



To: Tony Zahm, President LFCC
From: Justin Waffle
CC: Board of Directors, Dean Lytton
Re: Lincolnshire Fields Country Club

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

Lincolnshire Fields
Standard Summary Income Statement
For the Six Months Ending April 30, 2020

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
REVENUES											
12,192	19,855	61%	18,312	67%	Green Fees & Cart Fees	12,686	23,300	54%	19,482	65%	245,649
935	25,698	4%	22,420	4%	Merchandise	11,875	50,316	24%	34,725	34%	197,565
0	1,393	0%	1,393	0%	Other Pro Shop	4,665	2,714	172%	2,710	172%	3,983
0	75	0%	20	0%	Range	0	75	0%	20	0%	525
16,702	57,570	29%	42,367	30%	Food and Beverage	199,263	319,486	62%	259,745	77%	842,541
127,787	127,121	101%	123,678	103%	Membership Dues	763,729	751,219	102%	726,422	102%	1,534,600
250	1,600	16%	2,816	9%	Membership Initiation Fees	1,000	4,800	21%	4,886	20%	10,000
0	3,540	0%	2,950	0%	Other Operating Revenues	0	3,740	0%	4,567	0%	28,220
2,570	1,691	152%	1,691	152%	Other G&A Income	8,426	9,604	88%	9,604	88%	21,073
160,437	238,543	67%	215,647	74%	TOTAL REVENUE	1,001,643	1,165,254	86%	1,062,162	94%	2,884,156
COST OF SALES											
590	18,970	3%	16,447	4%	Merchandise	9,480	37,951	25%	26,361	36%	147,200
7,470	22,818	33%	15,393	40%	Food & Beverage	74,855	113,746	66%	76,825	97%	319,416
8,061	41,788	19%	31,840	25%	TOTAL COGS	84,334	151,697	56%	103,186	82%	466,616
63.2%	73.8%	85.6%	73.4%	86.1%	COGS - Merchandise %	79.8%	75.4%	105.8%	75.9%	105.2%	74.5%
47.5%	39.6%	119.8%	37.9%	125.2%	COGS - Food %	43.6%	39.7%	110.0%	36.7%	118.9%	39.7%
PAYROLL											
26,659	42,616	63%	34,487	77%	Course and Grounds	154,106	172,531	89%	146,884	100%	439,231
7,140	10,718	67%	7,589	94%	Pro Shop	33,815	41,392	82%	32,781	103%	125,566
26,032	33,878	77%	34,228	76%	Food and Beverage	196,908	196,593	100%	187,930	106%	477,859
0	1,049	0%	39	0%	Other Operating Departments	0	1,049	0%	39	0%	64,122
20,118	21,930	92%	23,442	86%	General and Administrative	130,977	134,615	97%	147,877	89%	270,123
79,949	110,191	73%	99,785	80%	TOTAL PAYROLL	515,806	546,181	94%	515,511	100%	1,376,901
OPERATING EXPENSES											
21,807	25,526	86%	6,761	323%	Course and Grounds	52,482	53,177	99%	39,635	132%	282,354
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	10,385	10,385	100%	10,385	100%	23,271
252	889	28%	831	30%	Pro Shop	3,617	3,158	115%	3,048	119%	9,374
5,192	8,256	63%	9,570	54%	Food and Beverage	47,750	49,259	97%	50,778	94%	138,927
62	1,835	3%	2,345	3%	Other Operating Departments	93	2,945	3%	2,403	4%	23,299
32,507	42,531	76%	38,673	84%	General and Administrative	240,905	260,046	93%	237,289	102%	528,262
61,550	80,769	76%	59,912	103%	TOTAL OPERATING EXPENSES	355,232	378,970	94%	343,538	103%	1,005,486
149,560	232,747	64%	191,537	78%	TOTAL EXPENSES	955,372	1,076,849	89%	962,236	99%	2,849,003
10,877	5,795	188%	24,111	45%	EBITDA	46,271	88,405	52%	99,926	46%	35,154
FINANCING ACTIVITY											
(6,411)	(7,495)	86%	(7,422)	86%	Interest Expense - Debt	(41,505)	(44,970)	92%	(45,331)	92%	(89,940)
(1,453)	(1,063)	134%	(890)	163%	Interest Expense - Leases	(9,257)	(6,496)	142%	(5,330)	174%	(12,996)
20	0	0%	70	29%	Interest Income	125	0	0%	381	33%	0
(7,843)	(8,578)	91%	(8,243)	95%	TOTAL FINANCING ACTIVITY	(50,636)	(51,468)	98%	(50,281)	101%	(102,936)
OTHER INCOME (EXPENSE)											
44,968	45,364	96%	48,380	93%	Dues - Capital Improvement	269,354	268,914	100%	277,987	97%	544,876
(36,409)	(33,873)	107%	(33,372)	100%	Depreciation & Amortization	(216,215)	(203,238)	106%	(200,233)	108%	(406,476)
2,000	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	8,000	0	0%	0	0%	0
10,558	11,491	92%	15,008	70%	TOTAL OTHER INCOME (EXPENSE)	61,138	65,676	93%	77,754	79%	138,400
13,592	8,708	156%	30,876	44%	NET INCOME	56,772	102,613	55%	127,400	45%	70,618

Overview:

The operations at Lincolnshire Fields County Club were greatly affected by the “Stay at Home” Executive Order. As a result, the golf course and clubhouse were closed to members for the month of April. Curbside food and beverage service restarted on April 8th with moderate success for the month. A financial contingency plan was quickly adopted by the Board which streamlined operations and expenses. This resulted in furloughing several staff members, and all other departments operated at minimum staffing levels.

Maintaining member engagement became the primary focus of the management staff. As the month went on the team did an excellent job developing a variety of virtual content. Interaction significantly increased on our social media platforms as the content was well received by the membership. In May we will look to expand on those offerings. Overall, the club made the best out of a trying time and rendered the necessary adjustments to ensure a solid financial month.

Financial Performance:

Revenues:

As a result of the Board and Management's anticipation to the extension of the Executive Orders, stringent contingency plans were enacted to minimize the financial impact to the club. Tough decisions were made regarding staff, expenses, and capital projects. All things considered the management team was able to move forward and have a successful month. The team flexed reducing unnecessary expenses and was able to improve over budgeted EBITDA by roughly \$5k, a significant improvement over April's financial contingency model.

Due to no golf and the clubhouse closure, the club missed the overall revenue budget by 33% and prior year by 26% for the month of April. Year-to-date revenues are down 14% to budget and 6% to prior year. Due to the stringent social distancing order, both Food and Beverage and Golf faced deficits to budget. We are grateful for the membership support of our curbside Food and Beverage operation. The club was able to operate this service for eighteen days and averaged roughly \$1k per day, producing average daily revenues better than many local restaurants. In normal circumstances, the Golf Department begins to significantly ramp up in the month of April. Unfortunately, the golf course was closed for the entire month; nevertheless, we had roughly \$1k in merchandise sales. Overall, revenues totaled \$160.4k on a budget of \$238.5k and prior year of \$215.7.

Adjustments will continue into the month of May because of the anticipated revenue shortfall we are projecting. With Stingrays not operating, no pool guest fees and little to no revenue from golf, the projected shortfall will be roughly \$130k to budget. The management team will manage the flow through to ensure the miss is minimized.

Payroll:

Significant adjustments were made to staffing levels based on the amenities available and the focus to maintain core staff to ensure the club can open swiftly upon the easing of restrictions. This strategy allows the club to continually to maintain the golf course and grounds, as well as provide curbside food service, and develop an extensive virtual event calendar for our membership. Payroll for the month was under budget by \$30.2k and bested the financial contingency model by \$10k. In normal years, all departments begin to increase staffing levels and spend substantial time training new staff in the month of April. Due to the crippling economic conditions created by the pandemic, all departments operated with minimal staff. However, all department heads have continued outreach to potential staff members and rehires to assist with reopening efforts. We are hopeful when the restrictions are loosened that we will quickly and efficiently be able to increase our staffing to match the needed demand. For the month of May, we will see an escalation in payroll over April due to increase staffing needed to maintain the golf course and extended food and beverage hours.

Expenses:

The leaders of each department also did an outstanding job minimizing expenses. Expenses were under budget by \$19.2k and were flat to the financial contingency model that was created. Savings were seen across each department as the following major expenses were eliminated: clubhouse cleaning service, Dryject aerification, flowers, and operating supplies diminished significantly. During this period, the Course and Grounds team took advantage of the lack of golf and applied more chemical and fertilizer applications. As a team we were also able to procure hand sanitizer and other PPE items required for reopening. Cost of sales were as projected for the Golf Departments and continue to be on pace for the year. Food and Beverage experienced higher than anticipated cost of sales for the month due to operating at a reduced volume.

Summary:

The team will take a hard look at where we can manage payroll and expenses to help us exceed expectations, manage the flow through and ensure we minimize shortfalls due to COVID-19. We are hopeful that we will return to a complete functioning club by the end of May. If that is not the case, we will have a contingency to minimize the misses. Even with those contingencies in place, the revenue shortfalls will have a significant impact on the bottom line, making an operating shortfall inevitable. Once we have a clear direction on operating guidelines through the summer, we'll be able to provide a more accurate financial forecast and the impact on the club.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$127.8k on a budget of \$127.1K and prior year of \$123.7k.
- Total revenues \$160.4k on budget of \$238.5k and prior year of \$215.6k.
- Payroll was under budget by \$30.2k and under \$19.8k to prior year for the month of April.
- Expenses \$19.23K under budget and over \$1.6k to prior year for the month of April.
- COS finished at 63% for merchandise on budget of 74% and prior year of 73% and Food and Beverage will finish at 48% on budget of 40% and prior year of 38%.

Key Performance Issues:

- COVID-19: As the Coronavirus pandemic has spread throughout the country, state restrictions were placed on business operations. As a result, the club has operated in a limited capability for the entire month of April and will continue into May. Large adjustments to staffing and operations were needed due to the lack of revenues.

Key Actions to Drive Performance:

- Financial & Operation Contingency Plans- In the month of March executive staff with the help of KemperSports developed financial and operational contingency plans to maximize the best potential outcome for the club. We have developed several plans based on different scenarios and timing of social distancing parameters. Staffing, F&B operation, and golf operations have been evaluated and recommendations have been provided and adopted by the Board.
- Membership: The team has focused on ways to engage the membership. Over the past few weeks Sara, Membership Director, has been calling to check up on members. During those calls we are updating membership files and preferences with food and beverages. The team has also developed videos to engage members with highlights on golf training, drink mixology and food preparation. Lastly, we held a successful virtual King of Club and look forward to bringing that back in April while we offer curbside food service.
- Curbside F&B Service- Once the club was forced to close, we transitioned to curbside pickup dining for the members. The service was relatively successful averaging roughly \$1k per night.

Membership Count YTD:

	Budgeted	Current		Budgeted Adds	Current Adds	Budgeted Subs	Current Subs
Membership Category							
Equity	155	155		4	5	5	8
Junior 35	45	45		5	11	4	5
Junior 35-37	19	23		2	1	2	1
Junior 38-39	16	16		3	2	1	0
Honorary	38	36		0	0	1	2
Social	84	95		6	6	7	6
Dining	16	16		0	1	1	2
Non-Res.	11	10		1	0	1	1
U of I	4	4					
Total	398	400		21	26	22	25

Membership Status as of 4.30.20 Sales: Sara Michael, Membership Director

- **New Membership**
 - 1 Jr
 - 1 Equity

Marketing:

- **Promotions:** continuing to partner with Realtors and Promote the Club
- **Facebook:** Consistently posting on Facebook. Working on inviting people to join both groups. Creating events and building content. Really ramping up videos and virtual promotions to stay connected during this time.
- **Posting and Formatting: Menu and Togo Information Emailing menus that are changing weekly**
- **Canva:** Designing and branding what LFCC will look like from here on out. Finished setting up Monthly Newsletter design and weekly updates.
- **Twitter is set up and working on consistent posting**

Member Relations:

- Called 25 members a day and introducing myself and seeing if they need anything. I am also asking for any extra info
- Started Member Spotlight in Newsletter and working on a Board
- Posting Videos of staff and posting interactive things on Facebook.
- Working on the referral program and following up with all member leads

Other Services:

- Working on the App
- Push Notifications are being utilized. Working on video to teach members how to get notifications in phone.
- Membership Spotlight Post
- Promote member events
- Set Up You Tube Channel
- Set Up Google Business Page

May Expectations:

- Sign up 5 members
- Continued working referrals
- Continuing to make phone calls
- I will be making some porch visits with a little treat for members and potential members.
- Will continue to call members
- Working with Chef to change menu and keep members updated.

Wins

I have been going through the website and changing key words to try and get more traction on our page. We are currently showing up on average the last 2 weeks 13,000 times whereas before we were at 7,000 times. Working a lot on social media and other ways to connect with membership.

Golf Department Recap: Rob Walls, Head Golf Professional

In April, the course saw no rounds of golf due to the Covid-19 pandemic and Governor's "Stay at Home" order. We course was not allowed to be open. The Golf Shop did have limited hours throughout the month.

No rounds meant no revenue from greens or cart fees. April would typically be a ramp up month for us. League play would start, and we would host our first events of the season. The only revenue was from the private cart trail fee. Some of this will be credited later in July.

For the month, merchandise sales were \$938.90 versus a budget of \$26k. We were not open and operating in April. We did try to run a few week-long promotions with minimal success. In addition, we have usually had a Titleist fitting day and the Loyalty Rewarded promotions in April. The Fitting Day was cancelled. The Loyalty Rewarded program saw fewer orders than usual, but none of these orders were realized because production was halted. These sales will hopefully be realized in May or June. As stated last month, a large majority of our spring orders were placed on hold or cancelled. We are working to get Demo & Fitting Days rescheduled for later in the year. Tournaments, leagues and regular play will hopefully lead to increased sales, but it appears we will be working from a deficit for much of the year.

Some additional notes regarding golf activity:

- Matt Brownfield started mid-month. He is doing a tremendous job so far and will be a great asset this summer.
- We are currently working with vendors and Sara to run some additional merchandising opportunities. Matt is working on a mobile shoe site.
- One golf staffer was hired to start May. He worked two short shifts, but we do not anticipate needing staff until restrictions are eased.
- Contingency plans for league and tournaments are being adjusted. We hope to have more definitive plans by mid-May. These changes will be communicated to the membership.

We will be golfing in May. Better days are ahead. We hope everyone stays safe and healthy!

Grounds Recap: Scott Werner, Superintendent

No Report for the Month of April- The Course and Grounds department worked extremely hard through the month of April to ensure the course was ready to reopen. Scott's hard work and dedication to on-course work prevented the opportunity to provide a detailed report.

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
General Manager
Lincolnshire Fields Country Club