



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 for April 2019.

Lincolnshire Fields
Standard Summary Income Statement
For the Six Months Ending April 30, 2019

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
REVENUES											
18,312	21,800	84%	18,812	97%	Green Fees & Cart Fees	21,099	26,935	78%	22,621	93%	239,124
22,420	23,176	97%	22,501	100%	Merchandise	34,725	41,551	84%	40,341	86%	198,264
1,393	570	244%	70	1989%	Other Pro Shop	2,710	2,350	115%	1,888	144%	5,885
20	20	100%	5	400%	Range	20	70	29%	50	40%	1,045
42,367	62,215	68%	61,331	69%	Food and Beverage	259,745	313,350	83%	302,189	86%	896,025
123,678	127,028	97%	115,761	107%	Membership Dues	726,422	736,950	99%	692,623	108%	1,515,360
2,816	2,000	141%	0	0%	Membership Initiation Fees	4,886	4,000	122%	1,000	489%	8,000
2,950	2,275	130%	2,293	129%	Other Operating Revenues	2,950	2,530	117%	2,531	117%	27,195
1,691	3,557	48%	5,364	32%	Other G&A Income	9,604	21,342	45%	21,398	45%	42,684
215,647	242,641	89%	226,127	95%	TOTAL REVENUE	1,062,162	1,149,078	92%	1,084,641	98%	2,933,582
COST OF SALES											
16,447	17,382	95%	19,189	86%	Merchandise	26,361	31,164	85%	32,128	82%	148,698
15,393	23,776	65%	17,647	87%	Food & Beverage	76,825	112,911	68%	114,324	67%	327,399
31,840	41,158	77%	36,837	86%	TOTAL COGS	103,186	144,075	72%	146,452	70%	476,097
73.4%	75.0%	97.8%	85.3%	86.0%	COGS - Merchandise %	75.9%	75.0%	101.2%	79.6%	95.3%	75.0%
37.9%	40.4%	94.0%	30.1%	126.0%	COGS - Food %	36.7%	40.4%	90.8%	43.2%	85.0%	38.0%
PAYROLL											
34,487	41,704	83%	30,413	113%	Course and Grounds	146,884	164,156	89%	151,515	97%	417,273
7,589	10,541	72%	9,153	83%	Pro Shop	32,781	40,979	80%	36,348	85%	126,204
34,228	37,347	92%	35,991	95%	Food and Beverage	187,930	210,743	89%	184,746	102%	485,285
39	1,229	3%	573	7%	Other Operating Departments	39	1,229	3%	997	4%	72,155
23,442	25,215	93%	22,365	105%	General and Administrative	147,877	156,111	95%	121,139	122%	313,547
99,785	116,035	86%	98,435	101%	TOTAL PAYROLL	515,511	573,218	90%	496,735	104%	1,414,464
OPERATING EXPENSES											
6,761	26,400	26%	21,928	31%	Course and Grounds	39,635	55,178	72%	52,948	79%	286,473
1,731	4,631	37%	2,863	60%	Carts, Range, Starters, Etc.	10,385	13,286	78%	7,188	144%	23,672
831	1,712	48%	(2,571)	-32%	Pro Shop	3,048	6,672	46%	1,720	177%	15,756
9,570	12,959	74%	9,584	100%	Food and Beverage	50,778	61,551	82%	62,445	81%	140,327
2,345	1,490	157%	847	277%	Other Operating Departments	2,403	2,095	115%	2,154	112%	24,985
29,448	31,614	93%	30,775	96%	General and Administrative	181,939	201,643	90%	199,523	91%	412,530
50,687	78,706	64%	63,427	80%	TOTAL OPERATING EXPENSES	288,188	340,526	85%	325,979	88%	903,743
182,312	235,898	77%	198,758	92%	TOTAL EXPENSES	906,886	1,057,818	86%	969,196	94%	2,794,304
33,336	6,743	494%	27,369	122%	EBITDA	155,276	91,261	170%	115,475	134%	139,277
(9,225)	(9,270)	100%	(9,000)	103%	MANAGEMENT FEES	(55,350)	(55,620)	100%	(54,000)	103%	(112,074)
FINANCING ACTIVITY											
(7,422)	(7,570)	98%	(5,611)	132%	Interest Expense - Debt	(45,331)	(45,420)	100%	(46,750)	97%	(90,840)
(890)	0	0%	(96)	926%	Interest Expense - Leases	(5,330)	0	0%	(1,159)	460%	0
70	64	109%	58	120%	Interest Income	381	384	99%	324	118%	788
(8,243)	(7,506)	110%	(5,649)	146%	TOTAL FINANCING ACTIVITY	(50,281)	(45,036)	112%	(47,585)	106%	(90,072)
OTHER INCOME (EXPENSE)											
48,380	49,918	97%	47,086	103%	Dues - Capital Improvement	277,987	291,411	96%	287,099	97%	598,017
(33,372)	(32,714)	102%	(32,714)	102%	Depreciation & Amortization	(200,233)	(196,284)	102%	(196,282)	102%	(392,568)
15,008	17,204	87%	14,372	104%	TOTAL OTHER INCOME (EXPENSE)	77,754	95,127	82%	90,817	86%	205,449
30,876	7,171	431%	27,091	114%	NET INCOME	127,400	85,732	149%	104,708	122%	142,581

Overview:

LFCC significantly outpaced our budgeted financial numbers for the month of April. The team flexed in payroll and produced substantial savings in expenses, helping to drive the bottom line and improving EBITDA for the year. Even with poor weather and our main food and beverage outlet closed, the club continues to outpace prior year and budget halfway through the fiscal year.

As the golf season kicks off, so did many projects around the club. The Bar Optimization Project commenced mid-April with a target completion date of mid-May. To date, most of the project is complete with finishing materials and equipment placed in first ten days of May. The acoustical improvements to the clubhouse and Stingrays also began with most of the wiring being put in place. Stingrays portion of the project is to be wrapped up by first weekend in May. Lastly, paint is being applied to the exterior of the clubhouse with an estimated completion date of end of May.

As we enter the second half of the fiscal year, we plan to continue an intense focus on recruiting new members and delivering on service and food expectations. Overall, the club is positioned well to meet budget and produce significant growth over prior year.

Financial Performance:

Revenues: The club was once again plagued by terrible weather producing low golf course revenue. In addition, the 19th hole was closed for much of the month resulting in less volume through our food and beverage outlets. Overall, revenues totaled \$215.6k on a budget of \$242.6K (missed budget by 11% and prior year by 5%). Similar to prior months this fiscal year, the Food & Beverage department was impacted the greatest, with a revenue shortfall to budget by 32% and 31% to prior year April. Membership experienced a slight deficit to budget missing by 3%; however, beat prior year by 7%. Even though traffic through the golf shop was down, revenues were consistent to prior year while down 16% in Carts and Greens fees and 3% merchandise to budget. Year to date (YTD) we've seen significant improvement in Membership Dues and Initiation Fees with about 6% growth over prior year. F&B is down 14% YTD mainly due to poor weather we experience over the past 6 months. Overall, total revenues are flat to prior year.

Payroll: The team did a good job adjusting to the revenue shortfall by monitoring staffing levels to ensure proper flow through. The team collectively saved 14% in payroll expenses for the month of April and saved roughly 10% to budget YTD. All four major departments assisted in the \$16.3k savings, allowing us to minimize the impact of the shortfall in revenue. Five of the major departments assisted in the savings. The breakdown is as follows; pool saved \$1.2k, G&A \$1.8k, Golf \$3k, F&B \$3.1k and Grounds \$7.2. In May we expect the grounds department to use a portion of their savings to catch up on projects that were diverted due to the inclement weather. YTD the largest savings have been provided by Golf with 20% savings followed by F&B and Grounds both saving 11%.

Expenses: The team had another successful month flexing expenses. Each department did their best to save and minimize the miss in Revenues. The team saved a total of \$28K (36%) in expense with the largest savings coming from the Grounds department. Unfortunately, a portion of the savings we experienced in Grounds is artificial as a result of postponing Dryject aerification to May due to weather. We will use roughly \$10k in expenses to complete this task in May. Also, due to the wet weather we applied fewer chemical applications adding further savings. All other departments were prudent in their purchases and helped to contribute a total of \$8.4k in savings.

Cost of sales continue to exceed expectations, providing the club additional savings. Overall for the year, F&B continues to outpace budget with a 38% COS for the month and 37% for the year. YTD that is a 6% improvement over prior year adding about \$37.5k in savings. Golf's COS ended up at 73% for the month as a result of early payment discounts. YTD golf merchandise COS is running at 76%, 3.5 percentage point better than prior year.

Summary: Overall, we are \$64k over budgeted EBITDA for the year and have well exceeded covering the management fee. The club's financial position has improved by 34% over prior year. For the next quarter our major focus is driving revenues with opening of Stingrays to make up for miss in F&B revenues YTD. In addition, Membership and special event programming will be our focus to drive additional success.

Key Performance Highlights:

- Membership Dues Revenue was \$123.7k on a budget of \$127K and prior year of \$115.8k.
- Total revenues \$215.6k on budget of \$242.6k and prior year of \$226.1k.
- Payroll saved \$16.3k to budget and was over prior year by \$1.3k for month of April.
- Expenses \$28K under budget and under \$12.7k to prior year for month of April.
- COS finished at 73% for merchandise on budget of 75% and prior year of 85% and Food and Beverage will finish at 38% on budget of 40% and prior year of 30%.

Key Performance Issues:

- Pool Plumbing Leak- There's a leak in piping that returns the water to the pumps. As result we can keep the water in the pool while running the pumps which are necessary to circulate the water. To fix the issue we will need to demo part of the pool deck to make the repair to the pipe. This is to be complete by mid-May.
- Hiring- For the past couple months, the staff has been focused on acquiring qualified talent to help with seasonal efforts. Currently, we are short in Golf Maintenance and the F&B Departments. In an effort to acquire individuals, we have implemented a recruiting bonus for current employees and have spent significant dollars on employment posting sites. The team has also focused on creating partnerships with local universities and organizations in hopes to recruit seasonal employees.

Key Actions to Drive Performance:

- New 19th Hole concept
 - Started demo and rebuild of bar. Finish materials to be complete second week of May.
 - Electrical and plumbing complete
 - Equipment delivery date May 10th
 - Estimated completion date May 17th
- Capital Project Updates
 - Clubhouse exterior – All prep work has been completed. Painting completed on Tennis Hut and Pool Pump House. Work has begun on the clubhouse with an targeted completion date of end of May if weather cooperates.
 - A/V project – Stingrays complete and clubhouse and cart area to be completed in May.
 - Stingray Dining Furnishings - delivery taken last week of April.
- Food and Beverage -Hiring, onboarding and training are the focus with a joint TrueService training session to be scheduled with Stone Creek for the month of May.

Company Initiatives:

- **Green to Tee:** Scott Werner, Golf Course Superintendent and Matt Whitsitt, Assistant Superintendent completed half of level one and will focus on completing second half in May.
- **Safety National:** Committee has been established and meets once a week. The team has improved several items versus prior year help provide a safer establishment for Members and Staff.
- **True Service:** Planning a joint Trueservice training session with Stone Creek with the help of Frank Merkel and Dean Lytton

Membership Status (Stephen Dunn)

- 7 new members, 1 resignation, Net +6 for April
Total club membership = 404

Sales:

- 7 New Memberships
 - Equity Members (1)
 - Thorin & Donna Mayba
 - Social Members (2)
 - Dr. Ben & Jennifer Davis
 - Travis & Elizabeth Spohr
 - Junior Members (3)
 - Jason Curtiss
 - Dr. Kurt & Sarah Bloomstrand
 - Guillermo Eguidazu & Cristina Franco
 - Non-Resident Members (1)
 - Bill Armstrong & Paulanne Jushkevich

Marketing:

- **Promotions:** Our “19 in 19” membership program has been picking up steam over the past couple of weeks. Member referrals have been increasing over the past month. Our Member Referral Leader Board is slowly starting to take shape.
 - **Developing re-instatement campaign with target launch date of June**
 - **Creating an outboard call list to increase lead generation- Home Builder and realtors’ number one targets. Expectation is to set up two meeting per week outside the office.**
 - **Emailing prospective members lead database every 10-14 days**
- **Facebook:** Facebook posts continue to go out at least twice a week (Wednesdays & Fridays) for upcoming events. Updates on the Bar Optimization Project will continue to go out when progress has been made.
- **Public Instagram & Facebook:** Instagram and Facebook posts on our public page go out 1-2 times a week to engage the members and community excited for the upcoming Spring and Summer. These posts are also a great opportunity for free marketing to show off our golf course and the different social events that we host each month.

Member Relations:

- I am attending member golf events and member events to talk with the members and see how they’re doing. I am also seeing if they have any friends, family, or coworkers that may be interested in a membership opportunity.

Other Services:

- Completed May Newsletter
- Expected completion date for Updated Member Contact Information is the end of May

May Expectations:

- Sign up 30 new members through our “19 in ‘19” Membership Program

Golf Report: Rob Walls, Head Golf Professional

In April, the course saw 1,025 rounds of golf. League play started mid-month and we held two successful events. The weather was generally cool and wet which meant we did not have a lot of weekday play outside of leagues. Last year, we had poor April conditions as well and recorded 1013 rounds.

The golf department saw cart fee revenue of \$4,982 and greens fees of \$1,630 for the month. This fell far short of budgeted revenue goals but outpaced prior year actuals. The budget was forecasting nice weather in 2019 versus 2018, but unfortunately, we did not see favorable conditions. For the fiscal year, we currently trail 2018 actuals by about \$1,200 or 12.5% over both categories. We are behind budget by \$6,153 or 44%.

For the month, merchandise sales were \$22,418 versus a budget of \$23,175 and prior year sales of \$22,500. Special orders accounted for \$14,260 of the total sales for the month due to a strong Titleist fitting day and Titleist Loyalty Golf Ball orders. Originally scheduled for Thursday, April 18th and washed out, the Fitting Day was rescheduled for Monday, April 22nd. There are several sales that are not reflected in the April numbers as not all orders had been received/billed by end of month. The remainder of special orders will be shown in May. The lack of traffic through the club has really hurt out-of-inventory merchandise sales so far this season. As noted last month, sales trend has been significantly below budget and prior year. The golf staff is monitoring inventory levels and adjust buying in the case where sales do not pick up when traffic picks up at the club. Finally, cost of goods was at 73%. After some heavy discounting early and high COGS early, cost of goods for the year is now at 76%.

Some additional notes regarding golf activity:

- The golf department is continuing to flex payroll as the cool weather persists.
- We are fully staffed with the exception of an assistant. Have a good plan in place for covering hours.
 - Expectation is payroll will continue to trend below budget as our full-time shop employees make less than budget assistant position.
- First events of the season and leagues started in April.
 - Spring Fling had 52 players
 - Player's Cup had 56 players

Spring inventory has arrived. Golf Shop is fully stocked.

Grounds Recap December: Scott Werner, Superintendent

April weather has been lousy! Cold and rainy have been the theme for the month which has reduced traffic on the course and severely limited maintenance. Dryject putting green aerification had to be postponed from 4/18 until 5/16.

Seasonal staffing has continued to be a struggle in '19, but as it currently stands, I have completed our staff for now. We have had to rely on more students than we would like, meaning that we are shorthanded until mid-May, and will struggle after mid-August, but we didn't have any other viable options this year.

Limited seasonal staff, and the shift of Dryject aerifying and most all pesticide/fertilizer applications will result in considerable savings for the month, but all will be shifted into May and June. Payroll in general is going to run lower than budgeted in early and late season but higher during May thru August.

Grounds notes for April:

The staff has struggled to catch up with and stay on any kind of mowing and maintenance schedule due to the wet weather. The cooler temperatures have slowed turf growth somewhat however, which has prevented a bad situation from being even worse. Spring herbicide applications are officially 3-4 weeks behind, which will necessitate a shift in which products we apply when we finally get to.

Grounds projects during April:

- Completed pressurization and start-up of irrigation system.
- Completed final installation of components to hook up irrigation injector system to new irrigation control.
- Completed software installation and start-up MI remote control for irrigation system.
- Installed new low water level sensor in pump house wet well.
- Completed spring bunker restoration and installation of hand rakes.
- Completed installation of all ball washers, trash receptacles, and water coolers on the course.
- Performed sand topdressing of putting greens.
- Installed tennis nets and windscreens.
- Cleaned pool of leaves and assisted Andy with other start up procedures.
- Installed all green/yellow cart posts around course.
- Fertilized putting greens.
- Applied fungicide and Civitas to all putting greens.
- Continued regular course cleanup of brush and debris from storms and windy days.
- Completed set-up and training on new sprayers. Completed GPS mapping of main spray areas on course.
- Continued goose patrol with Earl. Goose numbers very much under control on the course.

A few April photos:



Hole #15



Holes #3-6



Earl at work on some geese



I-57 path with rip rap finished



Earl before and after summer cut – same dog – same day

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