWEST RESORTS HOLDINGS, INC.
Consolidated Statements of Equity

(In thousands, except per share data)

	Year Ended June 30,		
	2016	2015	2014
Equity Attributable to Partnership			
General Partner			
Balance at beginning of year	$—	$—	$—
Balance at end of year	$—	$—	$—
Limited Partners			
Balance at beginning of year	$—	$—	$(1,174,706)
Net loss attributable from July 1, 2013 through December 8, 2013	—	—	(223,692)
Contribution from affiliates	—	—	1,675
Restructuring transactions on December 9, 2013 (Note 1)	—	—	1,396,723
Balance at end of year	$—	$—	$—
Total equity attributable to partnership	—	—	—
Equity attributable to shareholders of Intrawest Resorts Holdings, Inc.			
Number of common shares outstanding			
Balance at beginning of year	45,230	45,026	—
Restructuring transactions on December 9, 2013 (Note 1)	—	—	41,882
Issuance of common stock in initial public offering at $12.00 per share, net of issuance costs of $9,020	—	—	3,125
Shares issued under share-based compensation plan, net of shares withheld for employee taxes	62	204	19
Purchases of treasury stock	(5,556)	—	—
Balance at end of year	39,736	45,230	45,026
Common stock			
Balance at beginning of year	$452	$450	$—
Restructuring transactions on December 9, 2013 (Note 1)	—	—	419
Issuance of common stock in initial public offering at $12.00 per share, net of issuance costs of $9,020	—	—	31
Shares issued under share-based compensation plan, net of shares withheld for employee taxes	1	2	—
Balance at end of year	$453	$452	$450
Treasury stock			
Balance at beginning of year	$—	$—	$—
Purchases of treasury stock	(50,643)	—	—
Balance at end of year	$(50,643)	$—	$—
Additional paid-in capital			
Balance at beginning of year	$2,897,343	$2,894,072	$—
Restructuring transactions on December 9, 2013 (Note 1)	—	—	2,864,320
Issuance of common stock in initial public offering at $12.00 per share, net of issuance costs of $9,020	—	—	28,449
Shares issued under share-based compensation plan, net of shares withheld for employee taxes	(510)	(867)	—
Share-based compensation	3,863	4,138	1,303
Balance at end of year	$2,900,696	$2,897,343	$2,894,072

See accompanying notes to consolidated financial statements.

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INTRAWEST RESORTS HOLDINGS, INC.
Consolidated Statements of Equity (Continued)

(In thousands, except per share data)

	Year Ended June 30,		
	2016	2015	2014
Accumulated deficit			
Balance at beginning of year	$(2,766,947)	$(2,760,027)	$—
Restructuring transactions on December 9, 2013 (Note 1)	—	—	(2,794,304)
Net income attributable from December 9, 2013 through June 30, 2014	—	—	34,277
Net income (loss)	40,873	(6,920)	—
Balance at end of year	$(2,726,074)	$(2,766,947)	$(2,760,027)
Accumulated other comprehensive income			
Balance at beginning of year	$145,379	$197,723	$149,387
Restructuring transactions on December 9, 2013 (Note 1)	—	—	52,670
Other comprehensive income (loss):			
Foreign currency translation adjustments	(12,062)	(54,606)	(4,101)
Realized portion on cash flow hedge (net of tax of $0)	1,195	1,486	3,398
Actuarial gain (loss) on pensions (net of tax of $0)	(2,592)	776	(3,631)
Balance at end of year	$131,920	$145,379	$197,723
Total equity attributable to shareholders of Intrawest Resorts Holdings, Inc.	$256,352	$276,227	$332,218
Equity attributable to noncontrolling interest			
Balance at beginning of year	$1,509	$(324)	$(754)
Net loss attributable from July 1, 2013 through December 8, 2013	—	—	(577)
Net income attributable from December 9, 2013 through June 30, 2014	—	—	946
Net income attributable to noncontrolling interest	2,193	1,821	—
Other comprehensive income (loss):			
Foreign currency translation adjustments	(19)	12	61
Total equity attributable to noncontrolling interest	$3,683	$1,509	$(324)

See accompanying notes to consolidated financial statements.

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INTRAWEST RESORTS HOLDINGS, INC.
Consolidated Statements of Cash Flows

(In thousands)

	Year Ended June 30,		
	2016	2015	2014
Cash provided by (used in):			
Operating activities:			
Net income (loss)	$43,066	$(5,099)	$(189,048)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	60,123	59,076	55,413
Gain on sale of Intrawest Resort Club Group	(40,401)	—	—
Transaction costs related to sale of Intrawest Resort Club Group	(4,679)	—	—
Impairment of real estate and long-lived assets	—	—	871
Loss on remeasurement of equity method investment	—	1,454	—
(Earnings) loss from equity method investments	(1,933)	3,810	271
Dividends from equity method investments	1,162	—	1,726
Deferred income taxes	70	(3,786)	105
Provision for doubtful accounts	434	187	1,584
Loss on extinguishment of debt	—	676	35,480
Amortization of deferred financing costs, facility fees, and discount	3,573	3,154	5,534
Non-cash changes to accumulated other comprehensive income	(1,397)	2,262	(233)
Share-based compensation	3,863	4,138	1,303
(Gain) loss on disposal of equity method investments and assets	(1,926)	(2,280)	267
Accrued interest on notes payable to affiliates	—	—	119,858
Funding of pension plans	(3,089)	(3,011)	(1,101)
Changes in assets and liabilities, net of business acquisitions:			
Restricted cash	(2,511)	2,392	2,170
Receivables	2,187	1,094	(420)
Inventories	(3,182)	(1,078)	(5,935)
Prepaid expenses and other assets	(116)	2,334	(1,416)
Real estate held for development	985	2,690	10,499
Accounts payable and accrued liabilities	3,343	(570)	3,035
Deferred revenue and deposits	5,609	11,694	2,921
Net cash provided by operating activities	65,181	79,137	42,884
Investing activities:			
Capital expenditures	(51,079)	(41,873)	(45,242)
Proceeds from sale of Intrawest Resorts Club Group	84,613	—	—
Acquisition of businesses, net of cash received	—	(41,467)	(2,524)
Purchase of land for development	—	—	(2,941)
Contributions to equity method investments	(575)	(4,115)	(3,751)
Distributions of capital from equity method investments	150	—	—
Proceeds from the sale of long-lived assets	4,340	3,436	772
Proceeds from insurance reimbursements	1,951	1,415	—
Net cash provided by (used in) investing activities	39,400	(82,604)	(53,686)

See accompanying notes to consolidated financial statements.

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INTRAWEST RESORTS HOLDINGS, INC.
Consolidated Statements of Cash Flows (Continued)

(In thousands)

	Year Ended June 30,		
	2016	2015	2014
Financing activities:			
Proceeds from issuance of long-term debt	—	59,925	534,600
Repayments of bank and other borrowings	(42,286)	(11,323)	(588,251)
Purchase of treasury stock	(50,643)	—	—
Net proceeds from initial public offering	—	—	28,480
Financing costs paid	(1,640)	(2,773)	(16,950)
Contributions from affiliates	—	—	49,984
Net cash (used in) provided by financing activities	(94,569)	45,829	7,863
Effect of exchange rate changes on cash	6,474	(7,802)	(816)
Increase (decrease) in cash and cash equivalents	16,486	34,560	(3,755)
Cash and cash equivalents, beginning of year	90,580	56,020	59,775
Cash and cash equivalents, end of year	$107,066	$90,580	$56,020
Supplemental information:			
Cash paid for interest	$31,348	$34,633	$40,958
Cash paid for income taxes	$2,349	$1,131	$279
Non-cash investing and financing activities			
Property, plant and equipment received not invoiced	$1,302	$2,838	$—
Property, plant and equipment financed by capital lease obligations	$270	$107	$19,565
Exchange of Tranche B Term Loans and Affiliate Loans for equity interest	$—	$—	$1,471,627

See accompanying notes to consolidated financial statements.

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INTRAWEST RESORTS HOLDINGS, INC.

Notes to Consolidated Financial Statements

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INTRAWEST RESORTS HOLDINGS, INC.

Notes to Consolidated Financial Statements

1. Formation and Business

Formation of the Company

Intrawest Resorts Holdings, Inc. is a Delaware corporation that was formed on August 30, 2013, and had not, prior to the completion of the restructuring transactions in which it acquired substantially all of the assets, liabilities and operations of Intrawest Cayman L.P. (the "Partnership"), which is described below under “Restructuring”, conducted any activities other than those incident to its formation for the preparation of its initial public offering, which was consummated on February 5, 2014. The Partnership was formed on February 22, 2007 as a holding company that operated through various subsidiaries primarily engaged in the operation of mountain resorts, adventure, and real estate businesses, principally throughout North America.

Unless the context suggests otherwise, references in the notes to consolidated financial statements to the “Company”, “our”, “us”, or “we” refer to the Partnership and its consolidated subsidiaries prior to the consummation of the restructuring transactions described below under “Restructuring” and to Intrawest Resorts Holdings, Inc. and its consolidated subsidiaries after the consummation of the restructuring transactions described below under “Restructuring”.

Business Operations

The Company conducts business through three segments: Mountain, Adventure and Real Estate. The Mountain segment includes the Company's mountain resort and lodging operations at Steamboat Ski & Resort (“Steamboat”) and Winter Park Resort (“Winter Park”) in Colorado, Stratton Mountain Resort (“Stratton”) in Vermont, Snowshoe Mountain Resort (“Snowshoe”) in West Virginia, Mont Tremblant Resort (“Tremblant”) in Quebec, and Blue Mountain Ski Resort (“Blue Mountain”) in Ontario, of which the Company owned a 50.0% equity interest for all relevant periods prior to the Company's acquisition of the remaining 50.0% equity interest on September 19, 2014 (the "Blue Mountain Acquisition"). The Mountain segment derives revenue mainly from sales of lift products, lodging, ski school services, retail and rental merchandise, food and beverage, and other ancillary services.

The Adventure segment includes Canadian Mountain Holidays (“CMH”), which provides helicopter accessed skiing, mountaineering and hiking at eleven lodges in British Columbia, Canada. In support of CMH’s operations, the Company owns a fleet of 36 Bell helicopters that are also used in the off-season for fire suppression activities and other commercial uses in the United States and Canada. The Company's subsidiary, Alpine Aerotech L.P., provides helicopter maintenance, repair and overhaul services to the Company’s fleet of helicopters as well as to aircraft owned by unaffiliated third parties.

The Real Estate segment is comprised of Intrawest Hospitality Management, Inc. (“IHM”), which principally manages condominium hotel properties in Maui, Hawaii and Mammoth Lakes, California, Playground, a residential real estate sales and marketing business, the Company’s 50.0% interest in Mammoth Hospitality Management L.L.C., the Company's 57.1% economic interest in Chateau M.T. Inc. ("Chateau") and included Intrawest Resort Club Group ("IRCG"), a vacation club business, until the business was sold on January 29, 2016. The Real Estate segment is also comprised of real estate development activities and includes costs associated with these activities, such as planning activities and land carrying costs.

Restructuring

On December 9, 2013, the Company was party to a series of transactions in which the Partnership caused its indirect subsidiaries to contribute 100% of their equity interest in both Intrawest U.S. Holdings Inc., a Delaware corporation (“Intrawest U.S.”), and Intrawest ULC, an unlimited liability company organized under the laws of the Province of Alberta (“Intrawest ULC”), to an indirect subsidiary of the Company. Concurrently, $1.1 billion of notes payable to affiliates, including $723.8 million of accrued and unpaid interest thereon, were exchanged for 42,999,900 shares of the Company's common stock (or 41,881,903 shares after giving effect to the 0.974-for-1 reverse stock split) and subsequently canceled. The Company's subsidiaries were released from all obligations, including guarantor obligations, in respect of an additional $355.6 million of notes payable to affiliates (the "Third Lien Loan"), including $145.6 million of accrued and unpaid interest thereon. These transactions are collectively referred to as the “Restructuring”. The accompanying consolidated statements of operations include interest expense related to the notes payable to affiliates of $119.9 million for the year ended June 30, 2014.

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INTRAWEST RESORTS HOLDINGS, INC.

Notes to Consolidated Financial Statements

The Restructuring was accounted for as a transaction among entities under common control as Intrawest Resorts Holdings, Inc. and the Partnership was and continue to be under the common control of entities managed or controlled by Fortress Investment Group, LLC, (collectively “Fortress”). After the Restructuring and the completion of the Company's initial public offering in February 2014, Fortress beneficially owned 60.1% of the voting and economic equity interest of the Company. As of June 30, 2016, Fortress beneficially owned approximately 68.0% of the Company's outstanding shares. The Company is the parent holding company of the businesses conducted by Intrawest U.S. and Intrawest ULC and their respective subsidiaries. Due to the entities being under common control, the assets, liabilities and equity contributed to the Company were recorded at their historical carrying values on the consolidated balance sheet. The accompanying consolidated statements of operations include the historical results of the Partnership combined with the results of the Company since the Restructuring. The consolidated statements of equity include $2.8 billion of accumulated net losses attributable to the partners, which were converted to and reflected as an accumulated deficit of the Company. The historical contributed capital from partners of $1.4 billion, combined with the debt to equity conversion from the Restructuring was converted to and reflected as additional paid-in capital (“APIC”). The consolidated statement of cash flows for the year ended 2014 reflects the activity of the historical Partnership balances combined with those of the Company since the Restructuring. As a result of the Restructuring, the accompanying consolidated balance sheet as of June 30, 2014 reflects the removal of approximately $4.1 million in total assets as the European operations of the Partnership were not contributed to the Company in connection with the Restructuring. In addition, the accompanying consolidated balance sheet as of June 30, 2014 reflects an additional $1.5 billion of APIC related to the conversion of the $1.1 billion of affiliate debt and the removal of the principal balance and accrued and unpaid interest of the Third Lien Loan.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during each reporting period. Actual results could differ from those estimates. Certain previously reported amounts have been reclassified to conform to the current period financial statement presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and a variable interest entity ("VIE") for which the Company is the primary beneficiary. All significant intercompany transactions are eliminated in consolidation. Investments in which the Company does not have a controlling interest or is not the primary beneficiary, but over which the Company is able to exercise significant influence, are accounted for under the equity method. Under the equity method, the original cost of the investment is adjusted for the Company’s share of post-acquisition earnings or losses increased by contributions less distributions received.

The Company owns a 20.0% equity interest in Alpine Helicopters, Inc. ("Alpine Helicopters"). Alpine Helicopters employs all the pilots that fly the helicopters supporting CMH operations. Alpine Helicopters leases 100% of its helicopters from Intrawest ULC, a consolidated subsidiary of the Company, creating economic dependence and therefore giving Intrawest ULC a variable interest in Alpine Helicopters. Alpine Helicopters is a VIE for which the Company is the primary beneficiary and is consolidated in the accompanying consolidated financial statements. The remaining 80.0% equity interest in Alpine Helicopters is held by a trust for the benefit of the employees of Alpine Helicopters and is reflected as a noncontrolling interest in the accompanying consolidated financial statements. As of June 30, 2016, Alpine Helicopters had total assets of $11.5 million and total liabilities of $5.0 million.

On September 19, 2014 (the "Acquisition Date"), the Company acquired the remaining 50.0% equity interest in Blue Mountain that the Company did not already own from Blue Mountain Resorts Holdings Inc. (“Blue Mountain Holdings”) as described in Note 3, "Acquisitions and Dispositions". The accompanying consolidated financial statements reflect the Company's equity method investment in Blue Mountain prior to the Blue Mountain Acquisition and the consolidated results for the period from the Acquisition Date through June 30, 2016.

On January 29, 2016 (the "Disposition Date"), the Company, through its wholly owned indirect subsidiaries, Intrawest U.S. Holdings Inc. and Intrawest ULC, entered into a definitive agreement (the “Purchase Agreement”) to sell IRCG to Diamond Resorts Corporation (the “Purchaser”) and Diamond Resorts International, Inc. (together with the Purchaser, “Diamond”) as described in Note 3, "Acquisitions and Dispositions". The results of IRCG were included in the Company's consolidated financial statements until the Disposition Date. Subsequent to the Disposition Date, IRCG was no longer consolidated in the Company's consolidated financial statements.

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Cash and Cash Equivalents

Cash and cash equivalents are held in highly liquid investments, primarily demand deposit accounts with highly rated U.S. and Canadian financial institutions, with remaining terms to maturity of three months or less at acquisition.

Restricted Cash

Restricted cash is comprised primarily of deposits to settle future claims related to self-insurance. Additionally, restricted cash includes guest lodging deposits in jurisdictions that require down payments or deposits to be retained in a trust account, and deposits to secure certain letters of credit.

Receivables

Trade receivables are recorded in the normal course of business related to the sale of products or services and presented net of an allowance for doubtful accounts. In the determination of the allowance, the Company considers specific accounts, accounts receivable aging reports, customer past repayment history, the economic environment, and other factors that could affect collectability. Write-offs are evaluated on a case by case basis.

Interest income on notes receivables is recognized on an accrual basis when earned. Interest income was $2.9 million, $4.2 million and $4.7 million for the years ended June 30, 2016, 2015 and 2014, respectively.

Inventories

Inventories consisting of retail goods, food and beverage products are recorded at the lower of cost or net realizable value, determined using the weighted-average cost method. The Company records an estimate for shrinkage and obsolete or unusable inventory. Aviation part inventories are recorded at the lower of cost or net realizable value, determined using the specific identification method.

Vacation points inventories are stated at the lower of cost or market value less cost to sell. Inventory costs are allocated to cost of point sales using a method that approximates the relative sales value method. The Company periodically reviews the carrying value of the inventory for impairment.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation less any impairment loss. Repairs and maintenance are expensed as incurred. Expenditures that improve the service capacity or extend the useful life of an asset are capitalized. When property, plant and equipment is retired or otherwise disposed of, the related gain or loss is included in operating income (loss). Depreciation is calculated using the straight-line method over the estimated useful life of each asset. The estimated useful lives of each asset category are as follows:

Asset Category	Estimated Life in Years
Buildings and building improvements	5-40
Ski lifts and area improvements	5-30
Automotive, helicopters and other equipment	2-20
Golf course improvements	20

Certain buildings, area improvements and equipment are located on leased or licensed land and are amortized over the lesser of the lease or license term or the assets' estimated useful life.

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Real Estate Held for Development

Real estate held for development is recorded at the lower of cost or net realizable value. Land and infrastructure development costs include all expenditures incurred in connection with the acquisition, development and construction of real estate. These expenditures consist of all direct costs, interest on specific debt, interest on total costs financed by the Company's pooled debt and property taxes during the development period. The Company expenses costs directly related to the acquisition of new real estate properties and resort businesses. Costs incurred in connection with operating properties classified as real estate held for development, including indirect and general and administrative overhead costs, are recorded to operating expenses when incurred. Sales commission expenses are recorded in the same period that the related revenue is recorded.

Real estate held for development is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of a particular real estate property exceeds the estimated net realizable value. The Company recorded an impairment charge of $0.6 million in the year ended June 30, 2014 primarily related to legacy and non-core operations. The Company did not incur comparable charges in either of the years ended June 30, 2016 or 2015.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. Goodwill is not amortized, but is tested for impairment annually as of June 30th and at any time when events or circumstances suggest impairment may have occurred. The Company has reporting units with allocated goodwill in both the Mountain and Real Estate segments.

The testing for impairment consists of a comparison of the fair value of the reporting unit with its carrying amount. If the carrying amount of the reporting unit, including goodwill, exceeds the fair value, an impairment will be recognized equal to the difference between the carrying value of the reporting unit goodwill and the implied fair value of the goodwill. In testing goodwill for impairment, the Company determines the estimated fair value of its reporting units based upon a discounted future cash flow analysis.

Goodwill is the Company's only indefinite-lived intangible asset. Definite-lived intangible assets are amortized using the straight line method over the shorter of their contractual term or estimated useful lives.

The Company's major finite-lived intangible asset categories and estimated useful lives are as follows:

Intangible Asset Category	Estimated Life in Years
Permits and licenses	20-45
Trademarks and trade names	10-20
Customer relationships	4-8
Other	8-20

Long-lived Assets

The Company evaluates potential impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment will be recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Deferred Revenue and Deposits

Deferred revenue and deposits are comprised primarily of season pass revenue, lodging and tour deposits, deposits on real estate sales and mountain club initiation deposits. Deferred revenue relating to the sale of season passes is recognized throughout the season based on historical usage patterns. Lodging and tour deposits deferred revenue is recognized when the related service is provided. Deferred revenue relating to real estate deposits is recognized upon closing of the sale or upon fulfillment of any future obligations. Deferred revenue relating to mountain club initiation deposits is recognized on a straight-line basis over the estimated life of the club.

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Self-Insured Liabilities

The Company has a policy of self-insuring when the expected losses from self-insurance are low relative to the cost of purchasing third-party insurance at various deductible levels. The self-insurance program includes workers' compensation benefits in the United States and medical, property, automobile and general liability coverage in the United States and Canada. An accrual for self-insured liabilities is recorded based on management's best estimate of the ultimate cost to settle claims considering historical claims experience, claims filed and the advice of actuaries and plan administrators.

Liabilities for insurance-related assessments are not discounted. As of June 30, 2016 and 2015, $1.9 million and $1.6 million of the liability balances are included in accounts payable and accrued liabilities, respectively, on the consolidated balance sheets and $8.2 million and $6.5 million, respectively, are included in other long-term liabilities.

Revenue Recognition

The Company earns revenue from a variety of sources. Revenue is recognized when the following criteria have been met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable and the collection of funds is reasonably assured. The following describes revenue recognition for the Company's three segments:

(i) Mountain segment revenue is derived from a wide variety of sources, including sales of lift products (including season passes), ski school operations, retail sales, equipment rentals, lodging operations and food and beverage operations. Persuasive evidence is obtained and collection of funds is assured through cash transactions or credit card validation at the point of sale. Revenue is recognized as goods are delivered or services are performed. Season pass revenue, although primarily collected prior to the ski season, is recognized in our consolidated financial statements during the ski season based on the estimated average number of visits by season pass holders in each month during the ski season, which is based on historical three-year average visitation by season pass holders at our resorts. Frequency product revenue is recognized as used, and unused portions are recognized based on the prior three-year average usage for each frequency product.

(ii) Adventure segment revenue is derived from a variety of sources, primarily from all-inclusive packages for stays and tours for helicopter accessed skiing, mountaineering and hiking at Company owned and leased lodges, as well as ancillary revenue from helicopter maintenance, repair, and overhaul services, leasing, and off-season fire suppression services. Revenue is recognized as goods are delivered or services are performed. For CMH adventure vacation packages, payments in advance are recognized as revenue as goods are delivered or services are performed.

(iii) The Real Estate segment earns revenue from IHM and Playground, as well as from IRCG prior to the Disposition Date. IHM generates revenue from managing rental operations at the Honua Kai Resort and Spa in Maui, Hawaii and the Westin Monache Resort in Mammoth Lakes, California. Playground earns revenue from the commissions on the sales of real estate. The Company also manages commercial real estate for owned properties and third parties. IRCG generated revenue from the sale of vacation points, management of properties for Club Intrawest, an unaffiliated, not-for-profit entity, management of a private exchange company, and income on the receivables portfolio. Vacation points revenue associated with membership in the vacation ownership business of IRCG was recognized when the purchaser paid the amount due on closing, all contract documentation had been executed and all other significant conditions of sale were met. The Company followed real estate time-sharing accounting principles, which set out specific guidelines for assessing whether the buyer's initial and continuing investments were adequate to demonstrate a commitment to pay for the property. Such a demonstration was required for the seller of a time-sharing arrangement to recognize profit by the full accrual method. Sales were recorded upon closing when profitability could be determined and collectability could be reasonably assured. Buyers could finance a portion of the sales price through nonrecourse loans.

Commission revenue from brokerage operations for the Company owned real estate is included in Real Estate revenue and is recognized at the time an offer of sale is closed by the purchaser or all other contractual obligations have been satisfied. Commission revenue for third-party projects from real estate brokerage operations is included in Real Estate revenue and is recognized when the deal's listing agreement is executed.

Advertising Costs

The Company expenses advertising costs at the time such advertising occurs. Advertising costs are classified in operating expenses on the consolidated statements of operations and were $17.0 million, $17.4 million and $16.5 million for the years ended June 30, 2016, 2015 and 2014, respectively.

Notes to Consolidated Financial Statements

Income Taxes

Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between tax basis of assets and liabilities and book basis reported in the consolidated balance sheets and for operating loss and tax credit carryforwards. The change in deferred tax assets and liabilities for the period measures the deferred tax provision or benefit for the period. Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to the tax provision or benefit in the period of enactment. To the extent that it is considered to be more likely than not that some or all of the deferred tax assets will not be realized, a valuation allowance is provided.

The Company recognizes accrued interest related to uncertain tax positions as a component of income tax expense. Penalties, if incurred, are recorded in operating expenses in the consolidated statements of operations.

Foreign Currency

The consolidated financial statements are presented in United States dollars (“USD”). The Company’s Canadian subsidiaries generally have the Canadian dollar (“CAD”) as their functional currency.

The accounts of entities where the USD is not the functional currency are translated into USD using the exchange rate in effect at the balance sheet date for asset and liability amounts and at the monthly average rate in effect for the period for amounts included in the determination of income. Cumulative unrealized gains or losses arising from the translation of the financial position of these subsidiaries into USD are included in equity as a component of accumulated other comprehensive income (loss) (“AOCI”).

Exchange gains or losses arising from transactions that are denominated in foreign currencies into the applicable functional currency are included in the determination of income and are classified in other income (expense), net in the consolidated statements of operations.

Share-Based Compensation

On January 30, 2014, the Company’s compensation committee of the board of directors approved the terms of the 2014 Omnibus Incentive Plan (the “Plan”), which allows the Company to grant share-based compensation awards in a variety of forms such as options, stock appreciation rights, restricted stock, restricted stock units, stock bonuses, other stock-based awards and cash awards as part of the Company’s long-term incentive compensation plan.

Awards granted under the Plan generally vest based on a service condition as defined in each award. Unless otherwise determined or evidenced in an award agreement, in the event that (i) a change in control occurs, as defined in the Plan, and (ii) a participant’s employment or service is terminated without cause within 12 months following the change in control, then (a) any unvested or unexercisable portion of any award carrying a right to exercise shall become fully vested and exercisable, and (b) the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to any award will lapse and such unvested awards will be deemed fully vested and any performance conditions imposed with respect to such awards will be deemed to be fully achieved.

Compensation expense is measured based on the fair value of the award on the date of grant, net of estimated forfeitures, and is recognized as expense on a straight-line basis over the requisite service period.

Employee Benefit Plans

Substantially all of the Company’s employees are covered by Company-sponsored defined contribution plans in the U.S. and Canada. The Company’s contributions to these plans are based on a percentage of employee compensation. These plans are funded on a current basis.

In addition, certain current and former employees are covered by noncontributory defined benefit pension plans. These plans are funded in conformity with the funding requirements of applicable government regulations. Generally, benefits are based on age, years of service and level of compensation during the final years of employment. The Company accounts for these defined benefit plans by accruing its obligations under the employee benefit plans and the related costs as the underlying services are provided. The Company has frozen the plans and no further service benefits are being earned by plan participants in the defined benefit plans.

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The funded status of defined benefit plans is recognized entirely on the consolidated balance sheets. The amount recognized as an asset or liability for pension and other postretirement benefit plans is measured as the difference between the benefit obligation and the fair value of plan assets. Overfunded plans are aggregated and recognized as an asset while underfunded plans are aggregated and recognized as a liability. Actuarial gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net pension expense are recognized in AOCI, net of income tax effects. Actuarial gains and losses are comprised of changes in the amount of either the projected benefit obligation (for pension plans), the accumulated benefit obligation (for other postretirement plans) or differences between actual and expected return on plan assets and from changes in assumptions. The Company measures its pension assets and liabilities as of June 30th of each year.

Fair Value of Financial Instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy, which is described below, prioritizes the inputs used in measuring fair value:

- Level 1 – Quoted prices for identical instruments in active markets.

- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations, in which all significant inputs are observable in active markets.

- Level 3 – Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company has various short-term financial instruments, including cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities. Due to their short-term nature, the instruments' book value approximates fair value.

The fair value of the Senior Debt (as defined in Note 9, "Long-Term Debt") was estimated using quoted prices for the Company's instruments in markets that are not active and was considered a Level 2 measure. The fair value of other debt obligations was estimated based on Level 3 inputs using discounted cash flow analyses based on assumptions that management believes are consistent with market participant assumptions.

The Company's long-term debt obligations are not measured and carried at fair value on a recurring basis. The Company's debt is initially recorded based upon historical cost. The fair value of debt does not represent the amounts that will ultimately be paid upon the maturities of the loans.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and restricted cash. The Company places its cash and temporary cash investments in high quality credit institutions, but these investments may be in excess of regulatory insurance limits. The Company does not enter into financial instruments for trading or speculative purposes. Concentration of credit risk with respect to trade and notes receivables is limited due to the large number of customers and small transactions associated with the Company's consumer and retail operations and the wide variety of customers and markets in which the Company transacts business. No customer represented 10% or more of total revenue or receivables during the years ended June 30, 2016, 2015 and 2014. Where the Company provides financing, the Company performs ongoing credit evaluations of its customers and generally does not require collateral, but does require advance deposits on certain transactions.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This update replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This update is effective for interim and annual periods beginning after December 15, 2019, with a modified-retrospective approach. The Company is currently evaluating the impact that this update will have on its consolidated financial statements and related disclosures.

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In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606) - Narrow-Scope Improvements and Practical Expedients ("ASU No. 2016-12"), which clarifies the guidance in Topic 606 on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. The amendments in ASU No. 2016-12 do not change the core principles of the guidance in Topic 606. This update is effective for the Company beginning July 1, 2018, the same date as the effective date and transition requirements for Topic 606. The Company is currently evaluating the impact that this update will have on its ongoing financial reporting.

In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606) - Identifying Performance Obligations and Licensing ("ASU No. 2016-10"), which clarifies the identification of performance obligations and the licensing implementation guidance in Topic 606. The amendments in ASU No. 2016-10 do not change the core principles of the guidance in Topic 606. This update is effective for the Company beginning July1, 2018, the same as the effective date and transition requirements for Topic 606. The Company is currently evaluating the impact that this update will have on its ongoing financial reporting.

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). This update is part of the FASB's simplification initiative and is intended to simplify accounting for stock-based compensation. The guidance requires that excess tax benefits or deficiencies be recognized in income tax expense or benefit in the income statement, rather than recognized in additional paid-in capital. The guidance allows the Company to elect whether to recognize forfeitures as they occur or use an estimated forfeiture assumption in estimating the number of awards that are expected to vest. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, with early adoption permitted. The Company is currently in the process of evaluating the impact that ASU 2016-09 will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 supersedes existing guidance in Leases (Topic 840). The revised standard requires lessees to recognize the assets and liabilities arising from leases with lease terms greater than twelve months on the balance sheet, including those currently classified as operating leases, and to disclose key information about leasing arrangements. Lessees will be required to recognize a lease liability and a right-of-use asset on their balance sheets, while lessor accounting will remain largely unchanged. The guidance is effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact the adoption of ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In April 2015, the FASB issued ASU 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement ("ASU 2015-05"). This update is intended to reduce diversity in practice by providing explicit guidance to customers about whether a cloud computing arrangement includes a software license. For public business entities, the guidance is effective for annual periods beginning after December 15, 2015, with early adoption permitted. The Company adopted ASU 2015-05 as of July 1, 2016 and will apply the guidance prospectively for all arrangements entered into or materially modified after July 1, 2016. The Company will include the related disclosure requirements, as applicable, in the fiscal 2017 first quarter filing.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis ("ASU 2015-02"). This update (i) amends the criteria for determining which entities are considered VIEs or voting interest entities, (ii) amends the criteria for evaluating fees paid to a decision maker or service provider as a variable interest, (iii) amends the effect of fee arrangements and related parties on the primary beneficiary

determination, and (iv) ends the deferral previously granted to certain investment companies for application of the VIE consolidation model. The guidance is effective for public business entities for annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company adopted ASU 2015-02 as of July 1, 2016. The adoption did not have a material impact on the Company's consolidated financial statements. The Company will include the related disclosure requirements, as applicable, in the fiscal 2017 first quarter filing.
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for the Company beginning July 1, 2018. In August 2015, the FASB issued a one-year deferral to the effective date with an option to permit adoption as early as the original effective date of July 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is currently in the process of evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

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3. Acquisitions and Dispositions

IRCG Transaction

On November 24, 2015, the Company, through Intrawest U.S. and Intrawest ULC, entered into a definitive agreement to sell IRCG, its vacation club business, to Diamond for gross proceeds of $84.6 million, which included certain purchase price adjustments (the "IRCG Transaction"). The purchase price consisted of cash consideration and the assumption of certain liabilities, including certain lease obligations and certain other continuing contractual obligations.

Upon closing the IRCG Transaction on January 29, 2016, Diamond acquired substantially all of the assets used in the operations of IRCG and all of the equity interests in certain wholly-owned subsidiaries of the Company. The accompanying consolidated balance sheet as of June 30, 2016 reflects the removal of the assets and liabilities sold in the IRCG Transaction. The IRCG Transaction resulted in a pre-tax gain of $40.4 million, which is included in the gain on sale of IRCG line item in the accompanying consolidated statement of operations for the year ended June 30, 2016. Due to the Company's net operating losses for tax purposes in the U.S. and Canada, there were no cash taxes or any impact on the effective tax rate as a result of the IRCG Transaction.

The following table shows the components of assets and liabilities of IRCG classified as held for sale in the Company's consolidated balance sheet as of June 30, 2015 (in thousands):

	June 30, 2015
Restricted cash	$228
Receivables, net	6,592
Inventories	14,329
Other current assets	2,007
Property, plant and equipment, net of accumulated depreciation	2,071
Real estate held for development	3,085
Long-term receivables and other assets, net	24,803
Total assets classified as held for sale	$53,115
Accounts payable and accrued liabilities	$4,334
Deferred revenue and deposits	5,621
Total liabilities classified as held for sale	$9,955

Prior to the IRCG Transaction, IRCG allowed deferred payment terms that exceeded one year for customers purchasing vacation points. A note receivable existed when all contract documentation had been executed. Notes receivable primarily consisted of nonrecourse installment loans. The Company performed a credit review of its notes receivable individually each reporting period to determine if an allowance for credit losses was required. As of June 30, 2015, gross notes receivable were $29.9 million, of which $5.1 million was included in current receivables on the consolidated balance sheet prior to being classified as held for sale. As of June 30, 2015, the allowance for credit losses on the notes receivable was $1.9 million, of which $0.9 million was included in current receivables on the consolidated balance sheet prior to being classified as held for sale.

Blue Mountain Acquisition

On September 19, 2014, the Company acquired the remaining 50.0% equity interest in Blue Mountain that the Company did not already own from Blue Mountain Resorts Holdings Inc. The Company has included the financial results of Blue Mountain in the accompanying condensed consolidated financial statements since the Acquisition Date. The total consideration transferred to acquire Blue Mountain was $109.6 million, which consisted of $54.8 million in cash and $54.8 million for the previously held equity interest. The valuation of the Company's previously held equity interest resulted in a loss of $1.5 million included within loss on remeasurement of equity method investment in the accompanying consolidated statements of operations for the year ended June 30, 2015.

The primary assets acquired and liabilities assumed as of the Acquisition Date included $85.8 million of property, plant and equipment, $13.8 million of accounts payable and accrued liabilities, $13.3 million of cash and cash equivalents, $8.7 million of identifiable intangibles and $13.2 million of residual goodwill. The goodwill recorded is primarily attributable to economies of scale, opportunities for synergies and any intangible assets that do not qualify for separate recognition. None of the goodwill is deductible for tax purposes.

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4. Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") is calculated by dividing net income (loss) attributable to the Company by the weighted average number of shares of common stock outstanding. Diluted EPS is calculated by dividing net income (loss) attributable to the Company by the weighted average number of shares of common stock outstanding, plus potentially dilutive securities. Potentially dilutive securities include unvested restricted common stock, restricted stock units, and stock options, the dilutive effect of which is calculated using the treasury stock method.

On January 12, 2016, the Company announced the commencement of a modified “Dutch auction” self-tender offer ("Tender Offer") to purchase for cash up to $50.0 million of shares of its common stock at a price per share not greater than $10.00 nor less than $9.00, less applicable withholding taxes and without interest. The Tender Offer expired on February 10, 2016. The Company purchased approximately 5.6 million shares of its common stock at a purchase price of $9.00 per share. The tendered shares were accounted for as treasury stock, at cost including $0.6 million of transaction related expenses paid to third parties, and resulted in a reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share.

As of June 30, 2016, 2015 and 2014, the effect of 1.2 million, 1.0 million and 0.1 million potentially dilutive securities, respectively, were not included in the calculation of EPS as the effect would be anti-dilutive. The calculation of basic and diluted EPS is presented below (in thousands, except per share data):

	Year Ended June 30,		
	2016	2015	2014
Basic earnings (loss) per share:			
Net income (loss) attributable to Intrawest Resorts Holdings, Inc.	$40,873	$(6,920)	$(189,417)
Weighted average common shares outstanding	43,236	45,099	43,132
Basic earnings (loss) per share	$0.95	$(0.15)	$(4.39)
Diluted earnings (loss) per share:			
Net income (loss) attributable to Intrawest Resorts Holdings, Inc.	$40,873	$(6,920)	$(189,417)
Weighted average common shares outstanding	43,236	45,099	43,132
Dilutive effect of share-based payment awards	34	—	—
Weighted average dilutive shares outstanding	43,270	45,099	43,132
Diluted earnings (loss) per share	$0.94	$(0.15)	$(4.39)

5. Supplementary Balance Sheet Information

Current receivables

Current receivables as of June 30, 2016 and 2015 consisted of the following (in thousands):

	June 30,	
	2016	2015
Trade receivables	$37,441	$36,458
Loans, mortgages and notes receivable	50	435
Allowance for doubtful accounts	(831)	(717)
Total current receivables	$36,660	$36,176

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Prepaid expenses and other assets

Prepaid expenses and other assets as of June 30, 2016 and 2015 consisted of the following (in thousands):

	June 30,	
	2016	2015
Capital spares	$11,628	$11,640
Prepaid insurance	4,813	5,345
Prepaid expenses and other assets	4,640	4,716
Total prepaid expenses and other assets	$21,081	$21,701

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of June 30, 2016 and 2015 consisted of the following (in thousands):

	June 30,	
	2016	2015
Trade payables	$48,353	$52,372
Accrued liabilities	16,516	10,518
Total accounts payable and accrued liabilities	$64,869	$62,890

Current deferred revenue and deposits

Current deferred revenue and deposits as of June 30, 2016 and 2015 consisted of the following (in thousands):

	June 30,	
	2016	2015
Season pass and other deferred revenue	$42,343	$39,216
Lodging and tour deposits	25,548	23,178
Deposits on real estate sales	46	47
Total current deferred revenue and deposits	$67,937	$62,441

Other long-term liabilities

Other long-term liabilities as of June 30, 2016 and 2015 consisted of the following (in thousands):

	June 30,	
	2016	2015
Pension liability, net of funded assets	$33,550	$33,150
Forgivable government grants	7,719	8,950
Other long-term liabilities	19,391	18,021
Total other long-term liabilities	$60,660	$60,121

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INTRAWEST RESORTS HOLDINGS, INC.

Notes to Consolidated Financial Statements

6. Property, Plant and Equipment

Property, plant and equipment, net, including capital lease assets, as of June 30, 2016 and 2015, consisted of the following (in thousands):

	June 30, 2016	2015
Land	$47,257	$47,856
Buildings and building improvements	310,344	300,942
Ski lifts and area improvements	276,343	272,032
Automotive, helicopters and other equipment	292,776	284,271
Golf course improvements	23,757	23,638
Gross property, plant and equipment	950,477	928,739
Less: accumulated depreciation	(438,991)	(401,553)
Property, plant and equipment, net	$511,486	$527,186

As of June 30, 2016 and 2015, the carrying value of leased assets was $32.2 million and $31.9 million, respectively, net of accumulated amortization of $8.0 million and $6.8 million, respectively. Amortization of assets under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations.

Depreciation expense for property, plant and equipment for the years ended June 30, 2016, 2015 and 2014 was $55.1 million, $53.1 million and $48.9 million, respectively.

During the year ended June 30, 2014, certain asset groups related to legacy and non-core operations experienced deteriorated financial performance, reduced profitability, and forecasted future losses, which were indicators of potential impairment. The Company tested the recoverability of certain asset groups using projected future undiscounted cash flows and recorded an impairment charge of $0.2 million. There were no comparable charges in the years ended June 30, 2016 or 2015.

7. Equity Method Investments

The Company had the following ownership interest in its equity method investments as of June 30, 2016:

Equity Method Affiliates	Ownership Interest	
Chateau M.T. Inc.	49.5	%
Mammoth Hospitality Management, LLC	50.0	%
MMSA Investors, LLC	14.8	%
Mammoth Resorts LLC	14.9	%

The Company holds less than a 20% ownership interest in MMSA Investors, LLC and Mammoth Resorts LLC, (together with MMSA Investors, LLC collectively referred to herein as the "Mammoth family of resorts"); however, the equity method is used to account for these investments because the Company believes it exercises significant influence over the Mammoth family of resorts in part by holding a seat on each of the boards of directors, which have eight members and three members, respectively.

The Company holds a 49.5% voting interest in Chateau with a non-voting debt interest that can be converted to voting interest, resulting in up to a 57.1% economic interest in Chateau.

Financial information for the Company's equity method investments in the aggregate is summarized below and includes the Company's 50.0% equity investment in Blue Mountain Resorts Limited prior to the Blue Mountain Acquisition for all relevant periods presented (in thousands):

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	Year Ended June 30,		
	2016	2015	2014
Revenue	$ 251,766	$ 163,992	$ 213,082
Operating expenses	19,282	19,438	16,785
Gross profit	232,484	144,554	196,297
Income (loss) from operations	11,433	(21,297)	(7,377)
Net income (loss)	10,443	(21,484)	(7,176)
Income (loss) attributable to noncontrolling interest	8,510	(17,674)	(6,905)
Net income (loss) attributable to Intrawest Resorts Holdings, Inc.	$ 1,933	$ (3,810)	$ (271)

	June 30,	
	2016	2015
Current assets	$110,054	$45,461
Noncurrent assets	423,671	455,994
Total assets	533,725	501,455
Current liabilities	79,929	59,054
Noncurrent liabilities	271,868	251,172
Total liabilities	351,797	310,226
Equity attributable to shareholders of investees	172,870	183,695
Equity attributable to noncontrolling interest	9,058	7,534
Total equity	181,928	191,229
Intrawest Resorts Holdings, Inc. equity investment	$26,398	$25,394

The Company's carrying amount of its equity method investments reflects its expectation of cash to be realized from its interests in the net assets of the affiliate, taking into account the return order of equity distribution per the respective agreements. The difference between the carrying value and the underlying equity in net assets is primarily comprised of goodwill.

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8. Goodwill and Intangible Assets

Goodwill

The goodwill balance as of June 30, 2016 and 2015 was $106.0 million and $106.5 million, respectively. Goodwill of $104.8 million and $1.2 million is included in the Mountain and Real Estate segment, respectively. Goodwill is not amortized. There is no goodwill for income tax purposes with the exception of the goodwill recorded as a result of the Blue Mountain Acquisition. This goodwill is included in the cost basis for income tax purposes. The Company did not record any impairment charges related to goodwill in the years ended June 30, 2016, 2015 and 2014.

Intangible Assets Other Than Goodwill

Finite-lived intangible assets as of June 30, 2016 and 2015 consisted of the following (in thousands):

	June 30, 2016		
	Cost	Accumulated Amortization	Net Book Value
Permits and licenses	$12,732	$ 4,866	$7,866
Trademarks and trade names	73,561	33,388	40,173
Customer relationships	18,331	16,159	2,172
Other	8,906	8,891	15
	$113,530	$ 63,304	$50,226

	June 30, 2015		
	Cost	Accumulated Amortization	Net Book Value
Permits and licenses	$13,278	$ 4,558	$8,720
Trademarks and trade names	74,645	30,183	44,462
Customer relationships	18,987	15,700	3,287
Other	9,172	9,140	32
	$116,082	$ 59,581	$56,501

Amortization expense for intangible assets for the years ended June 30, 2016, 2015 and 2014 was $5.0 million, $6.0 million and $6.5 million, respectively.

Amortization expense for intangible assets for the next five fiscal years is estimated to be as follows (in thousands):

2017	$5,170
2018	5,155
2019	4,387
2020	4,174
2021	4,174

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9. Long-Term Debt

Long-term debt, net of original issue discount ("OID") and debt issuance costs, as of June 30, 2016 and 2015 consisted of the following (in thousands):

		June 30,	
	Maturity	2016	2015
Senior Debt	2020	$554,480	$591,297
Other debt obligations	2016-2023	1,172	2,096
Less: unamortized OID and debt issuance costs		(17,860)	(19,552)
Total		537,792	573,841
Less: Long-term debt due within one year		497	6,919
Total long-term debt		$537,295	$566,922

Senior Debt

In conjunction with the Restructuring, one of the Company’s subsidiaries, as borrower, and several of the Company's U.S. subsidiaries, as guarantors, entered into a credit agreement (the “Credit Agreement”) with a syndicate of lenders, Goldman Sachs Bank USA, as issuing bank, and Goldman Sachs Lending Partners LLC, as administrative agent, providing for a $540.0 million term loan facility (the “Term Loan"), a $25.0 million senior secured first-lien revolving loan facility (the “Revolver”), and a $55.0 million senior secured first-lien letters of credit facility (the “LC Facility” and, together with the Term Loan and Revolver, collectively referred to herein as the “Senior Debt”). Pursuant to an Incremental Amendment to the Credit Agreement, dated September 19, 2014 (the "Incremental Amendment"), the Company borrowed an incremental $60.0 million under the Term Loan, primarily to finance the Blue Mountain Acquisition described in Note 3, "Acquisitions and Dispositions". The proceeds were also used to pay certain fees, commissions and expenses related to the Blue Mountain Acquisition and for working capital. The Incremental Amendment has the same terms and maturity date as the original Term Loan. While the Fourth Amendment resulted in certain changes to the Company's incremental borrowing capacity, the Company continues to have the ability to increase the borrowings on the Term Loan under certain circumstances and subject to certain criteria as outlined in the Fourth Amendment; so long as, after giving effect to any additional amounts borrowed, the Company remains compliant with all covenants of the Credit Agreement.

On April 29, 2015, certain of the subsidiaries of the Company that guarantee the Company’s Senior Debt executed the second amendment (the “Second Amendment”) to the Company’s existing Credit Agreement. The Second Amendment adjusted the Company’s Term Loan to reduce the applicable margin for borrowings under the Term Loan from 4.50% to 3.75% for Eurodollar rate loans. All other terms and conditions of the Second Amendment are consistent with the Credit Agreement.

On June 1, 2015, certain of the subsidiaries of the Company that guarantee the Company’s Senior Debt entered into the third amendment (the “Third Amendment”) to the Company’s existing Credit Agreement. The Third Amendment adjusted the terms of the Company's Revolver to decrease the Company's applicable margin for Eurodollar rate loans from 4.50% to 3.75%, if the total secured debt leverage ratio is greater than or equal to 4.50:1.00, and from 4.25% to 3.50% if the total secured debt leverage ratio is less than 4.50:1.00. The Third Amendment also decreased the Company's applicable margin for base rate loans from 3.50% to 2.75%, if the total secured debt leverage ratio is greater than or equal to 4.50:1.00, and from 3.25% to 2.50% if the total secured debt leverage ratio is less than

4.50:1.00. All other terms and conditions of the Third Amendment are consistent with the Credit Agreement.
On April 8, 2016, certain of the Company's subsidiaries, that are borrowers or guarantors of the Company’s Senior Debt, entered into the Fourth Amendment (the "Fourth Amendment") to the Company’s existing Credit Agreement. Upon execution of the Fourth Amendment, the Company repaid $25.0 million of Term Loan borrowings with cash on hand. The Fourth Amendment secured financial and strategic flexibility for the Company, among other items, and increased the applicable margins for base rate loans and Eurodollar rate loans under the Term Loan from 2.75% to 3.00% and from 3.75% to 4.00%, respectively.
The Term Loan has a maturity date of December 9, 2020. Borrowings under the Credit Agreement, including the Term Loan, LC Facility and Revolver, bear interest, at the Company's option, at a rate equal to either a Eurodollar rate loan or a base rate, in each case plus the applicable margin. The Term Loan currently bears interest based upon the LIBOR-based rate subject to a LIBOR floor of 1.00%. The Credit Agreement requires scheduled quarterly principal payments in the amount of $1.5 million. On January 29, 2016, the Company made an excess cash flow prepayment of $8.8 million as defined in the Credit Agreement. Due to the excess cash flow prepayment, the Company does not expect to make another scheduled principal payment until the fourth quarter of fiscal 2017.

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The Company's current applicable margin is 4.00% under the Term Loan, 3.75% under the Revolver and 4.50% under the LC Facility.

The net cash proceeds from the Term Loan were reduced by an OID of 0.9%, or $5.5 million, after giving effect to the Incremental Amendment. The OID is amortized into interest expense using the effective interest method. There was $3.6 million and $4.3 million of unamortized OID remaining as of June 30, 2016 and 2015, respectively.

The Company has incurred $21.4 million of debt issuance costs in connection with the Senior Debt, which is presented as a direct reduction of the carrying value of the long-term debt on the accompanying consolidated balance sheets. These costs are amortized into interest expense using the effective interest method. There was $14.2 million and $15.2 million of unamortized costs remaining as of June 30, 2016 and 2015, respectively.

The borrower's obligations under the Credit Agreement are supported by guarantees of substantially all of the Company's material U.S. subsidiaries. The guarantees are further collateralized by mortgages and other security interests in certain properties and assets held by U.S. subsidiaries of the Company. The collateral includes both general and specific assets.

The Credit Agreement provides for affirmative and negative covenants that the Company believes are usual and customary for a senior secured credit agreement. The negative covenants restrict, among other things, the ability of the Company's subsidiaries to incur indebtedness, dispose of property, reinvest the proceeds from certain asset sales, or make investments or distributions. It also includes customary cross-default provisions with respect to certain other borrowings of the Company's subsidiaries. Additionally, the Credit Agreement requires the borrower to comply with a total secured debt leverage ratio on the last day of each fiscal quarter. The Company was in compliance with the covenants of the Credit Agreement at June 30, 2016.

The LC Facility and the Revolver each have a maturity date of December 9, 2018. The LC Facility includes fronting fees of 25 basis points and a commitment fee of 37.5 basis points on the first 15% of unutilized commitments. There were $42.8 million and $45.4 million of irrevocable standby letters of credit outstanding under the LC Facility at June 30, 2016 and 2015, respectively. The Revolver includes commitment fees of 37.5 basis points. There were no outstanding borrowings under the Revolver or draws on our outstanding letters of credit under the LC facility as of June 30, 2016 and 2015.

Other Debt Obligations

Other debt obligations include various lending agreements, including a government loan agreement and a bank loan related to employee housing. The weighted average interest rate for other debt obligations is 5.3% for the year ended June 30, 2016.

Maturities

Current maturities represent principal payments due in the next 12 months. As of June 30, 2016, the long-term debt aggregate maturities for the 12 month period ended June 30 of each of the following years are set forth below (in thousands):

2017	$ 497
2018	6,131
2019	6,140
2020	6,147
2021	536,442
Thereafter	295

Interest Expense

The Company recorded interest expense of $40.4 million, $43.9 million, and $172.9 million in the consolidated statements of operations for the years ended June 30, 2016, 2015 and 2014, respectively, of which $3.6 million, $3.2 million, and $5.5 million, respectively, was amortization of deferred financing costs and the OID.

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In October 2006, the Company entered into interest rate swap contracts to minimize the impact of changes in interest rates on its cash flows for certain of the Company's floating bank rates and other indebtedness. The outstanding swap contracts were terminated on October 11, 2008. The fair value of the swap contracts at October 11, 2008 was a liability of $111.4 million. The remaining terminated swap liability of $0.7 million as of June 30, 2016 is recorded in AOCI and will be recognized periodically through March 31, 2017 through interest expense. The portion included in interest expense in the consolidated statements of operations for the years ended June 30, 2016, 2015 and 2014 was $1.2 million, $1.5 million, and $3.4 million, respectively.

10. Fair Value Measurements

As of June 30, 2016 and 2015, the fair value of cash and cash equivalents, restricted cash, net receivables and accounts payable approximated their carrying value based on the short-term nature of these instruments. Estimates of fair value may be affected by assumptions made and, accordingly, are not necessarily indicative of the amounts the Company could realize in a current market exchange.

A summary of the carrying amount and fair value of the Company's financial instruments for which there is a difference between the carrying value and fair value is as follows (in thousands):

	June 30, 2016		June 30, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Debt	$554,480	$555,173	591,297	$595,362
Other debt obligations	1,172	971	2,096	1,793

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Notes to Consolidated Financial Statements
11. Accumulated Other Comprehensive Income (Loss)

Accumulated Other Comprehensive Income

The following table presents the changes in AOCI, by component, for the years ended June 30, 2016, 2015 and 2014 (in thousands):

	Realized portion on cash flow hedge [a]	Actuarial loss on pensions [b]	Foreign currency translation adjustments	Total
As of June 30, 2013	$(6,704)	$(10,453)	$ 166,544	$149,387
Restructuring transactions on December 9, 2013	—	—	52,670	52,670
Other comprehensive income (loss) before reclassifications	—	(4,530)	—	(4,530)
Amounts reclassified from AOCI	3,398	814	—	4,212
Foreign currency translation adjustments	(41)	85	(4,060)	(4,016)
Net current period other comprehensive income (loss)	3,357	(3,631)		