



To: Dave Jones, President LFCC
From: Justin Waffle
CC: Board of Directors, Frank Merkel
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, 2018

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												
48,825	45,935	104%	42,273	116%	Green Fees & Cart Fees	179,492	192,450	93%	169,541	100%	266,920	248,707
22,209	21,500	103%	19,222	116%	Merchandise	138,416	127,050	109%	122,013	113%	190,050	196,723
885	215	411%	10	8890%	Other Pro Shop	6,568	2,185	301%	1,549	404%	2,425	11,209
225	375	60%	368	61%	Range	873	1,220	72%	1,171	74%	1,620	1,408
99,260	109,515	91%	95,491	104%	Food and Beverage	716,040	814,683	88%	713,713	100%	959,513	809,079
0	140	0%	0	0%	Food and Beverage Gratuity Income	0	1,400	0%	3,558	0%	1,590	0
122,694	123,453	99%	118,696	103%	Membership Dues	1,177,243	1,128,649	104%	1,204,930	98%	1,379,822	1,422,728
0	2,500	0%	6,000	0%	Membership Initiation Fees	9,000	75,500	12%	23,489	38%	75,600	9,000
2,574	1,830	141%	1,514	170%	Other Operating Revenues	24,355	20,705	118%	17,872	130%	20,905	24,861
5,430	1,590	341%	2,279	238%	Other G&A Income	44,837	24,228	185%	14,214	315%	27,706	50,984
302,102	308,054	98%	285,653	106%	TOTAL REVENUE	2,296,825	2,388,120	96%	2,272,051	101%	2,926,241	2,774,636
COST OF SALES												
16,056	16,125	100%	11,743	137%	Merchandise	106,753	95,288	112%	90,006	110%	142,538	152,851
40,402	42,315	95%	41,948	96%	Food & Beverage	274,081	309,229	89%	298,285	92%	362,419	303,976
56,458	58,440	97%	53,691	105%	TOTAL COGS	380,834	404,517	94%	388,291	98%	504,957	456,828
72.3%	75.0%	96.4%	61.1%	118.3%	COGS - Merchandise %	77.1%	75.0%	102.8%	73.8%	104.6%	75.0%	89.4%
42.4%	40.3%	105.1%	43.9%	96.5%	COGS - Food %	41.5%	40.3%	103.0%	44.8%	92.6%	40.0%	497.7%
PAYROLL												
44,426	50,030	89%	59,949	74%	Course and Grounds	316,621	359,926	88%	322,281	98%	443,393	389,811
12,917	17,590	73%	22,815	57%	Pro Shop	91,203	113,327	80%	95,681	95%	138,255	110,725
43,081	43,051	100%	72,479	59%	Food and Beverage	380,758	383,281	99%	364,866	104%	458,788	435,927
9,480	17,918	53%	18,007	53%	Other Operating Departments	59,618	70,488	85%	61,918	90%	72,199	60,931
27,432	23,998	114%	15,681	175%	General and Administrative	225,255	230,187	98%	178,922	138%	277,607	260,706
137,335	152,587	90%	188,931	75%	TOTAL PAYROLL	1,073,455	1,157,209	93%	1,023,688	105%	1,390,242	1,268,100
OPERATING EXPENSES												
56,710	41,490	137%	44,871	126%	Course and Grounds	264,366	247,545	107%	269,632	98%	296,763	328,942
1,797	2,462	73%	3,750	48%	Carts, Range, Starters, Etc.	15,257	24,620	62%	22,873	67%	29,544	19,614
2,565	4,902	52%	227	1120%	Pro Shop	11,661	16,038	69%	9,804	119%	18,457	16,857
25,896	15,526	167%	17,728	146%	Food and Beverage	125,973	134,926	93%	124,666	101%	157,346	154,402
2,361	2,801	84%	1,825	129%	Other Operating Departments	20,804	30,122	69%	32,918	63%	33,264	27,586
36,804	33,029	111%	53,625	69%	General and Administrative	339,110	322,367	105%	389,682	87%	386,691	422,020
126,133	100,211	126%	122,026	103%	TOTAL OPERATING EXPENSES	777,172	777,618	100%	848,575	91%	921,466	969,422
319,926	311,237	103%	364,647	88%	TOTAL EXPENSES	2,231,461	2,339,343	95%	2,261,534	98%	2,816,665	2,684,350
(17,824)	(3,184)	560%	(78,795)	23%	EBITDA	65,364	48,777	134%	10,517	622%	109,576	90,348
(9,080)	(9,000)	101%	0	0%	MANAGEMENT FEES	(9,080)	(9,000)	100%	0	0%	(108,000)	(111,273)
FINANCING ACTIVITY												
(7,217)	(9,272)	78%	(8,920)	81%	Interest Expense - Debt	(72,669)	(101,792)	71%	(97,120)	75%	(121,248)	(90,971)
(743)	0	0%	(352)	211%	Interest Expense - Leases	(2,754)	0	0%	(4,670)	0%	0	(2,900)
94	27	345%	27	345%	Interest Income	671	564	119%	562	119%	616	738
(7,865)	(9,245)	85%	(9,245)	85%	TOTAL FINANCING ACTIVITY	(74,752)	(101,228)	74%	(101,227)	74%	(120,632)	(93,133)
OTHER INCOME (EXPENSE)												
49,954	53,878	93%	53,878	93%	Dues - Capital Improvement	487,325	512,027	95%	512,026	95%	608,123	588,392
(32,714)	(31,671)	103%	(30,630)	107%	Depreciation & Amortization	(327,137)	(316,710)	103%	(314,430)	104%	(380,052)	(405,271)
0	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	0	0	0%	0	0%	0	(27,028)
17,240	22,207	78%	23,248	74%	TOTAL OTHER INCOME (EXPENSE)	160,188	135,317	82%	197,596	81%	228,071	156,083
(17,530)	778	-2252%	(64,792)	27%	NET INCOME	60,720	52,866	115%	106,885	57%	109,015	42,035

Overview:

August was a tough month for the club with staffing changes and unexpected expenses. Unfortunately, August was our worst performing financial month to budget year to date. Despite this poor performance, we saw significant improvement over prior year. The miss can be attributed to several different factors in both the F&B and grounds departments.

The unexpected resignation of Chef Troc contributed to an increase in expenses in the F&B department. Fortunately, we were able to quickly stabilize the F&B operation with the help of KemperSports resources and only a small cost to the club. Interim Chef Michael Parks was introduced August 8th ensuring the kitchen would have no limitations. During the month Chef Parks was able to deliver an outstanding wedding in addition to an excellent culinary experience for several member events. In addition to excellent service, Chef Parks provided a new dinner

menu as well as constructed a new fall menu that will go into circulation in October. During Chef Parks' time here at LFCC he helped with all the following;

- Assisted in the effort to recruit, vet and place new Executive Chef
- Ensured operations functioned at highly efficient level
- Implemented systems and procedures to improve food quality, consistency, and accuracy of ticket times
- Account audit of food and beverage items to ensure proper margins and food costs
- Maintained vendor relationships
- Helped define the food experience in each venue and create a more compelling menu with signature items found nowhere else

As the summer season wound down, we finished the golf season with a very busy golf event golf calendar, driving a solid financial performance in the golf department. In August, we completed the Club Championship, two 9 and Dines as well as the largest member event, Hullabaloo. In addition to those events, we hosted two sizable outside golf outings generating significant cart/green fees and merchandise revenue.

Financial Performance:

Revenues:

The team encountered a small revenue miss of roughly 2% or \$6K to budget and was able to increase revenues over prior year by 6% or \$16k. Membership continued to show significant gains over prior year with a dues line \$122.7K and overall revenues of \$127.6 vs prior year dues line of \$118.7k. Overall, Membership income is slightly down to prior year however, the past several months we've seen substantial increases which will put the club in a stronger position versus one year ago.

The golf department did another excellent job exceeding revenue expectations, outperforming budget by \$4k and prior year \$10k. Increased guest play, as well as couple large outside outings helped golf surpass green and cart fee (\$2K to budget and \$7k over prior year) as well as merchandise revenues (\$2k to budget and \$3k over prior year). The golf department has seen an 11% increase in revenue over prior year.

Food and Beverage had another short fall to budget missing by roughly \$10K, but the department was up 4% to prior year. Ala carte dining continues to show significant increases verse prior year while banquet revenue is down roughly 50% to prior year. Revenues continue to forecast below budget, predicting a miss of 3-4% to budget, but we plan to see growth over prior year.

Payroll:

In August we were challenged with several staffing issues. With the resignation of our chef and several seasonal employees, we were forced to hire temporary employees as well as an Interim Chef in the F&B department. As a result, expenses were inflated with over \$10K designated to contract employment services. In addition, vacation pay was administered to Chef Troc, preventing any payroll saving in the F&B department. Admin payroll was higher than budget due a quarterly incentive payout for the Membership Director. Pool (\$8.5k), Golf (\$4.7k) and Grounds (\$6k) were all able to save payroll to budget resulting in a 10% savings. Overall the team has saved 7% to budget creating good flow through to the bottom line.

Expenses:

August expenses were over budget by \$26k and can be attributed to the following departments; Admin, F&B and Grounds. Utilities, real-estate taxes, insurance and a couple unplanned clubhouse repairs caused the Admin department to be over budget by \$4K. Most F&B overages were caused by the temporary contract labor. Lastly, the Grounds Department was over budget by \$15k as result of increased usage of Chem/Ferts, fuel and topdressing.

Summary:

With the departures of key positions, we experienced unforeseen expenditures resulting in a miss of \$14.5k for budgeted EBITDA. Currently, we are still ahead of budgeted EBITDA by \$16.5k and have increased EBITDA over prior year by \$55K. Even with the miss we currently project to finish slightly ahead of budget.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$122.7k on a budget of \$123.4K and prior year of \$118.7k.
- Payroll saved \$15k for August, YTD saved \$84k to budget.
- Expenses over \$26K for August and YTD flat to budget and under prior year by 9%
- YTD increased Green and Cart Fees vs prior year (\$10k) as well as merchandise (\$16K).
- Food and Beverage ala carte business has improved 4% over prior year while Banquet are down 50%.
- 30% increase in pool revenues over prior year.
- 2,536 rounds in August compared to 3,187 rounds prior year. YTD down 2055 rounds.
- Completed a successful Hullabaloo. Participation for all golf events in August were over prior year.

Key Performance Issues:

- Executive Chef Joseph Troc resigned. Brought in Interim Chef Michael Parks to maintain and enhance operations. Arrived August 8th and assisted with major events in addition to reconstructing the menu. Chef Parks helped to develop systems and accountability to improve overall kitchen operations.
- Staffing: Hired several temps in the kitchen to help with departure of seasonal staff causing higher than expected expenses.

Key Actions to Drive Performance:

- Started the preliminary budget process and developed first draft of 2019 budget.
- Conducted Executive Chef Search.
- New menu development- created and implemented new Chef Table dinner specials. Created new all-day menu that will be implemented in late September.
- New 19th hole concept- In the process of rebranding the 19th hole into a casual sports gastro pub, that elevates traditional Midwest bar food with locally sources ingredients, enhanced technique and fusion of cultures. Our intentions are to combines the historical traditions of both Illini athletics and the roots of LFCC.
- Developing a new staffing model for F&B to deliver enhanced and more consistent service.
- Irrigation Project Review- Moved to finance committee for final financial review.
- New sales promotion: Received approval for “End of Summer Saving” membership promotion.
- Improved Member / Staff Communication- Looking into text notification to improve communication with members and staff.
- Strategic Plan- Continuing to work through the clubs Strategic Plan. Currently, have completed Vision Statement, SWOT Analysis, analyzed financial & membership information for the past 10 years. Working on Food and Beverage history, defining expectations and individual dining spaces.
- Exterior repairs as well as carpet replacement for stair leading to dining room have been scheduled for September.

Membership Count YTD:

Membership Category	Current	Budgeted		Adds	Subs	Dues Add / Lost	Budget Dues Add
Equity	166	175		10	12	\$-1214.00	\$3,035.00
Junior Under 35	47	66		12	11	\$242.80	\$728.40
Junior 1/2 (Ages 35-37)	21	26		1	5	-\$1,335.40	\$1,669.25
Junior 3/4 (Ages 38-39)	9	3		2	2	\$0	\$0.00
Social	96	91		18	10	\$2,492.00	\$1,557.50
Honorary	40	41		0	2	-\$607.00	\$0.00
Honorary social	3	1		0	0	\$0.00	\$0.00
Dining	22	50		0	5	-\$565.00	\$452.00
Non-Res	10	5		4	0	\$600.00	\$0.00
U of I	4	5		0	1	\$0.00	\$0.00
Total	418*	463		47	48	\$386.60	\$7,442.15

*Membership accounts audited by Office Manager- total membership was inflated due to spouses registering on total membership account report

Membership Status as of August 31, 2018

- **0 new members**, 4 resignations, **Net -3** for August
Total club membership = 445

Marketing:

- **Promotions:** Introduced our “END OF SUMMER SAVINGS” promotion. With what we are offering, I am expecting to sign up 10 new members by the end of November. I am excited to bring in new members at this time of the year.
- **Facebook:** Facebook posts go out at least twice a week (Wednesdays & Fridays) for upcoming events. I have been taking pictures of different events such as Monday Night Ladies’ League, golf events, swim meets, and various events around the club. These posts help create excitement and let our members see just how much we have going on, on a weekly basis.
- **In Process:** Meeting with Reggie Taylor and her team at Coldwell Banker. Setting up a Realtor Meet ‘n Greet to open up the line of communication between myself and the realtors selling houses in the surrounding neighborhoods of the club. I’m also delivering welcome packets to new homeowners in the neighborhoods around the club.

Member Relations:

- Sent a survey to new members receiving feedback on why they joined and how their experience has been to date.
- I’m listening to the feedback from our members (the good, the bad, and the ugly) and passing it on to our staff so we know what we are doing well and what we need to work on to improve our members’ experiences each time they are out here.
- I am helping out at various events in any way that I can to help ensure the best membership experience for everyone.

Banquets & Events:

- I have talked with a few Carle staff members about hosting different mixer events for their employees. Carle has expressed interest in hosting an Oktoberfest mixer here and are starting to work on the first stages of planning everything.

Other Services:

- Completed September Newsletter

September Expectations:

- Sign up 10 new memberships
- Continued referrals from our great members
- Host Realtor Meet ‘n Greet to create new avenue for membership opportunities

Golf Recap

By Rob Walls, Head Golf Professional

August saw continued success in the golf department. During the month, we successfully hosted our Club Championship & Hullabaloo events in addition to outside events in the Pickle Invitational and the U of I Women's Golf Classic. We also saw the conclusion of our Men's and Women's evening league programs. Rounds of golf continued to trend down as the course saw 2,536 rounds in August. In August 2017, there were 3,187 rounds played. In 2016, the club processed 3,562 rounds. For the season, there have been 10,866 rounds at LFCC. This is down 18% versus last season where we saw 13,288 rounds through August.

Greens fees, while missing budget by 5%, were at \$15,752.50. Up 13% versus the 2017 season's \$13,290. Cart fees beat both prior year and budget with revenue totaling \$20,262. The department saw a 23% increase versus prior and beat budget projections by 16%. Combined, these two revenue lines were ahead of budget by 7% and 20% above 2017 actuals. These revenue increases can be attributed to the outside outings we hosted in August, which both returned an increase in participation and revenue. In addition, we continue to see strong support from the membership as they bring out guest play and many of our newer members are renting carts versus owning privates.

Year to date, the golf department is at \$114,186 in revenue from greens fees and cart rental fees. This number shows a 11% increase versus prior year. While we have made significant gains versus budget over the last several months, the department still is working to catch up as a slow spring put us behind. In September of 2017, we hosted three outside events that brought in significant revenue. Due to the one-time nature of two of those events, only one is returning in 2018, with the Champaign County High School Invitational being hosted on Monday, September 10th. In addition to the loss of outside events, the Fall Member Guest date was moved to October, so there will be no member events held during the month. The golf department did manage to book an additional member outing of 40 players set to be hosted on Friday, September 28th. This should offset some of the losses, but the department views September's revenue goals as optimistic. We will hope for nice weather and strong member support to hit our target goals.

Golf saw another strong month in merchandise sales. For the month, the Golf Shop sold \$22,208 in merchandise versus a budget of \$21,500 and prior year sales of \$19,221. Cost of goods was in line with expectations at 75%. Inventory is slowly coming down. Shoe and club returns will be realized in September, and there is little purchasing scheduled this month. To drive this revenue line, we have scheduled a Titleist Demo Day on Sunday, September 16th to coincide with the launch of the new Titleist TS Metal line. We also have \$35,000 in sweeps credit on member accounts that will need to be spent prior to the end of the fiscal year in October. Reminders will go out to the membership, and we hope to continue strong sales in this category. Year to date, merchandise sales are at \$138,415 versus a budget of \$127,050 (+9%) and 2017 sales of \$122,012 (+13.5%). Our cost of goods percentage is currently 77%. This percentage is inflexible with our current member pricing structure, but our goal for the season is 75%.

The department was able to successfully flex payroll and expenses in August. We tightened up our outside staff scheduling as the month progressed due to limited hours and school starting, and our Golf Shop help was down as both attendants went back to school. This allowed for savings of close to \$9,000 (32.5%) versus prior year and \$6,941 (28%) versus budget. The department will continue to flex in September with the knowledge that we have some big numbers to overcome versus both prior year and budget. With Brett Coluccio's vacancy, we will see some instant payroll savings. Kim Hazel has joined the staff as a part-time Golf Shop attendant who will help fill hours this fall. Stephen Dunn will be providing additional support as needed. 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 both saw an increase in participation versus last season. Both events were well received.
- Tuesday & Wednesday Night League wrapped up another successful season at the end of the month.
- Monday Night Ladies League ended middle of the month. 60 total ladies participated.

Grounds Recap

By Scott Warner, Golf Course Superintendent

August Weather:

August weather was normal for a change. Some warm, some mild, minimal rainfall, but nothing too extreme.

Recap:

Seasonal staffing has been a problem all year and really no change in August. We lost a couple students during the month but were able to pick up one unskilled person to train into picking up some of that slack. We were also able to temporarily add an experienced person, former employee and assistant superintendent at a local course for past 10 years. He has been a big help and will really ease the workload during September, as we perform all of the aerification and seasonal maintenance. He is actively seeking full-time employment, however, and could leave us at any time.

The grounds budget actually exceeded projections during the month but continues to run under budget for the year to date. Payroll again was well under budget projections, and this is still due to the seasonal staffing problem.

August Budget Info:

As mentioned above, August expenses were higher than had been budgeted and this appears to be mostly timing issues. August was a 5-week month which caused an extra fuel delivery, extra topdressing delivery, and extra fungicide applications to hit during month. Those three expense accounts, as well as electricity, which has run high all year, more than make up the overage in expenses for August. In projecting September and October expenses, barring the unexpected repair or weather event, I would expect that we would run close to budget as we finish out the fiscal year.

Grounds notes for August:

A few soaking rain events helped to keep the turfgrass actively growing even in non-irrigated areas. Unfortunately, the rain events seemed to occur around long weekends and golf events, so much catch-up mowing was needed at these times. LDS and Take-All patch continued as our biggest turf problems. Weeds continued to flourish, with crabgrass breakthrough and re-growth of many broadleaves and nutsedge the biggest problems. We will attempt to perform late fall weed control in as much of the course rough as possible this year to improve this problem for 2019.

Our irrigation system problems continue. Wash-Rinse-Repeat. Of particular note during August, sticky valves and other sprinkler component failures have been causing slow leakage all over the course and very frequent cycling of our pressure maintenance pump. This pump has already been replaced once since the new pump station was installed in 2014, and this quick cycling will inevitably cause a recurrence soon, not to mention the additional stress being added on the piping system.

Grounds projects during August:

- Continued wetting agent applications on greens, tees, and fairways.
- Completed scheduled fungicide applications to all greens, tees, fairways, and intermediate rough.
- Continued irrigation repairs as discussed above.
- Continued light pruning and/or limbing up of many trees around course.
- Completed weeding and mulch installation in several landscape beds.
- Continued manual and chemical weed control in landscape beds and various other areas on course.
- Performed manual removal of small trees and large weeds in some selected creek bank areas.
- Continued detail work around course and prepped for several August golf events including Club Championship and Hullabaloo.

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