

OFFICIAL PROCEEDINGS  
KEWEENAW MOUNTAIN LODGE BOARD  
February 15, 2017

The regular monthly meeting of the Keweenaw Mountain Lodge Board held on February 15, 2017, 6:15 p.m. at the Courthouse, Eagle River, MI began with the Pledge of Allegiance.

Commissioners present: Bob DeMarois, Sandy Gayk, Don Piche, Jim Vivian, 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 Vivian and unanimously carried to approve the agenda as presented.

Motion by Gayk supported by DeMarois and unanimously carried to approve the minutes as written from the January 18, 2017 regular monthly meeting.

Motion by DeMarois supported by Rajala to pay the bills in the following amounts: Vendors: \$9,953.29 Payroll: \$9,649.20. Board polled. Ayes: DeMarois, Gayk, Vivian, Rajala, Piche. Nays: None. Motion carried.

Carl Johnson informed the Board that after meeting with the County Treasurer, Clerk and Chairman, there is a process that will be used moving forward where the Board of Commissioners will approve money transfers to KML from the County General Fund as needed at each Board meeting. That being said, once KML opens, sometimes there will be a need for funding before the next Board meeting is held and that it would be best to approve a cushion for the Treasurer to be able to transfer funds without board approval. Motion by Rajala supported by Vivian and unanimously carried to create a cushion of \$10,000 in the payroll account and up to \$5,000 in the vendor account that allow the County Treasurer to transfer funds without requiring a special meeting for approval. The County Treasurer will report any use of the cushion to the Board at the next meeting.

Carl Johnson presented the financials to the Board. See attached financials. The bottom line for the end of January is -\$14,257.93.

An issue was raised concerning lead paint at KML. After working with the Western U.P Health Department and then Chris Holmes at U.P. Engineers & Architects Inc. it was concluded that there is not an issue unless demolition or remodeling are occurring. See the attached letter written by Gayk approved by Mr. Chris Holmes who stated that there is no credible threat to KML patrons.

Gayk met with the General Manager and gave the following report:

- Golf memberships will be mailed out in January and February
- W-2's sent out
- There will be a limited menu for the 2017 season
- GM got quotes on a billboard on top of Quincy Hill
- Moved forward with OpusWeb and will use the site for credit card payments
- What are the plans for events and food for events?
- Superior magazine will be doing a story on KML
- There was a misunderstanding about a new logo, a new logo is not being sought, just a theme for the pub
- Liquor license application for signature to serve liquor in pro shop
- Bookings continue

Board members continued dialogue after the report that Gayk gave. There is ongoing talk about how long the General Fund can continue to support KML, especially with many unknowns such as Rural Development and what may go wrong when opening. At best guess, KML will need approximately \$140,000 to get the doors open in 2017.

Attorney Miller stated that the deed restrictions continue to be a problem with a potential buyer. He has been working with their lawyer and a title company to see what is required to clear the title to the property if a sale is desired.

Gayk questioned the Board about the direction that they want to take concerning the conference room and whether or not KML can handle the food at events scheduled. If not, what would the room rental rate be and what would the renter be responsible for?

Motion by Rajala supported by DeMarois and unanimously carried to allow the General Manager to come up with the room rental rate and to send a letter to all event rentals that food will not be available by KML this year and that they will have to find their own caterer and leave the space as they found it. A letter was prepared by Gayk to the brides/renters that will be ready to go out once the amount is addressed.

Motion by Gayk that the County will not operate KML after October 31<sup>st</sup>. Motion died for lack of support.

Public comment was allowed.

Motion by Rajala to adjourn at 7:30 p.m. Meeting adjourned sine die.

---

Donald Piche, Chairman

---

Julie A. Carlson, Clerk

## Keweenaw Mountain Lodge

## Balance Sheet

02/13/17

As of January 31, 2017

Accrual Basis

	Jan 31, 17
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
001 · Vendor Payment Bank Acct 0273	-1,096.76
002-a · Credit Card Bank Account 0299	11,969.20
002-b · General Fund-Maint by Geri-0232	-117,837.27
002-d · Payroll Checking Account 0281	2,821.14
002-f · Advanced Deposits 0074	45,045.00
002-j · PayPal Funds Available	4,822.92
002i · In-House Purchases Acct	1,407.15
<b>Total Checking/Savings</b>	-52,868.62
<b>Accounts Receivable</b>	
028 · Accounts Receivable	27.78
<b>Total Accounts Receivable</b>	27.78
<b>Other Current Assets</b>	
100 · Inventories	
101 · Golf Inventory	3,687.70
104 · Liquor Inventory	4,559.42
105 · Food Inventory	6,023.75
<b>Total 100 · Inventories</b>	14,270.87
106 · Fuel Inventory	10,447.30
99 · Prepaid Insurance	16,940.25
<b>Total Other Current Assets</b>	41,658.42
<b>Total Current Assets</b>	-11,182.42
<b>Fixed Assets</b>	
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
<b>Total Fixed Assets</b>	3,678,973.31
<b>TOTAL ASSETS</b>	<b>3,667,790.89</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
202 · Accounts Payable	6,369.24
<b>Total Accounts Payable</b>	6,369.24
<b>Other Current Liabilities</b>	
203 · Advanced Deposits Payable	44,175.00
204 · Wedding deposits Payable	17,000.00
206 · Gift Card Payable	1,000.00
228-a · Sales Tax Payable	13.40
231 · Payroll Liabilities	
Michigan Withholding	170.00
SUIMI-Company	517.62
231 · Payroll Liabilities - Other	89.19
<b>Total 231 · Payroll Liabilities</b>	776.81
251 · Accrued Interest Payable	270,582.37
<b>Total Other Current Liabilities</b>	333,547.58
<b>Total Current Liabilities</b>	339,916.82

9:20 AM

02/13/17

Accrual Basis

# Keweenaw Mountain Lodge

## Balance Sheet

As of January 31, 2017

---

	Jan 31, 17
Long Term Liabilities	
300 · Bonds Payable-Long Term	1,766,000.00
Total Long Term Liabilities	1,766,000.00
Total Liabilities	2,105,916.82
Equity	
3100 · Retained Earnings	-679,949.46
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	-14,257.93
Total Equity	1,561,874.07
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,667,790.89</b>

---

## Keweenaw Mountain Lodge

## Profit &amp; Loss

January 2017

02/13/17

Accrual Basis

	Jan 17	Jan 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
664 · Interest Income	2.00	28.85	-26.85	-93.1%
698 · Other Miscellaneous Revenue	405.00	0.00	405.00	100.0%
Total Income	407.00	28.85	378.15	1,310.8%
Cost of Goods Sold				
701 · BAR COST OF SALES				
701-03 · Soft Drinks	-342.50	-109.50	-233.00	-212.8%
Total 701 · BAR COST OF SALES	-342.50	-109.50	-233.00	-212.8%
702 · DINING COST OF SALES	0.00	321.60	-321.60	-100.0%
Total COGS	-342.50	212.10	-554.60	-261.5%
Gross Profit	749.50	-183.25	932.75	509.0%
Expense				
705 · EMPLOYEE COSTS				
705-02 · Salary Wages	4,000.00	2,200.00	1,800.00	81.8%
705-05 · Payroll Taxes	823.20	459.41	363.79	79.2%
705-25 · Workmans Comp.	2,469.74	645.00	1,824.74	282.9%
705-50 · Other Employee Costs	49.98	0.00	49.98	100.0%
Total 705 · EMPLOYEE COSTS	7,342.92	3,304.41	4,038.51	122.2%
726 · SUPPLIES				
726-04 · Office Supplies	116.88	166.00	-49.12	-29.6%
726-05 · Operating	0.00	15.75	-15.75	-100.0%
Total 726 · SUPPLIES	116.88	181.75	-64.87	-35.7%
801 · OPERATING COSTS				
801-03 · Bank/Credit Card Fees	465.12	61.45	403.67	656.9%
801-04 · Dues and Subscriptions	325.00	200.00	125.00	62.5%
801-07 · Facilities Maintenance	1,475.00	0.00	1,475.00	100.0%
801-08 · General Insurance	1,422.75	1,422.75	0.00	0.0%
801-12 · Consulting Fees/Contract Fees	2,070.00	1,600.00	470.00	29.4%
801-13 · Telephone	114.19	303.13	-188.94	-62.3%
801-15 · Utilities	0.00	2,279.10	-2,279.10	-100.0%
Total 801 · OPERATING COSTS	5,872.06	5,866.43	5.63	0.1%
880 · MARKETING EXP				
880-01 · Advertisements	441.16	0.00	441.16	100.0%
880-02 · Brochures/Print Materials	59.41	0.00	59.41	100.0%
880-04 · Internet/Web Site	1,175.00	75.00	1,100.00	1,466.7%
Total 880 · MARKETING EXP	1,675.57	75.00	1,600.57	2,134.1%
999 · Reconciliation Discrepancies	0.00	0.00	0.00	0.0%
Total Expense	15,007.43	9,427.59	5,579.84	59.2%
Net Ordinary Income	-14,257.93	-9,610.84	-4,647.09	-48.4%
Net Income	<u>-14,257.93</u>	<u>-9,610.84</u>	<u>-4,647.09</u>	<u>-48.4%</u>