

WC-001060 GRAND PORTAGE-
ISLE ROYALE TRANSPORTATION LINE INC. 1979

WC 001060

Inland and Coastal Waterways
(Class C Water Carriers)

RECEIVED ANNUAL REPORT TO THE INTERSTATE COMMERCE COMMISSION

Annual Report Form W-3

APPROVED BY GAO

B-180230 (R0405)

1979

(Date Due: March 31, 1980)

22/727

ICC - P. O. 2040

1. CORRECT NAME AND ADDRESS IF DIFFERENT THAN SHOWN (See instructions)

NAME AND ADDRESS OF REPORTING CARRIER (Attach label from front cover on original copy in full on duplicate)

Grand Portage - Isle Royale Transportation Line, Inc.
366 Lake Avenue South
Duluth, Minnesota 55802

2. Did respondent conduct its business, or any part thereof, during the year under a name or names other than that indicated in Item 1? Yes ☒ No ☐ If "Yes", give full particulars _____

3. Type of ownership (state if individual owner, partnership, corporation, association, etc.): Corporation

4. If a corporation, association, or other similar form of enterprise, give date of organization and name state in which organized: State of Minnesota on May 1 19 67

5. Give the names, address, and nature of business of all: (a) holding, (b) subsidiary, (c) affiliated, and (d) associated companies: Sivertson Fisheries, Inc., 366 Lake Avenue South, Duluth, Mn. 55802

6. Type of carrier (common, contract or both) and kind of service (passenger, or property, or both): Common, passenger, freight

7. Location of operations (state the names of ports plied between or touched in regular service or general territory served if no ports of regular service): Grand Portage, Mn. & Isle Royale, Mn.

8. Give the selected financial and operating data for the year requested in the following schedules. Under Schedule 400: Floating Equipment, include equipment used or held for use and indicate the character of title as either owned or leased from others; also describe as tugs, barges, vessels, etc. Show cargo carrying capacity in tons of 2,000 lbs. In Schedule 500: Employees, state the number of persons employed by respondent in connection with its carrier operations for the services and on dates indicated. Money items throughout this annual report form should be shown in units of dollars adjusted to accord with footings.

200. Balance-sheet items at close of year

Line No.	Item (a)	Amount (b)
Assets		
1	Current assets	3,267
2	Investment in shipping property and equipment	183,196
3	Less: Reserve for depreciation	141,337
4	Investment in non-shipping property and equipment	
5	Less: Reserve for depreciation	115,022
6	All other assets	160,148
7	Total assets	
Liabilities and Capital		
8	Current liabilities	17,651
9	All other liabilities	31,956
10	Capital stock (or proprietorship)	12,000
11	Surplus	98,541
12	Total liabilities and capital	160,148

300. Income items for the year

Line No.	Item (a)	Foreign traffic (b)	Domestic traffic		Total (e)
			Regulated (c)	Unregulated (d)	
1	Revenues, water-line operating—Total	\$	163,075	\$	163,075
2	Freight		3,292		3,292
3	Passenger		143,918		143,918
4	Mail and express		12,448		12,448
5	All other		3,417		3,417
6	Expenses, water-line operating—Total				144,807
7	Depreciation - Transportation property				8,516
8	All other operating expenses				136,291
9	Tax accruals, water line, (excluding Federal income taxes)				
10	Other income less other deductions and fixed charges - Net (- Deficit)				
11	Provision for Federal income taxes	N/A - Subs.			18,268
12	Net income after income taxes				
13	Dividend appropriations or other withdrawals				
14	a. Dividends				
	b. Other (Specify)				

400. Floating Equipment (Owned and leased from others) at end of year

Line No.	Description of item on respondent's record (a)	Character of title (b)	Year acquired (c)	Rated horsepower of engine (d)	Cargo carrying capacity - Tons (2,000 lbs.) (e)	Passenger carrying capacity (Number) (f)
1	Wenonah		1964	430	0	150
2	Voyageur II		1973	330	26	49
3						
4						
5						
6						

500. Employees

Line No.	Item (a)	Mar. 31 (b)	June 30 (c)	Sept. 30 (d)	Dec. 31 (e)
1	Employees on vessel(s), number of	0	14	14	0
2	Shore employees, number of	0	0	0	0
3	Total	0	14	14	0

GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

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FINANCIAL STATEMENTS

DECEMBER 31, 1979

RECEIVED
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GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

DECEMBER 31, 1979

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EIKILL & SCHILLING, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

310 FIRST FEDERAL SAVINGS BUILDING
DULUTH, MINNESOTA 55802

218/722-4705

ROBERT E. EIKILL CPA
JOHN F. SCHILLING CPA
DEAN R. AGER CPA

JAMES F. FRENCH CPA
THOMAS L. SYKES CPA
MICHAEL S. ALTMAN CPA

JAMES S. MATTESON & CO.
1958-1960

AVERY & SEASTAD
1960-1959

AVERY, SEASTAD & EIKILL
1969-1971

SEASTAD, EIKILL & SCHILLING
1971-1979

February 25, 1980

The Shareholders of
Grand Portage - Isle Royale
Transportation Line, Inc.
Duluth, Minnesota

We have examined the accompanying balance sheets of Grand Portage - Isle Royale Transportation Line, Inc. as of December 31, 1979 and 1978, and the related statements of operations and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Grand Portage - Isle Royale Transportation Line, Inc. as of December 31, 1979 and 1978, and the results of its operations and changes in financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Eikill & Schilling Ltd

GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

BALANCE SHEETS
DECEMBER 31,

	<u>1979</u>	<u>1978</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 685	\$ 28
Prepaid expenses	2,582	2,495
Total current assets	\$ 3,267	\$ 2,523
Fixed assets (notes 1, 2 and 5)		
Vessels	\$178,502	\$191,484
Equipment	4,694	4,694
Totals	\$183,196	\$196,178
Accumulated depreciation	141,337 41,859	145,303 50,875
Other assets		
Account receivable - Sivertson Fisheries, Inc. (note 3)	99,767	80,814
Savings certificate - under Capital Construction Fund (note 4)	15,255	14,405
Total assets	<u>\$160,148</u>	<u>\$148,617</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable	\$ 8,330	\$ 7,467
Current portion - long-term liabilities (note 5)	8,600	7,800
Accrued expenses	721	453
Total current liabilities	\$ 17,651	\$ 15,720
Long-term liabilities		
Mortgage payable - First National Bank of Duluth (non-current) (note 5)	26,036	34,704
Loan payable - S. & C. Sivertson (note 5)	5,920	5,920
Total liabilities	<u>\$ 49,607</u>	<u>\$ 56,344</u>
Shareholders' equity		
Capital stock, 1,000 shares authorized, \$100 par, 120 shares issued and outstanding	\$ 12,000	\$ 12,000
Shareholders' undistributed earnings		
Beginning balance	\$ 80,273	\$ 59,322
Net income	18,268 98,541	20,951 80,273
Total shareholders' equity	<u>\$110,541</u>	<u>\$ 92,273</u>
Total liabilities and shareholders' equity	<u>\$160,148</u>	<u>\$148,617</u>

The accompanying notes are an integral part of these financial statements.

GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	<u>1979</u>	<u>1978</u>
Income		
Ticket sales	\$143,918	\$130,374
Mail contract	12,448	11,263
Freight	3,292	2,084
Miscellaneous	<u>3,417</u>	<u>5,938</u>
Totals	\$163,075	\$149,659
Expenses		
Salaries and payrolls	\$ 28,857	\$ 27,522
Advertising and printing	8,991	6,485
Depreciation	8,516	11,377
Dock rent and storage	3,518	2,906
Fuel and oil	15,949	12,534
Food for passengers	3,413	3,157
Insurance	7,383	7,495
Interest	3,440	4,118
Legal and accounting	1,940	900
Miscellaneous	553	176
Payroll taxes	3,716	3,802
Permits and licenses (note 6)	2,860	2,860
Pilot and administrative fees	26,400	26,400
Postage and freight	4,032	2,587
Repairs	15,959	9,317
Sales tax	567	503
Supplies	1,023	2,117
Telephone and telegraph	1,676	1,091
Travel and entertainment	1,942	1,139
Utilities	994	950
Boat hire	1,339	
Office expense - Grand Portage	<u>1,739</u>	<u>1,272</u>
Total expenses	144,807	128,708
Net income (note 1b)	<u>\$ 18,268</u>	<u>\$ 20,951</u>

The accompanying notes are an integral part of these financial statements.

GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31,

	<u>1979</u>	<u>1978</u>
Working capital was provided by:		
Income from operations	\$ 18,268	\$ 20,951
Items not affecting working capital -		
Depreciation	8,516	11,377
Totals	<u>\$ 26,784</u>	<u>\$ 32,328</u>
Working capital was used for:		
Purchase of fixed assets		\$ 150
Purchase of savings certificate and interest on Capital Construction	\$ 851	763
Increase in account receivable - Sivertson Fisheries, Inc.	18,453	25,438
Decrease in mortgage payable	8,667	9,005
Totals	<u>\$ 27,971</u>	<u>\$ 35,356</u>
Net (decrease) in working capital	<u>\$ (1,187)</u>	<u>\$ (3,028)</u>
Increase (decrease) in components of working capital:		
Current assets		
Cash	\$ 657	\$ (828)
Prepaid expense	87	(180)
Current liabilities		
Accounts payable	(863)	(205)
Current portion, long-term liabilities	(800)	(1,800)
Accrued expenses	(268)	(15)
Net (decrease) in components of working capital	<u>\$ (1,187)</u>	<u>\$ (3,028)</u>

The accompanying notes are an integral part of these financial statements.

GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1979

NOTE 1 ACCOUNTING POLICIES

- a. Vessels and Equipment - The vessels and equipment are stated at cost and are depreciated on the straight-line method over their estimated useful lives of 5 to 15 years (see note 2).

Maintenance, repairs and renewals, including the replacement of minor items, are charged against income. Major additions or repairs which prolong the life of the vessels or equipment beyond that previously contemplated, are capitalized.

Upon sale or retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and any resultant gain or loss is reflected in earnings.

- b. Income Taxes - The corporation elected to be taxed as a Small Business Corporation under Section 1372 Subchapter "S" of the Internal Revenue Code and similar provisions of the Minnesota Income Tax Act. Because of this election, no provision for Minnesota or federal income taxes has been made on the income statement.

NOTE 2 FIXED ASSETS

The components of depreciable property are as follows for December 31:

	Life	Method	1979		1978	
			Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Voyageur & equipment	10 Yrs.	SL	\$ 21,085	\$ 21,085	\$ 21,085	\$ 20,992
Hiawatha & equipment	10 Yrs.	SL			12,982	12,482
Wenona & equipment	5-15 Yrs.	SL	88,362	85,834	88,362	82,328
Voyageur II (note 1)	10-15 Yrs.	SL	73,749	34,418	73,749	29,501
Totals			<u>\$183,196</u>	<u>\$141,337</u>	<u>\$196,178</u>	<u>\$145,303</u>

GRAND PORTAGE - ISLE ROYALE
TRANSPORTATION LINE, INC.
DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1979
(Continued)

NOTE 3 ACCOUNT RECEIVABLE - RELATED PARTIES

The Company and Sivertson Fisheries, Inc. are owned 100% by Stanley and Clara Sivertson. The Company has advanced funds to Sivertson Fisheries, Inc. The balance of this advance was \$99,767 and \$80,814 as of December 31, 1979 and 1978, respectively.

NOTE 4 SAVINGS CERTIFICATE - UNDER CAPITAL CONSTRUCTION FUND

The Company has placed monies in a Capital Construction Fund program as defined by the 1970 amendments to the Merchant Marine Act of 1936. The Capital Construction Fund program is established for the purpose of providing funds for modernization and expansion of the United States Merchant Marine. The Act provides for the deferment of income taxes on monies deposited in the Fund. A fund is established by entering into a Capital Construction Fund agreement with the Secretary of Commerce.

NOTE 5 MORTGAGES AND LOANS PAYABLE

The Company is covered by a loan agreement dated June 20, 1973, with First National Bank of Duluth. This agreement covers the Company and Sivertson Fisheries, Inc. jointly.

At December 31, 1979, the balances of the mortgages and loans were:

	<u>1979</u>	<u>1978</u>
Mortgage payable, First National Bank of Duluth, June 20, 1973, ten-year maturity, interest 8-3/4%, secured by a first mortgage on all vessels, pledge of corporate capital stock, and guarantees of the Small Business Administration and Company officers	\$ 34,636	\$ 42,504
Loan payable, S. & C. Sivertson, unsecured demand loan	<u>5,920</u>	<u>5,920</u>
Totals	\$ 40,556	\$ 48,424
Less current portion	<u>(8,600)</u>	<u>(7,800)</u>
Net long-term liabilities	<u>\$ 31,956</u>	<u>\$ 40,624</u>

NOTE 6 OPERATING PERMITS

The Company operates a passenger ferry service between Grand Portage, Minnesota, and Isle Royale, Michigan, under a National Park Service permit. It also has a mail contract and hauls freight between the same two points. The permit expires December 31, 1980.

600. Traffic statistics for the year

Line No.	Item (a)	Foreign traffic (b)	Domestic Traffic		Total (e)
			Regulated (c)	Unregulated (d)	
1	Tons of revenue freight carried (2,000 lbs.)		64		64
2	Number of revenue passengers carried		5,135		5,135
3	Commodities, 6 principal, handled in domestic trade				

9. Give a concise statement of important changes during the year affecting comparisons of returns in this report with report of previous year, such as transfer of ownership, leasing of property and vessels, location of operations, financial arrangements, etc.

None

10. Name, title, telephone number and address of the person to be contacted concerning this report

NAME Stanley Sivertson

TITLE President

TELEPHONE NUMBER 218
(Area Code)

722-2609
(Telephone number)

OFFICE ADDRESS 366 Lake Avenue South
(Street and number)

Duluth, Minnesota 55802
(City, State, and ZIP Code)

OATH (To be made by the officer having control of the accounting of the respondent)

STATE OF Minnesota

COUNTY OF St. Louis

Stanley Sivertson

makes oath and says that he is

(Insert here the name of the affiant)

President

of

Grand Portage - Isle Royale Transportation Line

(Title of affiant)

(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including January 1, 1979, to and including December 31, 1979.

Stanley Sivertson
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and county above named, this 31st day of March, 1980. My commission expires _____

Place
Impression Seal
Here

James F. French
(Signature of officer authorized to administer oaths)

Notary Public, St. Louis County, Minn.
My Commission Expires Dec. 22, 1982

FOLLOW ALL INSTRUCTIONS CAREFULLY

1. Remove the mailing label from the cover and attach the label to the top of page 1 of the report form to be filed. The mailing label should NOT be altered. If the name and address on the mailing label are incorrect, insert your correct name and address in the space provided to the left. The carrier mailing address is the company address where correspondence regarding accounting and reporting matters is to be directed, but not the address of an independent auditor or CPA.

2. Three copies of this form for annual report should be filled out and two copies returned, the original of which must be the copy containing the mailing label, to the Bureau of Accounts, Interstate Commerce Commission, Washington, D. C. 20423, by March 31 of the year following the year for which the report is made; one copy should be retained by the carrier for reference. The report is required of water carriers whose average annual operating revenues are \$100,000 or less, in accordance with the provisions of Section 313(a) of Part III of the Interstate Commerce Act.

3. For those water carriers subject to the jurisdiction of the Interstate Commerce Act having average annual operating revenues exceeding \$100,000 annual report Form W-1 and Maritime carriers annual report Form W-4 have been provided.

4. Unless otherwise explained, the carrier should report its

entire operations for the year of the report including intrastate and exempt interstate transportation. If operations are for a period less than a year, the report should so indicate.

5. Full and accurate replies should be made to all items and schedules. If an item is not applicable to the respondent, or if the word "none" fairly and completely applies, the report should so indicate. If records are not available for any item or part thereof, which give the information called for, respondent should report the best estimate possible and mark such items "estimated."

6. Wherever the space provided is insufficient to permit full and complete reply to the requested information, such replies should be prepared on inserts, appropriately referenced and securely attached to the report or the reply can be continued in the space in the report for "Remarks."

7. If respondent prepares statements of its income, surplus, general balance-sheet or operations for the year or any part thereof of the report, one copy of each such statement shall be filed with this report or submitted to the Commission as and when available.

8. Inquiries relative to the preparation and filing of the report should be addressed to the Bureau of Accounts at above address.

REMARKS:

This space for ICC use only: