

THE MUSEUM OF LAKE MINNETONKA

Minutes of Board of Directors' Meeting – **APPROVED**

Date: Tuesday, 3 May, 2022

Location: Centennial Building, 5341 Maywood Rd, Mound

Attendees:

- Directors Present: Tom McCarthy, Scott McGinnis, Liz Vandam, Aaron Person, Sue Paulson
- Members Attending: none

The meeting was called to order at 6:03 PM by President Tom McCarthy.

Member Forum

Since no members/guests were in attendance, no member forum took place.

Agenda

McCarthy called for any additions/revisions to the proposed agenda. No additions/revisions suggested and the meeting proceeded. Paulson moved to approve the agenda; seconded by Vandam. Motion approved 5-0.

Approval of Minutes from 5 April, 2022

McCarthy called for any additions/revisions to the minutes as drafted. Hearing none, Paulson moved approval of the minutes as submitted; seconded by Vandam. Motion approved 5-0.

Actions Taken Since Last Board Meeting

McCarthy noted the Board, in a working session held virtually on 2 April, approved a new General Liability Insurance policy with a premium of \$5,461. In addition, the Board approved establishing a \$30,000 "Barn Reserve". MLM's lease with HCRRA for the barn property obligates MLM to remove the barn if so directed by HCRRA whenever the lease is terminated. Although there is no expectation currently that such action is necessary, it remains a potential financial obligation that should be reflected on MLM's books. The \$30,000 figure was arrived at based on a \$22,500 estimate obtained by McCarthy with allowance made for potential ancillary costs (removal of gas & electrical connections, asbestos abatement if needed, inflation, etc.).

Old Business

Insurance - McCarthy shared with the Board a summary of the various insurance coverages now in place for MLM.

New Business

Maintenance / Scanning - McCarthy summarized the preparations now underway to get the boat ready to be pulled out of the barn so the 3D scanning can take place. He also advised that replacements for the barn's heat/fire detectors had now been secured. Although MLM volunteer Steve Eckman had a scissors lift available for use, his stipulation was that only Dave Peterson be allowed to use it. Unfortunately, the installation of the replacement heat/fire detectors requires that the installer handle

that. Accordingly, it will be necessary to rent a lift to accomplish the work. Ceiling lights bulbs will be replaced at the same time while access to the ceiling is convenient.

McCarthy then advised the Board of the decision not to have the hull blasted to remove the anti-fouling bottom paint. The minimum charge was \$4,500 which could go higher based on material supply/costs and labor required to complete the task. Instead, the maintenance team will scrape the hull by hand.

NRHP Plaques – Next Person reviewed his investigation into securing bronze NRHP plaques for the boat. He recommended three plaques: two identical NRHP plaques (\$121 each) and one ‘builder’s’ plaque (\$276). He suggested they be placed at each gangway on an overhead beam with the builders plaque in the middle over the boiler. Estimated cost was ~\$518 plus tax, shipping, etc. The Board discussed the merits of going ahead with the plaques now vs. delaying until a new launch site was ready. The Board also debated placement and number of plaques. McGinnis favored delaying action as the plaques were non-essential. Vandam encouraged moving forward to avoid any issues if a consolidation were to happen. McCarthy commented that the plaques could be something a particular member might want to consider donating to the museum. Paulson moved to approve ordering two NRHP plaques and one builders plaque; motion seconded by Vandam. Upon further discussion, the motion was tabled until the June Board meeting to allow McCarthy to tape mock-ups of the plaques in position and take photos for the Board to consider.

June Board Meeting Re-Scheduled – Due to conflicts of two Board members, the Board voted 5-0 to approve a motion by Paulson and seconded by Vandam to move the June Board meeting from June 7th to June 14th.

Annual Meeting Planning – The Board next discussed scheduling the annual Member Meeting. MLM’s bylaws now require the meeting to be held within 180 days of the March 31st end of the fiscal year (by September 27th, 2022). To give the search effort the greatest amount of time to have meaningful and informative information to share with the membership, the Board tasked Liz Vandam with determining if the Council Chamber would be available for use the week of September 13th. Plan is to begin with a social gathering beginning at 6:00 PM with the business session and Q&A to commence at 6:30PM and conclude by 8:30PM. Site prioritized because, if available, it would not incur a cost, had sufficient room to accommodate anticipated attendees, and had the necessary A/V equipment.

Treasurer’s Report

April Financials – McGinnis then shared the April monthly financial statement with the Board. McGinnis the rationale behind the new format which the Board agreed concisely provided an appropriately detailed overview. Person moved approval of the April monthly report; motion seconded by Paulson. Motion approved 4-1 with Vandam feeling approval by the Board was not required.

Proposed Changes to Accounting Methodology - McGinnis and McCarthy also explained suggested new changes in accounting methodology:

Cash vs Accrual: Historically, MLM has used the Accrual method of recording MLM’s financials for all monthly and year-end financial reports. However for some unknown reason tax filings were prepared using the Cash method. McGinnis and McCarthy recommended MLM switch to using the Cash methodology. It is simpler and MLM’s current financial activity doesn’t warrant the additional complications/time investment required for Accrual. ELMHS and Westonka Historical Society use Cash.

Barn Reserve: The Board previously approved establishing a \$30,000 reserve to cover its contractual obligation to remove the barn if so directed by HCRRRA upon termination of MLM's lease.

Barn Utilities: Historically, all utilities have been reported as Management & General Expenses on MLM's books. McCarthy argued that the costs for gas & electrical service at the barn were incurred to maintain the boat and as such should be categorized as Program Service Expenses. He pointed out that the barn is kept heated to ensure the integrity of the boat's boiler and hull is protected in an operational state – were it not for MLM's mission to operate the boat, the barn would not be heated. Breaking out these expenses as Program Services enables MLM to report a higher percentage of funds spent on delivering our mission rather than for administrative overhead. The effect for Fiscal 2021-22 of this change would change the split between Management and Program services from 60.9% Mgmt/39.1% Program Svcs (as calculated previously) to 48.5% / 51.5%. This breakout is expected to become more favorable with some of the austerity measures recently adopted making MLM appear more worthy of charitable support – important as we approach conducting a capital campaign.

The Board agreed with all recommended changes in methodologies.

Fiscal 2021-22 Year-End Reports - McCarthy then shared with the Board a set of year-end reports for Fiscal 2021-22 reflecting the composite of financial activity from the period of time when the former Board was in place and the activity since the new Board assumed responsibility. Specifically, the reports provided included:

- Balance Sheet
- Profit & Loss Summary Statement
- Profit & Loss 3-Year Comparative Statement (last year of operations, first year of hiatus, and the most recently concluded fiscal year)
- Profit & Loss Detail Statement (an itemized listing of all expenses as categorized on the Summary statement)
- Expense Transactions by Vendor (all the same expenses listed in the Detail Statement but sorted by vendor for easy reference)
- Fiscal Year-End Financial Status (a tracking of income, expenses, cash on hand, etc. for fiscals 2005-6 through 2021-22)

All reports reflected the recommended accounting changes in methodology. Upon discussion, Paulson moved to approve the Fiscal 2021-22 Year-End Reports; motion seconded by Vandam. Motion approved 5-0.

Charitable Organization Annual Report & 990 Federal Tax Filing - McCarthy then reviewed the draft Charitable Organization Annual Report (required of all nonprofits by the Minnesota State Attorney General) and the 990 Federal Tax filing. McCarthy shared his rationale for the explanations included in the Charitable Organization Report. Person moved to approve the draft Charitable Organization Annual Report and 990-N federal tax filing as submitted; seconded by Paulson. Motion approved 5-0; McCarthy/McGinnis to move forward with formally submitting both items.

Adjournment

The Board concluded its public session at 7:35pm and then went into Executive Session to receive an update from McCarthy on recent activities with the launch site search effort.

Respectfully submitted,

Tom McCarthy, President/Secretary

Attachments:

- Agenda
- NRHP Plaques
- Financial Statement
 - Balance Sheet
 - Profit & Loss Summary Statement
 - Profit & Loss 3-Year Comparative Statement
 - Fiscal Year-End Financial Tracking
- Fiscal 2021-22 Year-End Reports

THE MUSEUM OF LAKE MINNETONKA
Board of Directors Meeting

May 3rd, 2022 6:00 – 8:00 PM
Centennial Building Conference Room
5341 Maywood Road, Mound

AGENDA

1. **Member Forum** – Members in attendance may have up to 3 minutes to speak. Board will close the Member Forum after no more than 30 minutes in order to allow sufficient time to focus on matters requiring Board action/discussion.
2. **Call To Order**
3. **Approval of Agenda**
4. **Approval of April 5th Minutes**
5. **Actions Taken Since Last Board Meeting**
 - a. Approval of new General Liability Insurance Coverage
6. **Old Business**
 - a. Insurance Update
7. **New Business**
 - a. Preparations for 3D Scanning
 - b. Resumption of Maintenance Activities at the Barn
 - c. NHRP Plaque Discussion
 - d. Annual Meeting Planning
8. **Treasurer's Report**
 - a. April Financials
 - b. Discussion of Proposed Changes to Financial Procedures
 - i. Accounting Methodology
 - ii. Barn Reserve
 - iii. New Utility Accounts
 - c. Fiscal 2021-22 Year-End Reports
 - d. Charitable Organization Report
 - e. 990-N Tax Filing
9. **Adjourn**
10. **Executive Session**

THIS VESSEL
HAS BEEN PLACED ON THE
**NATIONAL REGISTER
OF HISTORIC PLACES**
BY THE UNITED STATES
DEPARTMENT OF THE INTERIOR

MINNEHAHA

DESIGNER
MOORE BOAT WORKS
WAYZATA, MINNESOTA

BUILDER
TWIN CITY RAPID TRANSIT COMPANY
MINNEAPOLIS, MINNESOTA - 1906

RESTORER
MINNESOTA TRANSPORTATION MUSEUM
EXCELSIOR, MINNESOTA - 1995

THE MUSEUM OF LAKE MINNETONKA

Treasurer's Report

Period: April 1 - 30, 2022

Summary of Financial Position

ACCOUNT	OPENING BALANCE 4/01/2022	DEPOSITS	INTEREST EARNED	WITHDRAWALS	TRANSFERS	ENDING BALANCE 4/30/2022	NET CHANGE
Operating Checking	\$ 11,518.71	\$ -	\$ -	\$ (5,715.34)	\$ -	\$ 5,803.37	\$ (5,715.34)
Money Market Savings	\$ 127,592.08	\$ -	\$ 12.87	\$ -	\$ 3,281.97	\$ 130,886.92	\$ 3,294.84
TOTAL	\$ 139,110.79	\$ -	\$ 12.87	\$ (5,715.34)	\$ 3,281.97	\$ 136,690.29	\$ (2,420.50)
Reserve Holdings	\$ 30,000.00					\$ 30,000.00	\$ -
Flexible Cash Holdings	\$ 109,110.79					\$ 106,690.29	\$ (2,420.50)

Income Summary

No income April 1 - 30, 2022

Expense Transactions

DATE	CHECK #	PAYEE	DESCRIPTION	CLASSIFICATION	AMOUNT
04/18/2022	5277	Biffs, Inc.	W856288	63911 - Utilities	\$ (133.00)
04/18/2022	5278	Verizon	9903522374	63909 - Telephone	\$ (39.09)
04/18/2022	5279	Sterling AVS	12958 - security monitoring	65108 - Security	\$ (160.00)
04/27/2022	5280	Biffs, Inc.	W859649	63911 - Utilities	\$ (33.25)
04/27/2022	5281	void			
04/27/2022	5282	The Hanover Insurance Group			\$ (5,350.00)
Total Expenses					\$ (5,715.34)

11:45 PM
04/28/2022
Cash Basis

The Museum of Lake Minnetonka

Balance Sheet

As of March 31, 2022

	March 31, 2022
<u>ASSETS</u>	
Current Assets	
Checking/Savings	
10000 · Operating Checking Acct 3437	10,513.10
10100 · Money Market Savings RESERVE	
10200 · Savings	127,676.55
10400 · Longterm Boat Repair	0.00
10100 · Money Market Savings RESERVE - Other	0.00
Total 10100 · Money Market Savings RESERVE	127,676.55
10600 · Visa Checking 3795	3,281.97
Total Checking/Savings	141,471.62
Total Current Assets	141,471.62
Fixed Assets	
14500 · Boat Storage Building	19,674.00
14700 · Minnehaha Steamboat	15,000.00
17000 · Accumulated Depreciation	-28,522.00
Total Fixed Assets	6,152.00
TOTAL ASSETS	147,623.62
<u>LIABILITIES & EQUITY</u>	
Liabilities	
20000 · Account Payable	631.63
TBD · Barn Reserve	30,000.00
Total Liabilities	30,631.63
Equity	
30000 · Net Assets - Prior Year	126,686.39
Net Income	-9,694.40
Total Equity	116,991.99
TOTAL LIABILITIES & EQUITY	147,623.62

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04/28/2022
Cash Basis

The Museum of Lake Minnetonka
Profit Loss Summary Statement
April 1, 2021 through March 31, 2022

	Debit	Credit	Total
<u>INCOME</u>			
40000 · Contributions, Gifts, Grants			
40100 · Direct Public Support	0.00	10,926.26	10,926.26
40300 · GRANT Archiving	0.00	353.10	353.10
40500 · Membership Dues & Assessments	0.00	2,295.86	2,295.86
40000 · Contributions, Gifts, Grants	<u>0.00</u>	<u>13,575.22</u>	<u>13,575.22</u>
41000 · Interest Income	0.00	114.43	114.43
41500 · Program Service Rev - Boat			
41511 · Uncategorized Income	0.00	300.00	300.00
41513 · Ticket Sales	85.00	0.00	-85.00
41500 · Program Service Rev - Boat	<u>85.00</u>	<u>300.00</u>	<u>215.00</u>
41600 · Sales - Inventory Type	0.00	300.00	300.00
TOTAL INCOME	<u><u>85.00</u></u>	<u><u>14,289.65</u></u>	<u><u>14,204.65</u></u>
<u>EXPENSES</u>			
<u>63000 · MANAGEMENT & GENERAL EXPENSES</u>			
63100 · Accounting Fees	1,258.63	0.00	1,258.63
63101 · D & O Liability Insurance	575.00	0.00	575.00
63200 · Advertising - non fundraising	950.00	0.00	950.00
63400 · Bank Charges, Credit Card Fees	519.48	0.00	519.48
63900 · Independent Contractor	3,125.00	0.00	3,125.00
63901 · Memberships/Dues/Subscriptions	235.00	0.00	235.00
63903 · Miscellaneous	750.00	0.00	750.00
63905 · Office Supplies	12.57	0.00	12.57
63906 · PO Box Rental, Postage, Shipping	508.00	0.00	508.00
63907 · Printing & Publications	633.72	0.00	633.72
63908 · State of MN Tax Filing Fee	60.00	0.00	60.00
63909 · Telephone	1,310.96	0.00	1,310.96
63911 · Utilities (Non-Program Svcs)	1,586.00	0.00	1,586.00
63913 · Website Service	71.88	0.00	71.88
63000 · MANAGEMENT & GENERAL EXPENSES	<u>11,596.24</u>	<u>0.00</u>	<u>11,596.24</u>
<u>65000 · PROGRAM SERVICES - BOAT EXPENSES</u>			
65100 · Annual Inspections & Permits	1,736.13	0.00	1,736.13
65101 · Boat Insurance	6,072.00	0.00	6,072.00
65104 · Fire Extinguishers	159.00	0.00	159.00
65107 · Maintenance & Repair	655.39	0.00	655.39
65108 · Security	480.00	0.00	480.00
65109 · Boat Supplies	230.31	0.00	230.31
65110 · Barn Utilities	3,000.35	30.37	2,969.98
65000 · PROGRAM SERVICES - BOAT EXPENSES	<u>12,333.18</u>	<u>30.37</u>	<u>12,302.81</u>
TOTAL EXPENSES	<u><u>23,929.42</u></u>	<u><u>30.37</u></u>	<u><u>23,899.05</u></u>
NET GAIN / LOSS	<u><u>-23,844.42</u></u>	<u><u>14,259.28</u></u>	<u><u>-9,694.40</u></u>

THE MUSEUM OF LAKE MINNETONKA

Profit & Loss Statement

4/28/2022

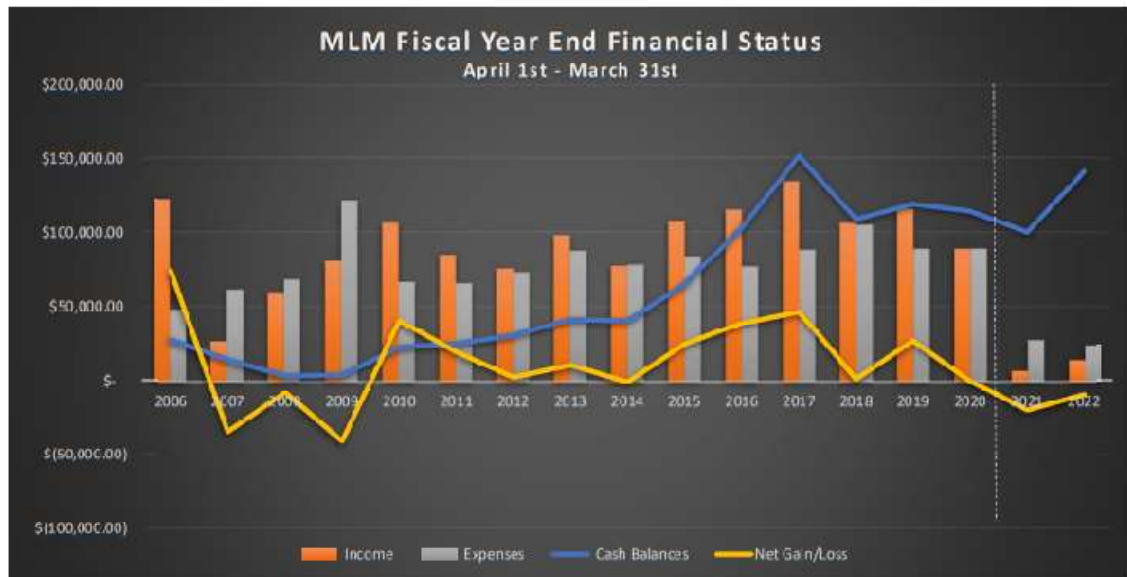
<u>CODE #</u>	<u>CLASSIFICATION</u>	<u>FISCAL YR ENDING</u> <u>3.31.2020</u>	<u>FISCAL YR ENDING</u> <u>3.31.2021</u>	<u>FISCAL YR ENDING</u> <u>3.31.2022</u>
INCOME				
<u>CONTRIBS, GIFTS, GRANTS (40000)</u>				
40100	Direct Public Support	\$ 1,910.00	\$ 4,217.50	\$ 10,926.26
40300	GRANT Archiving		\$ 775.00	\$ 353.10
40400	Indirect Public Support			
40500	Membership Dues & Assessments		\$ 1,415.00	\$ 2,295.86
40600	Sponsorships/Grants		\$ 440.00	
	TOTAL CONTRIBS, GIFTS, GRANTS	\$ 1,910.00	\$ 6,847.50	\$ 13,575.22
<u>INTEREST INCOME (41000)</u>				
		\$ 415.76	\$ 123.66	\$ 114.43
<u>PROGRAM SERVICE REVENUE - BOAT (41500)</u>				
41510	Charter Excursions			
41511	Uncategorized Income	\$ 1,800.00		\$ 300.00
41512	Website Sales	\$ 39,086.35		
41513	Ticket Sales	\$ 45,612.31		\$ (85.00)
41514	Tommie's Tonka Trolley Ticket Sales			
	TOTAL PROGRAM SERVICE REVENUE	\$ 86,498.66	\$ -	\$ 215.00
<u>SALES INVENTORY (41600)</u>				
41618	Prints			\$ 300.00
	TOTAL INCOME	\$ 88,824.42	\$ 6,971.16	\$ 14,204.65
EXPENSES				
<u>FUNDRAISING EXPENSES (60000)</u>				
60100	Mailings			
61200	Postage and Shipping			
61300	Professional Fundraising Fees			
	TOTAL FUNDRAISING EXPENSES	\$ -	\$ -	\$ -
<u>MANAGEMENT & GENERAL EXPENSES (63000)</u>				
63100	Accounting Fees	\$ 375.00		\$ 1,258.63
63101	D & O Liability Insurance	\$ 575.00	\$ 575.00	\$ 575.00
63200	Advertising - non fundraising	\$ 15,308.67	\$ 945.36	\$ 950.00
63300	Attorney			
63400	Bank Charges, Credit Card Fees	\$ 2,588.05	\$ 641.89	\$ 519.48
63500	Computer			
63600	Conferences & Conventions	\$ 175.00		
63700	Grant Archival			
63800	Grants to other 501C3's	\$ 610.00		
63900	Independent Contractor			\$ 3,125.00
63901	Memberships/Dues/Subscriptions	\$ 924.44	\$ 3,710.00	\$ 235.00
63902	Merchandise			
63903	Miscellaneous	\$ 1,687.93	\$ 1,000.00	\$ 750.00
63904	Office Rent	\$ 19,200.00	\$ 6,050.00	
63905	Office Supplies	\$ 320.63	\$ 548.44	\$ 12.57

THE MUSEUM OF LAKE MINNETONKA

Profit & Loss Statement

4/28/2022

<u>CODE #</u>	<u>CLASSIFICATION</u>	<u>FISCAL YR ENDING</u> <u>3.31.2020</u>	<u>FISCAL YR ENDING</u> <u>3.31.2021</u>	<u>FISCAL YR ENDING</u> <u>3.31.2022</u>
63906	PO Box Rental, Postage, Shipping	\$ 191.00	\$ 168.00	\$ 508.00
63907	Printing & Publications	\$ 5,206.84		\$ 633.72
63908	State of MN Tax Filing Fee			\$ 60.00
63909	Telephone	\$ 885.56	\$ 1,605.44	\$ 1,310.96
63910	Travel	\$ 1,005.45		
63911	Utilities (Non-Program Svcs)	\$ 2,963.33	\$ 3,378.21	\$ 1,586.00
63912	Volunteer Appreciation	\$ 1,927.59		
63913	Website Service			\$ 71.88
	TOTAL MANAGEMENT & GENERAL EXPENSES	\$ 53,944.49	\$ 18,622.34	\$ 11,596.24
<u>PROGRAM SERVICES - BOAT EXPENSES (65000)</u>				
65100	Annual Inspections & Permits	\$ 5,365.00		\$ 1,736.13
65101	Boat Insurance	\$ 13,783.36	\$ 6,322.00	\$ 6,072.00
65102	Boat Storage			
65103	Depreciation			
65104	Fire Extinguishers			\$ 159.00
65105	Fuel		\$ (26.15)	
65106	Launch/Removal Services	\$ 6,875.00		
65107	Maintenance & Repair	\$ 7,972.82	\$ 1,512.49	\$ 655.39
65108	Security	\$ 322.59	\$ 692.25	\$ 480.00
65109	Boat Supplies	\$ 624.23	\$ 194.22	\$ 230.31
65110	Bam Utilities			\$ 2,969.98
	TOTAL PROGRAM SERVICES - BOAT EXPENSES	\$ 34,943.00	\$ 8,694.81	\$ 12,302.81
	<u>TOTAL EXPENSES</u>	<u>\$ 88,887.49</u>	<u>\$ 27,317.15</u>	<u>\$ 23,899.05</u>
	<u>NET GAIN / LOSS</u>	<u>\$ (63.07)</u>	<u>\$ (20,345.99)</u>	<u>\$ (9,694.40)</u>



March 31st	Cash Balances		Income		Expenses		Net Gain/Loss	Ridership
2006	\$	27,407.94	\$	121,906.18	\$	48,094.74	\$ 73,811.44	5,572
2007	\$	14,059.07	\$	26,561.59	\$	61,214.06	\$ (34,652.37)	2,061
2008	\$	3,294.48	\$	59,459.03	\$	67,741.62	\$ (8,282.59)	6,035
2009	\$	3,947.06	\$	80,243.01	\$	121,144.43	\$ (40,501.42)	7,983
2010	\$	22,245.77	\$	106,214.91	\$	66,242.20	\$ 39,972.71	9,687
2011	\$	24,732.98	\$	84,724.53	\$	65,390.32	\$ 19,334.21	9,359
2012	\$	30,195.22	\$	75,091.92	\$	72,700.68	\$ 2,391.24	9,777
2013	\$	41,009.37	\$	98,008.58	\$	87,492.36	\$ 10,516.32	10,331
2014	\$	40,338.08	\$	76,811.26	\$	77,535.12	\$ (723.86)	9,474
2015	\$	64,723.15	\$	107,413.55	\$	83,011.13	\$ 24,402.52	9,133
2016	\$	103,074.46	\$	114,943.30	\$	76,501.39	\$ 38,441.91	10,358
2017	\$	151,752.67	\$	134,434.42	\$	88,095.27	\$ 46,335.15	11,548
2018	\$	108,886.59	\$	106,033.80	\$	104,821.85	\$ 1,211.95	8,950
2019	\$	118,907.27	\$	115,394.50	\$	88,787.47	\$ 26,607.13	10,480
2020	\$	114,136.55	\$	88,324.42	\$	88,887.49	\$ (63.07)	8,039
2021	\$	100,058.03	\$	6,971.16	\$	27,317.15	\$ (20,345.99)	-
2022	\$	141,471.62	\$	14,204.55	\$	23,895.05	\$ (9,694.40)	-