



FINANCE COMMITTEE MEETING

FINAL REPORT

December 19, 2024

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (4):** The Chair (Niedringhaus) called the meeting to order at 2:05 pm PDT after noting that a quorum was present

Attendees (All attendees present on either Zoom Video Conference Call or in person at Northwoods Clubhouse):

Members: Leibow, Niedringhaus, Rudolph, Vietor, Kodres, Ravano

Absent: None

Staff Lead: Justin Malley (Director of Finance)

Board Liaison(s): Don Koenes

LRPC Liaison to FC: Not present

TDA Staff: Annie Rosenfeld (General Manager)

Member(s): Alan Pontius (Member and Prospective Finance Committee candidate), Jay Wertheim (Member and Prospective Finance Committee Member)

2. **Member and Committee Member Comments:** A request was made by the Chair for comments by any Member or Committee Member who wished to do so. No Member comments were forthcoming.

3. **Follow-up Items:**

1. Approval of the November 2024 Finance Committee Minutes. The Chair indicated that all drafts had been circulated for comment prior to the meeting. A motion to approve the Minutes was made with Mr. Niedringhaus providing a 1st and with Ms. Vietor providing a 2nd. A unanimous approval resulted, and the Minutes would be forwarded for inclusion in the Board package.
2. Discussion about Cost of Goods Sold (COGS). Mr. Malley discussed the variances in COGS over the past several months and reviewed the inventory, preparation and reporting processes. It was agreed that Mr. Malley would continue to follow-up on this issue and provide additional information to the committee in the January 2025 meeting.
3. The open Controller position will be posted by Mr. Malley in January.
4. The payroll error is being researched and no conclusions as to why this was happening has been reached. This is not a material item but one that needs resolution.

4. Committee Management:

1. Recurring Tasks - Presentation and Discussion of November 2024 Financial

Results: Mr. Malley reviewed November results towards the end of the committee meeting. Highlights are:

- a. November NOR results of $-\$1,356,274$ was unfavorable to budget by $\$1,096$. Year-to-date, NOR loss was $-\$7,591,385$ and unfavorable to budget by $-\$19,986$. Although results are basically flat to budget, on a YoY basis, NOR variance for YTD 2024 is unfavorable versus 2023 same period by $\$905,396$. Primary factors are relatively flat revenue growth ($\$83,077$ less revenue in YTD 2024 vs YTD 2023) while expenses have shown a 3.54% increase when compared to the same period in the prior year (Total Operating Cost of $\$21,785,254$ YTD 2024 vs $\$21,040,061$ YTD 2023).
- b. Reviewing various operating revenue streams with comparisons to budget for the month of September:
 1. Downhill ski revenue was favorable to budget by approximately $\$700$ principally due pass revenue since the ski area was not open.
 2. Cross country operations were unfavorable to budget by $\$29,000$ due to pass sales less than budgeted.
 3. Trout Creek Rec Center was favorable to budget by $\$7,000$ with both Daily Usage fees, Retail and Lessons/Rentals contributing to the favorable variance.
 4. Food and Beverage missed budget by approximately $\$34,000$ unfavorable. The principal variance was a $-\$18,000$ unfavorable variance to budget at the Lodge. ACAC was also unfavorable by $\$14,000$.
- c. Cost of Goods Sold (“COGS”) was at a level of 12.6% compared to a budgeted level of 15.8%. Food COGS was 22.9% when compared to a budget of 31.4%. Beverage COGS was 27.9% when compared to a budget of 26.2%. Retail COGS was 33.8% versus a budgeted 42.4%. As noted, Finance staff will provide additional detail on COGS for the January meeting.
- d. Operating Labor and Other Expenses: Total payroll and burden were favorable by about $\$32,000$. Other Operating Expenses were unfavorable to budget by $\$25,000$. Key contributors to the unfavorable variance included:
 1. Staff expenses were unfavorable by $\$39k$ due to housing costs, training and ‘relations’
 2. Utilities favorable by $\$43k$ due to diesel, gasoline and natural gas costs being below budget. This is partially due to timing of ski operations
 3. Supplies and Maintenance was favorable by $\$15k$ due to reduced snow making operations.
 4. Administrative and Other was unfavorable by $\$44k$ due to unplanned licenses (expanded liquor licenses for POTH) with permits/fees and accounting being over budget.

5. **General Discussions:** The Capital Policies Working Group was discussed regarding status and next steps. The Board is beginning to work on policy revisions and establish a meeting schedule.
6. **Long Range Planning Update:** The Board has approved Ms. Ravano term extension and will replace the remaining term of Mr. Leibow on the LRPC as the liaison.
7. **Finance Committee Members for 2025:** There were 2 applicants for the Finance Committee's open positions for 2025. Ms. Kodres has applied to continue her membership for another 3-year term and Mr. Pontius is a new applicant who has been attending FC meeting over the past year. Mr. Pontius had originally applied during 2023 for a 2024 committee position but there were no openings at that time. The following recommendations were made to be forwarded to the Board, motions were made and votes taken:
 1. To recommend Ms. Kodres be appointed to a new 3-year term based on her background, experience and contributions to the Finance Committee during the past 3 years. Mr. Falk made a motion that was seconded by Ms. Vietor. The vote was 6-0 for approval with Ms. Kodres abstaining.
 2. To recommend Mr. Pontius be approved for a 3-year term based on his background, experience and attendance at finance committee meetings during the past year. Mr. Rudolph made a motion for recommendation that was seconded by Mr. Falk. A vote was taken, and the result was unanimous approval (7-0).
8. **Task Plan Update:** A significant amount of time was spent discussing the 2025 task plan. It was agreed that there were 3 main categories for the Finance Committee:
 1. **Annual and Recurring Tasks:** Tasks such as budgeting, audit review, monthly financial review, etc. would be in this category.
 2. **Special Tasks:** This category would include tasks that are assigned by the Board. For example, capital projects and FAQs would be in the category.
 3. **Succession Planning:** Assembling a pool of qualified candidates who would be available to serve on the Finance Committee based on a determination of the types of background and experience that would be necessary to serve as a member.

A motion was made by Mr. Rudolph to incorporate the comments and changes made to the initial draft for review by the Board. The motion was seconded by Ms. Ravano and a unanimous vote occurred (7-0). Given time constraints, Mr. Malley agreed to clean up the draft task list and incorporate the draft into a PowerPoint presentation for the Board meeting that was to occur the next day.

9. **Follow-up Items:**
 - a. Staff to review workforce housing for discussion back on next month.
 - b. The Director of Finance will provide an update on the payroll error status.
 - c. The Director of Finance will review spreadsheet calculations for inventory and determination of COGS.

10. 5501 Meeting Attendance:

- a. December: Vietor
- b. January: TBD
- c. February: TBD

11. Next FC Meeting: January 16, 2025, 2:00-3:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom.

Adjournment: A motion was made to adjourn (Rudolph and seconded Vietor). The meeting was concluded at 4:02 pm PDT with a unanimous vote.

Prepared and submitted by Michael Rudolph, Vice Chair, Finance Committee