

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

Overview:

June saw a small shortfall in revenues driven by a large initiation fee miss. Payroll helped provide modest savings. Operating expenses ran significantly over budget as we continued repairs on maintenance & equipment and caught up on fertilizer and chemicals that were delayed in May. Overall, the property missed budgeted EBIDTA by \$8k. Revenues in F&B outpaced budget by 10% with great COGs numbers driving more income to the bottom line. Total revenues finished 2% (\$6k) behind budget.

Lincolnshire Fields
 Standard Summary Income Statement
 For the Eight Months Ending June 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											
45,865	52,369	88%	51,637	89%	101,752	124,001	82%	122,627	83%	283,871	270,043
28,852	32,508	89%	32,298	89%	75,920	109,900	69%	109,729	71%	212,300	191,917
0	0	0%	20	0%	1,102	0	0%	2,523	44%	0	6,480
10	0	0%	115	0%	10	0	0%	195	5%	0	80
128,151	116,868	109%	115,849	110%	471,137	435,244	108%	374,342	128%	763,236	916,019
150,690	149,019	101%	137,008	110%	1,137,656	1,156,375	98%	1,057,148	108%	1,746,301	1,701,976
8,000	19,000	42%	27,000	30%	78,600	121,000	65%	101,600	77%	127,000	89,600
11,935	9,700	123%	12,495	96%	16,525	10,460	158%	16,655	99%	23,800	27,756
(227)	0	0%	(323)	70%	239	0	0%	(867)	-28%	0	9,289
373,375	379,246	98%	375,868	99%	1,862,940	1,966,970	96%	1,780,999	106%	3,156,307	3,103,079
COST OF SALES											
25,245	25,875	98%	24,425	103%	59,871	84,459	71%	83,689	72%	167,528	140,659
40,514	44,144	92%	38,321	100%	170,759	174,058	98%	135,598	126%	299,378	293,655
65,659	69,819	94%	62,745	105%	230,630	258,516	89%	219,277	105%	461,500	434,314
87.2%	79.0%	110.4%	75.6%	115.3%	78.9%	76.9%	102.6%	78.4%	100.6%	76.6%	911.5%
32.1%	37.8%	84.8%	33.7%	95.3%	38.5%	40.0%	96.3%	38.2%	100.9%	39.2%	496.7%
PAYROLL											
49,799	53,849	92%	51,351	97%	282,748	307,824	92%	271,052	104%	518,260	482,191
15,878	18,675	84%	15,349	102%	72,894	97,241	75%	86,931	84%	185,639	132,627
68,259	65,836	104%	62,209	110%	377,049	356,561	105%	291,866	129%	577,049	600,063
20,421	23,246	88%	25,103	81%	24,901	31,513	79%	32,619	76%	75,081	63,535
22,516	21,623	103%	22,623	98%	139,444	170,084	81%	170,122	81%	250,436	220,087
176,672	183,489	96%	176,966	100%	896,836	966,222	93%	852,686	105%	1,586,459	1,476,623
OPERATING EXPENSES											
52,787	37,860	139%	38,205	138%	163,055	159,353	102%	150,625	108%	294,791	308,818
1,731	2,811	62%	1,731	100%	13,847	17,728	78%	13,847	78%	28,582	29,100
(204)	991	21%	1,721	-1%	4,397	6,375	69%	9,666	51%	10,160	7,690
11,515	10,844	106%	11,818	97%	75,428	65,220	116%	58,315	109%	109,196	113,123
8,879	7,354	121%	4,370	203%	17,961	15,499	116%	11,497	156%	23,149	29,999
51,247	53,287	96%	50,951	101%	375,163	408,570	92%	343,432	109%	823,731	806,009
125,953	113,146	111%	108,796	116%	649,852	670,745	97%	684,383	111%	1,087,690	1,093,019
368,485	366,455	101%	348,508	106%	1,776,418	1,894,483	94%	1,856,348	107%	3,135,589	3,005,856
4,891	12,791	38%	27,361	18%	106,522	62,487	170%	124,851	85%	20,718	97,223
EBITDA											
(5,142)	(9,575)	54%	(5,742)	90%	(41,740)	(76,800)	54%	(45,631)	91%	(114,900)	(63,489)
(643)	0	0%	(1,409)	46%	(9,548)	0	0%	(12,425)	77%	0	(17,445)
159	0	0%	53	295%	937	0	0%	395	212%	0	1,845
(6,626)	(9,575)	69%	(7,097)	79%	(60,451)	(76,800)	68%	(67,661)	87%	(114,900)	(79,889)
FINANCING ACTIVITY											
49,899	48,792	102%	45,705	109%	375,339	379,031	99%	354,570	109%	572,348	582,532
0	0	0%	0	0%	0	0	0%	106,662	0%	0	0
(34,095)	(36,217)	94%	(34,492)	99%	(272,759)	(284,560)	96%	(275,933)	99%	(428,428)	(429,540)
189	135	139%	134	129%	6,670	0	0%	1,500	445%	0	8,870
(850)	0	0%	0	0%	(5,754)	0	0%	0	0%	0	14,838
14,753	12,575	117%	12,714	116%	103,495	94,471	110%	186,819	95%	142,920	154,600
14,018	15,791	89%	32,977	43%	159,567	80,358	199%	253,808	63%	48,738	171,834
NET INCOME											
276	599	46%	604	46%	527	1,074	49%	1,078	49%	2,986	2,079
1,850	2,220	83%	2,197	85%	5,356	7,045	76%	6,968	77%	15,810	12,728
0	0	0%	0	0%	4	0	0%	14	29%	0	19
2,206	2,819	79%	2,801	79%	5,887	8,119	73%	8,061	73%	18,196	14,826
1,353	632	214%	622	217%	3,573	1,822	196%	1,652	216%	1,323	44,966
186	135	139%	134	129%	320	241	133%	221	145%	173	3,944
186	87	190%	85	194%	193	115	167%	114	170%	119	1,653
21	19	112%	18	113%	17	15	113%	15	114%	16	181
58	41	140%	41	141%	80	54	148%	46	172%	42	1,024
13	12	114%	12	114%	13	14	95%	13	95%	12	188

Financial Performance:

Revenues:

June revenues finished at \$373.4k versus a budget of \$379.2k and prior year actuals of \$375.9k. June was a slower membership sales month with three membership additions and two resignations. Initiation fees finished the month at \$8,000 versus a budget of \$19k. The dues line contributed \$150.7k, ahead of budget for the first time this year. For the year, dues continue to trail the budget by roughly \$20k. Total membership additions have surpassed the budget, but the initiation fee line still trails by

\$43k. Interest continues to be strong, but conversion has slowed. The limited Social memberships available in June meant missed sales opportunities.

Food & Beverage revenue continued a strong trend with \$128k in total sales, outpacing the \$116k budget by 10%. Full food & beverage service at Stingrays, increased membership levels, and quality food all contributed to another great month. Food & Beverage totals are \$97k ahead of prior year actuals for the fiscal year.

Golf continued to struggle on the revenue side. There were 2,206 rounds played in June versus 2,801 in 2021, down 21.25%. Cart fees finished the month \$3k below the \$26.7k budgeted. Guest fee revenues were \$22k versus a budget of \$25.6k. Merchandise sales finished 11% off the budget at \$29k.

For the fiscal year, total revenues throughout the facility are now trailing the budget by \$74k (4%) while outpacing the prior year by \$102k (6%).

Payroll:

Payroll provided modest savings in June, finishing the month at \$176.7k on a budget of \$183.5k. Payroll in Food & Beverage continues to run high as we work through the busiest part of the year with full operations in both the Clubhouse and at Stingrays.

Food & Beverage operated over budget with a total payroll of \$68.3k on a budget of \$65.9k. With revenues climbing and organizational changes within the management structure, this miss is expected. We are still hiring, training, and growing on the Front of House service side. We have also had to increase pay rates within the kitchen as we work toward continuity and retention. For the fiscal year, the total payroll in F&B is now 5% above budget at \$377k versus a budgeted \$358.5k.

Course & Grounds payroll provided savings of \$4k for the month. The department has been consistently below payroll expectations this year. Aquatics payroll was down 17% versus budget. Golf payroll continues to provide monthly savings with the shuffle of management staff, but hourly wages are within expectation. Administration payroll was \$700 over budget, and Tennis was \$400 over budget as we delayed Gordon's start date this year.

For the fiscal year, the club is still 8% below budgeted payroll, saving approximately \$66.1k. June was our busiest month so far, and we handled the increased traffic well. We will continue to operate efficiently throughout the property and are looking forward to an exciting month of July.

Expenses:

OPEX ran high in June with increased overhead for utilities, continued repair and maintenance, and late application of chemicals and fertilizer. Operating expenses finished the month at \$126k versus a budget of \$113k.

After some savings in May, Course & Grounds finished well over budget, spending \$52.8k versus a budget of \$37.8k. There were large seasonal pesticide and fertilizer applications that were pushed back from April and May. There was also a significant increase in fuel costs. A tree removal and disposal cost was not budgeted for and hit the maintenance line at \$5,500.

Expenses ran \$700 over budget in Food & Beverage in June. Linens were unbudgeted this year and have been a significant line item. Stingrays had some furniture replaced with an unbudgeted \$1,500. Total OPEX was \$11.5k versus a budget of \$10.8k.

Again, 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. Our annual range ball shipment was scheduled for May. It has been pushed back a couple of months and will hit the expense line in July. A pool cleaning expense was added in June as the original quote of services was about half the final billed total. Finally, gas, electric, and water utilities ran higher than budgeted by between 15-150%.

Cost of Goods in Golf was 87.20%. There are some inventory and invoice processing issues that need to be cleaned up as the season has ramped up. We should see a correction next month. There was a large special order through a golf outing that was sold at a low margin which contributed to this number. Sales have been slow, and we need to do better.

Beverage COGS% were low, finishing the month at 22.41% versus a 34.66% expectation. Food COGS% was 32.09% on a budget of 37.84%. Adam has done a great job of managing inventory and pricing during these times of fluctuation.

Summary:

The club had a solid revenue month, but slower membership sales, less golf traffic, and higher OPEX meant less to the bottom line. Revenues were driven by Food & Beverage and a strong dues line. Payroll provided savings of \$6k, but OPEX, driven by Course & Grounds, ran over by 11%. This led to an \$8k miss on EBITDA. For the year, EBITDA is \$106.5k on a budget of \$62.7k.

We are still going strong and see a lot of opportunities in July. Food & Beverage continues to have momentum. We will hope for a better membership sales month and strong golf traffic in July.

Key Performance Highlights:

- Total revenues \$373.4k on budget of \$379.2k and prior year of \$375.9k.
- Dues finished at \$150.7k on a budget of \$149k.
 - This was the first time the dues line outpaced budget this season.
 - The dues line is currently \$13.53k higher than prior year.
 - Membership sales success will continue to be important in July as we need to start making up ground with our YTD totals lagging.
 - Three members were added in June.
- Payroll was under budget by \$6.5k in June.
- OPEX finished at \$125.9k versus a budget of \$113.1k.
 - Chemical and fertilizer application delayed from May.
 - Tree removal & disposal hit operating instead of capital.
 - Increased pool cleaning expense.
- COGS finished at 87.2% for merchandise on budget of 79% and prior year of 75.62% and Food and Beverage finished at 32.09% on budget of 37.84% and prior year of 33.67%.
- Food & Beverage revenues were up 10% versus the prior year.
- Member Member golf event was held at the end of June to great success.

Key Performance Issues:

- Payroll was high in Food & Beverage.
 - Fully operational in Clubhouse & Stingrays.
 - Staff attrition means more hiring, more training, and more operational coverage for our management team.
 - We have 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.
 - Air Conditioning units have stopped working and three units are being quoted for replacement.

Key Actions to Drive Performance:

- League programming is in full swing.
- Turn station for weekend play has been a success.
- Golf has ten golf outings confirmed on the schedule.
 - Two outings in July
 - The Andersons Golf Benefit for Kids on Monday, July 18th
 - YMCA Ladies on the Links on Monday, July 25th
- Member-Guest Invitational is full and field has been expanded to 108 players.
- The downstairs entryway renovation was completed in June.
- Parking lot repairs were completed in June

- New signage for clubhouse and grounds initiated with estimated completion in June or July.
- New website and club app are being explored.
 - Added amenity for the membership.
- Parking lot potholes, cracking, and striping work has begun and will be completed in June.

Membership Update:

Current Membership Numbers: 433 Total

Equity	163
Junior	99
Under 35	37
35-37	45
38-39	17
Social	110
Honorary	38
Honorary Social	3
Dining	12
Non-Resident	8

Membership Additions – We have added 44 memberships on a budget of 44 for the fiscal year.

Membership Attrition – We have seen an attrition of 27 on a budget of 25 for the fiscal year.

March

- (1) Phil & Jill Norfleet (Equity) – 3/5
- (2) Todd & Mai McTaggart (Junior) – 3/5
- (3) Polly & Brad Hatfield (Equity) – 3/11
- (4) Jason & Carly Sakowski (Social) – 3/18
- (5) Barb & Tom Harrington (Non-Resident) – 3/18
- (6) Ken & Theresa Campbell (Equity) – 3/21
- (7) Cynthia & Tony Bruno (Junior) – 3/22
- (8) Chris Atkinson (Non-Resident) – 3/23
- (9) Caleb & Desera Miller (Equity) – 3/25
- (10) Dwayne & Mary Owen (Dining) – 3/26
- (11) Benjamin Dyer & Katherine Boyle (Social) – 3/26

April

- (12) Michael Karras & Audrey Bebensee (Junior) – 4/1
- (13) Megan & Jonathan Velchek (Social) – 4/6
- (14) James & Ashley Daley (Social) – 4/9
- (15) Clint & Julia Cocagne (Junior) – 4/12
- (16) Eddie & Jiwon Lee (Junior 38-39 membership) – 4/26
- (17) Jon Hawk & Melissa Clark (Social membership) – 4/27
- (18) Joshua Kim (Junior Under 35 membership) – 4/27
- (19) Ernest & Ruth Kwak (Junior Under 35 membership) – 4/29
- (20) Jeffrey Lee (Junior <35 membership) – 4/29

May

- (21) Jeremy Janes (Junior <35 membership) – 5/3
- (22) Natalie Roberts & Patricia Ballesteros (Social membership) – 5/10
- (23) Zach & Brittney Wetherell (Social membership) – 5/13
- (24) Travis & Nicole Miller (Social membership) – 5/13
- (25) Lauren & Kyle McClure (Junior 35-37 membership) – 5/13
- (26) Patrick & Natalie Miller (Social membership) – 5/13
- (27) Matthew Mondy & Emily Lane (Junior Under 35 membership) – 5/13
- (28) Aaron & Jenn Sutton (Equity membership) – 5/16
- (29) Ryne Somers & Kari Gibson (Junior Under 35 membership) – 5/17

- (30) Jeff & Laura Finke (Equity membership) – 5/17
- (31) Daisy Oregon (Junior Under 35 membership) – 5/24
- (32) Josh & Jenn Hinds (Junior 35-37 membership) – 5/25
- (33) Cain & Sarah Burgener (Junior Under 35 membership) – 5/25
- (34) Don & Amanda Beckler (Social membership) – 5/28

June

- (35) Jonathan & Alexandra Griffin (Junior 35-37) – 6/9
- (36) Duncan Hendrickson & Krista Vasant (Junior Under 35) – 6/9
- (37) Jamie Propps & Umi Essien (Equity) – 6/20

RESIGNED MEMBERS	MEMBERSHIP TYPE	OFF THE SYSTEM	REMARKS
CINDY WARREN	NON-RESIDENT	1/25/2022	DECIDED NOT TO RENEW
BEN RODRIGUEZ	NON-RESIDENT	1/25/2022	DECIDED NOT TO RENEW
JOE BENIACH	EQUITY	1/25/2022	NO REASON GIVEN
PAMELA QUINLAN	SOCIAL	1/25/2022	NOT ENOUGH USAGE
MARK WOLTERS	SOCIAL	1/25/2022	MOVED TO MAHOMET
ALEX ZHONG	JUNIOR	1/25/2022	MOVED OUT OF STATE
MIKE BROEREN	EQUITY	2/25/2022	NO REASON GIVEN
MICHAEL KEHL	JUNIOR	2/25/2022	NOT ENOUGH USAGE
MBU MONGWA	SOCIAL	2/25/2022	NO REASON GIVEN
PAUL PARK	SOCIAL	2/25/2022	MOVED OUT OF STATE
PETER SCHMIDT	EQUITY	2/25/2022	DOWNSIZING
JOSHUA USSIRI	JUNIOR	2/25/2022	MOVED OUT OF STATE
SAM MCGREW	DINING	3/25/2022	NO REASON GIVEN
MARCI SMITH	SOCIAL	3/25/2022	NOT ENOUGH USAGE
ROD ARENDS	EQUITY	3/25/2022	NO REASON GIVEN
SHAWN KINKADE	JUNIOR	4/25/2022	NO REASON GIVEN
CLIFF SCHWARTZ	DINING	4/25/2022	HEALTH ISSUES
MICHAEL PORTER	JUNIOR	5/25/2022	MOVING OUT OF STATE
CRAIG DETAMORE	SOCIAL	6/25/2022	FINANCIAL
SETH SWARTZ	JUNIOR	6/25/2022	MOVING OUT OF STATE
BILL ARMSTRONG	NON-RESIDENT	6/25/2022	DID NOT QUALIFY