

**To:** Toney Tomaso, President LFCC  
**From:** Rob Walls, General Manager  
**CC:** Board of Directors, Morgan Gonzales (KS)  
**Re:** Lincolnshire Fields Country Club

### Overview:

December was a decent month with revenues meeting budget, but both payroll and expenses finishing above our targeted goals. The month was saved by the dues increase that hit one month earlier than budgeted. Unspent minimum revenue went straight to the bottom line as well. The club finished with an EBITDA of \$24.8k versus a budget of \$18.6k.

Lincolnshire Fields  
 Standard Summary Income Statement  
 For the Two Months Ending December 31, 2022

Actual	MTD Budget	% of Budget	MTD Prior Year	% of FY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of FY	Annual Budget	Rolling 12 Months
<b>REVENUES</b>												
200	970	21%	1,370	15%	Green Fees & Cart Fees	3,491	2,850	122%	4,767	73%	269,094	235,712
3,578	5,800	65%	7,992	45%	Merchandise	9,113	9,200	99%	12,311	74%	187,100	183,357
0	0	0%	38	0%	Other Pro Shop	679	0	0%	75	605%	50	7,802
0	0	0%	0	0%	Range	0	0	0%	0	0%	120	20
58,816	50,400	117%	73,958	90%	Food and Beverage	96,604	93,700	103%	109,808	98%	874,278	793,644
155,400	145,586	107%	139,997	111%	Membership Dues	303,943	292,466	104%	279,320	109%	1,804,715	1,776,421
0	0	0%	2,050	0%	Initiation Fees	0	0	0%	96,050	0%	51,697	51,697
4,592	4,592	100%	0	0%	Deferred I/Fee Rev Adj	9,183	9,183	100%	0	0%	(34,692)	9,183
0	0	0%	0	0%	Other Operating Revenues	0	0	0%	0	0%	24,618	24,618
555	(100)	-555%	(25)	-2205%	Other GSA Income	282	(200)	-149%	(195)	-149%	(1,210)	4,118
<b>223,140</b>	<b>206,928</b>	<b>108%</b>	<b>226,348</b>	<b>99%</b>	<b>TOTAL REVENUE</b>	<b>423,295</b>	<b>407,196</b>	<b>104%</b>	<b>412,133</b>	<b>103%</b>	<b>3,317,406</b>	<b>3,086,574</b>
<b>COST OF SALES</b>												
3,551	4,950	72%	7,409	48%	Merchandise	7,770	7,486	104%	10,711	73%	143,231	143,379
23,395	19,189	122%	15,181	154%	Food & Beverage	40,019	35,639	112%	31,728	126%	327,148	300,114
<b>26,946</b>	<b>24,119</b>	<b>112%</b>	<b>22,590</b>	<b>119%</b>	<b>TOTAL COGS</b>	<b>47,789</b>	<b>43,125</b>	<b>111%</b>	<b>42,439</b>	<b>113%</b>	<b>470,379</b>	<b>443,492</b>
<b>99.2%</b>	<b>90.0%</b>	<b>110.3%</b>	<b>92.7%</b>	<b>107.0%</b>	<b>COGS - Merchandise %</b>	<b>85.3%</b>	<b>81.2%</b>	<b>105.1%</b>	<b>87.0%</b>	<b>98.0%</b>	<b>76.6%</b>	<b>931.3%</b>
<b>45.7%</b>	<b>38.0%</b>	<b>120.2%</b>	<b>27.7%</b>	<b>164.9%</b>	<b>COGS - Food %</b>	<b>45.0%</b>	<b>38.0%</b>	<b>118.3%</b>	<b>35.0%</b>	<b>128.5%</b>	<b>37.4%</b>	<b>515.4%</b>
<b>PAYROLL</b>												
32,803	30,295	108%	26,130	120%	Course and Grounds	66,785	71,955	93%	57,301	117%	597,776	487,988
5,327	5,889	94%	9,778	54%	Pro Shop	11,756	12,337	95%	19,346	81%	153,753	108,888
48,887	50,888	96%	41,881	117%	Food and Beverage	94,714	95,354	99%	81,177	117%	629,897	638,160
46	0	0%	46	100%	Other Operating Departments	110	0	0%	46	241%	66,913	59,676
17,063	13,861	123%	15,738	100%	General and Administrative	35,231	30,006	117%	31,941	111%	234,926	207,740
<b>103,905</b>	<b>100,832</b>	<b>103%</b>	<b>93,373</b>	<b>111%</b>	<b>TOTAL PAYROLL</b>	<b>208,596</b>	<b>209,692</b>	<b>99%</b>	<b>189,711</b>	<b>110%</b>	<b>1,682,234</b>	<b>1,500,272</b>
<b>OPERATING EXPENSES</b>												
5,984	4,274	140%	4,586	130%	Course and Grounds	14,533	15,149	96%	14,856	99%	317,496	308,057
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	3,462	3,462	100%	3,462	100%	20,182	24,156
334	950	35%	1,210	28%	Pro Shop	1,659	1,200	138%	1,829	91%	11,100	9,292
7,787	7,982	99%	7,564	103%	Food and Beverage	14,708	15,874	93%	12,828	119%	123,474	134,009
59	70	84%	57	102%	Other Operating Departments	119	140	84%	381	31%	29,465	29,253
51,588	48,434	108%	47,022	109%	General and Administrative	101,525	98,403	103%	99,130	104%	821,530	824,501
<b>67,460</b>	<b>63,421</b>	<b>106%</b>	<b>62,241</b>	<b>108%</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>136,054</b>	<b>134,227</b>	<b>101%</b>	<b>131,286</b>	<b>104%</b>	<b>1,123,279</b>	<b>1,129,367</b>
<b>198,311</b>	<b>188,372</b>	<b>105%</b>	<b>178,203</b>	<b>111%</b>	<b>TOTAL EXPENSES</b>	<b>392,439</b>	<b>386,983</b>	<b>101%</b>	<b>363,436</b>	<b>106%</b>	<b>3,275,892</b>	<b>3,073,130</b>
<b>24,829</b>	<b>18,556</b>	<b>134%</b>	<b>47,145</b>	<b>53%</b>	<b>EBITDA</b>	<b>30,856</b>	<b>20,215</b>	<b>153%</b>	<b>48,897</b>	<b>63%</b>	<b>41,514</b>	<b>13,444</b>
<b>FINANCING ACTIVITY</b>												
(1,322)	(7,800)	17%	(5,259)	26%	Interest Expense - Debt	(2,645)	(15,800)	17%	(10,941)	24%	(94,800)	(38,757)
(4,889)	(1,875)	261%	(1,265)	357%	Interest Expense - Leases	(10,214)	(3,350)	305%	(2,772)	368%	(20,100)	(28,489)
200	0	0%	57	353%	Interest Income	348	0	0%	108	321%	0	1,685
<b>(5,991)</b>	<b>(9,575)</b>	<b>63%</b>	<b>(6,567)</b>	<b>91%</b>	<b>TOTAL FINANCING ACTIVITY</b>	<b>(12,511)</b>	<b>(19,100)</b>	<b>65%</b>	<b>(13,505)</b>	<b>93%</b>	<b>(114,900)</b>	<b>(65,548)</b>
<b>OTHER INCOME (EXPENSE)</b>												
50,518	49,000	103%	46,369	109%	Dues - Capital Improvement	99,078	98,000	101%	92,834	107%	588,000	581,775
0	0	0%	0	0%	Initiation Fees - Capital Improvement	0	0	0%	0	0%	5,208	0
(32,081)	(34,492)	93%	(34,065)	94%	Depreciation & Amortization	(64,162)	(68,984)	93%	(68,190)	94%	(419,904)	(410,372)
0	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	0	0	0%	6,670	0%	0	0
0	0	0%	0	0%	Other Expenses / Capital Reserve / Impairment	0	0	0%	(2,520)	0%	0	(12,440)
<b>18,437</b>	<b>14,508</b>	<b>127%</b>	<b>12,274</b>	<b>150%</b>	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>34,915</b>	<b>29,016</b>	<b>120%</b>	<b>28,794</b>	<b>121%</b>	<b>180,304</b>	<b>168,962</b>
<b>37,276</b>	<b>23,489</b>	<b>159%</b>	<b>52,852</b>	<b>71%</b>	<b>NET INCOME</b>	<b>53,259</b>	<b>30,081</b>	<b>177%</b>	<b>63,986</b>	<b>83%</b>	<b>106,919</b>	<b>106,858</b>
0	10	0%	21	0%	Paid Rounds	35	25	140%	57	61%	2,306	1,668
1	150	1%	151	1%	Member Rounds	335	350	96%	447	75%	12,600	11,515
0	0	0%	0	0%	Other Rounds	0	0	0%	4	0%	0	279
1	160	1%	172	1%	Total Rounds	370	375	99%	508	73%	14,906	13,460
0	20,883	0%	10,731	0%	Revenue/Paid Rounds	12,094	16,288	74%	7,230	167%	14,388	36,400
223,140	1,293	17254%	1,310	17031%	Revenue/Total Rounds	1,144	1,086	105%	911	141%	223	225,719
0	97	0%	65	0%	Green Fees / Cart Fees per Paid Rounds	99	114	87%	84	119%	116	1,704
200	8	3269%	8	2512%	Green Fees / Cart Fees per Total Rounds	9	8	134%	9	100%	18	348
58,816	315	18672%	431	13870%	F&B Revenue/Total Rounds	261	250	104%	216	121%	59	59425
3,578	34	10408%	46	7700%	Merchandise Revenue/Total Rounds	25	25	100%	24	102%	13	3,711

### Financial Performance:

#### Revenues:

December revenues finished at 223k. This total was \$16.2k or 8% ahead of the \$207k budgeted and slightly behind (\$2k) prior year.

The dues line contributed \$155.4k, providing significant gains to the budget. The dues increase took effect in December, but it was not budgeted until January. These additional revenues helped boost some lagging revenues elsewhere.

Food & Beverage revenues finished \$8.4k over budget at \$58.8k. This total was roughly \$15.1k behind prior year actuals. The main revenue miss, compared to prior year, was in unspent food & beverage minimum. Revenue from unspent minimums is unbudgeted and unplanned. There was a balance of \$7,658 in December this year versus \$19.2k in 2021. This difference was most likely due to Covid effects on member usage. The overall miss when removing unspent minimum totals was \$3.6k.

My expectation was December would be a stronger revenue month given the number of holiday party bookings, social events, and general F&B momentum. While we hit our revenue targets, we will need to see increased usage to hit our goals following the unbudgeted shutdown in January. We are planning a new menu launch at the end of January which we hope drives additional traffic.

The weather was poor in December and the course had just one recorded round of play. Merchandise sales finished the month at \$3.6k on a budget of \$5.5k. Limited traffic always leads to fewer sales, and the Golf Shop has not seen a historical boost in holiday sales.

### **Payroll:**

Payroll finished December slightly over budget, finishing the month at \$103.9k on a budget of \$100.8k. It was nice to see savings from both Food & Beverage and Golf. Administration and Course & Grounds each ran over budget.

We hired Matt Guyton, our new Administrative Assistant/Marketing Director, in December. Matt's position was not budgeted to begin until March, but he was a great fit and we decided to have him start early. Administration will run slightly over budget until his position begins to be accounted for.

Course & Grounds saw overages mainly due to seasonal employee termination that led to additional "vacation" spend. These terminations resulted in an additional 260 hours in paid hours in December.

Food & Beverage was \$2.3k (5%) under budget after being over last month. The department is now slightly under payroll for the year. Both Adam and Torry are aware that payroll expenses will need to adjust with revenues as we move into the slower months, but staff retention is a key focus. We will have staff working during our January shutdown period completing necessary cleaning, repair, etc.

### **Expenses:**

OPEX also closed over budget in December. Expenses ended at \$67.5k versus a budget of \$63.4k.

As communicated, a final chemical application was pushed into December, causing an overage in December after larger savings in November. We had some unanticipated equipment and irrigation repair throughout the month as we closed the course for the season.

Admin saw some additional expenses relating to the fiscal year close and some contracted marketing. Water expenses were higher than budgeted by roughly \$700. This will be monitored.

Laundry and linen continue to be an issue within Food & Beverage. We were locked into our current contract by the prior chef, and our contracted pricing has increased significantly. We have been working with our vendor to reduce costs and are exploring alternatives.

The Cost of Goods in Golf was 99.24% on a budget of 90.0%. Matt was working to liquidate inventory at cost as we continue to make room for Spring arrivals. I have reviewed his buying plan and orders for 2023. In his annual review, Matt asked for help to better understand COGS tracking. We have been reviewing the numbers monthly, but I will be working with him to better his understanding. We talked about revamping our merchandise POS routine to better control ball and glove shrinkage.

Food COGS% was high again in December at 48.84% versus a budget of 41.82%. The Chef's Wine Dinner in December ran higher than anticipated, but I am unsatisfied with the answers regarding this month's performance. We had plenty of holiday events which should have boosted our totals. We should not have had as much food waste in December after eliminating brunch in November. It is possible employee meals are cutting into margin given the lower sales volume. We have started the fiscal year with a trend after great success throughout last season. I will be exploring this number more with Adam in January to see if we have issues with ordering, costing, shrinkage, or waste.

Bar COGS% was 34.44% on a budget of 31.0%. This number bounced up after an abnormally low November percentage. We ran some specials throughout the month trying to move older beer inventory. We also offered some discounted wine promotions on bottles that we no longer plan to carry. This combined with lower sales volume probably caused the miss. Again, we will be monitoring.

Inventory across the Food & Beverage department remains higher than the historical average. I spoke to Adam, Miguel, and Torry about the need to clean out our inventory over the next three months. We are preparing to launch a new food and bar menu in late January. The menu should carry our current inventory moving forward, but I would like to see an anticipation of slower sales being reflected in our buying and inventory pattern. This is Adam's first experience with an "offseason", and Miguel & Torry are purchasing for the first time during this period. We will continue to learn, grow, and adapt.

### **Summary:**

The club exceeded budgeted revenue targets but saw overages in both payroll and OPEX resulting in an EBITDA of \$24,829 versus a budgeted \$18,556. Food & Beverage revenues paced with last year. The December dues increase boosted revenues by \$10k versus budget while \$7k in unspent minimum went straight to the bottom line.

January will be an interesting month at LFCC. We have a few events early in the month before a construction project closes the facility for 10 days. This closure was not originally planned or budgeted for. We will do our best to mitigate any revenue misses with controlled payroll and OPEX. We do have staff retention in mind though and will be using the closure to purge and clean. We are very excited to be making progress on the Clubhouse Improvement Project. Exciting times at LFCC!

### **Key Performance Highlights:**

- Total revenues of \$223,140 on budget of \$206,928 and prior year of \$225,348.
- Dues finished at \$155,400 on a budget of \$145,566.
  - The planned monthly dues increase took effect in December versus January.
  - The monthly dues line is currently \$15.4k higher than the prior year.
  - There were no member additions in December.
- Payroll was over budget by \$3k in December.
  - Hired a new Administrative Assistant / Marketing Director.
    - Originally budgeted to start in March.
  - Vacation payouts for terminated staff in Course & Grounds led to an additional 260 hours of payroll expenses.
- OPEX finished at \$67.5k versus a budget of \$63.4k.
  - Over on chemical application within Course & Grounds after savings last month.
  - Over on outside accounting service dealing with fiscal year-end after savings last month.
  - Additional spend on contracted marketing services helping with Newsletter generation and menu creation.
- COGS numbers in golf high but explained by low volume and liquidation pricing. Food COGS finished high at 48.84% on a budget of 41.8%. Bar COGS finished at 34.4% versus a budget of 31.0%.

### **Key Performance Issues:**

- Scott has communicated the need for equipment repair and maintenance given the delay in receiving new equipment from manufacturers.
- The Superintendent position has been posted and a job search has started.
  - Matt Whitsitt departed as 1<sup>st</sup> Assistant Superintendent at end of December.
  - Scott will be scaling back in his role as Superintendent.
  - Anticipate hiring a new Superintendent by the end of January with a March 1<sup>st</sup> start date.
- Assistant Golf Professional/Golf Shop Attendant position has been posted and a job search has started.
- Hiring search for pool manager and swim team will begin in February.

### **Key Actions to Drive Performance:**

- Clubhouse renovation begins in January!
  - The Board has engaged with an interior designer to help finalize all furniture and material details.

- We are scheduled to reopen in May.
- We have a Sushi Night and several parties on the schedule for early January prior to the closure.
- We will use January closure to purge and clean the kitchen, bar, and storage areas.
- New website and club app are in development with a launch date of January 2023.
  - This will be a better member amenity.
  - Help with marketing and membership initiatives.
- New Administrative Assistant / Marketing Director, Matt Guyton, started in December and has been doing great work so far.

**Membership Update:**

Current Membership Numbers: 420 Total

Equity	<b>158</b>
Junior	<b>88</b>
Under 35	31
35-37	35
38-39	22
Social	<b>111</b>
Honorary	<b>44</b>
Honorary Social	<b>2</b>
Dining	<b>12</b>
Non-Resident	<b>5</b>

Membership Additions – We are budgeted for 48 membership additions in 2023. The first budgeted membership sales are in March.

Membership Attrition – We have seen an attrition of 22 on a budget of 41 for the fiscal year.

<b>RESIGNED MEMBERS</b>	<b>MEMBERSHIP TYPE</b>	<b>OFF THE SYSTEM</b>	<b>REMARKS</b>
ANDY WEBB	JUNIOR	12/25/2022	NOT ENOUGH USAGE
STEVE GILBERTZ	EQUITY	12/25/2022	DECEASED
MARK PELOFAS	SOCIAL	12/25/2022	NOT ENOUGH USAGE
CHAD HEMMING	SOCIAL	12/25/2022	NOT ENOUGH USAGE
TRAVIS LANGAN	JUNIOR	1/25/2023	MOVING OUT OF STATE
RYAN HURTH	JUNIOR	1/25/2023	NOT ENOUGH USAGE
SCOTT CLINE	SOCIAL	1/25/2023	FINANCIAL
MAX STUTSMAN	JUNIOR	1/25/2023	NOT ENOUGH USAGE
LAVERNE McFADDEN	HONORARY	1/25/2022	MOVING OUT OF STATE
JIM SCOTT	EQUITY	1/25/2023	DECEASED
AJ WOODYARD	JUNIOR	1/25/2023	PERSONAL CIRCUMSTANCES
LORI BRIAN	SOCIAL	2/25/2023	NO REASON GIVEN
BENJAMIN DAVIS	SOCIAL	2/25/2023	NOT ENOUGH USAGE
BOB TODD	HONORARY	2/25/2023	MOVING
DENNIS DONALDSON	DINING	3/25/2023	NOT ENOUGH USAGE
JASON HOLDREN	JUNIOR	3/25/2023	FINANCIAL
ED REISBERG	SOCIAL	3/25/2023	NOT ENOUGH USAGE