

OFFICIAL PROCEEDINGS
KEWEENAW MOUNTAIN LODGE BOARD
December 21, 2016

The regular monthly meeting of the Keweenaw Mountain Lodge Board held on December 21, 2016, 5:30 p.m. at the Courthouse, Eagle River, MI. This meeting was rescheduled to 5:30 p.m. due to a special meeting that had to be canceled for inclement weather.

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

Motion by Rajala supported by Chase and unanimously carried to approve the minutes as written from the November 16, 2016 regular monthly meeting.

Ben Ciavola, President of the Copper Harbor Trails Club spoke to the Board regarding the bike trails and the economic study that was done regarding the impact that the trails have in Copper Harbor. Some of the trails traverse KML property and the Club just wanted to make the Board aware of the trails that are currently there.

Steve Elkowitz spoke to the Board about running the banquet space. He has a tremendous amount of experience and had a proposal for the Board to consider. Mr. Elkowitz thinks there are four solutions; 1) close the restaurant and banquet space, 2) Run it all like it ran last year which was very shaky, 3) Rent the space out, 4) Use a 80/20 split so whatever is brought in on the banquet, Mr. Elkowitz would retain 80% and KML would keep 20%. He would provide the food, staff, bussing and linens. KML would provide room in the kitchen and would have to provide the bar and staff as KML holds the liquor license. This would provide consistency and stable food service and he is also willing to help with marketing the business. Mr. Elkowitz would help on the restaurant side of things with menu set up and training at no cost. Mr. Elkowitz was asked if he would take over the restaurant end of things also and he said that he would like to start with the banquet space and perhaps talk after the season.

Motion by Chase supported by Rajala and unanimously carried to suspend the KML meeting for fifteen minutes in order to hold a public hearing for a grant closeout which was scheduled at 6:00 p.m.

Doug Schubert stated that the county should not be in the hospitality business and said the Board should work towards leasing or selling KML. He offered his services to the Board and asked if he could make some contacts with professional management companies so that someone could come and talk to the Board. Motion by DeMarois supported by Chase and unanimously carried to allow Doug Schubert to contact people about KML and ask them to come to the table to talk to the Board.

Motion by Rajala supported by Chase to pay the bills in the following amounts: Vendors: \$14,037.75 Payroll: \$4,309.20. Board polled. Ayes: Eckloff, DeMarois, Chase, Rajala, Piche. Nays: None. Motion carried.

Carl Johnson presented the financials to the Board. See attached financials. The bottom line for the end of November is -\$11,964.91 and for the year is -\$176,149.57.

A budget for 2017 has not been adopted yet. The budget prepared by the General Manager given to the Board took into consideration the following:

- Took the banquet revenue out of KML except 20%
- Restaurant reduced to a bar and grill
- Reduction of hours of staff and reduction of staff
- Rates of rooms vary and there will be a minimum 2 night stay paid up front
- Put in a 60% room rate occupancy but should be able to do more
- Cut out event coordinator, streamlined front desk
- \$15,000 in marketing, rent out the banquet and or restaurant

- Cut staff on the golf course and cut maintenance staff
- Staff is a bare minimum and if KML gets to 90% occupancy, they will be short staffed
- Cut everything that she could but the bottom line is still only \$7,000 at 60% occupancy as long as nothing happens with the water, cabins, etc

There was a lot of discussion from the Board and members of the audience concerning the budget, the loss of revenue from the banquet space when that is what makes money and many other topics.

Motion by Chase supported by DeMarois and the majority carried (Rajala voted no) to run the golf course, cabins, motel and bar and grill and to advertise in the paper for someone to lease the events center.

Public comment was allowed.

Motion by Chase to adjourn at 7:25 p.m. Meeting adjourned sine die.

Donald Piche, Chairman

Julie A. Carlson, Clerk

Keweenaw Mountain Lodge
Profit & Loss
 January through November 2016

	Jan - Nov 16	Jan - Nov 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
641 · Lodging Income	424,178.30	476,543.99	-52,365.69	-11.0%
642 · Dining Room Income				
645 · Banquet Income	71,104.18	77,347.63	-6,243.45	-8.1%
642 · Dining Room Income - Other	132,110.93	190,063.60	-57,952.67	-30.5%
Total 642 · Dining Room Income	203,215.11	287,411.23	-64,196.12	-24.0%
643 · Bar Income	75,854.94	109,805.19	-33,950.25	-30.9%
644 · Golf Income				
Golf Fees	102,365.55	82,167.23	20,198.32	24.6%
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	134,293.38	107,173.72	27,119.66	25.3%
664 · Interest Income	147.63	305.04	-157.41	-51.6%
680 · Less Allowances/Discounts	-1,010.67	-4,237.61	3,226.94	76.2%
698 · Other Miscellaneous Revenue	4,562.47	175.00	4,387.47	2,507.1%
Total Income	841,241.16	957,176.58	-115,935.40	-12.1%
Cost of Goods Sold				
701 · BAR COST OF SALES				
701-01 · Beer/Wine etc	15,321.83	20,563.58	-5,241.75	-25.5%
701-02 · Liquor	6,817.17	12,024.50	-5,207.33	-43.3%
701-03 · Soft Drinks	2,773.45	3,929.97	-1,156.52	-29.4%
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	25,712.45	36,821.31	-11,108.86	-30.2%
702 · DINING COST OF SALES	89,135.30	120,474.87	-31,339.57	-26.0%
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	3,819.41	0.00	3,819.41	100.0%
Total COGS	147,203.37	165,589.02	-18,385.65	-11.1%
Gross Profit	694,037.79	791,587.54	-97,549.75	-12.3%
Expense				
705 · EMPLOYEE COSTS				
705-01 · Hourly Wages	332,746.81	255,274.81	77,472.00	30.4%
705-02 · Salary Wages	84,266.54	87,959.31	-3,692.77	-4.2%
705-03 · Overtime Wages	12,515.02	10,552.97	1,962.05	18.6%
705-05 · Payroll Taxes	84,378.07	74,498.70	9,879.37	13.3%
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	1,872.47	1,255.91	75.1%
705-20 · Medical Premiums	0.00	720.84	-720.84	-100.0%
705-25 · Workmans Comp.	7,728.00	6,403.25	1,324.75	20.7%
705-40 · Deferred Comp	0.00	80.00	-80.00	-100.0%
705-50 · Other Employee Costs	159.97	0.00	159.97	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	522,239.57	437,963.09	84,276.48	19.2%
726 · SUPPLIES				
726-01 · Cleaning/Janitorial	6,606.29	6,197.45	408.84	6.6%
726-02 · Firewood	2,529.50	4,584.00	-2,054.50	-44.8%
726-03 · Guest Complimentary	1,837.20	9,953.58	-8,116.38	-81.5%
726-04 · Office Supplies	6,144.38	6,272.90	-128.52	-2.1%
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 Eq-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	38,176.50	39,893.35	-1,716.85	-4.3%
801 · OPERATING COSTS				
801-01 · Accounting/Bookkeeping Fees	240.00	245.00	-5.00	-2.0%
801-02 · Audit Fees	5,300.00	5,000.00	300.00	6.0%
801-03 · Bank/Credit Card Fees	20,902.26	25,645.16	-4,742.90	-18.5%
801-04 · Dues and Subscriptions	1,761.88	1,387.95	373.93	26.9%
801-05 · Equipment Maint/Repairs	16,757.71	4,031.19	12,726.52	315.7%

Keweenaw Mountain Lodge
Profit & Loss
 January through November 2016

12/21/16

Accrual Basis

	Jan - Nov 16	Jan - Nov 15	\$ Change	% Change
801-06 · Equipment Rental	14,221.78	7,541.00	6,880.78	88.6%
801-07 · Facilities Maintenance	30,149.41	13,735.48	16,413.93	119.5%
801-08 · General Insurance	15,650.25	16,129.63	-479.38	-3.0%
801-09 · Grounds Maintenance	8,138.35	3,037.02	5,101.33	168.0%
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	21,935.83	19,242.60	2,693.23	14.0%
801-13 · Telephone	3,692.37	4,019.20	-326.83	-8.1%
801-15 · Utilities	66,383.17	81,564.48	-15,181.31	-18.6%
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	254,170.10	231,716.59	22,453.51	9.7%
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	825.00	945.00	-120.00	-12.7%
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%
880-90 · PY Adj For Events	0.00	0.00	0.00	0.0%
Total 880 · MARKETING EXP	12,930.70	10,862.93	2,067.77	19.0%
999 · Reconciliation Discrepancies	0.09	0.10	-0.01	-10.0%
Total Expense	827,518.96	720,436.06	107,080.80	14.9%
Net Ordinary Income	-133,479.17	71,151.48	-204,630.65	-287.6%
Other Income/Expense				
Other Income				
12000 · Discounts Earned	0.00	161.31	-161.31	-100.0%
13000 · Over/Short	1,186.97	4,166.94	-2,979.97	-71.5%
14000 · Unclassified Income	0.00	367.64	-367.64	-100.0%
Total Other Income	1,186.97	4,695.89	-3,508.92	-74.7%
Other Expense				
21000 · Other Expenses	0.00	0.00	0.00	0.0%
22000 · Less Payouts	0.00	0.00	0.00	0.0%
23000 · Tips Wash Account	0.00	0.00	0.00	0.0%
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	-1,680.29	-40,990.11	-2,439.5%
Net Income	-176,149.57	69,471.19	-245,620.76	-353.6%

Keweenaw Mountain Lodge

Profit & Loss

November 2016

12/21/16

Accrual Basis

	Nov 16	Nov 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
641 · Lodging Income	0.00	1,662.00	-1,662.00	-100.0%
642 · Dining Room Income				
645 · Banquet Income	0.00	1,356.20	-1,356.20	-100.0%
Total 642 · Dining Room Income	0.00	1,356.20	-1,356.20	-100.0%
643 · Bar Income	0.00	312.00	-312.00	-100.0%
644 · Golf Income				
Golf Fees	0.00	460.00	-460.00	-100.0%
Total 644 · Golf Income	0.00	460.00	-460.00	-100.0%
664 · Interest Income	1.68	35.61	-33.93	-95.3%
698 · Other Miscellaneous Revenue	6,420.91	0.00	6,420.91	100.0%
Total Income	6,422.59	3,825.81	2,596.78	67.9%
Cost of Goods Sold				
701 · BAR COST OF SALES				
701-01 · Beer/Wine etc	-653.08	5.75	-658.83	-11,457.9%
Total 701 · BAR COST OF SALES	-653.08	5.75	-658.83	-11,457.9%
702 · DINING COST OF SALES	-531.95	1,740.37	-2,272.32	-130.8%
704 · LODGING COST OF SALES	1,765.00	0.00	1,765.00	100.0%
Total COGS	579.97	1,746.12	-1,166.15	-66.8%
Gross Profit	5,842.62	2,079.69	3,762.93	180.9%
Expense				
705 · EMPLOYEE COSTS				
705-01 · Hourly Wages	2,216.82	1,379.73	837.09	60.7%
705-02 · Salary Wages	4,000.00	3,700.00	300.00	8.1%
705-05 · Payroll Taxes	578.57	459.17	119.40	26.0%
705-25 · Workmans Comp.	645.00	384.75	260.25	67.6%
705-50 · Other Employee Costs	55.98	0.00	55.98	100.0%
Total 705 · EMPLOYEE COSTS	7,496.37	5,923.65	1,572.72	26.6%
726 · SUPPLIES				
726-02 · Firewood	0.00	1,865.00	-1,865.00	-100.0%
726-04 · Office Supplies	-169.57	121.83	-291.40	-239.2%
Total 726 · SUPPLIES	-169.57	1,986.83	-2,156.40	-108.5%
801 · OPERATING COSTS				
801-01 · Accounting/Bookkeeping Fees	40.00	40.00	0.00	0.0%
801-03 · Bank/Credit Card Fees	3,577.65	4,446.66	-869.01	-19.5%
801-05 · Equipment Maint/Repairs	227.50	416.37	-188.87	-45.4%
801-07 · Facilities Maintenance	287.06	1,890.00	-1,602.94	-84.8%
801-08 · General Insurance	1,422.75	1,466.33	-43.58	-3.0%
801-09 · Grounds Maintenance	0.00	486.24	-486.24	-100.0%
801-12 · Consulting Fees/Contract Fees	2,050.00	3,245.00	-1,195.00	-36.8%
801-13 · Telephone	172.01	388.91	-216.90	-55.8%
801-15 · Utilities	2,628.76	706.00	1,922.76	272.4%
Total 801 · OPERATING COSTS	10,405.73	13,085.51	-2,679.78	-20.5%
880 · MARKETING EXP				
880-04 · Internet/Web Site	75.00	135.00	-60.00	-44.4%
Total 880 · MARKETING EXP	75.00	135.00	-60.00	-44.4%
Total Expense	17,807.53	21,130.99	-3,323.46	-15.7%
Net Ordinary Income	-11,964.91	-19,051.30	7,086.39	37.2%
Other Income/Expense				
Other Income				
12000 · Discounts Earned	0.00	23.39	-23.39	-100.0%
13000 · Over/Short	0.00	1,679.19	-1,679.19	-100.0%
Total Other Income	0.00	1,702.58	-1,702.58	-100.0%
Net Other Income	0.00	1,702.58	-1,702.58	-100.0%
Net Income	-11,964.91	-17,348.72	5,383.81	31.0%

Keweenaw Mountain Lodge

Balance Sheet

As of November 30, 2016

	Nov 30, 16
ASSETS	
Current Assets	
Checking/Savings	
001 · Vendor Payment Bank Acct 0273	5,516.51
002-a · Credit Card Bank Account 0299	14,630.17
002-b · General Fund-Maint by Geri-0232	-82,717.27
002-d · Payroll Checking Account 0281	7,413.07
002-e · Checks/Cash Bank Account 5673	178.40
002-f · Advanced Deposits 0074	27,785.00
002-j · PayPal Funds Available	1,600.04
002i · In-House Purchases Acct	1,538.84
005 · Petty Cash	3,467.32
Total Checking/Savings	-20,587.92
Accounts Receivable	
028 · Accounts Receivable	27.78
Total Accounts Receivable	27.78
Other Current Assets	
032 · Undeposited Funds	-583.40
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	4,002.75
Total Other Current Assets	28,037.52
Total Current Assets	7,477.38
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	3,686,450.69
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
202 · Accounts Payable	16,030.83
Total Accounts Payable	16,030.83
Other Current Liabilities	
203 · Advanced Deposits Payable	29,905.00
204 · Wedding deposits Payable	13,000.00
206 · Gift Card Payable	1,000.00
228-a · Sales Tax Payable	13.40
231 · Payroll Liabilities	
Michigan Withholding	248.39
SUIMI-Company	3,394.92
231 · Payroll Liabilities - Other	89.19
Total 231 · Payroll Liabilities	3,732.50
251 · Accrued Interest Payable	270,582.37

Keweenaw Mountain Lodge

12/21/16

Balance Sheet

Accrual Basis

As of November 30, 2016

	Nov 30, 16
Total Other Current Liabilities	318,233.27
Total Current Liabilities	334,264.10
Long Term Liabilities	
300 · Bonds Payable-Long Term	1,766,000.00
Total Long Term Liabilities	1,766,000.00
Total Liabilities	2,100,264.10
Equity	
3100 · Retained Earnings	-493,745.30
384 · Reserve for Debt Service	770.12
385 · Reserve for Construction	649.50
399 · Net Assets Over Related Debt	2,254,661.84
Net Income	-176,149.57
Total Equity	1,586,186.59
TOTAL LIABILITIES & EQUITY	3,686,450.69
