



**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 July.

Lincolnshire Fields  
Standard Summary Income Statement  
For the Nine Months Ending July 31, 2020

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
<b>REVENUES</b>												
46,494	47,435	98%	36,332	128%	Green Fees & Cart Fees	107,235	138,223	78%	114,080	94%	245,649	214,385
35,210	24,838	142%	26,473	133%	Merchandise	82,171	120,159	68%	104,131	78%	197,565	155,782
523	250	209%	160	327%	Other Pro Shop	5,365	3,313	162%	3,208	167%	3,983	8,786
0	75	0%	320	0%	Range	0	300	0%	610	0%	525	235
111,181	118,928	93%	113,422	98%	Food and Beverage	394,384	646,695	61%	542,660	73%	842,541	596,398
139,643	131,844	106%	125,771	111%	Membership Dues	1,167,069	1,145,011	102%	1,104,176	100%	1,534,600	1,528,609
4,900	1,600	306%	462	1038%	Membership Initiation Fees	11,600	9,600	121%	8,587	135%	10,000	13,600
5,560	6,250	89%	6,255	89%	Other Operating Revenues	12,230	24,530	50%	33,433	37%	28,220	15,745
2,060	1,950	106%	2,631	78%	Other G&A Income	14,417	14,707	98%	15,388	94%	21,073	17,975
<b>345,471</b>	<b>333,170</b>	<b>104%</b>	<b>311,826</b>	<b>111%</b>	<b>TOTAL REVENUE</b>	<b>1,794,501</b>	<b>2,102,538</b>	<b>85%</b>	<b>1,926,272</b>	<b>93%</b>	<b>2,884,156</b>	<b>2,550,513</b>
<b>COST OF SALES</b>												
28,291	18,146	156%	18,500	153%	Merchandise	65,928	89,719	73%	78,082	84%	147,200	121,093
41,796	43,928	95%	48,783	86%	Food & Beverage	148,047	238,775	62%	196,870	75%	319,416	218,013
<b>70,087</b>	<b>62,074</b>	<b>113%</b>	<b>67,283</b>	<b>104%</b>	<b>TOTAL COGS</b>	<b>213,975</b>	<b>328,494</b>	<b>65%</b>	<b>274,953</b>	<b>78%</b>	<b>466,616</b>	<b>339,106</b>
<b>80.3%</b>	<b>73.1%</b>	<b>110.0%</b>	<b>69.9%</b>	<b>115.0%</b>	<b>COGS - Merchandise %</b>	<b>80.2%</b>	<b>74.7%</b>	<b>107.5%</b>	<b>75.0%</b>	<b>107.0%</b>	<b>74.5%</b>	<b>838.6%</b>
<b>39.2%</b>	<b>36.9%</b>	<b>106.1%</b>	<b>44.7%</b>	<b>87.7%</b>	<b>COGS - Food %</b>	<b>41.6%</b>	<b>39.1%</b>	<b>106.4%</b>	<b>41.2%</b>	<b>100.8%</b>	<b>39.7%</b>	<b>522.7%</b>
<b>PAYROLL</b>												
50,631	45,992	110%	44,627	113%	Course and Grounds	282,070	308,452	91%	282,778	100%	439,231	405,435
15,749	15,337	103%	13,440	117%	Pro Shop	71,369	85,085	84%	70,185	102%	125,566	100,272
68,988	57,589	120%	62,182	111%	Food and Beverage	341,372	351,813	97%	350,445	97%	477,859	470,855
18,886	20,769	91%	21,058	90%	Other Operating Departments	27,675	50,299	55%	47,363	58%	64,122	39,793
24,932	21,704	115%	24,958	100%	General and Administrative	200,228	202,293	99%	224,220	89%	270,123	270,317
<b>179,185</b>	<b>161,392</b>	<b>111%</b>	<b>166,266</b>	<b>108%</b>	<b>TOTAL PAYROLL</b>	<b>922,744</b>	<b>997,942</b>	<b>92%</b>	<b>974,990</b>	<b>95%</b>	<b>1,376,901</b>	<b>1,286,672</b>
<b>OPERATING EXPENSES</b>												
52,040	44,967	116%	48,200	108%	Course and Grounds	184,020	195,478	94%	198,024	93%	282,354	279,253
1,731	4,231	41%	4,446	39%	Carts, Range, Starters, Etc.	16,658	18,078	92%	18,294	91%	23,271	23,471
1,400	967	145%	44	3153%	Pro Shop	7,352	7,549	97%	4,941	149%	9,374	12,136
19,739	17,014	116%	20,381	97%	Food and Beverage	88,238	101,549	87%	102,206	84%	138,927	131,891
3,599	3,700	97%	6,331	57%	Other Operating Departments	9,527	19,249	49%	17,616	54%	23,299	13,085
49,238	46,547	106%	41,726	118%	General and Administrative	358,821	396,739	90%	359,316	100%	528,262	490,285
<b>127,747</b>	<b>117,425</b>	<b>109%</b>	<b>121,128</b>	<b>105%</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>664,618</b>	<b>738,642</b>	<b>90%</b>	<b>700,398</b>	<b>95%</b>	<b>1,005,486</b>	<b>950,120</b>
<b>377,018</b>	<b>340,891</b>	<b>111%</b>	<b>354,677</b>	<b>106%</b>	<b>TOTAL EXPENSES</b>	<b>1,801,336</b>	<b>2,065,079</b>	<b>87%</b>	<b>1,950,341</b>	<b>92%</b>	<b>2,849,003</b>	<b>2,575,898</b>
<b>(31,548)</b>	<b>(7,720)</b>	<b>409%</b>	<b>(42,851)</b>	<b>74%</b>	<b>EBITDA</b>	<b>(6,836)</b>	<b>37,459</b>	<b>-18%</b>	<b>(24,068)</b>	<b>28%</b>	<b>35,154</b>	<b>(25,385)</b>
<b>FINANCING ACTIVITY</b>												
(6,264)	(7,495)	84%	(7,228)	87%	Interest Expense - Debt	(59,908)	(67,455)	89%	(66,203)	90%	(89,540)	(82,277)
(312)	(1,083)	29%	(1,227)	25%	Interest Expense - Leases	(12,467)	(9,747)	128%	(10,125)	123%	(12,566)	(17,507)
29	0	0%	31	94%	Interest Income	211	0	0%	521	40%	0	300
<b>(6,547)</b>	<b>(8,578)</b>	<b>76%</b>	<b>(8,424)</b>	<b>78%</b>	<b>TOTAL FINANCING ACTIVITY</b>	<b>(72,164)</b>	<b>(77,202)</b>	<b>93%</b>	<b>(75,800)</b>	<b>95%</b>	<b>(102,536)</b>	<b>(99,483)</b>
<b>OTHER INCOME (EXPENSE)</b>												
47,349	46,121	103%	46,625	102%	Dues - Capital Improvement	407,601	407,180	100%	428,497	95%	544,876	545,051
(36,036)	(33,873)	106%	(33,372)	103%	Depreciation & Amortization	(324,323)	(304,857)	106%	(300,350)	105%	(406,476)	(438,950)
1,125	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	10,375	0	0%	0	0%	0	10,375
<b>12,438</b>	<b>12,248</b>	<b>102%</b>	<b>13,253</b>	<b>94%</b>	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>93,653</b>	<b>102,323</b>	<b>92%</b>	<b>128,147</b>	<b>73%</b>	<b>138,400</b>	<b>116,465</b>
<b>(25,656)</b>	<b>(4,050)</b>	<b>633%</b>	<b>(38,021)</b>	<b>67%</b>	<b>NET INCOME</b>	<b>14,653</b>	<b>62,580</b>	<b>23%</b>	<b>28,272</b>	<b>52%</b>	<b>70,618</b>	<b>(8,403)</b>

**Overview:**

July was the first month that the club was able to operate close to full capacity since receiving the Governors Executive Orders in response to Covid-19. Overall club usage was up experiencing gains over prior year in both rounds of golf and food and beverage. Despite opening clubhouse dining, almost all dining patronage occurred pool side and at Stingrays. Outdoor dining seems to be the preferred safe haven for our members for the foreseeable future.

Although much of the original executive order has been relaxed, there are still several rules in place. Golf is all back to normal besides the provision to maintain group sizes under 50 participants. This provided the club the opportunity to move forward with the adjusted league, tournament, and outing schedules. The club was able to hold its first outing, hosting roughly one hundred people for the day, using two shotgun waivers. Our member-member event was switched to tee-times in order to maintain compliance. Golf participation continues to trend higher as the club recorded a 30% year-over-year growth in rounds played, as well as significantly more golfing revenues.

For the first time this year the Food and Beverage department displayed revenue growth over prior year. Outdoor dining continued to be the preferred location. We were able to host two live music night which were sold out. The staff setup two additional nights of live music and one dive in movie for August. Over the next month we will continue to monitor member preference for dining to help plan our fall dining strategy. Lastly, the pool continued to operate with the reservation system. Mid-month we increased sign-ups from 75 to 85 people. Overall, the club made the best out of a difficult time and rendered the necessary adjustments to ensure best the financial outcome.

### **Financial Performance:**

The Management team continued to follow the contingency plans developed on the onset of the pandemic that were designed to minimize the financial impact to the club. With all club amenities open we had our best revenue month for the fiscal year. Even though revenues were high, our payroll and expenses increased creating a small shortfall to budget. With the increase in demand in each department, staffing levels were increased to ensure proper service levels could be met. In addition to the increased patronage, the club experienced a significant increase in operating expenses. As a result, the club experienced EBITDA and net income numbers normally associated with past couple Julys. An EBITDA shortfall of \$31.5 was recognized for July; however, there was an improvement over prior year by \$11.3k

### **Revenues:**

With the club operating at greater capacity, more revenue was generated than initially forecasted or budgeted. Each department was able to exceed expectations resulting in revenues outpacing budget by \$12.3k and prior year by \$33.6k for the month. The club made up several percentage points; however, year-to-date revenues are down 15% to budget and 7% to prior year. Despite members not utilizing indoor dining like years past, the Food and Beverage department was able to generate roughly \$111.2k in revenue. This was about \$2k under prior year and \$7.7k under budget. The majority of the shortfall can be contributed to a lack of private events and not having elaborate food associated with our golfing events (No Member-Guest). 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 39% to budget and 27% to prior year (Similar to the national average according to Club Benchmarking). With golf now in full swing, 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 \$47k in cart and greens fees and an additional \$35.2k in merchandise sales. Pool revenues were \$5.6k for the month with most of the revenues coming from guest fees and swim lessons. Overall, revenues totaled \$345.5k against a budget of \$333.2 and prior year of \$311.8. The team will continue to monitor revenues and member usage closely in August, making necessary adjustments to finish the year strong.

### **Payroll:**

With the operation in full swing, payroll hit its peak in July for the year. Overall payroll was \$179.2k on a budget of \$161.4k and prior year \$166.3. As business continued to increase, so did staffing levels in the Food and Beverage Department. The department operated \$11.4k over budget. This was a result of continued training of new front of the house employees and the need for additional staffing to ensure all safety protocols were being met. Golf course maintenance reached full staffing levels, resulting in a significant increase in payroll over the prior few months. With the need for increased preventive and recovery maintenance from several storms, the Grounds Department missed budget by \$4.6k and prior year by \$6k. Admin departments experienced slight overages while Aquatics and golf were flat to budget. Admin experienced a \$3.2k overage due to commissions from new member sales. Moving into August we will look at adjustments making sure we maintain the quality of product but stay within our budget. The club is forecasted to take roughly a \$10k miss in August payroll as a result of the interim chef and additional temporary help.

### **Expenses:**

As operations increased so did expenses. Expenses were over budget by \$10.3k and were over \$6.6k to prior year. The admin and grounds departments experienced the largest overage while the remaining departments were flat to budget. Admin experienced overages as a result of 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. Grounds was hit with the flower expense normally budgeted in May. Overall, for the year, expenses continue to be down for the year, saving 10% to budget and 5% to prior year.

### **Summary:**

Overall, we are behind budgeted EBITDA by \$44.3k YTD. For the last quarter, our major focus is developing action plans to maintain member dining as we move into the cooler months. August 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 \$139.6k on a budget of \$131.8K and prior year of \$125.8k.
- Total revenues \$345.5k on budget of \$333.2k and prior year of \$311.8k.
- Payroll was over budget by \$17.8k and over \$12.9 to prior year for the month of July.
- Expenses were \$10.3K over budget and over \$6.6k to prior year for the month of July.
- COS finished at 80% for merchandise on budget of 73% and prior year of 70% and Food and Beverage will finish at 39% on budget of 37% and prior year of 45%.

### 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.

### Key Actions to Drive Performance:

- Three full pool sessions for 4<sup>th</sup> of July celebration at pool. Hosted a simple grill and chill themed dining option at the pool.
- Two live music nights generating significant food and beverage revenues.
- Virtual King of Club continues to be popular with all tables selling out at Stingrays and significant online participation.
- Member-Guest Invitational cancelled and replaced by Member- Member Tournament.
- Had great turnout for Nine and Dine for the month of July. Changed dining location with great success in retention of participants for dinner.
- F&B Action Meetings- worked on developing staff cohesion.
- 7 new memberships sold in July on a budget of 1. Several people have expressed continued interests in joining the club.
- Pool opened- We have implemented an online booking system providing the membership with three time slots throughout the day. Mid-month capacity was increased to 85 people. Guest policy was changed to guest only on weekdays.
- Golf restrictions continued to be rolled back allowing for greater member access and usage. Rounds were up roughly 727 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 helping to make 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 August.

**Membership Status as of 7.31.20: Sara Michael, Membership Director**

**Sales:**

- **New Membership**
  - 1 Junior
  - 5 Social
  - 1 Non-Resident

**Marketing:**

- **Promotions:** Offering Reduced Initiation Fee of \$1000 with \$250 F&B Credit under a 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: Running ads on Facebook**

**Member Relations:**

- Attending Club Events, helping in various areas
- Spending time with pool patrons to get to know people better
- Posting about Staff to get Members engaged
- Setting up Pool signup online and monitoring it. Emailing about questions and concerns
- 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 \$1,990 last week in ticket sales.
- Took pictures of all league players so staff can start to recognize faces.

**Other Services:**

- Push Notifications are being utilized.
- Membership Spotlight Post
- Working on rewording website and platform wording -Finished Results are starting to show! Set Up Google Business Page and utilizing the tools that analysis the website traffic and phone traffic. Continually monitoring this platform

**August Expectations:**

- Sign up 3 members
- Continue working referrals
- Visiting with the members.
- Getting on the course to have a better grasp of the course and prepare myself to do tours
- **Wins:** The club is going strong and I have been focused on keeping moral and involvement up. It was nice to see July bring so many new members all of which are already using the club. I have added a couple people from the U of I that I think will help open the door to that sector of the community. I think that we are going to keep building a strong team internally and externally.

Membership Category	Budget	Current		Budget Adds	Current Adds	Budget Subs	Current SUB
EQUITY	158	155		7	7	7	11
JUNIOR 35	51	40		11	10	8	5
JUNIOR 35-37	21	28		4	4	3	1
JUNIOR 38-39	18	16		4	3	2	0
HONORARY	38	38		0	0	1	2
SOCIAL	98	100		20	14	10	8
DINING	16	16		0	1	1	3
NON-RES	11	11		1	1	1	1
U OF I	4	4					
TOTAL	417	407		47	40	33	31

## Golf Department Recap: Rob Walls, Head Golf Professional

The course saw 3,227 rounds of golf in July. This was a 30% increase versus the 2,500 rounds recorded in July of 2019. The total number of rounds for the year is 8,140. Through July of 2019, the total number of rounds played at LFCC was 7,727. This means that despite no rounds in March or April, limited rounds in May and no league play in June that we are now ahead of pace for 2020 rounds versus last season. Fewer vacations, family outings and sporting activities are contributing to more rounds of golf. It has certainly been busy. We recorded 100 or more rounds on 18 days in July. This significantly outpaces the 9 days in July of 2019 where we experienced that type of volume. A typical weekend was 100 rounds last season. We are consistently seeing weekend round totals in the 130 to 140 round range. We are expecting a busy August and have a few external and member events on the schedule so this trend should continue.

The golf department saw cart fee revenues of \$22,326 and greens fees of \$15,571 for the month. These numbers far outpaced prior year actuals and combined were ahead of budget. Cart fees were up by 50% versus the \$15k collected in 2019 and 20% over budget. Greens fees were up 58% versus the actuals of \$9,855 in July 19. Greens fees were down 8.5% versus an aggressive 2020 budget. Total revenues from these two categories were \$37.9k, beating budget by 6% and prior year by 52.5%. July was definitely a busy and great month on the golf side of the operation. This trend should continue as we will be hosting a couple outside golf outings in August and several additional outside events in September.

For the month, merchandise sales were \$35.2k versus a budget of \$24.8k and prior year sales of \$26.5k. Cost of goods was at 80% versus a budget of 75%. We again worked to sell through some aged merchandise around the July 4<sup>th</sup> holiday and some special orders were realized at less than full margin because of Fitting Day pricing. We were also hit by some unexpected inventory costs as some of the early pay discounts we used earlier in the year were not realized. This led to a few percentage point change as the additional fees were paid in July. Out-of-inventory sales were 18.6k while special orders closed the month at \$16.5k. Our special order sales were high given that Pro V1 Loyalty orders were received late this year due to Covid-19 delays. These orders are usually received in April and May. Year to date out-of-inventory sales lag far behind both budget and actuals. The good news, these sales numbers have been trending in the right direction. We hope we continue to make up ground over the next few months. There are a lot of credit dollars yet to be spent, and the Golf Shop has plenty of great merchandise on offer. In addition, we have a Titleist & Callaway Fitting Day scheduled for September which should drive special order iron and woods sales.

Some additional notes regarding golf activity:

- The golf department is losing some seasonal outside staff over the next few weeks. We have a couple people that will be joining us this fall as they come back to the University.
  - We may look to hire one additional staff member to fill out the team.
- The Member Member was a success. 84 players competed that weekend with tee times running each day. Looking forward to a more normal event next year.
- League programming started in July and has been running successfully throughout the month.
  - 48 players on Monday, Tuesday, Wednesday and Thursday nights.
- Focus for the month is Club Championship, Hullabaloo & driving revenues.

Looking forward to a fun (and busy) month of August.

## Grounds Recap: Scott Werner, Superintendent

Lots of golf and lots of heat and humidity during July. The golf course is showing the signs of abbreviated spring maintenance combined with extra traffic from increased play and single rider carts. We will need a mild August to keep turf and playing conditions up to normal LFCC standards. The staff continues to perform admirably and rise to the occasion for both golf and weather events.

### Grounds notes for July:

Our staffing has continued at budgeted levels, although still a few weekend only people short of being fully functional. Maintenance practices have been close to normal throughout the month. Storm and rain events compromised things a few times. Member feedback continues to be very positive. We had a member divot filling party on 8/2 that was very successful, with over 50 members showing up on a Sunday evening and filling all divots on the fairways in 2 hours. Our membership continues to be very engaged with our golf course.

Sometime during the evening/nighttime hours of Saturday - Sunday July 25<sup>th</sup> - 26<sup>th</sup>, 2 small motorcycles found their way onto the golf course and drove over most every fairway, many tees, and at least a half dozen greens. The damage was thankfully minimal and short-lived, but the situation could have been far worse. The County Sheriff made a report, and we suspect the bikes came from within the Lincolnshire neighborhood, but no action will be taken at this time.

After reduced spending in April/May, and very close to budget in June, July expenses were high. This was mostly due to payroll, which was affected by the storms mentioned above, and a flower expense that was apparently missed in the budget process

### Grounds projects during July:

- Performed vertical mowing of putting greens once and 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.
- Started spot spraying in all rough areas for Yellow Nutsedge.
- Applied fertilizer/grub control to all clubhouse lawn areas.
- Performed much backpack spraying of non-selective herbicides in landscape areas and all over the clubhouse grounds and course.
- Performed restoration of bunkers several times after rain events.
- Continued regular scheduled edging of fairway yardage markers, tee plates, and sprinklers.
- Continued scheduled string trimming around trees, lakes, ponds, and other areas.
- Performed cleanup and mulch installation on parking island.
- Continued cleanup and pruning of various other landscape beds, with some mulch installation.
- Performed pruning/limbing-up of many course and club area trees.
- Performed storm cleanup all over course.
- Selectively mowed several no-mow areas to control weed invasion, and hand weeded others.

### July Photos:



**Hole 18 in mid-July with lake edge cleaned up**



**4<sup>th</sup> of July at LFCC**



**Tree damage from a Saturday night storm**



**Parking island after some cleanup and mulch**



**Two canines regularly seen around the course**



**Motorcycle damage from incident on a Saturday night in July**

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