KemperSports

March ’22 Client Report

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

Overview:

March was the largest miss of the fiscal year from an EBITDA perspective. The club finished with an EBITDA of $16,264 on a budget of $25,872. This means the club sits $34k ahead of budgeted EBITDA for the fiscal year. Despite the miss in revenues, there were a lot of positive developments in the month of March. The Food & Beverage team saw increased revenues and finished at $44k for the month. On budget and 33% ahead of 2021. This was despite poor weather and below average temperatures throughout the month. A reorganization within the management team led to better morale throughout the facility. In addition, both payroll & OPEX provided savings to help minimize the EBITDA miss.

Lincolnshire Fields
Standard Summary Income Statement
For the Five Months Ending March 31, 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							
1,455	3,056	48%	3,039	48%	Green Fees & Cart Fees	6,222	13,246	47%	13,687	45%	283,871	283,452
5,790	12,000	48%	12,181	48%	Merchandise	22,216	29,300	76%	29,676	75%	212,300	205,216
123	0	0%	1,260	10%	Other Pro Shop	972	0	0%	2,489	39%	0	6,384
0	0	0%	0	0%	Range	0	0	0%	0	0%	0	275
44,156	44,650	99%	33,094	133%	Food and Beverage	192,334	186,571	103%	139,500	138%	763,236	772,059
139,964	143,003	98%	128,168	109%	Membership Dues	701,753	714,045	98%	646,915	108%	1,746,301	1,676,304
16,500	22,000	75%	17,500	94%	Membership Initiation Fees	22,550	46,000	49%	35,500	64%	127,000	99,650
0	0	0%	0	0%	Other Operating Revenues	0	0	0%	0	0%	23,600	27,886
301	0	0%	(542)	-56%	Other G&A Income	744	0	0%	(156)	-478%	0	9,092
208,289	**224,709**	**93%**	**194,700**	**107%**	**TOTAL REVENUE**	**946,791**	**989,163**	**96%**	**867,611**	**109%**	**3,156,307**	**3,080,318**
					COST OF SALES							
4,875	7,920	62%	9,487	51%	Merchandise	18,328	21,806	84%	24,170	76%	162,523	158,634
16,146	16,416	98%	8,597	188%	Food & Beverage	70,238	78,398	90%	50,314	140%	298,978	278,408
21,021	**24,336**	**86%**	**18,084**	**116%**	**TOTAL COGS**	**88,566**	**100,204**	**88%**	**74,484**	**119%**	**461,500**	**437,042**
84.2%	**66.0%**	**127.6%**	**77.9%**	**108.1%**	**COGS - Merchandise %**	**82.5%**	**74.4%**	**110.9%**	**81.4%**	**101.3%**	**76.6%**	**913.9%**
43.1%	**36.8%**	**117.1%**	**33.4%**	**128.9%**	**COGS - Food %**	**42.3%**	**42.0%**	**100.6%**	**41.2%**	**102.7%**	**39.2%**	**494.6%**
					PAYROLL							
35,192	33,910	104%	30,443	116%	Course and Grounds	142,654	147,854	96%	139,432	102%	518,260	453,716
5,332	9,860	54%	9,845	54%	Pro Shop	36,735	48,637	76%	47,400	77%	165,633	135,999
45,424	41,192	110%	29,143	156%	Food and Beverage	195,528	200,925	97%	144,820	135%	577,049	565,708
0	0	0%	0	0%	Other Operating Departments	46	0	0%	0	0%	75,081	71,397
16,971	21,699	78%	25,616	66%	General and Administrative	73,195	101,590	72%	105,486	69%	250,436	219,474
102,919	**106,662**	**96%**	**95,046**	**108%**	**TOTAL PAYROLL**	**448,157**	**499,006**	**90%**	**437,139**	**103%**	**1,586,459**	**1,446,295**
					OPERATING EXPENSES							
8,887	8,253	108%	9,154	97%	Course and Grounds	33,584	35,368	95%	34,240	98%	294,791	295,732
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	8,655	8,655	100%	8,655	100%	26,582	28,100
1,172	2,448	48%	3,255	36%	Pro Shop	4,252	3,935	108%	7,315	58%	10,180	9,186
8,105	7,578	107%	3,623	224%	Food and Beverage	38,455	31,533	122%	25,478	151%	109,196	106,987
57	90	63%	0	0%	Other Operating Departments	550	660	83%	(159)	-346%	23,149	23,235
48,133	47,740	101%	41,054	117%	General and Administrative	233,333	252,617	92%	202,370	115%	623,731	605,241
68,085	**67,839**	**100%**	**58,816**	**116%**	**TOTAL OPERATING EXPENSES**	**318,830**	**332,768**	**96%**	**277,899**	**115%**	**1,087,630**	**1,068,481**
192,025	**198,837**	**97%**	**171,946**	**112%**	**TOTAL EXPENSES**	**855,553**	**931,978**	**92%**	**789,521**	**108%**	**3,135,589**	**2,951,817**
16,264	**25,872**	**63%**	**22,753**	**71%**	**EBITDA**	**91,238**	**57,185**	**160%**	**78,089**	**117%**	**20,718**	**128,500**
					FINANCING ACITIVITY							
(4,854)	(9,575)	51%	(5,195)	93%	Interest Expense - Debt	(26,329)	(47,875)	55%	(29,187)	90%	(114,900)	(64,521)
(1,233)	0	0%	(2,034)	61%	Interest Expense - Leases	(6,603)	0	0%	(7,859)	84%	0	(19,066)
100	0	0%	61	164%	Interest Income	354	0	0%	210	168%	0	747
(5,987)	**(9,575)**	**63%**	**(7,168)**	**84%**	**TOTAL FINANCING ACTIVITY**	**(32,577)**	**(47,875)**	**68%**	**(36,836)**	**88%**	**(114,900)**	**(82,841)**
					OTHER INCOME (EXPENSE)							
46,191	47,117	98%	43,873	105%	Dues - Capital Improvement	232,194	234,325	99%	218,845	106%	572,348	555,112
0	0	0%	0	0%	Operating Assessments	0	0	0%	106,682	0%	0	0
(34,095)	(36,217)	94%	(34,492)	99%	Depreciation & Amortization	(170,474)	(175,909)	97%	(172,458)	99%	(429,428)	(430,731)
0	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	6,670	0	0%	0	0%	0	8,170
0	0	0%	0	0%	Other Expenses / Capital Reserve / Impairment	(2,520)	0	0%	0	0%	0	18,072
12,096	**10,900**	**111%**	**9,381**	**129%**	**TOTAL OTHER INCOME (EXPENSE)**	**65,870**	**58,416**	**113%**	**153,069**	**43%**	**142,920**	**150,623**
22,374	**27,197**	**82%**	**24,967**	**90%**	**NET INCOME**	**124,531**	**67,726**	**184%**	**194,323**	**64%**	**48,738**	**196,283**
14	35	40%	34	41%	Paid Rounds	71	155	46%	160	44%	2,386	2,540
256	500	51%	487	53%	Member Rounds	703	1,400	50%	1,372	51%	15,810	13,673
0	0	0%	3	0%	Other Rounds	4	0	0%	3	133%	0	30
270	535	50%	524	52%	Total Rounds	778	1,555	50%	1,535	51%	18,196	16,243
14,878	6,420	232%	5,726	260%	Revenue/Paid Rounds	13,335	6,382	209%	5,423	246%	1,323	38,467
771	420	184%	372	208%	Revenue/Total Rounds	1,217	636	191%	565	215%	173	3,681
104	87	119%	89	116%	Green Fees / Cart Fees per Paid Rounds	88	85	103%	86	102%	119	1,187
5	6	94%	6	93%	Green Fees / Cart Fees per Total Rounds	8	9	94%	9	90%	16	155
164	83	196%	63	259%	F&B Revenue/Total Rounds	247	120	206%	91	272%	42	961
21	22	96%	23	92%	Merchandise Revenue/Total Rounds	29	19	152%	19	148%	12	171

Financial Performance:

Revenues:

March revenues finished at $208.3k versus a budget of $224.7k and prior year actuals of $194.7k. Despite a strong month in membership sales, with 8 memberships added and no attrition, there was an approximately $5.5k miss on the initiation fee line. Upon review, there was a mistake within the budget calculator and the $22k budgeted in initiation fees should have been allocated in April.

The dues line continued to miss by approximately 2%. The first dues billing for all new members will be in April and the increase will be recognized in May. For the year, the dues line is approximately, $12k behind budget. New member interest is strong so there is hope of recovery.

The largest revenue miss was in Golf. Poor weather conditions and an average temperature of 41 degrees meant less golf. There were 270 total rounds played in March versus 524 played in 2021. The weekend weather was especially poor, and there were only 14 total guest rounds throughout the month.

Out-of-inventory merchandise sales were ahead of both budget and prior year, but there was a huge miss in special orders of approximately $7k. A large portion of this miss can be attributed to the lack of the Loyalty Rewarded promotion by Titleist. This program has resulted in sales between $6k and $7k annually.

Food & Beverage revenues turned around in March, outpacing 2021 actuals by 33% or $11k and on pace with budget. The department saw revenues of $44k for the month. Chef Shallenberger released a new menu, the first quarter minimum spending period ended, we captured good audiences for March Madness & St. Patrick's Day, and we hosted a successful crawfish boil with over 60 people. Despite cold temperatures, it was a great month for the Food & Beverage team.

For the fiscal year, total revenues are now trailing budget by $42k (4%) while outpacing prior year by $82k (9%).

Payroll:

Payroll provided a modest savings for the month. Staffing levels increased throughout the facility as we began to prepare for the season. Hiring will continue, but we are feeling good about our positioning going into April. Total payroll finished at $103k on a budget of $106.6k.

Course & Grounds and Food & Beverage did not drive savings finishing 4% and 10% over payroll budget for the month. Course & Grounds has made some necessary hourly increases to bring back returning seasonal staff. C&G has saved $5k to budget for the fiscal year, but the expectation is we will run high to budget as our hourly staff returns and the season ramps up.

For the first time, Food & Beverage operated over budgeted with a total payroll of $45.4k on a budget of $41.2k. Again, we hired a significant number of service staff as we prepared for the upcoming season. This staff needed to be trained, and we stretched some hours during slower periods. The addition of Ted Ralph as Clubhouse Manager was unbudgeted and played a role as well. Ted is doing a great job helping the team get organized operationally, and Lauren will be moving to a new department starting in April. Adders on the tax and benefits side have added to payroll, and we are investigating this for next month. For the fiscal year, total payroll in F&B is $195k versus a budgeted $201k.

The greatest payroll savings were in Golf and Administration. Poor weather meant few hourly staffers in golf. My role change also means that there are consistent salary savings. Matt has absorbed additional responsibilities and is managing the shop well. The Golf department will continue to drive payroll savings throughout the year. The golf department saved $4,528 for the month and is currently at $36.7k versus a budget of $48.6k for the fiscal year.

Administration provided the remainder of the payroll savings. We continued to operate without a Membership & Marketing Director or a Controller. Lauren Kuleck has been reassigned to an Events & Marketing position, and her payroll contribution will be accounted for in Administration starting in April. Total payroll in G&A was $17k on a budget of $21.7k. The department is $28.4k under budget for the year.

For the fiscal year, the club is 10% below budgeted payroll, saving approximately $51k. March was our first month of operation with all our key new hires in place. It was also a ramp up month on the staffing side. As stated last month, 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 insure we operate under budget monthly.

Expenses:

Total expenses finished the month flat to budget at $68k.

Course & Grounds ran slightly over due to some necessary repairs of equipment. We were scheduled to receive new mowing equipment this spring, but our deliveries have been pushed back. We will be saving money on the capital expense side, but we will be incurring additional maintenance costs to keep the old equipment running. In addition, there were some fertilizer expenses for the month the were misappropriated within the inventory count. This should result in savings in April.

We added supplies on the Food & Beverage side as we stocked up on plastic goods and other barware. The team has been asking for more uniformity in glassware, silverware, plates, etc. We will continue to work toward this goal. In addition, we purchased uniforms for the FOH staff. This expense is accounted for in a different month and will be offset.

As noted last month, we were billed twice this month for our Accounting services performed by CLA after no billing in February. Finally, the last expenses from the Chef and General Manager transitions and searches were realized in March.

We are still seeing some artificial savings versus budget because we have not been billed for the annual audit. We have asked for a timeline on completion and expect to be invoiced in April or May. The club has not started advertisement and promotion through Advantage Marketing so we have been seeing savings on that budget line as well. We will begin using these budget dollars in April and May.

Cost of Good was high in Golf and is being investigated. The inventory control process and purchasing procedures are new for Matt, and we suspect a purchasing entry error. It is possible something was accounted for in April when it should have been accounted for in March. We have started to drill down on the purchasing in February, March, and April and are sure the cost of good will run lower moving forward over the next several months. Food & Beverage COGS% were slightly high as we continued inventory clear out, but we are right on budget for the fiscal year.

Summary:

The club had its first significant miss to budgeted EBITDA with a shortfall of $9,608. A miss in revenue attributed to poor golf weather and a dues/initiation fees line that continue to trail budget despite eight membership additions in March. For the year, EBITDA is $91.2k on a budget of $57k. Warm weather and golf season as here. Tournament and league play begin in April. We are in a great position to drive revenues while continuing to operate efficiently.

There is still strong interest in the club with inquiries daily. With improving weather, we hope to add members in April and May and get back on track with regards to dues and initiation fees. A strong month in golf will do wonders as well.

Key Performance Highlights:

- Total revenues $208.2k on budget of $224.7k and prior year of $194.7k.
- Dues finished at $140k on a budget of $143k, a miss of 2%. The dues line is currently $12k higher than prior year. Membership sales success will continue to be important in April and May as we need to start making up ground with our YTD totals lagging.
  - Eight members added in March with strong interest heading into April.
- Payroll was under budget by $3.7k in March.
- OPEX were right on budget at $68k.
- COS finished at 84% for merchandise on budget of 66% and prior year of 77.8% and Food and Beverage finished at 43% on budget of 36.77% and prior year of 33.40%.
- Food & Beverage revenues were up 33% versus prior year.
  - Ted Ralph and Adam Shallenberger are both established within their new roles.
  - Morale in food and beverage is high.
  - Torry Keleher and Stephanie Cannon were given promotions with Lauren moving into a new role outside of Food & Beverage.

Key Performance Issues:

- Weather was a significant factor in March. The average temperature was 41 degrees in Champaign. Weekend weather was poor throughout the month.
- Payroll was high in Grounds and Food & Beverage.
  - Grounds attributed to increased hourly rates as we work to retain staff.
  - Food & Beverage roles needed to be finalized. Ted Ralph's position was not budgeted.

- We continue to have areas of need on the supply and maintenance side.
    - The building needs attention. 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.

Key Actions to Drive Performance:

- Full programming on the Food & Beverage side will continue in April.
    - Easter Brunch is planned and reservations are full. We are expecting over 200 members.
    - Masters Draw, Spring Fling, Player's Cup, Seafood Boil.
    - Turn station for league and weekend play.
- Food & Beverage reorganization is complete.
    - Ted Ralph, Clubhouse Manager
    - Adam Shallenberger, Executive Chef
    - Torry Keleher, Front of House Manager
    - Stephanie Cannon, Bar Manager
    - Lauren Kuleck, Events and Marketing
- Golf has eight golf outing 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.
    - New flooring plus modern counter tops 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 needs potholes, cracking, and striping addressed.
    - Builds are being acquired for both asphalt and concrete solutions.
    - This work will begin in late April or early May.
- The pool will be cleaned and filled in April with a plan to open the first weekend in May.