



**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 January.

Lincolnshire Fields  
Standard Summary Income Statement  
For the Three Months Ending January 31, 2020

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
<b>REVENUES</b>											
0	299	0%	219	0%	Green Fees & Cart Fees	385	1,900	19%	2,498	15%	245,849
1,484	900	163%	1,813	91%	Merchandise	9,449	17,244	55%	7,487	126%	197,565
756	110	687%	110	657%	Other Pro Shop	1,810	431	420%	428	423%	3,983
0	0	0%	0	0%	Range	0	0	0%	0	0%	525
27,221	31,262	87%	19,058	143%	Food and Beverage	132,928	175,532	76%	150,898	88%	842,541
123,496	124,488	99%	117,835	105%	Membership Dues	380,547	375,027	101%	367,828	103%	1,534,600
0	0	0%	50	0%	Membership Initiation Fees	0	0	0%	100	0%	10,000
0	40	0%	0	0%	Other Operating Revenues	0	120	0%	0	0%	28,220
1,746	3,089	57%	3,089	57%	Other G&A Income	4,591	6,029	76%	6,029	76%	21,073
<b>154,682</b>	<b>160,188</b>	<b>97%</b>	<b>141,775</b>	<b>109%</b>	<b>TOTAL REVENUE</b>	<b>529,688</b>	<b>576,283</b>	<b>92%</b>	<b>535,063</b>	<b>99%</b>	<b>2,884,156</b>
<b>COST OF SALES</b>											
1,356	800	169%	1,991	68%	Merchandise	8,431	14,462	58%	7,334	115%	147,200
9,718	13,806	70%	10,826	91%	Food & Beverage	46,098	58,071	79%	35,822	129%	319,416
<b>11,072</b>	<b>14,606</b>	<b>76%</b>	<b>12,617</b>	<b>88%</b>	<b>TOTAL COGS</b>	<b>54,528</b>	<b>72,533</b>	<b>75%</b>	<b>43,156</b>	<b>126%</b>	<b>466,616</b>
<b>92.6%</b>	<b>88.9%</b>	<b>104.2%</b>	<b>123.5%</b>	<b>75.9%</b>	<b>COGS - Merchandise %</b>	<b>88.2%</b>	<b>83.9%</b>	<b>106.4%</b>	<b>98.0%</b>	<b>91.1%</b>	<b>74.5%</b>
<b>38.7%</b>	<b>45.4%</b>	<b>85.2%</b>	<b>60.9%</b>	<b>63.6%</b>	<b>COGS - Food %</b>	<b>38.7%</b>	<b>38.1%</b>	<b>101.6%</b>	<b>31.3%</b>	<b>123.9%</b>	<b>38.7%</b>
<b>PAYROLL</b>											
25,012	23,835	105%	22,910	109%	Course and Grounds	77,502	78,273	99%	70,419	110%	436,231
5,335	6,128	87%	5,037	106%	Pro Shop	16,009	17,880	90%	15,021	107%	126,586
35,872	33,033	109%	25,707	140%	Food and Beverage	108,773	102,079	107%	90,888	120%	477,859
0	0	0%	0	0%	Other Operating Departments	0	0	0%	0	0%	64,122
25,303	22,725	111%	24,071	105%	General and Administrative	60,306	66,010	91%	73,647	82%	270,123
<b>91,523</b>	<b>85,720</b>	<b>107%</b>	<b>77,725</b>	<b>118%</b>	<b>TOTAL PAYROLL</b>	<b>262,590</b>	<b>264,241</b>	<b>99%</b>	<b>249,773</b>	<b>105%</b>	<b>1,376,901</b>
<b>OPERATING EXPENSES</b>											
5,061	4,552	111%	(1,679)	-301%	Course and Grounds	14,332	14,195	101%	10,869	134%	282,354
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	5,193	5,193	100%	5,193	100%	23,271
81	183	44%	218	37%	Pro Shop	1,027	771	133%	903	114%	9,374
10,383	6,337	164%	8,050	129%	Food and Beverage	28,499	25,597	111%	25,530	112%	138,927
52	75	70%	47	112%	Other Operating Departments	(83)	290	-29%	(699)	12%	23,299
53,472	51,305	104%	46,367	115%	General and Administrative	135,647	135,048	100%	127,920	108%	528,262
<b>70,780</b>	<b>64,183</b>	<b>110%</b>	<b>54,762</b>	<b>129%</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>184,615</b>	<b>181,094</b>	<b>102%</b>	<b>169,515</b>	<b>109%</b>	<b>1,005,486</b>
<b>173,375</b>	<b>164,509</b>	<b>105%</b>	<b>145,105</b>	<b>119%</b>	<b>TOTAL EXPENSES</b>	<b>501,733</b>	<b>517,867</b>	<b>97%</b>	<b>462,444</b>	<b>108%</b>	<b>2,849,003</b>
<b>(18,692)</b>	<b>(4,321)</b>	<b>433%</b>	<b>(3,330)</b>	<b>561%</b>	<b>EBITDA</b>	<b>27,956</b>	<b>58,415</b>	<b>48%</b>	<b>72,619</b>	<b>38%</b>	<b>35,154</b>
<b>FINANCING ACTIVITY</b>											
(7,351)	(7,495)	98%	(8,852)	83%	Interest Expense - Debt	(22,108)	(22,485)	98%	(23,942)	92%	(89,940)
(1,561)	(1,083)	144%	(918)	170%	Interest Expense - Leases	(4,773)	(3,249)	147%	(2,880)	179%	(12,966)
21	0	0%	87	24%	Interest Income	65	0	0%	264	24%	0
<b>(8,891)</b>	<b>(8,578)</b>	<b>104%</b>	<b>(9,681)</b>	<b>92%</b>	<b>TOTAL FINANCING ACTIVITY</b>	<b>(26,814)</b>	<b>(25,734)</b>	<b>104%</b>	<b>(26,338)</b>	<b>102%</b>	<b>(102,936)</b>
<b>OTHER INCOME (EXPENSE)</b>											
44,884	44,835	101%	43,790	102%	Dues - Capital Improvement	134,617	134,353	100%	138,137	97%	544,876
(38,783)	(33,873)	109%	(34,889)	106%	Depreciation & Amortization	(108,108)	(101,819)	106%	(100,117)	108%	(406,476)
<b>8,081</b>	<b>10,762</b>	<b>75%</b>	<b>9,101</b>	<b>89%</b>	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>26,510</b>	<b>32,734</b>	<b>81%</b>	<b>38,021</b>	<b>70%</b>	<b>138,400</b>
<b>(19,503)</b>	<b>(2,137)</b>	<b>913%</b>	<b>(3,911)</b>	<b>499%</b>	<b>NET INCOME</b>	<b>27,651</b>	<b>65,415</b>	<b>42%</b>	<b>84,302</b>	<b>33%</b>	<b>70,618</b>

**Overview:**

The month of January displayed steady business resulting in substantial revenue growth over prior year. Unlike past years the weather was slightly milder; however, precipitation was above normal preventing any golf. Traffic through the clubhouse was steadier and highlighted by one large private event and the first Host with the Most of the year. Both events helped to drive significant revenue helping to outpace revenue over prior year. EBITDA for the year decreased as a result of higher than projected payroll and expenses.

During January the club hosted one large private event and a variety of member events to drive club participation. The winter programming continued, offering Wild Wednesdays, awesome discounts on chicken wings and great drink specials. The team also created a new kid's room that is available every Wednesday night. The King of Clubs on Thursday nights alternated between Chicken and Shrimp nights. Friday nights we continued to offer Fiesta Fridays with Prime Rib Night thrown in every other week. Lastly, we brought back one of our more popular traditions in the offseason, Ladies Night. Each month we'll have a themed night for ladies to enjoy drinks and great camaraderie.

The momentum in Golf and Membership picked up in January. Rob Walls, Head Golf Professional, was able to secure three new large golf outings and has an additional three outings under negotiations. These outings will provide the club with significant revenue and exposure, helping to drive the bottom line and accelerate membership growth. Sara has also been very busy adding seven new members in January. Her experience has proved invaluable, driving new membership in the offseason and picking up several private events. Both Rob and Sara are setting the club up to have a very successful year.

### **Financial Performance:**

#### **Revenues:**

All though the club missed revenues by 3% for the month of January the team did a great job improving over prior year. With the addition of one new private event and a successful Host with the Most, Food and Beverage Department was able to lead the way with a \$8.1k improvement over prior year. Membership and the Admin department had a \$5.9k growth over prior year as a result of the dues increase to offset the rising minimum wage. Golf created a small increase over prior year (\$400) due to freight charges related to shipping clubs for members. Overall, revenues totaled \$154.7k against a budget of 160.2 and prior year of \$141.8k. YTD revenues are down 8% to budget with much of the shortage falling on Food & Beverage and a small portion to golf merchandise. Increased membership and golf outing sales will help improve these numbers as the season progresses.

#### **Payroll:**

Payroll for the month was over budget by \$5.8k; however, YTD remains down to budget by \$2k. The team collectively overspent 7% in payroll expenses which was roughly 18% higher than prior year. As expected, the Grounds department was slightly over due to the last installment of seasonal bonuses and continued long-term medical coverage for one employee that's out on leave. F&B department was over nearly \$2.8k in payroll as a result of additional training efforts and final bonus payouts. In addition, the department was over \$11k versus prior year as a result of increase in minimum wage and the entire staff is full compared to prior year. The Admin department was over an additional \$2.5k due restructuring of the membership director's compensation package. With the lack of golf, the golf department was able to provide \$800 in savings. YTD the staff has done well to manage the budget and saved roughly 1% to budget.

#### **Expenses:**

Expenses were also over budget and to prior year. A couple line items hit earlier than in prior years and will be made up for in the months to come (Audit / Tax Return, uniform dining). We also experienced a couple unexpected expenses resulting in approximately \$3.5k in expenses (Audited asset adjustment, repairs to equipment, & china supplies to ensure service of large party). Cost of sales were lower than expected this month in Food and Beverage as a result of a couple large events. Overall for the year F&B continues to be on pace with budget with an aggressive 38% COS. Golf continued its liquidation sale resulting in a much higher than normal cost of sales (93%). However, the sale has been very successful moving much outdated merchandise.

#### **Summary:**

Overall, the club has some work to do to catch up to budgeted EBITDA being down roughly 50% to budget YTD. Membership and outings will help to make up ground throughout the year. The team will take a hard look at where we can manage payroll and expense to help us exceed expectations, manage the flow through and ensure we hit budget. February is filled with several exciting events, and we hope the weather improves so we increase the flow of members.

### Key Performance Highlights:

- Membership Dues Revenue was roughly \$123.5k on a budget of \$124.5K and prior year of \$117.6k.
- Total revenues \$154.7k on budget of \$160.2k and prior year of \$141.8k.
- Payroll was over budget by \$5.8k and over \$13.8k to prior year for the month of January.
- Expenses \$6.6K over budget and over \$16k to prior year for the month of January.
- COS finished at 93% for merchandise on budget of 89% and prior year of 124% and Food and Beverage will finish at 38% on budget of 45% and prior year of 61%.

### Key Performance Issues:

- Outside Event: We received feedback from event coordinator that the food was underwhelming for their event. Lauren has been in contact and working to find a resolution to ensure they come back next year.

### Key Actions to Drive Performance:

- Closing of Stone Creek
  - Golf Outings: Secured three new outings for 2020 and have an additional three possibilities
  - Wedding and Banquets: Sara has helped secure a couple large private events while Lauren has worked hard to relocate several weddings from Stone Creek
- Leadership Retreat Day: All department heads met on Jan. 25<sup>th</sup> to discuss revenue generation strategies, improving membership sales & attritions, events and staffing challenges.
- Membership: Sara has been very proactive in cultivating leads and referrals, leading to 10 new members YTD. The pipeline is filled with additional prospects which will drive future sales in the upcoming months.
- Calendar of Events: Team has developed a social calendar for the year which will be presented at the next social committee meeting and published after approval.
- Community Outreach: Sara visits local businesses helping to drive memberships and private events. Over the past couple of weeks Sara's been able to retain a member and book two new private events.
- Kids Room: Added kids' room on Wednesday nights and will experiment on Valentine's Day by offering toddler sitting.
- Expectation Meetings: Had several meetings with department heads outlining expectations for the year
- Stingray Strategy: Management team is developing a couple new plans to attack Stingrays in an effort to provide the membership with increased services and better product.

### 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.
- **True Service:** Scheduled next training for March. 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 in March.

## Membership Count YTD:

	Budgeted	Current		Budgeted Adds	Current Adds	Budgeted Subs	Current Subs	Dues Add / Lost
<b>Membership Category</b>								
Equity	155	153		1	1	4	6	
Junior 35	46	42		2	4	2	4	
Junior 35-37	20	21		1	1	1	0	
Junior 38-39	16	14		1	0	0	0	
Honorary	38	38		0	0	1	1	
Social	84	90		0	3	5	4	
Dining	16	16		0	1	1	2	
Non Res	11	10		1	0	1	1	
U of I	4	4						
Total	390	388		6	10	15	18	

## Membership Status as of 1.31.20: Sara Michael, Membership Director

### Sales:

- **New Membership**
  - 2 Jr Under 35
  - 1 Jr 35-37
  - 1 Equity
  - 2 Social
  - 1 Dining

### Marketing:

- **Promotions:** Promoting initiation Fee Waived until End of February
- **Facebook:** Consistently posting on Facebook. Working on inviting people to join both groups. Creating events and building content.
- **Canva:** Designing and branding what LFCC will look like from here on out. Finished setting up Monthly Newsletter design and weekly updates.
- **Instagram:** Working on the buttons and cross posting on Facebook.

### Member Relations:

- I'm currently trying to meet and connect with current members. I believe in building a relationship with all members and making sure they know how important they are to the club.
- I started visioning both current and new members and bringing them cookies. I like this time to connect with them and show them that the club is as invested in them as they are in us.
- Building up the Lady's night and working with that group of the membership.

### Other Services:

- Working on the App
- Membership Spotlight Post
- Promote member events
- Setting Up YPN Membership

## **February Expectations:**

- Sign up 5 members
- Continued referrals from our great members
- Refresh our website
  1. Videos (Add videos we have currently and work on getting videos from each individual hole)
  2. Update positions and add bios
  3. Add tab for Events to link to various social media
  4. Add Social Media buttons

\*\*\*Still working on this, I am going to have to reformat all of the current content and zip the files so we can have more media storage on the webpage\*\*\*\*

- Visit 6-8 businesses in Champaign to discuss opportunities to host golf outings, business meetings, private events and membership.
- Attend Young Professional Network Event
- Attend Chamber Events
- Attend some of the fun events at the club to meet more members.

## **Golf Report: Rob Walls, Head Golf Professional**

In January, the course saw no rounds of golf. After seeing 45 rounds in January 2019, there were no playable days this year. Cold temperatures and wet weather kept players off the course throughout the month.

No rounds of golf meant no revenue from cart or greens fees. While this winter has been relatively mild, we have not had much luck with keeping the course open. This has led to minimal rounds throughout the first quarter and low revenue versus budget.

As forecasted last month, the department continued an aggressive sale to lower inventory and clear space. For the month, merchandise sales were \$1,1463 versus a budget of \$900. Similar to December, cost of goods were high at 104%. The sale we have been running will not continue into February, so the cost of goods number should trend toward 75% moving forward. Inventory levels are still high, but spring buying has been significantly adjusted with all initial orders being pushed back to accommodate inventory that was held at the end of last summer.

Some additional notes regarding golf activity:

- The golf department has little flexibility in payroll as I am the only person working right now.
- 2020 Golf Calendar was finalized and approved.
- A new assistant has been hired for the 2020 season! Matt Brownfield was interviewed twice in December and offered a position that he accepted. He grew up in Urbana, and we are excited to have him start in April.
- An addition shop assistant has been hired from Stone Creek. Max Harmon is interested in a career in golf and will be a valuable addition to our golfing team. We look forward to growing Max into a valuable asset moving forward.
- Have added three new outside golf events with the potential for three more. These outings offer great revenue potential at around \$10k per event.

Hoping for an early spring and some golf ahead!

## Grounds Recap: Scott Werner, Superintendent

The weather continued it's up and down trend during January. The course was open for a short period but, has now been closed for several weeks. January expenses are slightly over projections primarily due to the timing of several seasonal bonus payouts in payroll. These had been expected in December as mentioned in last recap but, showed up in January instead due to a posting issue. Grounds payroll also continues to be negatively impacted by the loss of one of our full-time staff since early December to sick leave. But overall through the first quarter, grounds expenses are still within budget projections.

### Grounds notes for January:

More snow and ice events and several tree removals were the primary outdoor work during the month. Indoor work on course accessories and equipment continued. I attended the Golf Industry Show in Orlando.

### Grounds projects during January:

- Performed regular leaf and debris cleanup in clubhouse areas.
- Began repair and renewal of bronze course tee signs and yardage markers.
- Continued cleaning, preventative maintenance, repair, and sharpening of mowing equipment.
- Performed two snow removals and several ice removals during the month.
- Removed all outdoor Christmas lights and stored.
- Assisted tree removal contractor with removal and cleanup of approximately 15 trees.

### January photos:



Heavy rain event – saturated winter soils



Cherry tree removal on #5 – before and after – much easier tee shot





**Earl helping out with tree removal between #8/9**



**Another impactful tree removal opening up right side of #4 landing area**



**Treated vs. untreated check plot showing color retention on putting greens with Civitas application**

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