



**To:** Toney Tomaso, President LFCC  
**From:** Justin Waffle  
**CC:** Board of Directors, Morgan Gonzales (KS)  
**Re:** Lincolnshire Fields Country Club

The following is Lincolnshire Fields Country Club's financial and operational summary report for October.

Lincolnshire Fields  
 Standard Summary Income Statement  
 For the Twelve Months Ending October 31, 2021

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
<b>REVENUES</b>											
29,176	19,770	148%	30,162	97%	Green Fees & Cart Fees	290,917	250,876	116%	232,027	125%	250,876
28,665	26,543	106%	32,984	87%	Merchandise	212,676	177,741	120%	154,837	137%	177,741
3,512	500	702%	2,062	170%	Other Pro Shop	7,901	4,500	176%	7,712	102%	4,500
0	0	0%	0	0%	Range	275	0	0%	6	468%	0
47,097	41,785	113%	52,447	90%	Food and Beverage	719,224	792,592	91%	619,979	118%	792,592
140,520	130,484	108%	95,664	147%	Membership Dues	1,621,466	1,562,018	104%	1,529,583	106%	1,562,018
2,000	0	0%	0	0%	Membership Initiation Fees	112,600	77,000	146%	20,200	557%	77,000
85	0	0%	0	0%	Other Operating Revenues	27,896	27,500	101%	14,335	196%	27,500
9,929	459	2163%	543	1830%	Other G&A Income	6,193	17,489	40%	21,159	36%	17,489
<b>260,984</b>	<b>219,639</b>	<b>119%</b>	<b>213,862</b>	<b>122%</b>	<b>TOTAL REVENUE</b>	<b>3,001,138</b>	<b>2,909,717</b>	<b>103%</b>	<b>2,599,636</b>	<b>115%</b>	<b>2,909,717</b>
<b>COST OF SALES</b>											
20,563	19,776	104%	23,503	87%	Merchandise	164,476	131,715	125%	120,341	137%	131,715
19,692	15,347	129%	15,414	107%	Food & Beverage	256,465	296,090	87%	221,217	117%	296,090
<b>40,255</b>	<b>35,124</b>	<b>115%</b>	<b>41,916</b>	<b>96%</b>	<b>TOTAL COGS</b>	<b>422,940</b>	<b>427,806</b>	<b>99%</b>	<b>341,558</b>	<b>124%</b>	<b>427,806</b>
71.7%	74.2%	96.6%	71.3%	100.7%	COGS - Merchandise %	77.3%	74.1%	104.4%	77.7%	95.5%	74.1%
42.2%	38.9%	108.6%	38.9%	108.6%	COGS - Food %	37.1%	40.2%	92.5%	39.0%	95.3%	40.2%
<b>PAYROLL</b>											
41,855	44,345	94%	41,407	101%	Course and Grounds	450,495	461,626	98%	411,390	110%	461,626
12,953	11,496	113%	12,853	101%	Pro Shop	146,664	145,239	101%	111,611	131%	145,239
49,965	35,878	140%	36,063	139%	Food and Beverage	515,000	524,916	98%	485,070	106%	524,916
178	0	0%	224	80%	Other Operating Departments	71,382	66,286	108%	40,050	178%	66,286
25,274	23,658	107%	21,838	116%	General and Administrative	251,766	299,084	84%	271,449	93%	299,084
<b>130,224</b>	<b>115,078</b>	<b>113%</b>	<b>112,384</b>	<b>116%</b>	<b>TOTAL PAYROLL</b>	<b>1,435,276</b>	<b>1,497,152</b>	<b>96%</b>	<b>1,319,560</b>	<b>109%</b>	<b>1,497,152</b>
<b>OPERATING EXPENSES</b>											
22,711	19,608	116%	22,151	103%	Course and Grounds	296,388	281,354	106%	267,827	111%	281,354
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	26,100	23,272	121%	23,765	118%	23,272
(208)	482	43%	1,465	14%	Pro Shop	12,249	10,095	121%	10,286	119%	10,095
6,296	8,841	71%	11,289	56%	Food and Beverage	94,010	124,364	76%	128,175	73%	124,364
1,433	1,000	143%	1,660	86%	Other Operating Departments	22,526	22,399	101%	16,533	136%	22,399
59,305	44,446	134%	45,126	134%	General and Administrative	574,278	523,219	110%	500,672	115%	523,219
<b>101,270</b>	<b>76,107</b>	<b>133%</b>	<b>83,422</b>	<b>121%</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>1,027,580</b>	<b>984,703</b>	<b>104%</b>	<b>947,258</b>	<b>108%</b>	<b>984,703</b>
<b>271,749</b>	<b>226,308</b>	<b>120%</b>	<b>237,722</b>	<b>114%</b>	<b>TOTAL EXPENSES</b>	<b>2,885,786</b>	<b>2,909,660</b>	<b>99%</b>	<b>2,608,376</b>	<b>111%</b>	<b>2,909,660</b>
<b>(10,766)</b>	<b>(6,969)</b>	<b>161%</b>	<b>(23,860)</b>	<b>45%</b>	<b>EBITDA</b>	<b>115,352</b>	<b>57</b>	<b>203371%</b>	<b>(6,539)</b>	<b>-1351%</b>	<b>57</b>
<b>FINANCING ACTIVITY</b>											
(5,434)	(8,740)	62%	(7,695)	71%	Interest Expense - Debt	(67,360)	(105,457)	64%	(80,566)	84%	(105,457)
(4,050)	0	0%	(1,176)	345%	Interest Expense - Leases	(26,322)	0	0%	(16,805)	121%	0
46	21	220%	22	103%	Interest Income	603	271	223%	299	202%	271
<b>(9,438)</b>	<b>(8,719)</b>	<b>108%</b>	<b>(8,641)</b>	<b>107%</b>	<b>TOTAL FINANCING ACTIVITY</b>	<b>(67,079)</b>	<b>(105,186)</b>	<b>83%</b>	<b>(97,072)</b>	<b>90%</b>	<b>(105,186)</b>
<b>OTHER INCOME (EXPENSE)</b>											
46,950	45,433	103%	41,272	114%	Dues - Capital Improvement	541,763	545,140	99%	541,490	100%	545,140
0	0	0%	0	0%	Operating Assessments	106,682	0	0%	0	0%	0
(53,306)	(36,036)	149%	(40,711)	131%	Depreciation & Amortization	(432,715)	(435,468)	99%	(437,105)	99%	(435,468)
0	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	1,500	0	0%	10,375	14%	0
35,061	0	0%	0	0%	Other Expenses / Capital Reserve / Impairment	25,592	0	0%	0	0%	0
<b>28,704</b>	<b>9,397</b>	<b>305%</b>	<b>561</b>	<b>5115%</b>	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>237,822</b>	<b>109,672</b>	<b>217%</b>	<b>114,759</b>	<b>207%</b>	<b>109,672</b>
<b>8,503</b>	<b>(5,991)</b>	<b>-142%</b>	<b>(32,139)</b>	<b>-26%</b>	<b>NET INCOME</b>	<b>266,075</b>	<b>4,542</b>	<b>5858%</b>	<b>9,149</b>	<b>2908%</b>	<b>4,542</b>

**Overview:**

As October comes to a close, so does LFCC's fiscal year. The momentum created by membership sales and another strong year of growth in the golf department helped produce one of the most financially successful years in club history. This year we had a record 69 new members join the facility, contributing to a record \$112.6k in initiation fees. Golf saw a record number of rounds played in 2021, totaling 17,000. Our members brought out a record number of guests, helping to provide a surge in golf and cart fees compared to prior years. These were only a couple of the significant successes accomplished in 2021.

A full event calendar produced strong member patronage throughout October. We encountered favorable weather conditions for our last two-member golf events of the year, Fall Member-Guest and Mean 18, both experience high participation levels. A last-minute addition to the outing calendar plus an outstanding amount of guest rounds produced above-average rounds for the month. We returned all the innovative events from the prior year, such as Fall Family Festival, Trunk or Treat, and added a new Halloween Costume Brunch that helped drive revenues and exceed the budget. In addition, we introduced our new fall menu, which caused excitement and a surge in patronage.

## **Financial Performance:**

### **Revenues:**

October was another excellent revenue month for the club, outpacing the budget by 19% and the prior year by 22%. Overall revenues were \$261k on a budget of \$219.6k and a previous year of \$213.9k. For the fiscal year, we exceeded revenue by 3% or \$82k and improved 15% or roughly \$400k over the prior year. In addition, for the first time in club history, revenues exceeded \$3 million.

The majority in revenue growth can be attributed to the increased membership dues line, a 4% increase or approximately \$60k improvement over budget, and a \$36k lift in initiation fees collected to budget. The club has improved the overall membership revenues by roughly \$184k over the prior year, helping to ensure future financial success. For October, we experienced another outstanding month in dues revenue, generating approximately \$140.5k on a budget of \$130.5k. The significant number of new members added this spring/summer and attrition at an all-time low have substantially helped the club outpace the budget. In addition, the club recognized a \$10k grant received last year for Covid aid.

The revenue success was also drastically affected by the golf department. All-time highs were experienced for both cart and green fees revenue as well as merchandise. Cart, greens & other fees contributed roughly \$300k on a budget of \$255k, while the club brought in \$212.7k in merchandise sales on a budget of \$177.7k.

Driving the revenue success was the unprecedented number of guest rounds as well as a full outing schedule. In October, the department again surpassed the monthly budget generating \$29.2k in Cart and Green fees on a budget of \$19.8k. Golf merchandise totaled roughly \$28.7 for the month, exceeding the budget by \$2k.

For the year, the F&B department will fall roughly 9% short of budget or \$73.5k. Most of the miss can be attributed to no private parties in December and the slower patronage levels over winter due to the covid restrictions. However, October was one of the best months compared to budget, exceeding revenues by \$5.3k or 13%. Total Revenues are anticipated to be approximately \$47.1k for the month on a budget of \$41.8k. The new menu combined with outstanding event participation contributed to the revenue success for the month.

### **Payroll:**

For the year, the club saved roughly 4% to budget in payroll. For much of the year, several key positions were vacant, significantly contributing to the savings. In addition, entry-level staff was difficult to come by in the F&B and Course & Grounds departments. This certainly had a large effect on the amount of service we could provide and employee morale. The management team's focus is creating a fun and educational environment to make LFCC more attractive to job seekers. Our goal is to build our core team to ensure better service levels into the new fiscal year.

Overall payroll was roughly \$130.2k on a budget of \$115.1k and prior year \$112.4. The only savings recognized were in the Course and Grounds department saving \$2.5k due to the continued vacancy of mechanic position. Once again, the admin department experienced significant payroll savings (\$10k) due to the absence of the Controller and Membership positions; however, annual incentives were accrued for putting the department slightly over budget. The F&B department was over budget by roughly \$14.4k due to the increased volume for the month, the increase in wages needed to maintain current staff, and yearly incentives achieved. The golf department was flat to budget for the month. The group is focused on hiring to help alleviate the significant over time the team has endured in grounds and food and beverage departments.

### **Expenses:**

Overall, for the year, the club exceeded expenses by 4%, or \$42.8k. The majority of the overage can be attributed to outsourced accounting assistance, equipment repairs in the C&G department, and incentives paid out to KemperSports. Operating expenses were again high in the last month of the fiscal year. Expenses were over budget by \$25.2k; however, the majority of the overage can be accounted to the financial & qualitative performance incentives paid out to KemperSports. In addition, there was a significant overage occurred in the admin department due to the outsourced accounting help (\$4.5K) and additional contract services provided by KemperSports. Lastly, the Course and Grounds department was over an extra \$3k due to outsourcing equipment repairs because we have no mechanic onsite, fuel, and sand for topdressing. Both F&B and the Golf departments had a slight saving to budget.

### **Summary:**

The club concluded the fiscal year in an excellent position. EBITDA for the year finishing at \$115.4k on a budget of \$57. The success can be attributed to driving significantly more revenues while seeing substantial payroll savings due to staff shortages. Overall, the club had one of its best years over the past decade!

### **Key Performance Highlights:**

- Total revenues \$261k on budget of \$219.6k and prior year of \$213.9k.
- Membership Dues Revenue was \$140.5k on a budget of \$130.5K and prior year of \$95.7k. (Dues adjustment was made due to incorrectly accrue annual dues in the prior year)
- Payroll was over budget by \$15.1k and over \$17.8k to prior year for the month of October.
- Expenses were \$25.2k over budget and over \$17.8k to prior year for the month of October.
- COS finished at 72% for merchandise on budget of 74% and prior year of 71% and Food and Beverage will finish at 42% on budget of 40% and prior year of 39%.

### **Key Performance Issues:**

- **Staffing:** The team is having difficulty recruiting employees for the Kitchen & Service Staff departments. Besides, there has been little interest in the Membership and Communications position. The employment market has been scarce, but we are hopeful this will begin to change in the near future.
  - Currently, we have implemented recruiting bonuses and have ads on various employment sites and on campus.
  - Management Vacancies:
    - Controller & Membership: Will continue the relationship with CLA, which will assist in day-to-day accounting duties and assist with month-end processes.
      - As a result, the club will look to a new audit firm to perform the annual audit.
      - Sales and Communication Director: No potential candidates
      - Golf Course Maintenance: Currently, we have been unsuccessful in our attempt to hire a new mechanic. As a result, we've had to outsource equipment repairs resulting in a significant increase in operating expenses.

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

- New Event: Halloween Costume Brunch- Over 100 in attendance
- Returning October Traditions: Family Fall Festival and Trunk or Treat
- Great participation in end of year golf tournaments- Mean 18 (88 participants) & Fall Member Guest (88 participants)
- Developed Fall Calendar- Added new programming for social events to keep members participating in the fall / winter.
- New all-day menu introduced with rotating weekly specials.
- New weekly food specials introduced: Tues-1/2 wine; Wed- Kids Eat Free; Thur- All-you-can-eat soup, salad and breadsticks; Fri- Chef Featured Special.
- F&B department implemented a ten-week training program for current staff with one monthly meeting to be held over the next several months. Focused on basic service standards and will build on the program each week.
- Grounds is working on a plan to improve water management techniques and bunker maintenance to improve overall playability.

## **Golf Department Recap: Rob Walls, Head Golf Professional**

October was a successful month for the golf department. The weather at the start of the month was beautiful and there was a lot of member and guest play. As the month progressed, there were cooler temperatures and significant rain totaling 8 inches which slowed play significantly. The course saw 1,159 rounds of golf for the month, down from the 1,445 rounds recorded in 2020, but higher than any tracked season since 2016. While rounds have trailed 2020 totals throughout the season, the course is still on pace for a record annual total. In 2019, the course saw 12,348 rounds through October. In 2020, there were 15,539 rounds played. So far, there have been 15,989 rounds played in 2021. We will hope golf continues to flourish into 2022!

For the month, the golf department finished significantly ahead of budget in both greens and cart fees. We hosted one golf outing, a high school event and saw great participation in both our Fall Member Guest and Mean 18 events. Cart fees were at \$7,775 versus a budget of \$6,270. Greens fees came in at \$10,022.50 versus a budget of \$1,000. These combined revenue totals equate to an 145% increase versus budget.

The membership has shown fantastic support throughout the year. For the fiscal year, the golf department finished the year at \$216,264.42 in revenue from greens and cart rental fees. This total beat budget by 32% or 53k. The membership played a lot of golf this season and these final tallies reflect this total. We also successfully hosted 12 outside golf outings which brought in \$70k in greens and guest fees. Overall, we had a great year. We saw a continuation of the increases realized in 2020 in both rounds of golf and cart usage. We will hope the trend continues into 2022.

Merchandise sales continued to be strong in October. There was a total of \$28,664.50 sold versus a budget of \$26,643. Special orders were slightly under budget with \$5,777.74 in sales versus \$6,044. Out of inventory sales totaled \$22,886.76 on a budget of \$20,599. These totals allowed the department to finish at \$212,645.59 in merchandise sales for the season, \$129,395.59 out of inventory and \$83,280.71 in special order. This was the highest combined sales totals beating our previous high of \$197k in 2018. The out of inventory number finishes ahead of budget by 16.5% and represents the highest out-of-inventory sales year since the club purchased the Golf Shop in 2016. The previous high point was 129,233 in 2018. Special orders outpaced budget by 26%. The \$83k in special orders beating the previous high of \$68k in 2018. Cost of goods again ran slightly high at 77%. This can be attributed to the club utilizing less early pay discounts throughout the season and to a change to the pricing structure on special order equipment. Special orders have been the bread and butter of the golf shop sales plans over the last several seasons, and have proven to be consistent business for us in the past. We were glad to see sales get back on track in 2021.

On a final note, we are ending the year in a great inventory position and anticipate being below \$40k before the end of December. This puts us in a great buying position going into 2022.

Some additional notes regarding golf activity:

- The golf department continues to flex payroll as much as possible.
- The driving range is closed, and we do not plan to have any hourly staff in November.
- Buying for 2022 is in process.
  - Matt and I have are focused on a good spread of spring inventory including addition women's clothing options.
  - We are also restocking on accessories after minimal buying in 2021.

Thank you for all your support! It was a great season, and we are looking forward to an even better 2022.

### **Grounds Recap: Scott Werner, Superintendent**

October was a very wet month. From September 20<sup>th</sup> thru October 20<sup>th</sup>, we recorded measurable rainfall on 21 of 40 days totaling over 8 inches.

### **Grounds notes for Oct:**

The weather mentioned above pretty much eliminated our chances to perform aerification practices on anything other than the putting greens, which were completed in early September. Other course maintenance and projects were also negatively impacted by the wet weather.

Except for the still vacant Equipment Manager position, our other core staff remains intact, and we've been able to hold onto enough seasonal staff to finish out the season. We had another possibility of filling the Equipment manager position during the past month, and made an offer, only to have the candidate apparently take another position elsewhere.

Equipment repair during the month will once again run our overall expenses higher than expected.

### **Grounds projects during Oct:**

- Applied scheduled fungicide applications to all greens, tees, and fairways.
- Removed flowers and cleaned up all annual flower beds on course and in clubhouse areas.
- Continued regular edging of all tee signs, yardage plaques, and Kirby markers.
- Performed final sprinkler and drain edging of season.
- Performed bunker pumping and restoration as needed after rain events.
- Continued limbing-up and other pruning of many trees around the course.
- Began fall clean up and pruning of landscape beds.
- Winterized on-course restrooms as well as drinking fountains, etc. around clubhouse.
- Began removal and mulching of leaves.

### **Oct Photos:**



October color changes on the course



More fall color

The data in this report is compiled by utilizing the best information available from our operational reports for the outlined month of operations. All information gathered is taken from the Jonas point of sale, internal departmental checkbooks/invoice logs and accounting package provided by our home office accounting team.

Justin Waffle, PGA & CMAA  
General Manager  
Lincolnshire Fields Country Club