

OFFICIAL PROCEEDINGS
KEWEENAW MOUNTAIN LODGE BOARD
November 16, 2016

The regular monthly meeting of the Keweenaw Mountain Lodge Board held on November 16, 2016, 6:15 p.m. at the Courthouse, Eagle River, MI.

Commissioners present: Randy Eckloff, Bob DeMarois, Ray Chase, Don Piche, Del Rajala.

The meeting was posted in the Courthouse on the bulletin board and the agenda for the meeting was posted on the door of the Courthouse.

Motion by Rajala supported by Chase and unanimously carried to approve the agenda as presented.

Motion by DeMarois supported by Eckloff and unanimously carried to approve the minutes as written from the October 19, 2016 regular monthly meeting.

Motion by Chase supported by Eckloff to pay the bills in the following amounts: Vendors: \$36,962.49 Payroll: \$45,337.26. Board polled. Ayes: Eckloff, DeMarois, Chase, Rajala, Piche. Nays: None. Motion carried.

Carl Johnson presented the financials to the Board. See attached financials.

Debra Britz-Maier, GM, gave some updates and ideas for next year:

- Must decide whether to open or not as KML is losing business in the meantime
- In 2017, cut payroll costs, no higher rates for anyone, food costs too high
- Restaurant is killing KML, perhaps bring KML down to just a bar and grill instead of fine dining-this would not require a chef, just a kitchen manager-bring in a chef for weddings and events
- Continue to do weddings, plated or buffet
- Housekeeping maybe to go to piecework-not hourly wages
- Go to every other day for washing sheets and towels
- Event Coordinator part time-will work the day of the event-the rest is booked by GM or front desk
- Leave maintenance team alone-no reduction
- Must market to increase revenue
- Increase rates across the board, provide hot breakfast, mandatory two night stay on weekends
- Make the area across from the front desk into a vending area and/or arcade
- Sell local crafts for artists-receive a 10% commission
- Pro Shop to continue-selling clothing, gifts, renting carts and clubs, make beer and wine and coolers available there along with cold sandwiches
- Tournaments to be advertised
- Stay open until December next year-rooms only
- Will work with Transform on the POS system so it's more hotel friendly
- Make carts available to elderly, Ice cream shop in KML
- Get an ice machine to put outside
- Frisbee golf area made into a miniature golf area
- Prime rib buffet on Friday nights so it doesn't mix with the events
- Bands and outside concerts when weather is nice

Public comment was allowed.

Motion by Chase to adjourn at 7:05 p.m. Meeting adjourned sine die.

Donald Piche, Chairman

Julie A. Carlson, Clerk

Keweenaw Mountain Lodge

Profit & Loss

January through October 2016

	Jan - Oct 16	Jan - Oct 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
641 - Lodging Income	424,138.30	474,881.99	-50,743.69	-10.7%
642 - Dining Room Income				
645 - Banquet Income	71,104.18	75,991.43	-4,887.25	-6.4%
642 - Dining Room Income - Other	132,110.93	190,063.60	-57,952.67	-30.5%
Total 642 - Dining Room Income	203,215.11	266,055.03	-62,839.92	-23.6%
643 - Bar Income	75,854.94	109,493.19	-33,638.25	-30.7%
644 - Golf Income				
Golf Fees	102,240.55	81,707.23	20,533.32	25.1%
Golf Sales	31,927.83	17,259.74	14,668.09	85.0%
644 - Golf Income - Other	0.00	7,746.75	-7,746.75	-100.0%
Total 644 - Golf Income	134,168.38	106,713.72	27,454.66	25.7%
664 - Interest Income	145.95	269.43	-123.48	-45.8%
680 - Less Allowances/Discounts	-1,010.67	-4,237.61	3,226.94	76.2%
698 - Other Miscellaneous Revenue	-1,858.44	175.00	-2,033.44	-1,162.0%
Total Income	834,653.57	953,350.75	-118,697.18	-12.5%
Cost of Goods Sold				
701 - BAR COST OF SALES				
701-01 - Beer/Wine etc	14,796.17	20,557.83	-5,761.66	-28.0%
701-02 - Liquor	6,817.17	12,024.50	-5,207.33	-43.3%
701-03 - Soft Drinks	3,115.95	3,929.97	-814.02	-20.7%
701-04 - Entertainment/Music	800.00	300.00	500.00	166.7%
701 - BAR COST OF SALES - Other	0.00	3.26	-3.26	-100.0%
Total 701 - BAR COST OF SALES	25,529.29	36,815.56	-11,286.27	-30.7%
702 - DINING COST OF SALES	90,457.67	119,686.80	-29,228.93	-24.4%
703 - GOLF COST OF SALES	27,651.21	8,292.84	19,358.37	233.4%
703.01 - Cost of Sales - Other	885.00	0.00	885.00	100.0%
704 - LODGING COST OF SALES	2,054.41	0.00	2,054.41	100.0%
Total COGS	146,577.78	164,795.20	-18,217.42	-11.1%
Gross Profit	688,075.79	788,555.55	-100,479.76	-12.7%
Expense				
705 - EMPLOYEE COSTS				
705-01 - Hourly Wages	330,529.99	253,895.08	76,634.91	30.2%
705-02 - Salary Wages	80,266.54	84,259.31	-3,992.77	-4.7%
705-03 - Overtime Wages	12,515.02	10,552.97	1,962.05	18.6%
705-05 - Payroll Taxes	83,799.50	74,039.53	9,759.97	13.2%
705-10 - Mileage Reimbursement	1,022.18	613.00	409.18	66.8%
705-11 - Reimb Travel Expenses	0.00	126.24	-126.24	-100.0%
705-12 - Uniforms	2,928.38	1,672.47	1,255.91	75.1%
705-20 - Medical Premiums	0.00	720.84	-720.84	-100.0%
705-25 - Workmans Comp.	7,083.00	6,018.50	1,064.50	17.7%
705-40 - Deferred Comp	0.00	80.00	-80.00	-100.0%
705-60 - Other Employee Costs	97.99	0.00	97.99	100.0%
705-99 - PY Payroll Tax Adj	-3,505.40	0.00	-3,505.40	-100.0%
705 - EMPLOYEE COSTS - Other	0.00	61.50	-61.50	-100.0%
Total 705 - EMPLOYEE COSTS	514,737.20	432,039.44	82,697.76	19.1%
726 - SUPPLIES				
726-01 - Cleaning/Janitorial	6,606.29	6,197.45	408.84	6.6%
726-02 - Firewood	2,529.50	2,719.00	-189.50	-7.0%
726-03 - Guest Complimentary	1,837.20	10,073.94	-8,236.74	-81.8%
726-04 - Office Supplies	6,313.95	6,151.07	162.88	2.7%
726-05 - Operating	4,374.53	4,037.57	336.96	8.4%
726-06 - Paper & Disposable	7,623.30	7,594.33	28.97	0.4%
726-07 - Small Tools & Supplies	3,518.46	416.38	3,102.08	745.0%
726-08 - Computer Eqt-Under \$2,000	3,417.33	594.14	2,823.19	475.2%
726-09 - Decorations	767.32	243.00	524.32	215.8%
726 - SUPPLIES - Other	1,358.19	0.00	1,358.19	100.0%
Total 726 - SUPPLIES	38,346.07	38,026.88	319.19	0.8%
801 - OPERATING COSTS				
801-01 - Accounting/Bookkeeping Fees	200.00	205.00	-5.00	-2.4%
801-02 - Audit Fees	5,300.00	5,000.00	300.00	6.0%
801-03 - Bank/Credit Card Fees	17,177.46	21,198.50	-4,021.04	-19.0%
801-04 - Dues and Subscriptions	1,761.88	1,387.95	373.93	26.9%
801-05 - Equipment Maint/Repairs	16,530.21	3,614.82	12,915.39	357.3%

Keweenaw Mountain Lodge

Profit & Loss

January through October 2016

	Jan - Oct 16	Jan - Oct 15	\$ Change	% Change
801-06 · Equipment Rental	14,221.78	7,541.00	6,680.78	88.6%
801-07 · Facilities Maintenance	29,712.35	11,845.48	17,866.87	150.8%
801-08 · General Insurance	14,227.50	14,663.30	-435.80	-3.0%
801-09 · Grounds Maintenance	8,138.35	2,550.78	5,587.57	219.1%
801-10 · Laundry Expense	30,157.45	38,431.73	-8,274.28	-21.5%
801-11 · Licenses and Permits	3,731.50	4,015.71	-284.21	-7.1%
801-12 · Consulting Fees/Contract Fees	19,885.83	15,997.60	3,888.23	24.3%
801-13 · Telephone	3,520.36	3,630.29	-109.93	-3.0%
801-15 · Utilities	63,754.41	80,858.48	-17,104.07	-21.2%
801-16 · Van & Truck Exp - Gas & Repairs	5,425.53	1,105.61	4,319.92	390.7%
801-17 · Waste Removal	7,750.03	6,037.81	1,712.22	28.4%
801-18 · Other Expenses	871.58	337.02	534.56	158.6%
801-19 · Security Systems	1,052.20	210.00	842.20	401.1%
801 · OPERATING COSTS - Other	48.80	0.00	48.80	100.0%
Total 801 · OPERATING COSTS	243,467.22	218,631.08	24,836.14	11.4%
880 · MARKETING EXP				
880-01 · Advertisements	11,038.80	5,507.05	5,531.75	100.5%
880-02 · Brochures/Print Materials	80.00	552.40	-472.40	-85.5%
880-03 · Events	0.00	975.00	-975.00	-100.0%
880-04 · Internet/Web Site	750.00	810.00	-60.00	-7.4%
880-05 · Sales & Marketing Expense	561.90	2,358.48	-1,796.58	-76.2%
880-07 · Entertainment	0.00	525.00	-525.00	-100.0%
880-08 · Donations	425.00	0.00	425.00	100.0%
Total 880 · MARKETING EXP	12,855.70	10,727.93	2,127.77	19.8%
999 · Reconciliation Discrepancies	0.09	0.10	-0.01	-10.0%
Total Expense	809,406.28	699,425.43	109,980.85	15.7%
Net Ordinary Income	-121,330.49	89,130.12	-210,460.61	-236.1%
Other Income/Expense				
Other Income				
12000 · Discounts Earned	0.00	137.92	-137.92	-100.0%
13000 · Over/Short	1,186.97	2,487.75	-1,300.78	-52.3%
14000 · Unclassified Income	0.00	367.64	-367.64	-100.0%
Total Other Income	1,186.97	2,993.31	-1,806.34	-60.4%
Other Expense				
970 · CAPITAL EXPENDITURES				
970-01 · Lodge Improvements	30,636.60	1,663.40	28,973.20	1,741.8%
970-02 · Computer Eqt & Software	6,428.00	0.00	6,428.00	100.0%
970-03 · Furniture/Fixtures	0.00	309.00	-309.00	-100.0%
970-05 · Kitchen Equipment	5,326.76	3,224.71	2,102.05	65.2%
Total 970 · CAPITAL EXPENDITURES	42,391.36	5,197.11	37,194.25	715.7%
99000 · Casualty & Theft Loss	1,466.01	1,179.07	286.94	24.3%
Total Other Expense	43,857.37	6,376.18	37,481.19	587.8%
Net Other Income	-42,670.40	-3,382.87	-39,287.53	-1,161.4%
Net Income	-164,000.89	85,747.25	-249,748.14	-291.3%

Keweenaw Mountain Lodge

Profit & Loss

October 2016

11/15/16

Accrual Basis

	Oct 16	Oct 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
641 · Lodging Income	52,048.44	71,427.00	-19,378.56	-27.1%
642 · Dining Room Income				
645 · Banquet Income	1,905.40	-2,177.57	4,082.97	187.5%
642 · Dining Room Income - Other	19,320.36	30,981.50	-11,661.14	-37.6%
Total 642 · Dining Room Income	21,225.76	28,803.93	-7,578.17	-26.3%
643 · Bar Income	11,559.84	12,241.03	-681.19	-5.6%
644 · Golf Income				
Golf Fees	5,442.00	4,369.00	1,073.00	24.6%
Golf Sales	1,923.12	2,084.65	-161.53	-7.8%
Total 644 · Golf Income	7,365.12	6,453.65	911.47	14.1%
654 · Interest Income	9.97	33.78	-23.81	-70.5%
680 · Less Allowances/Discounts	-13.78	0.00	-13.78	-100.0%
698 · Other Miscellaneous Revenue	0.00	15.00	-15.00	-100.0%
Total Income	92,195.35	118,974.39	-26,779.04	-22.5%
Cost of Goods Sold				
701 · BAR COST OF SALES				
701-01 · Beer/Wine etc	2,022.34	1,395.51	626.83	44.9%
701-02 · Liquor	76.83	1,298.22	-1,221.39	-94.1%
701-03 · Soft Drinks	6.00	183.50	-177.50	-96.7%
701-04 · Entertainment/Music	700.00	0.00	700.00	100.0%
701 · BAR COST OF SALES - Other	0.00	3.26	-3.26	-100.0%
Total 701 · BAR COST OF SALES	2,805.17	2,880.49	-75.32	-2.6%
702 · DINING COST OF SALES	14,725.40	11,629.48	3,095.92	26.6%
703 · GOLF COST OF SALES	4,309.92	466.32	3,843.60	824.2%
Total COGS	21,840.49	14,976.29	6,864.20	45.8%
Gross Profit	70,354.86	103,998.10	-33,643.24	-32.4%
Expense				
705 · EMPLOYEE COSTS				
705-01 · Hourly Wages	50,703.83	60,803.62	-10,099.79	-16.6%
705-02 · Salary Wages	9,420.00	11,700.00	-2,280.00	-19.5%
705-03 · Overtime Wages	2,840.27	5,218.03	-2,377.76	-45.6%
705-05 · Payroll Taxes	8,791.69	13,911.32	-5,119.63	-36.8%
705-25 · Workmans Comp.	645.00	384.75	260.25	67.6%
705-50 · Other Employee Costs	1,056.33	0.00	1,056.33	100.0%
Total 705 · EMPLOYEE COSTS	73,457.12	92,017.72	-18,560.60	-20.2%
726 · SUPPLIES				
726-01 · Cleaning/Janitorial	735.72	345.91	389.81	112.7%
726-02 · Firewood	570.00	0.00	570.00	100.0%
726-03 · Guest Complimentary	0.00	2,642.54	-2,642.54	-100.0%
726-04 · Office Supplies	228.94	1,527.69	-1,298.75	-85.0%
726-05 · Operating	86.92	58.05	28.87	49.7%
726-06 · Paper & Disposable	333.22	492.82	-159.60	-32.4%
Total 726 · SUPPLIES	1,954.80	5,067.01	-3,112.21	-61.4%
801 · OPERATING COSTS				
801-01 · Accounting/Bookkeeping Fees	40.00	40.00	0.00	0.0%
801-02 · Audit Fees	5,300.00	0.00	5,300.00	100.0%
801-03 · Bank/Credit Card Fees	4,477.89	4,383.79	94.10	2.2%
801-05 · Equipment Maint/Repairs	265.17	1,149.90	-884.73	-76.9%
801-06 · Equipment Rental	31.25	0.00	31.25	100.0%
801-07 · Facilities Maintenance	3,729.28	981.53	2,747.75	280.0%
801-08 · General Insurance	1,422.75	1,466.33	-43.58	-3.0%
801-09 · Grounds Maintenance	0.00	88.20	-88.20	-100.0%
801-10 · Laundry Expense	2,155.03	4,412.53	-2,257.50	-51.2%
801-11 · Licenses and Permits	0.00	187.21	-187.21	-100.0%
801-12 · Consulting Fees/Contract Fees	2,015.00	2,973.20	-958.20	-32.2%
801-13 · Telephone	127.56	1,289.56	-1,162.00	-90.1%
801-15 · Utilities	9,390.83	15,462.88	-6,072.15	-39.3%
801-16 · Van & Truck Exp - Gas & Repairs	1,933.09	1,107.55	825.54	74.5%
801-17 · Waste Removal	1,451.38	0.00	1,451.38	100.0%
Total 801 · OPERATING COSTS	32,339.23	33,542.78	-1,203.55	-3.6%
880 · MARKETING EXP				
880-01 · Advertisements	429.00	627.50	-198.50	-31.6%

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Keweenaw Mountain Lodge

Profit & Loss

11/15/16

October 2016

Accrual Basis

	Oct 16	Oct 15	\$ Change	% Change
880-04 · Internet/Web Site	75.00	75.00	0.00	0.0%
880-05 · Sales & Marketing Expense	52.65	1,008.83	-956.18	-94.8%
Total 880 · MARKETING EXP	556.65	1,711.33	-1,154.68	-67.5%
Total Expense	108,307.80	132,338.84	-24,031.04	-18.2%
Net Ordinary Income	-37,952.94	-28,340.74	-9,612.20	-33.9%
Other Income/Expense				
Other Income				
12000 · Discounts Earned	0.00	32.96	-32.96	-100.0%
13000 · Over/Short	-59.46	199.98	-259.44	-129.7%
Total Other Income	-59.46	232.94	-292.40	-125.5%
Other Expense				
22000 · Less Payouts	0.00	-85.00	85.00	100.0%
99000 · Casualty & Theft Loss	1,466.01	1,179.07	286.94	24.3%
Total Other Expense	1,466.01	1,094.07	371.94	34.0%
Net Other Income	-1,525.47	-861.13	-664.34	-77.2%
Net Income	-39,478.41	-29,201.87	-10,276.54	-35.2%

Keweenaw Mountain Lodge

Balance Sheet

11/15/16

As of October 31, 2016

Accrual Basis

	Oct 31, 16
ASSETS	
Current Assets	
Checking/Savings	
001 · Vendor Payment Bank Acct 0273	13,273.88
002-a · Credit Card Bank Account 0299	19,800.26
002-b · General Fund-Maint by Geri-0232	-39,249.95
002-d · Payroll Checking Account 0281	20,216.99
002-f · Wedding-deposits 0074	4,000.00
002-j · PayPal Funds Available	9,616.02
002i · In-House Purchases Acct	1,540.34
Total Checking/Savings	29,197.54
Accounts Receivable	
028 · Accounts Receivable	27.78
Total Accounts Receivable	27.78
Other Current Assets	
032 · Undeposited Funds	125.00
100 · Inventories	
101 · Golf Inventory	3,687.70
104 · Liquor Inventory	4,559.42
105 · Food Inventory	6,023.75
Total 100 · Inventories	14,270.87
106 · Fuel Inventory	10,447.30
99 · Prepaid Insurance	6,070.50
Total Other Current Assets	30,913.67
Total Current Assets	60,138.99
Fixed Assets	
130 · Capital Assets-Land	201,400.00
132 · Capital Assets- Land Imp.	521,004.90
134 · Infrastructure	553,318.37
136 · Capital Assets-Bld. & Fixture	4,781,193.77
146 · Capital Assets- Equipment	271,804.97
148 · Capital Assets-Vehicles	25,433.92
149 · Less Accum. Depreciation	-2,675,182.62
Total Fixed Assets	3,678,973.31
TOTAL ASSETS	3,739,112.30
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
202 · Accounts Payable	48,176.26
Total Accounts Payable	48,176.26
Other Current Liabilities	
203 · Advanced Deposits Payable	17,275.00
204 · Wedding deposits Payable	10,500.00
205 · Gift Certificates Payable	1,907.31
206 · Gift Card Payable	5,513.60
228-a · Sales Tax Payable	2,131.26
228-b · Use Tax Payable	4,320.24
230 · Room Assessment Tax Payable	2,160.12
231 · Payroll Liabilities	
Federal (941)	7,150.68
Michigan Withholding	2,741.21
SUIMI-Company	3,302.45
231 · Payroll Liabilities - Other	89.19
Total 231 · Payroll Liabilities	13,283.53

Keweenaw Mountain Lodge
Balance Sheet
As of October 31, 2016

	<u>Oct 31, 16</u>
251 · Accrued Interest Payable	<u>270,582.37</u>
Total Other Current Liabilities	<u>327,673.43</u>
Total Current Liabilities	375,849.69
Long Term Liabilities	
300 · Bonds Payable-Long Term	<u>1,766,000.00</u>
Total Long Term Liabilities	<u>1,766,000.00</u>
Total Liabilities	2,141,849.69
Equity	
3100 · Retained Earnings	-494,817.96
384 · Reserve for Debt Service	770.12
385 · Reserve for Construction	649.50
399 · Net Assets Over Related Debt	2,254,651.84
Net Income	<u>-164,000.89</u>
Total Equity	<u>1,597,262.61</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,739,112.30</u></u>