



To: Tony Zahm, 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 August.

Lincolnshire Fields
Standard Summary Income Statement
For the Ten Months Ending August 31, 2020

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY	Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
REVENUES										
49,157	53,553	92%	47,604	103%	156,392	191,775	82%	161,583	97%	245,649
17,818	16,074	111%	21,355	83%	99,959	136,233	73%	125,526	80%	197,555
260	250	104%	1,325	20%	5,625	3,563	156%	4,534	124%	3,983
6	75	8%	110	5%	6	375	2%	720	1%	525
108,078	95,623	113%	102,302	106%	502,471	742,317	68%	644,982	78%	842,541
135,440	131,255	103%	122,772	110%	1,302,529	1,275,266	102%	1,226,948	100%	1,534,600
5,600	400	1400%	0	0%	17,200	10,000	172%	8,587	200%	10,000
1,980	3,200	62%	3,205	62%	14,210	27,730	51%	36,538	39%	28,220
3,267	2,122	154%	641	510%	17,684	16,829	105%	16,029	110%	21,073
321,605	302,551	106%	299,355	107%	2,116,106	2,405,089	88%	2,225,627	95%	2,884,156
COST OF SALES										
13,187	11,682	113%	16,212	81%	79,115	101,401	78%	94,295	84%	147,200
37,440	40,036	94%	31,528	119%	185,487	278,811	67%	228,398	81%	319,416
50,627	51,717	98%	47,740	106%	264,602	380,212	70%	322,693	82%	466,616
74.0%	72.7%	101.8%	75.8%	97.7%	79.1%	74.4%	106.3%	75.1%	105.3%	74.5%
36.1%	41.9%	86.2%	32.2%	112.0%	40.3%	38.5%	102.2%	38.7%	101.6%	38.7%
PAYROLL										
43,925	45,953	96%	45,325	97%	325,996	354,405	92%	328,103	99%	439,231
14,515	16,245	89%	13,412	108%	85,914	101,330	85%	83,597	103%	125,566
54,222	49,344	130%	48,419	133%	405,594	401,157	101%	398,864	102%	477,859
8,786	12,663	69%	10,929	80%	36,461	62,963	58%	58,292	63%	64,122
25,234	24,343	104%	25,424	89%	225,462	226,636	99%	252,644	89%	270,123
156,683	148,549	105%	146,509	107%	1,079,426	1,146,492	94%	1,121,499	96%	1,376,901
OPERATING EXPENSES										
41,177	42,671	96%	51,518	80%	225,197	238,149	99%	249,542	90%	282,354
2,666	1,731	149%	3,351	77%	19,223	19,809	97%	21,645	89%	23,271
416	994	42%	3,704	11%	7,768	8,543	91%	8,646	90%	9,374
16,929	15,086	112%	18,354	92%	105,157	116,635	90%	120,551	87%	138,927
2,558	2,650	96%	19	13037%	12,036	21,899	55%	17,535	68%	23,299
54,495	45,458	117%	41,163	132%	413,316	443,227	93%	400,480	103%	528,262
118,090	109,621	108%	118,110	100%	782,708	848,263	92%	816,508	96%	1,005,486
325,399	309,888	105%	312,359	104%	2,126,736	2,374,967	90%	2,262,700	94%	2,849,003
(3,794)	(7,336)	52%	(13,004)	29%	(10,630)	30,123	-35%	(37,073)	29%	35,154
FINANCING ACTIVITY										
(6,334)	(7,495)	80%	(7,489)	85%	(66,242)	(74,950)	88%	(73,692)	90%	(89,940)
(1,768)	(1,063)	163%	(1,709)	103%	(14,235)	(10,830)	131%	(11,834)	120%	(12,996)
29	0	0%	45	65%	240	0	0%	567	42%	0
(8,072)	(8,578)	94%	(9,152)	88%	(80,236)	(85,780)	94%	(84,958)	94%	(102,936)
OTHER INCOME (EXPENSE)										
46,379	46,082	101%	46,284	100%	453,980	453,262	100%	474,781	96%	544,876
(36,036)	(33,873)	106%	(33,372)	108%	(360,359)	(338,730)	106%	(333,722)	108%	(406,476)
0	0	0%	0	0%	10,375	0	0%	0	0%	0
10,343	12,209	85%	12,912	80%	103,997	114,532	91%	141,059	74%	138,400
(1,523)	(3,705)	41%	(9,245)	16%	13,130	58,875	22%	19,028	69%	70,618

Overview:

The momentum from July carried into August with the same operating guidelines. The club did not experience the same feel of business level compared to last August due to social distancing protocols. However, patronage was up for second month in row, recognizing revenue gains over prior year. Golf rounds continue to be exceptionally high over prior year, observing levels seen about five years ago. Outdoor dining continues to be the preferred safe haven for our members with majority dining taking place at Stingrays.

Although much of the original executive order has been relaxed, there are still several rules in place. Golf is back to normal with the exception of maintaining group sizes under 50 participants. The golf staff has successfully navigated league and member tournaments with the required adjustments. The club hosted additional outings, alternating between multiple shotgun waives and tee time formats. Our member-member events have been switched to tee-times to maintain compliance. Golf participation continues to trend higher as the club recorded a 50% year-over-year growth in rounds played.

For a second month in a row, Food and Beverage department achieved revenue growth over prior year. Outdoor dining continues to be the preferred location. Popular nights continue to be King of Clubs and live music nights which were sold out. There was significant staff turnover in the kitchen with the loss of the chef and several cooks. The team did an excellent job adjusting during the staff transition. The help received by KemperSports ensured minimal dining disruption. Lastly, the pool continues to operate with the reservation system with signups for each pool session remaining at 85 people. Overall, the club made the best out of a difficult time and rendered the necessary adjustments to ensure the best financial outcome.

Financial Performance:

The Management team continued to be conscious of the contingency plan; however, operated August under more normal budget conditions. With all club amenities open, the club experienced another strong revenue month. Even though revenues were high, our payroll and expenses increased creating a small shortfall. As a result of the transition in the kitchen, additional resources were brought in to ensure minimal disruption to member services, resulting in slightly higher payroll for the F&B Department. Additional expenses were slightly higher than budget. Overall, revenues outweighed operating expenses creating a slight EBITDA surplus to budget. The club experienced an excess in EBITDA by roughly \$3.5k to budget, an improvement over prior year by \$9.2k.

Revenues:

With the club operating at greater capacity, more revenue was generated than initially forecasted or budgeted. Each department was able to exceed monthly expectations resulting in revenues outpacing budget by \$19k and prior year by \$23.2k. For a second straight month, the club made up several percentage points; however, year-to-date revenues are down 12% to budget and 5% to prior year. Despite decreased member indoor dining like years past and essentially no private events, the Food and Beverage department was able to generate roughly \$108.1k in revenue. This was about \$6k over prior year and \$12.5k over budget. Overall dining patronage was more than initially forecasted in the contingency model, helping to continue to outperform expectations during these unprecedented times. As a result of the limited dining for much of the year, the F&B Department revenues for the year are down 32% to budget and 22% to prior year (Similar to the national average according to Club Benchmarking). With golf continuing to operate at full throttle, the club was able to have one of its best months ever with huge gains in cart fee, green fee, and merchandise revenues. The golf department had \$49.2k in cart and greens fees and an additional \$17.8k in merchandise sales. Pool revenues were \$2k for the month with most of the revenues coming from guest fees and swim lessons. Overall, revenues totaled \$321.6k against a budget of \$302.6k and prior year of \$299.4k. The team will continue to monitor revenues and member usage closely in September, making necessary adjustments to finish the year strong.

Payroll:

With operations in full swing and the transition in the Kitchen, payroll was again over budget. Overall payroll was \$156.7k on a budget of \$148.5 and prior year \$146.5. As business continues to increase, additional resources were put into place to stabilize the F&B department. The department operated \$14.9k over budget. Golf course maintenance continued to operate at full staffing levels, resulting in similar payroll as prior month. Even with the need for increased preventive and recovery maintenance because of draught conditions, the Grounds Department was able to operate with a slight savings to budget. Admin departments experienced slight overages as a result of the commission payouts for the new membership sales. Aquatics operated well under budget as we move to "swim at your own risk" in mid-August due to the majority of staff leaving for college. Even with significant increases in play and outings, the golf department operated flat to budget. Moving into September significant staffing level adjustments will be made due to expected decline in member usage. We will continue to operate as efficiently as possible in order to make up the small operating deficit.

Expenses:

Operating expenses were high for a second straight month. Expenses were over budget by \$8.5k and were over flat to prior year. The admin experienced almost the entire overage while all remaining departments were flat to budget. Admin experienced overages because of a true-up to the cleaning service fee as well as member referral incentives and the contract service fees associated with the printing charges due to the one-use menu requirement. Additionally, utilities were up over prior year. Overall, for the year, expenses continue to be down to budget (8%) and prior year (4%).

Summary:

Overall, we are behind budgeted EBITDA by \$40.8k YTD and operating with a \$10.6k deficit. For the last quarter, our major focus is developing action plans to maintain member dining as we move into the cooler months by increasing programming into the fall. September should be a strong month with several golf outings and the momentum we have seen in F&B.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$141k on a budget of \$131.7K and prior year of \$122.8k.
- Total revenues \$321.6k on budget of \$302.6k and prior year of \$299.4k.
- Payroll was over budget by \$8.1k and over \$10.2k to prior year for the month of August.
- Expenses were \$8.5K over budget and flat to prior year for the month of August.
- COS finished at 74% for merchandise on budget of 73% and prior year of 76% and Food and Beverage will finish at 36% on budget of 42% and prior year of 32%.

Key Performance Issues:

- COVID-19: As the Coronavirus pandemic has spread throughout the country, state restrictions have been placed on business operations. As a result, the club has operated in a limited capacity from mid-March running through the month of June. Large adjustments to staffing and operations were needed due to the lack of revenues. Fortunately, restrictions continue to be relaxed allowing for greater use of club amenities and providing more financial stability.
- Chef / Cooks: Encountered a large transition in the Kitchen with the termination of the Executive Chef. Lost an additional three line cooks. KemperSports supplied temporary help mitigating the problem and helping expedite the new chef search. Procured a local chef that started August 31st.

Key Actions to Drive Performance:

- Hullabloo had 88 participants, a 22% increase over prior year.
- Hosted two charity golf events with an average of 70 players producing roughly \$12k in revenue.
- Had great turnouts for Nine and Dines for the month of August.
- Virtual King of Club continues to be popular with all tables selling out at Stingrays and significant online participation.
- Developed Fall Calendar- Added new program for social and golf events to keep members participating into the fall.
- 6 new memberships sold in August on a budget of 1. Several people have expressed continued interests in joining the club. Continue to receive IF with new memberships.
- Pool- Continued full operation with the plan to keep open into October.
- Golf restrictions continued to be rolled back allowing for greater member access and usage. Rounds were up roughly 1100 rounds over prior year.

Company Initiatives:

- **Green to Tee:** Scott Werner, Golf Course Superintendent and Matt Whitsitt, Assistant Superintendent completed half of level one and will be working on the other half of the program in the offseason months.
- **Safety National:** Committee has been established and meets once a week. Sara Michael will help chair committee, making swift changes to the program. Made several improvements from Game 1 to 2.
- **True Service:** Sara Michael, Lauren Kuleck and Matt Blakey are currently working through the “Teach the Teacher” workbook and will assist Rob Walls in the upcoming class. Plan to do two sessions in October.

Membership Status as of 8.31.20: Sara Michael, Membership Director

Sales:

- **New Membership**
 - 3 Equity
 - 3 Junior

Marketing:

- **Promotions:** Offering Reduced Initiation Fee of \$1000 with 24-month commitment
- **Facebook:** Consistently posting on Facebook. Growing both our Public and Private page we have really expanded our numbers and interactions. Started adding New membership Bios and Created an Album for New Members.
- **Posting and Formatting:** Pictures of the club. Highlighting Staff and Members
- **Twitter** is set up and working on consistent posting
- **Ad: Not using ads right now**

Member Relations:

- Attending Club Events and helping in various areas
- Worked Hullabaloo at various spots to mingle with members
- Spending time with golfers
- Posting about Staff to get Members engaged
- Helped with collecting Member Donations for Employees
- Working all referrals from members and making sure they know the benefits of that program.
- Working King of Clubs virtually and working on a new concept where you can be there or not. We hit \$2,980 last week in ticket sales.
- Labeling pictures so people can start recognizing each other

Other Services:

- Push Notifications are being utilized.
- Membership Spotlight Post
- Updating pages on the website
- Set Up Google Business Page and utilizing the tools that analysis the website traffic and phone traffic. Continually monitoring this platform

September Expectations:

- Sign up 3 members
- Continue working referrals
- Visiting with the members.
- Creating various signups for events. Working on growing events

Wins: We have gained 6 new members this August and have already gained 1 for September. I am starting to see some of the realtor referrals coming in which is great since I have tried to really grow those relationships.

The biggest win for me this month was a conversation I had with a couple ladies. They stopped me and said that they are loving the club and they initially joined for their partners. They said that they all feel like they are part of something now and that it meant a lot to them. One said they never felt like LFCC was a tight knit group and that with all the post and interactions they feel that now. They said that they felt like the woman were becoming really invested in the club. This was huge for me because this is what I have really wanted since I started here. I think the more the whole family becomes invested in the club the longer people will stay.

Membership Category	Budget	Current		Budget Adds	Current Adds	Budget Subs	Current SUB	DUES ADD/ LOST
EQUITY	158	155		8	10	7	12	
JUNIOR 35	52	40		11	11	9	9	
JUNIOR 35-37	23	31		4	6	4	1	
JUNIOR 38-39	18	16		4	3	2	0	
HONORARY	38	38		0	1	1	2	
SOCIAL	98	98		20	14	12	8	
DINING	16	16		0	1	1	3	
NON-RES	11	11		1	1	1	1	
U OF I	4	4						
TOTAL	417	407		48	47	37	36	

Golf Department Recap: Rob Walls, Head Golf Professional

The golf department saw success in August. During the month, we successfully hosted our Club Championship & Hullabaloo events in addition to outside events in the Rebounders & Don Moyer Boys & Girls Club golf outings. Rounds of golf continue to trend upward as the course saw 3,398 rounds in August, a 50% increase versus the 2,256 rounds played in 2019. In 2018, the club processed 2,536 rounds. For the season, there have been 11,538 rounds played at LFCC. This is up 15% versus last season when we saw 9,983 rounds through August despite no golf in April, limited play in May and no league rounds until July. The last few months have been incredibly busy.

Greens fees were at \$16.3k for the month, in line with 2019 and off 28% to budget (\$22.7k). Cart revenue totaled \$24,201 which outpaced budget and prior year by 26% (\$19.5k). Combined, these two revenue lines were in line with budget and 10% above prior year actuals of \$36.5k. There were two large outside events originally scheduled for August in The Pickle & University of Illinois Women's Golf Outing that were cancelled in 2020 due to Covid-19 concerns. We did our best to offset the loss in revenue from these events by replacing them with the two events mentioned earlier. Those events, while smaller, plus the significant increase in traffic allowed us to reach budgeted revenue totals for the month.

Year to date, the golf department is at \$110,432.50 in revenue from greens and cart rental fees. Despite minimal revenue from the first two months of the season, we are now outpacing 2019 actuals. The department currently sits about 13k behind budget. We have four outside events scheduled for September, three of which are new. These events, plus some nice fall weather, should give us an opportunity to make up additional ground over the next few months.

August was a fine merchandise sales month with total sales of \$17,814 on a budget of \$17k and prior year sales of \$21.5k. Special orders totaled \$4.6k. We held a Titleist Fitting Day in August of 2019 which we did not hold in 2020. We do have a Callaway Fitting Day scheduled for the middle of September that should help drive additional special orders as we close the year. There is also \$19k in sweeps credit on member accounts that will need to be spent prior to the end of the fiscal year in October with an additional 15k being added when leagues culminate early in the month. Reminders have already gone out, and the golf staff will be reaching out to member with high balances individually over the coming weeks.

Year to date, both out-of-inventory and special order sales are down significantly, 17% and 25% respectively. This is to be expected as the Golf Shop was closed until early June and some members are still hesitant to enter the facility. Our cost of goods percentage is at 79% which is high versus budget. We had some aged inventory that we moved at a discount this spring. In addition, some of the early pay discounts we have utilized in past seasons were not used this year. The staff, especially Assistant Matt Brownfield, have done a great job of merchandising the Golf Shop. This has been a greater priority and focus versus 2019. We believe the Golf Shop is stocked with quality merchandise and are hopeful for a strong close to the fiscal year.

The department has consistently flexed payroll throughout the season staying on pace with prior year despite the addition of an assistant and a 11% increase to the minimum hourly wage. For the season, we are 15k under budget. Our expenses are below both budget and prior year. The department will continue to flex in September with the knowledge that we have an opportunity to continue to gain on budget. Justin and I have developed a sound plan regarding both inside and outside staffing as we work through the rest of the season.

Some additional notes regarding golf activity:

- The Club Championship & Hullabaloo were well received.
- Men's League play will wrap up in the first week of September.
- Monday Night League play wrapped at the end of the month.
- In an effort to extend golf season, we have added several Nine & Dine events to the calendar.
- Outside staffing is full.
 - We will struggle with some daytime availability as school is in session.
- Focus for the month is outside events and the Year-End Member Member.

Looking forward to another busy month in September.

Grounds Recap: Scott Werner, Superintendent

Lots of golf continued in August, which started out with mild weather and ended with heat and drought. We received only 1.1 inches of rain in August and none after 0.5 inch on 8/11. The turf needs a soaking rain event before we get into core aeration projects during September. Our golf events all seemed to go well with a lot of positive comments from members and guests about course conditions.

Grounds notes for August:

Our staff levels held up through the end of the month, with only a couple high school students returning to school. Maintenance practices have been normal throughout the month. Projects have been limited by the heavy golf calendar, but progress continued landscape bed maintenance and mulch installation.

After expenses ran high in July, August expenses finished within budget. September and October can be unpredictable due to all the major seasonal maintenance and potential equipment expenses, but we will do our best to keep things in line and finish the fiscal year in a good position.

Grounds projects during August:

- Sand top dressed all greens twice.
- Performed scheduled monthly wetting agent applications to all greens, tees, and fairways.
- Performed scheduled bi-weekly fungicide applications to all tees, greens, fairways, intermediate rough, putting green surrounds, and practice range.
- Completed spot spraying in all rough areas for Yellow Nutsedge.
- Continued backpack spraying of non-selective herbicides in landscape areas and all over the clubhouse grounds and course.
- Spot sprayed weeds around all course bunkers.
- Applied insecticide treatments to selected rough areas to prevent white grub damage.
- Applied additional wetting agents to selected tee areas and hand watered several times.
- Continued regular scheduled edging of fairway yardage markers, tee plates, and sprinklers.
- Continued scheduled string trimming around trees, lakes, ponds, and other areas.
- Continued cleanup and pruning of various landscape beds and installed new mulch.
- Continued selective pruning/limbing-up of many course and club area trees.
- Mowed additional no-mow areas to control weed invasion.
- Selectively removed small trees and large weeds from creek bank areas.

August Photos:



Course photos #14 and #15



Cart Damage – golf course or go kart track – a few members not sure which?



Divot Party – Great member participation!



Herbicide breakdown in rough

Club championship Sunday

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