

To: Dave Jones, President LFCC
From: Rob Walls
CC: Board of Directors, Morgan Gonzales (KS)
Re: Lincolnshire Fields Country Club

Overview:

April saw another miss to budgeted EBITDA as the club finished at -\$478 on a budget of \$8,424. This leaves the club \$25k ahead of budgeted EBITDA for the fiscal year. Poor weather continued in April. Revenues from membership dues, initiation fees, and in golf were the main driver of the shortfall. Food & Beverage revenues continued to trend upward, finishing the month at \$55.3k versus a budget of \$51.8k. This revenue total was 30% ahead of 2021. Despite the large miss in revenue, the team was able to mitigate through payroll & OPEX savings.

Lincolnshire Fields
Standard Summary Income Statement
For the Six Months Ending April 30, 2022

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY	Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget	Rolling 12 Months
REVENUES											
18,345	23,175	79%	23,147	70%	24,567	36,421	67%	36,933	67%	283,871	278,651
9,382	17,800	53%	13,356	70%	31,598	46,900	67%	43,032	72%	212,300	201,242
130	0	0%	9	1444%	1,102	0	0%	2,498	44%	0	6,505
0	0	0%	20	0%	0	0	0%	20	0%	0	6,505
55,339	51,825	107%	42,711	130%	247,674	238,896	104%	182,211	136%	763,236	784,667
138,871	145,765	95%	136,275	102%	940,735	659,810	69%	782,100	107%	1,748,301	1,680,000
11,050	30,000	37%	13,600	81%	33,600	76,000	44%	49,100	68%	127,000	97,100
3,550	0	0%	3,400	104%	3,550	0	0%	3,400	104%	23,600	28,036
(55)	0	0%	(451)	12%	688	0	0%	(606)	-114%	0	9,487
236,712	268,365	88%	231,067	102%	1,183,603	1,267,528	94%	1,098,678	108%	3,166,307	3,086,963
COST OF SALES											
7,980	11,969	59%	9,770	81%	25,408	33,774	75%	32,940	77%	162,523	156,944
25,238	19,538	129%	18,345	154%	95,478	87,937	97%	86,659	143%	299,978	287,302
32,318	31,506	103%	28,115	129%	120,886	131,710	92%	119,599	121%	461,500	444,246
75.5%	68.0%	111.0%	65.7%	114.9%	80.4%	72.0%	111.7%	76.5%	105.0%	76.5%	923.7%
45.6%	37.7%	121.0%	38.3%	119.0%	43.1%	41.1%	104.9%	40.4%	106.6%	38.2%	501.9%
PAYROLL											
39,514	52,255	76%	38,531	103%	182,169	200,109	91%	177,963	102%	519,260	454,700
8,119	13,813	60%	10,717	70%	44,854	62,251	72%	58,117	77%	186,833	133,401
51,487	42,343	122%	37,366	138%	247,015	243,268	102%	182,186	136%	577,049	578,829
0	1,224	0%	265	0%	46	1,224	4%	285	16%	75,081	71,113
18,884	23,193	81%	21,026	90%	92,079	124,789	74%	126,513	73%	250,436	217,332
118,005	132,636	89%	107,924	109%	666,162	631,641	90%	545,063	104%	1,686,459	1,456,376
OPERATING EXPENSES											
22,872	30,390	76%	31,028	74%	56,556	65,758	86%	65,269	87%	294,791	287,675
1,731	1,731	100%	1,731	100%	10,395	10,395	100%	10,395	100%	26,582	28,100
322	300	107%	224	144%	4,514	4,735	95%	7,458	61%	10,160	9,294
12,593	11,691	109%	9,768	129%	51,048	43,113	118%	35,246	149%	109,196	109,812
3,900	1,435	272%	1,149	339%	4,450	2,085	212%	990	450%	23,149	25,888
45,350	49,663	91%	41,284	110%	278,883	302,480	92%	243,655	114%	623,731	609,307
86,867	95,800	91%	85,104	102%	405,697	428,588	95%	383,003	112%	1,087,630	1,070,244
237,190	259,941	91%	218,144	109%	1,092,743	1,191,919	92%	1,007,665	108%	3,135,589	2,970,864
(478)	8,424	-6%	12,923	-4%	90,760	66,609	138%	91,013	100%	20,718	115,099
FINANCING ACTIVITY											
(5,084)	(9,575)	53%	(5,584)	91%	(31,412)	(57,450)	55%	(34,772)	90%	(114,900)	(64,020)
(1,188)	0	0%	(1,752)	68%	(7,791)	0	0%	(9,610)	81%	0	(18,503)
121	0	0%	58	205%	478	0	0%	285	177%	0	609
(6,151)	(9,575)	64%	(7,277)	85%	(38,728)	(57,450)	67%	(44,113)	88%	(114,900)	(61,714)
OTHER INCOME (EXPENSE)											
45,812	47,595	96%	45,155	101%	278,006	281,920	99%	284,001	105%	572,348	555,769
0	0	0%	0	0%	0	0	0%	106,882	0%	0	0
(34,095)	(36,217)	94%	(34,492)	99%	(204,589)	(212,126)	96%	(206,950)	99%	(428,428)	(430,334)
0	0	0%	0	0%	6,670	0	0%	0	0%	0	9,170
0	0	0%	0	0%	(2,520)	0	0%	0	0%	0	18,072
11,717	11,378	103%	10,664	110%	77,587	69,794	111%	163,732	47%	142,920	151,677
5,088	10,227	50%	16,310	31%	129,619	77,953	166%	210,633	62%	48,738	185,061
32	100	32%	95	34%	103	255	41%	255	40%	2,986	2,477
816	1,150	71%	1,128	72%	1,519	2,550	60%	2,500	81%	15,910	19,381
0	0	0%	11	0%	4	0	0%	14	29%	0	19
848	1,250	68%	1,234	69%	1,626	2,805	58%	2,768	59%	18,196	15,857
7,397	2,884	257%	2,432	304%	11,490	4,931	233%	4,308	207%	1,323	43,432
278	215	130%	187	146%	729	449	162%	397	183%	173	3,773
573	232	247%	244	235%	239	143	167%	144	169%	119	1,517
22	19	117%	19	119%	15	13	116%	13	114%	16	157
65	41	157%	35	189%	152	85	179%	66	231%	42	891
11	14	79%	11	102%	19	17	118%	16	129%	12	172

Financial Performance:

Revenues:

March revenues finished at \$236.7k versus a budget of \$268.4k and prior year actuals of \$231k. Despite a strong month in membership sales, with 11 memberships adds and little attrition, there was an approximately \$19k miss on the initiation fee line. Upon review, there were several membership additions in the last week of April. These initiation fees were not received until the first week in May. The revenue from these sales were not recognized this month and will instead be recorded in May.

The dues line continued to miss and contributed a \$6,800 shortfall, down 5% to budget. The first dues billing for all new members was in April and the increase will be recognized in May. We should see a jump of roughly \$6.5k on this line given the 20 new members added this spring. For the year, dues now trail the budget by roughly \$19k. New member interest continues to be strong, and we expect strong sales in May with the pool opening and improved weather.

The other large revenue miss was in Golf. Again, poor weather conditions played a large part. There were 848 total rounds played in April versus 1234 played in 2021. The weekend weather was especially poor, and there were only 32 total guest rounds throughout the month. There were 95 total guest rounds in 2022. Cart fees finished the month down 14%. Guest fee revenues were \$2k on a budget of \$4.3k.

Out-of-inventory merchandise sales were ahead of both budget and prior year again in April, but there was another huge miss in special orders of approximately \$9k. As discussed last month, Titleist did not run their Loyalty Rewarded program which results in \$7k in sales annually. In addition, the club hosted two successful fittings days in April with sales approaching \$10k. These sales were not realized due to supply chain issues and will be accounted for in a future month.

Food & Beverage revenues continued a positive trend. The club saw \$55.3k in total sales, beating the \$51.8k budgeted and outpacing 2021 actuals by \$13k. Easter was a successful event with close to 300 members served. The new menu drove increased traffic. Despite limited golf and cooler weather, it was a great month for the Food & Beverage team.

For the fiscal year, total revenues are now trailing budget by \$74k (6%) while outpacing the prior year by \$85k (8%).

Payroll:

Payroll provided significant savings in April. Staffing levels increased throughout the facility as we began to prepare for the season, especially on the Food & Beverage side. The team feels good about positioning and training, but we have started to see some staff attrition and will continue hiring. Total payroll finished at \$118k on a budget of \$132.6k.

For the second straight month, Food & Beverage operated over budget with a total payroll of \$51.5k on a budget of \$42.3k. Revenues were significantly ahead of budget, we were training staff, and we brought in some additional flex help in the kitchen as we eliminated our cleaning service contract after a long negotiation. We are working on operational organization and training. The team has responded well and is prepared for a busy month of May. For the fiscal year, the total payroll in F&B is \$247k versus a budgeted \$243k.

Course & Grounds payroll was significantly under budget as weather limited operations. C&G saved \$12k, finishing the month at \$39k versus \$52.2k. The expectation is we will run high to budget as our hourly staff returns and the season ramps up. Retention of staff was a priority, and we are paying a few employees a premium hourly rate versus past seasons.

Golf payroll continues to provide monthly savings as we enter the season. Hourly staff will increase as the weather improves and the season starts. With the shuffle of management staff, the department should continue to see savings. The golf department saved \$5.5k for the month and is currently at \$44.9k versus a budget of \$62.2k for the fiscal year.

Administration provided the remainder of the payroll savings. Lauren Kuleck moved into her Membership Relations position, and her payroll contribution was accounted for in April. Total payroll in G&A was \$18.8k on a budget of \$24k. The department is \$32.7k under budget for the year.

For the fiscal year, the club is 12% below budgeted payroll, saving approximately \$65.5k. April was also a ramp-up month on the staffing side with new hires and a lot of training. As stated over the last several months, budget numbers will be flexible with the new hires and shifts in responsibilities. Certain departments will run significantly under budget while others may run over. I will continue to monitor the overall payroll numbers to ensure we operate under budget monthly.

Expenses:

OPEX provided modest savings to budget, finishing the month at \$87k versus a budget of \$95.6k.

Course & Grounds were well under budget, saving \$7.5k. These savings were artificial because weather limited our ability to spray seasonal pesticides. These applications will be applied in May. The annual dryject aerification was completed in April and ran over budget due to demand/market.

We continue to add supplies and fix equipment on the Food & Beverage side as we work toward efficient operations. There was and continues to be a lot of deferred maintenance within the building that needs to be addressed. The team has been asking for more uniformity in glassware, silverware, plates, etc. We will continue to work toward this goal. Food & Beverage OPEX finished at \$12.5k on a budget of \$11.5k.

We are still seeing some artificial savings versus budget because we have not been billed for the annual audit. In addition, we have moved the expense for contract cleaning to the payroll line as we are now performing this service in house. The club started advertising in April with Advantage Marketing, but the services are not fully running. They will be in May. Rob went to California for the Kemper Sports Leadership Conference. This educational opportunity was not budgeted but provided a great networking opportunity and valuable management training.

Cost of Goods was high again in Golf. We were closer to expectations, but the team was hoping for a lower number given the ramp-up of inventory and early payment discounts. In talking with Matt, it sounds like we were still moving through some aged inventory at a discount because we have not received our spring apparel as scheduled. We are confident in the inventory number and will be investigating pricing/costing should the trend continue.

Beverage COGS% was cause for concern, finishing at 49% (Roughly \$5.5k over budget) This was the first significant miss on F&B COGS and is being investigated. Upon review of the inventory, there was some missing purchasing and a complicated spreadsheet that made the investigation difficult. I am working through the inventory issues with our team. Ted has taken ownership of the purchasing, and we are developing an easier counting/tracking system. The team has implemented some additional inventory controls as well. This was the first inventory for Torry and Stephanie. It is possible there were some long-standing inventory issues that had not been noticed before, but we are investigating and doing our best to ensure there are no additional surprises in the future.

Summary:

The club had its second straight significant miss to budgeted EBITDA with a shortfall of \$8,902. A miss in revenue attributed to poor golf weather and a dues/initiation fees line that continues to trail budget despite strong membership additions in April. For the year, EBITDA is \$90.7k on a budget of \$65.6k. The pool opens in May, Stingray's will be fully operational for the first time since 2019, and we are looking forward to some great golf days ahead.

There is still strong interest in the club with inquiries daily. We anticipate membership will continue to grow in May & June. We hope food & beverage revenues will continue to increase and golf will start to roll as the weather improves.

Key Performance Highlights:

- Total revenues \$236.7k on budget of \$268.3k and prior year of \$231k.
- Dues finished at \$139k on a budget of \$145.7k, a miss of 5%. The dues line is currently \$3.7k higher than prior year.
 - Members added in March & April received deferred dues. The dues line should see an increase of roughly \$6.5k in May as these new member dues are realized.
 - Membership sales success will continue to be important in May & June as we need to start making up ground with our YTD totals lagging.
 - Eleven members were added in April with strong interest heading into May.
- Payroll was under budget by \$14.6k in April.
- OPEX finished at \$86.7k versus a budget of \$95.8k.
- COGS finished at 75% for merchandise on budget of 68% and prior year of 65.66% and Food and Beverage finished at 45.6% on budget of 37.7% and prior year of 38.32%.
- Food & Beverage revenues were up 30% versus the prior year.
- Easter was a success with over 300 members served.

Key Performance Issues:

- Weather was a significant factor again in April. The weekend weather was poor throughout the month.
- Payroll was high in Food & Beverage.
 - Continued hiring and staff training.
 - Added some flex kitchen staff to help clean the building after contract cleaning services were canceled.

- We continue to have areas of need on the supply and maintenance side.
 - The building's deferred maintenance is slowly being addressed.
 - We are trying to match glassware, lightbulbs, silverware, etc.
 - Scott has communicated the need for equipment repair and maintenance given the delay in receiving new equipment from manufacturers.
 - A large pipe leak outside the building is being investigated and will be fixed in May.
 - This project will include replacing the rusted-out shutoff valves in the building.

Key Actions to Drive Performance:

- Full programming on the Food & Beverage side will continue in May.
 - Mother's Day is planned and reservations are full. We are expecting close to 300 members.
 - League programming is in full swing.
 - Turn station for league and weekend play has been a success.
- Golf has eight golf outings confirmed on the schedule with two more likely.
 - Rates have increased for these events so we should see an increase in overall revenue.
- A downstairs entryway renovation started the first week of April and will continue into May.
 - New flooring plus modern countertops and cabinetry.
 - New vanity, mirror, and paint in the Men's Locker Room.
 - TV on the wall to allow for digital advertising.
- Grounds is working on a plan to improve water management techniques and bunker maintenance to improve overall playability for the 2022 season.
- New club app is being explored through iMobile.
 - Added amenity for the membership.
- Parking lot potholes, cracking, and striping were bid out and will be scheduled in May following Board approval.
- The pool was cleaned and filled in April and will be open the first weekend in May based on the weather.

Grounds Recap April:

April was a wet and mostly cold month. Only a few isolated nice days to remind us that it was supposed to be Spring. Golf and golf maintenance were severely impacted throughout the month by the weather.

Grounds notes for April:

The grounds staff did their best to keep up with mowing and regular maintenance in between rains during the month. Seasonal fertilizer and pesticide application were almost impossible and fell behind.

Staffing was going well until an on-job injury to a new employee left us shorthanded. It looks like he will be returning in the next few weeks, and we have otherwise filled the staff for the season. Our new equipment manager continues to progress on learning the important reel maintenance skills and otherwise become familiar with golf course work.

The grounds budget continues well within projections year to date. As mentioned above, the weather has delayed a number of applications which will catch up in May and June. Payroll also included some savings due to weather. Payroll also seems to have been inaccurately forecast for the month of April and will also catch up as we move into the summer months.

The capital budget continues to be affected positively by the inability of our equipment distributor to deliver new replacement equipment that has been on order since the end of the year.

Grounds projects during April:

Pressurized irrigation and checked system.

Assisted contractor with Dryject aerification of the putting greens.

Continued some limbing-up and other pruning of various trees around the course.

Installed course accessories and began regular course set up.

Performed spring cleanup pruning of landscape beds around clubhouse and course.
Completed granular fertilizer application to all putting greens.
Began vertical edging of all bunkers.
Continued regular course cleanup of brush and debris after storms and high winds.
Installed tennis windscreens and nets.
Moved winter brush stockpile from parking lot to burn area.
Performed initial edging of tee signs and yardage markers.

April Photos:



April showers



brought some flowers.



A long day for the grounds staff – 35 tons of sand one bucket at a time!



REALLY! How disappointing!