

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

Overview:

November provided a solid start to the new fiscal year with revenues in line with expectations and modest savings in payroll and OPEX. Overall, the property finished with an EBITDA of \$6k versus a budget of \$1.7k.

Lincolnshire Fields
 Standard Summary Income Statement
 For the Month Ending November 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												
3,291	1,980	175%	3,397	97%	Green Fees & Cart Fees	3,291	1,980	175%	3,397	97%	269,094	236,991
5,536	3,700	150%	4,320	129%	Merchandise	5,536	3,700	150%	4,320	129%	197,100	187,771
679	0	0%	37	1830%	Other Pro Shop	679	0	0%	37	1830%	50	7,840
0	0	0%	0	0%	Range	0	0	0%	0	0%	120	20
37,789	43,300	87%	35,950	100%	Food and Beverage	37,789	43,300	87%	35,950	100%	874,279	908,195
148,543	146,899	101%	139,354	107%	Membership Dues	148,543	146,899	101%	139,354	107%	1,904,715	1,780,998
0	0	0%	4,000	0%	Initiation Fees	0	0	0%	4,000	0%	99,000	93,747
4,592	4,592	100%	0	0%	Deferred IFee Rev Adj	4,592	4,592	100%	0	0%	(34,692)	4,592
0	0	0%	0	0%	Other Operating Revenues	0	0	0%	0	0%	22,950	24,919
(263)	(100)	263%	(173)	152%	Other G&A Income	(263)	(100)	263%	(173)	152%	(1,200)	5,538
200,155	200,271	100%	186,785	107%	TOTAL REVENUE	200,155	200,271	100%	186,785	107%	3,317,406	3,088,781
COST OF SALES												
4,219	2,516	168%	3,303	128%	Merchandise	4,219	2,516	168%	3,303	128%	143,231	147,236
16,624	16,470	101%	16,548	100%	Food & Beverage	16,624	16,470	101%	16,548	100%	327,148	291,889
20,843	18,986	110%	19,850	105%	TOTAL COGS	20,843	18,986	110%	19,850	105%	470,379	439,135
76.2%	88.0%	112.1%	76.5%	99.7%	COGS - Merchandise %	76.2%	88.0%	112.1%	76.5%	99.7%	76.6%	924.8%
44.0%	38.0%	115.7%	46.2%	95.3%	COGS - Food %	44.0%	38.0%	115.7%	46.2%	95.3%	37.4%	497.4%
PAYROLL												
33,982	41,660	82%	31,171	109%	Course and Grounds	33,982	41,660	82%	31,171	109%	597,776	481,325
6,429	6,548	97%	9,598	67%	Pro Shop	6,429	6,548	97%	9,598	67%	153,753	113,150
46,048	44,389	104%	39,496	117%	Food and Beverage	46,048	44,389	104%	39,496	117%	629,897	629,174
65	0	0%	0	0%	Other Operating Departments	65	0	0%	0	0%	66,913	59,676
18,167	16,145	113%	16,103	113%	General and Administrative	18,167	16,145	113%	16,103	113%	234,926	206,415
104,691	108,819	96%	96,338	109%	TOTAL PAYROLL	104,691	108,819	96%	96,338	109%	1,682,234	1,489,740
OPERATING EXPENSES												
6,549	10,974	79%	10,070	85%	Course and Grounds	6,549	10,974	79%	10,070	85%	317,498	306,659
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	1,731	1,731	100%	1,731	100%	20,192	24,155
1,326	250	530%	619	214%	Pro Shop	1,326	250	530%	619	214%	11,100	10,188
6,921	7,912	87%	5,264	131%	Food and Beverage	6,921	7,912	87%	5,264	131%	123,474	133,788
59	70	85%	324	18%	Other Operating Departments	59	70	85%	324	18%	29,465	29,551
50,009	49,999	100%	51,038	99%	General and Administrative	50,009	49,999	100%	51,038	99%	821,530	820,028
68,594	70,906	97%	69,045	99%	TOTAL OPERATING EXPENSES	68,594	70,906	97%	69,045	99%	1,123,279	1,124,147
194,128	198,612	98%	185,232	105%	TOTAL EXPENSES	194,128	198,612	98%	185,232	105%	3,275,892	3,053,022
6,027	1,659	363%	1,553	388%	EBITDA	6,027	1,659	363%	1,553	388%	41,514	35,759
FINANCING ACTIVITY												
(1,322)	(7,900)	17%	(5,581)	24%	Interest Expense - Debt	(1,322)	(7,900)	17%	(5,581)	24%	(94,800)	(42,684)
(5,349)	(1,407)	319%	(1,407)	380%	Interest Expense - Leases	(5,349)	(1,407)	319%	(1,407)	380%	(20,100)	(24,892)
146	0	0%	51	287%	Interest Income	146	0	0%	51	287%	0	1,552
(6,525)	(9,575)	68%	(6,939)	94%	TOTAL FINANCING ACTIVITY	(6,525)	(9,575)	68%	(6,939)	94%	(114,900)	(66,125)
OTHER INCOME (EXPENSE)												
48,559	49,000	99%	46,464	105%	Dues - Capital Improvement	48,559	49,000	99%	46,464	105%	588,000	577,626
0	0	0%	0	0%	Initiation Fees - Capital Improvement	0	0	0%	0	0%	6,236	0
(32,081)	(34,492)	93%	(34,065)	94%	Depreciation & Amortization	(32,081)	(34,492)	93%	(34,065)	94%	(413,904)	(407,124)
0	0	0%	6,670	0%	Gain/(Loss) On Disposal Of Assets	0	0	0%	6,670	0%	0	0
0	0	0%	(2,520)	0%	Other Expenses / Capital Reserve / Impairment	0	0	0%	(2,520)	0%	0	(12,440)
16,478	14,508	114%	16,519	100%	TOTAL OTHER INCOME (EXPENSE)	16,478	14,508	114%	16,519	100%	180,304	158,081
15,983	6,592	242%	11,135	144%	NET INCOME	15,983	6,592	242%	11,135	144%	106,919	127,696
35	15	233%	36	97%	Paid Rounds	35	15	233%	36	97%	2,306	1,687
334	200	167%	296	113%	Member Rounds	334	200	167%	296	113%	12,600	11,695
0	0	0%	4	0%	Other Rounds	0	0	0%	4	0%	0	279
369	215	172%	336	110%	Total Rounds	369	215	172%	336	110%	14,906	13,631
5,719	13,351	43%	5,188	110%	Revenue/Paid Rounds	5,719	13,351	43%	5,188	110%	14,398	47,131
542	931	58%	566	99%	Revenue/Total Rounds	542	931	58%	566	99%	223	889
94	125	75%	94	99%	Green Fees / Cart Fees per Paid Rounds	94	125	75%	94	99%	116	1,769
9	9	100%	10	99%	Green Fees / Cart Fees per Total Rounds	9	9	100%	10	99%	116	1,596
102	201	51%	107	96%	F&B Revenue/Total Rounds	102	201	51%	107	96%	59	1,039
15	17	87%	13	117%	Merchandise Revenue/Total Rounds	15	17	87%	13	117%	13	180

Financial Performance:

Revenues:

November revenues finished right on budget at 200k. This total was \$14k or 7% ahead of the prior year's actual of \$188k.

The dues line contributed \$148.5k, up \$9k versus the prior year. December dues should provide a reasonable gain to the budget as the dues increase takes effect one month earlier than budgeted.

Food & Beverage started the month slow before rebounding as the month closed. The department finished the month at \$37.8k on a budget of \$43.3k and prior year actuals of \$35.8k. Early November weather limited golf and slowed traffic.

Thanksgiving Brunch and Thanksgiving To-Go orders helped the department shrink the miss. There were a few private events

booked, but we are not back to pre-pandemic events. December will start strong with several member events and a full slate of holiday parties. We anticipate a rebound in revenues.

Golf revenues were ahead with greens fees, cart fees, and merchandise sales all outpacing budget. Rounds of golf finished the month at 369 after the course saw 336 rounds in November of 2021. Greens fees exceeded budget by roughly \$800 and cart revenue finished at \$2.1k on a budget of \$1.5k. Merchandise sales were \$5.5k on a budget of \$3.7k. The golf budget is very conservative for 2023, and we hope to see continued success moving through the spring into the summer.

Payroll:

Payroll provided modest savings in November, finishing the month at \$105k on a budget of \$109k. Course & Grounds provided the entire savings as we cut hourly staff as the season ended.

Food & Beverage and Administration finished over for the month. There was an additional incentive bonus paid out in Administration which drove the miss. This payout was a quarterly bonus that was missed earlier in the 2022 fiscal year that was paid out after overall budget was achieved.

Food & Beverage was \$1.7k (4%) over budget with some extra hourly training approaching the holiday season. We continue to operate with more full staffing on the front-of-house side and in the kitchen. Hours are being reduced. Both Adam and Torry are aware that payroll expenses will need to adjust with revenues as we move into the slower months. Staff retention is a key focus.

Expenses:

OPEX provided modest savings as well, finishing November at \$68.6k on a budget of \$70.8k. The club saved money on fuel and chemicals within Course & Grounds while spending some additional dollars on clubhouse decorations and supplies. Admin saw some savings with a lower-than-anticipated outside accounting billing at fiscal year-end.

Scott and his crew will be performing a final application of chemicals in December which allows the greens to hold color with anticipated cold temperatures and snow cover. This may eat into some of the chemical savings from November.

The clubhouse decorations were purchased for the holidays. We anticipate these being used for years to come. There were four large artificial trees purchased in addition to wreaths and swags. This was a necessary spend that went slightly over budget.

The new budget was created based on historical and prior year spending. There were no surprises in November which was great to see. We hope that trend continues as we close the year and roll into 2023.

The Cost of Goods in Golf was 76.22% on a budget of 68%. The historical COGS% target is 75% year-over-year. This should level out in December as there was a holiday sale following Thanksgiving.

Food COGS% was high in November at 56.81%. There were several reasons for this. We ran brunch buffets on Sundays in November with a higher-end price point. These brunches were not well attended, and we saw a lot of food waste. We had a member appreciation tailgate where we gave away free food prior to halftime. This hit the cost of goods. We also need to tighten our ordering. Adam has shifted some of the food purchasing responsibilities to Miguel as he moves out of the kitchen full-time. He is training and monitoring Miguel over the next few months.

Bar COGS% was 14.24% on a budget of 31%. There were some items we added to the inventory count including coffee, lemons, limes, and cherries. These items were originally received as supplies, but they will be counted in inventory moving forward. This provided an artificially low COGS because the items increased inventory without affecting the purchasing number.

Inventory across the Food & Beverage department is higher than the historical average. We were carrying extra food as we closed the month with a Holiday party scheduled on December 1st and Breakfast with Santa on December 3rd. The bar inventory is being revamped with some additional wine selections. Moving forward, I will be reviewing the inventory versus the historicals at the end of each month and sharing my finding with the team. We want the inventory to be clean and ready as we approach the spring.

Summary:

The club met budgeted revenue targets and saw modest savings in payroll and OPEX resulting in an EBITDA of \$6,027 versus a budgeted \$1,659. The month of November started a little slower with poor weather slowing golf. Thanksgiving Brunch and Thanksgiving To-Go orders allowed us to make up ground as the month closed. Golf outperformed and Course & Grounds provided significant savings in both payroll and OPEX.

December will be a fun month at LFCC. We will host Breakfast with Santa, a wine dinner, the Ladies' Holiday Luncheon, sushi night, and several other member events. In addition, we have a full calendar of Holiday Parties booked throughout the month. We are looking forward to the holiday season!

Key Performance Highlights:

- Total revenues \$200,155 on budget of \$200,271 and prior year of \$186,785.
- Dues finished at \$148,543 on a budget of \$146,899.
 - The monthly dues line is currently \$8k higher than prior year.
 - There were no member additions in November.
- Payroll was under budget by \$4.1k in September.
- OPEX finished at \$68.6k versus a budget of \$70.8k.
 - Savings on chemical application within Course & Grounds.
 - Savings on outside accounting service dealing with fiscal year-end.
 - Additional spend on Christmas décor around the clubhouse.

COGS numbers in golf with slightly high but within expectations. Food COGS finished high at 56.81% on a budget of 41.93%.. Bar COGS finished at 14.24% versus a budget of 31%.

Key Performance Issues:

- Payroll was \$1.7k (4%) over in Food & Beverage
 - Kitchen maintained full staffing with reduced hours in November.
 - Staff retention remains a guiding principle in hour management.
- 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 will be departing as 1st Assistant Superintendent
 - Scott will be scaling back in his role as Superintendent.

Key Actions to Drive Performance:

- Holiday Parties will be a key revenue driver in December.
- Breakfast with Santa is the main family event for the month.
- Sushi Night, Chef's Wine Pairing Dinner, Ladies' Holiday Luncheon will drive traffic.
- 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, is hired with a start date middle of December.

Membership Update:

Current Membership Numbers: 424 Total

Equity	162
Junior	89
Under 35	32
35-37	35
38-39	22
Social	113
Honorary	41
Honorary Social	2
Dining	12
Non-Resident	5

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 16 on a budget of 41 for the fiscal year.

RESIGNED MEMBERS	MEMBERSHIP TYPE	OFF THE SYSTEM	REMARKS
ROBERT MERCER	SOCIAL	11/25/2022	NO REASON GIVEN
LAURI SUOMINEN	JUNIOR	11/25/2022	NOT ENOUGH USAGE
CHIP CRADDOCK	EQUITY	11/25/2022	MOVING OUT OF STATE
DAISY OREGON	JUNIOR	11/25/2022	NEW HOUSE PURCHASE
DORIS HIGGINS	HON SOCIAL	11/25/2022	DECEASED
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