



**To:** Dave Jones, 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 for August 2019.

Lincolnshire Fields  
Standard Summary Income Statement  
For the Ten Months Ending August 31, 2019

| 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>               |                |               |                 |               |                                     |                  |                  |               |                  |              |                  |
| 47,604                        | 42,214         | 113%          | 48,825          | 97%           | Green Fees & Cart Fees              | 170,601          | 179,749          | 95%           | 179,492          | 96%          | 239,124          |
| 21,395                        | 20,249         | 106%          | 22,209          | 96%           | Merchandise                         | 125,526          | 139,943          | 90%           | 138,416          | 91%          | 198,264          |
| 1,326                         | 550            | 241%          | 885             | 150%          | Other Pro Shop                      | 4,534            | 5,085            | 89%           | 6,568            | 69%          | 5,885            |
| 110                           | 125            | 88%           | 225             | 49%           | Range                               | 720              | 795              | 91%           | 873              | 83%          | 1,045            |
| 102,302                       | 106,665        | 96%           | 99,260          | 103%          | Food and Beverage                   | 644,962          | 776,960          | 83%           | 716,040          | 90%          | 896,026          |
| 122,772                       | 129,879        | 95%           | 122,694         | 100%          | Membership Dues                     | 1,226,948        | 1,257,534        | 98%           | 1,177,243        | 104%         | 1,515,360        |
| 0                             | 0              | 0%            | 0               | 0%            | Membership Initiation Fees          | 6,587            | 6,000            | 109%          | 6,000            | 99%          | 8,000            |
| 3,205                         | 3,785          | 85%           | 2,574           | 125%          | Other Operating Revenues            | 27,721           | 26,770           | 104%          | 24,356           | 114%         | 27,195           |
| 641                           | 3,557          | 18%           | 5,430           | 12%           | Other G&A Income                    | 16,029           | 35,570           | 45%           | 44,837           | 36%          | 42,684           |
| <b>299,355</b>                | <b>307,024</b> | <b>98%</b>    | <b>302,102</b>  | <b>99%</b>    | <b>TOTAL REVENUE</b>                | <b>2,225,627</b> | <b>2,428,406</b> | <b>92%</b>    | <b>2,296,825</b> | <b>97%</b>   | <b>2,933,582</b> |
| <b>COST OF SALES</b>          |                |               |                 |               |                                     |                  |                  |               |                  |              |                  |
| 16,212                        | 15,187         | 107%          | 16,056          | 101%          | Merchandise                         | 94,295           | 104,957          | 90%           | 106,753          | 89%          | 148,698          |
| 31,528                        | 39,596         | 80%           | 40,402          | 78%           | Food & Beverage                     | 228,398          | 263,167          | 87%           | 274,081          | 83%          | 327,999          |
| <b>47,740</b>                 | <b>54,783</b>  | <b>87%</b>    | <b>56,458</b>   | <b>85%</b>    | <b>TOTAL COGS</b>                   | <b>322,693</b>   | <b>388,124</b>   | <b>83%</b>    | <b>380,834</b>   | <b>85%</b>   | <b>476,097</b>   |
| <b>75.8%</b>                  | <b>75.0%</b>   | <b>101.0%</b> | <b>72.3%</b>    | <b>104.8%</b> | <b>COGS - Merchandise %</b>         | <b>75.1%</b>     | <b>75.0%</b>     | <b>100.2%</b> | <b>77.1%</b>     | <b>97.4%</b> | <b>75.0%</b>     |
| <b>32.2%</b>                  | <b>38.4%</b>   | <b>83.8%</b>  | <b>42.4%</b>    | <b>76.0%</b>  | <b>COGS - Food %</b>                | <b>39.7%</b>     | <b>39.0%</b>     | <b>101.8%</b> | <b>41.5%</b>     | <b>95.8%</b> | <b>39.0%</b>     |
| <b>PAYROLL</b>                |                |               |                 |               |                                     |                  |                  |               |                  |              |                  |
| 45,325                        | 43,140         | 105%          | 44,426          | 102%          | Course and Grounds                  | 328,103          | 335,440          | 98%           | 316,621          | 104%         | 417,273          |
| 13,412                        | 15,020         | 89%           | 12,917          | 104%          | Pro Shop                            | 83,597           | 103,494          | 81%           | 91,203           | 92%          | 125,204          |
| 48,419                        | 49,358         | 98%           | 43,081          | 112%          | Food and Beverage                   | 398,864          | 404,624          | 99%           | 380,758          | 102%         | 488,285          |
| 10,929                        | 16,828         | 65%           | 9,480           | 115%          | Other Operating Departments         | 58,292           | 70,797           | 82%           | 59,618           | 86%          | 72,155           |
| 28,424                        | 28,055         | 101%          | 27,432          | 104%          | General and Administrative          | 282,644          | 264,119          | 96%           | 225,255          | 112%         | 313,547          |
| <b>146,509</b>                | <b>153,401</b> | <b>96%</b>    | <b>137,335</b>  | <b>107%</b>   | <b>TOTAL PAYROLL</b>                | <b>1,121,489</b> | <b>1,178,473</b> | <b>95%</b>    | <b>1,073,455</b> | <b>104%</b>  | <b>1,414,464</b> |
| <b>OPERATING EXPENSES</b>     |                |               |                 |               |                                     |                  |                  |               |                  |              |                  |
| 51,518                        | 41,097         | 125%          | 54,281          | 95%           | Course and Grounds                  | 249,542          | 234,938          | 106%          | 253,543          | 98%          | 286,473          |
| 3,351                         | 1,731          | 194%          | 1,797           | 187%          | Carts, Range, Starters, Etc.        | 21,645           | 20,210           | 107%          | 15,257           | 142%         | 23,672           |
| 3,704                         | 555            | 667%          | 2,565           | 144%          | Pro Shop                            | 8,646            | 14,856           | 58%           | 11,661           | 74%          | 15,756           |
| 18,354                        | 13,794         | 133%          | 25,896          | 71%           | Food and Beverage                   | 120,561          | 120,874          | 100%          | 125,973          | 96%          | 140,327          |
| 19                            | 3,490          | 1%            | 2,361           | 1%            | Other Operating Departments         | 17,635           | 23,335           | 76%           | 20,804           | 80%          | 24,985           |
| 31,899                        | 35,638         | 90%           | 39,234          | 81%           | General and Administrative          | 308,190          | 345,055          | 89%           | 349,933          | 88%          | 412,530          |
| <b>108,846</b>                | <b>96,305</b>  | <b>113%</b>   | <b>126,133</b>  | <b>86%</b>    | <b>TOTAL OPERATING EXPENSES</b>     | <b>726,218</b>   | <b>758,269</b>   | <b>96%</b>    | <b>777,172</b>   | <b>93%</b>   | <b>903,743</b>   |
| <b>303,095</b>                | <b>304,489</b> | <b>100%</b>   | <b>319,926</b>  | <b>95%</b>    | <b>TOTAL EXPENSES</b>               | <b>2,170,411</b> | <b>2,325,866</b> | <b>93%</b>    | <b>2,231,461</b> | <b>97%</b>   | <b>2,794,304</b> |
| <b>(3,740)</b>                | <b>2,535</b>   | <b>-148%</b>  | <b>(17,824)</b> | <b>21%</b>    | <b>EBITDA</b>                       | <b>55,216</b>    | <b>102,539</b>   | <b>54%</b>    | <b>65,364</b>    | <b>84%</b>   | <b>139,277</b>   |
| <b>(9,254)</b>                | <b>(3,548)</b> | <b>97%</b>    | <b>(9,080)</b>  | <b>102%</b>   | <b>MANAGEMENT FEES</b>              | <b>(92,289)</b>  | <b>(92,378)</b>  | <b>99%</b>    | <b>(90,080)</b>  | <b>102%</b>  | <b>(112,074)</b> |
| <b>FINANCING ACTIVITY</b>     |                |               |                 |               |                                     |                  |                  |               |                  |              |                  |
| (7,489)                       | (7,570)        | 99%           | (7,217)         | 104%          | Interest Expense - Debt             | (73,692)         | (75,700)         | 97%           | (72,669)         | 101%         | (90,840)         |
| (1,709)                       | 0              | 0%            | (743)           | 233%          | Interest Expense - Leases           | (11,834)         | 0                | 0%            | (2,754)          | 430%         | 0                |
| 45                            | 64             | 71%           | 84              | 48%           | Interest Income                     | 567              | 640              | 89%           | 671              | 84%          | 768              |
| <b>(9,152)</b>                | <b>(7,906)</b> | <b>122%</b>   | <b>(7,886)</b>  | <b>116%</b>   | <b>TOTAL FINANCING ACTIVITY</b>     | <b>(84,959)</b>  | <b>(75,060)</b>  | <b>113%</b>   | <b>(74,752)</b>  | <b>114%</b>  | <b>(90,072)</b>  |
| <b>OTHER INCOME (EXPENSE)</b> |                |               |                 |               |                                     |                  |                  |               |                  |              |                  |
| 46,284                        | 51,116         | 91%           | 49,954          | 93%           | Dues - Capital Improvement          | 474,781          | 496,181          | 96%           | 487,325          | 97%          | 598,017          |
| (33,372)                      | (32,714)       | 102%          | (32,714)        | 102%          | Depreciation & Amortization         | (333,722)        | (327,140)        | 102%          | (327,137)        | 102%         | (392,568)        |
| <b>12,912</b>                 | <b>18,402</b>  | <b>70%</b>    | <b>17,240</b>   | <b>75%</b>    | <b>TOTAL OTHER INCOME (EXPENSE)</b> | <b>141,059</b>   | <b>169,041</b>   | <b>83%</b>    | <b>160,188</b>   | <b>88%</b>   | <b>205,449</b>   |
| <b>(9,245)</b>                | <b>3,883</b>   | <b>-238%</b>  | <b>(17,530)</b> | <b>53%</b>    | <b>NET INCOME</b>                   | <b>19,028</b>    | <b>103,543</b>   | <b>18%</b>    | <b>60,720</b>    | <b>31%</b>   | <b>142,581</b>   |

### Overview:

August was defined by outside golf events as well as several large private dining events helping to drive revenues. In the first two weeks of the month we successfully hosted a celebration of life for 100 people, a high school reunion for 185 and a wedding for 165. These events provided significant lift to the bottom line for food and beverage, accounting for roughly 30% of F&B revenues. The month ended in similar fashion with the traditional Pickle and Illini outing.

As the season winds down, we finished the golf season with a very busy event calendar driving a solid financial performance in the golf department. In August, we hosted the Club Championship, two Nine and Dines as well as the final major member event, Hullabaloo. In addition to those events, we also hosted two sizable outside golf outings which generated significant cart/green fees and merchandise revenue. The outstanding weather during August produced 150 guests rounds further supplementing cart and green fee revenue.

## **Financial Performance:**

**Revenues:** August revenues bounced back compared to the prior two months. Overall income was \$296.1k which was flat to prior year and down \$10k to budget. The Food and Beverage department had one of their best months this fiscal year. Five large banquets produced \$28k in private event revenue while Stingrays outperformed prior year for the second consecutive month and has showed 6% improvement YTD. Clubhouse a la carte sales continue to run behind budget and prior year. We've run behind prior year largely due to the 19<sup>th</sup> hole renovation in April and May impacting the club by roughly \$30k. In addition, the club never gained the same momentum in King of Clubs with the winning card being flipped with 30 plus cards still on the board. As a result, we're down about \$20k in Thursday night sales vs. prior year. Income from the drawing was down from \$24k prior year to \$8k this year. The team has developed new programming and the 19<sup>th</sup> hole menu to encourage more participation in clubhouse dining.

Golf had an outstanding month with increased cart and greens fees, driving our best financial month. Golf revenues were roughly \$7k over budget. 150 plus guest rounds and two large outings helped the department exceed cart and greens fees by roughly \$5k. The warm dry weather we experienced in August also helped the club exceed pool guest fees by \$1.1k over prior year. Lastly, for the first time this year membership income did not surpass prior year.

**Payroll:** This month Grounds department experienced slight overages in payroll while golf and pool departments had significant savings to budget. Ground was over budget by \$2.2k due to preparation for the club championship and Hullabloo golf tournaments. The Golf and Aquatics departments combined to save roughly \$9k. Each department was understaffed creating the unplanned savings. Food and Beverage also saved \$1k to budget; however, roughly \$5k was pushed to expenses for the hired temporary labor service. To date the team has flexed, saving roughly 5% to budget for the year but not quite reaching the flow through savings expectations of 8%.

**Expenses:** Expenses for the month were over budget by \$11.1k. Majority of the overage was a result of the temp service employees filling the staffing void in F&B department. As a result, we faced a \$5k unbudgeted line item expense in food and beverage. Grounds was over \$10k due to several contributing factors: Chemical / Fertilizer was high as a result of a couple necessary chemical applications, electricity in grounds was over \$1.6k for the month, the department experienced an unbudgeted tree removal expense for \$1.2k and lastly were over on repairs and supplies by \$3k. Golf was over \$3.7k as a result of a uniform invoice as well as cart rental expense for two outings. Both admin and pool departments reduced costs to minimize the miss in expense within the other departments. Admin saved roughly \$4k while the pool saved \$3k. YTD the team has flexed where necessary and has saved about 4% in expenses again short of our flow through expectation of 8%.

Cost of sales continue to be in line to budget and have provided a small amount of savings over prior year. Overall for the year, F&B is off slightly to budget with a 39.9% COS. For August, COS recovered due to the number of events achieving a 32% cost of sales for the month. Golf's COS ended up at 76% for the month. YTD golf merchandise COS is running at 75%, down 2% to prior year. COS for merchandise was slightly higher due to Member-Guest invoicing for tee gifts which provided no margin.

**Summary:** Overall, we are behind budgeted EBITDA by \$47.3k YTD and prior year by \$10k. Our miss can be contributed to lower than anticipated new membership sales as well as revenue in clubhouse dining. For the last two months of the fiscal year our major focus is driving revenues with additional F&B events as well as creating a new membership incentive to help generate new memberships this fall.

### Key Performance Highlights:

- Membership Dues Revenue was roughly \$122.8k on a budget of \$129.9K and prior year of \$122.7k.
- Total revenues \$299.4k on budget of \$307k and prior year of \$302.1k.
- Payroll was under budget by \$6.9k and over \$9.2k to prior year for the month of August.
- Expenses \$12.5 over budget and under \$17.3k to prior year for the month of August.
- COS finished at 76% for merchandise on budget of 75% and prior year of 72% and Food and Beverage will finish at 32% on budget of 38% and prior year of 42%.

### Key Performance Issues:

- Staffing:
  - Food and Beverage: Continue to have personnel turnover in our Food and Beverage department. Lost Sous Chef and another lead cook to illness. Front of the house has not been able to establish new personnel into the rotation. We consistently experience servers turnover after the first two-three weeks of training.
  - Golf is extremely under-staffed. Majority of the outside team returned to school leaving us with three members that can work limited hours. We also have two shop assistants that can work limited hours providing Rob little relief.
  - Membership Director- Resigned in the last week of August. Will look to fill the position in couple of months.

### Key Actions to Drive Performance:

- Negotiated a contract with Comcast, providing an annual savings of \$550 in addition to faster internet speeds and more reliable TV during poor weather. Final installation is scheduled for October.
- Hullabloo had 72 participants
- Hosted two charity golf events with an average of 110 players producing roughly \$24k in revenue.
- Five banquets resulting in roughly \$28k in food and beverage revenue.
- Had great turnouts for both Nine and Dines for the month of August. Total participation for both events was 98 players.
- Lauren Kuleck implemented new procedures to improve efficiencies and service. She's also working on a new bar menu which will be released mid-September. Lastly, have three training dates for servers and bartenders to work on service and consistency.
- Developing new events in F&B and Golf to drive additional revenue for last quarter. Bringing back Fiesta Fridays and implementing a new cornhole league in October as well as Throwback Tuesday, watch parties for Illini games, and Harvest Beer Festival.
- Chef is developing a new all-day menu for the clubhouse due out September 17<sup>th</sup>.

### 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. Completed two tournaments and improved 5 shots vs prior year.
- **True Service:** Planning a joint Trueservice training session in October.

## Golf Report: 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 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 continue to trend down as the course saw 2,256 rounds in August. In August 2018, there were 2,536 rounds played. In 2017, the club processed 3,187 rounds. For the season, there have been 9,983 rounds played at LFCC. This is down 8% versus last season when we saw 10,866 rounds through August.

Greens fees were at \$17k for the month, up 8% versus prior year (\$15.7k) and 24% to budget (\$13.6k). Cart revenue totaled \$19,427 which outpaced budget by 26% (\$15.5k) while lagging versus 2017 actuals by 4% (\$20k). Combined, these two revenue lines were ahead of budget by 25% and in line with 2017 actuals at \$36k. Despite fewer rounds and cart rentals, this revenue success can be attributed to the addition of two small outside outings hosted in August and strong support from the membership as they brought out guest play at the end of the month.

Year to date, the golf department is at \$103,883 in revenue from greens and cart rental fees. For the first time in the last several seasons, the department is down versus prior year. Month over month, we have consistently trailed both budget and actuals by 8% to 10% and are currently down 10k or 8.5% in 2019. The loss of the KleenRite golf outing in July, poor weather in the spring, fewer rounds in general, and a lack of new memberships are all contributing factors to this decrease. Nice weather and the addition of the LFCC Cup at month's end may help us close this gap, but given the consistent trend, the department is projecting a miss in this revenue category in 2019.

August was a solid merchandise sales month with total sales of \$21,394 on a budget of \$20k and prior year sales of \$22k. Special orders totaled \$6,794 from the Titleist Fitting Day we held in August. Due to our fitting success in 2019, we recently booked a final fitting day with Titleist for Tuesday, September 17<sup>th</sup> from 2:30 pm to 6:30 pm. This should help drive additional special orders as we close the year. There is also \$27,000 in sweeps credit on member accounts that will need to be spent prior to the end of the fiscal year in October. 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, special orders have seen an increase of 7.5% or \$4,000, but out-of-inventory sales are down 18% (\$16k) for the year. Our cost of goods percentage is at 75% versus a prior year of 77% which means our gross profit from sales is right in line with last season's total. Justin and I have speculated on the cause of this dip in our out-of-inventory sales. Numbers in June & July were consistent or ahead of prior year, but the slow start to spring put us in a huge hole. By the end of May, sales were lagging by 15k, and we have not been able to catch up. The lack of membership sales is also a main driver as new members spend more money on apparel merchandise as they enter the club. 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 saving 7k in payroll versus prior year and 17.5k to budget. Our expenses are below prior year in every category except our cart lease line which provided significant savings in 2018. The department will continue to flex in September with the knowledge that we have some big numbers to overcome versus both budget and prior year. Justin and I have developed a sound plan regarding both inside and outside staffing as we work through the rest of the season. Hiring an assistant for 2020 is the number one budgeting priority for the department as we close the year.

Some additional notes regarding golf activity:

- The Club Championship & Hullabaloo were well received. Battled rain during the Club Championship, but we were able to successfully complete the event on schedule.
- Tuesday & Wednesday Night League wrapped up another successful season at the end of the month.
  - Received a lot of feedback regarding Tuesday Night League formatting and will be discussing changes with the Golf Committee this offseason.
- Monday Night Women's League ended middle of the month.

## **Grounds Recap December: Scott Werner, Superintendent**

August was a beautiful weather month that should have been great for golf. Very pleasant early fall-like weather dominated the month, and we finally received some much needed rainfall during the second half. The golf course playing surfaces continued in great condition and the non-irrigated rough began to make a nice comeback after the rainfall arrived.

As discussed last month, we lost all of our students by 8/16, which put us 6 staff short going into Hullabaloo and Labor Day weekend. The remaining staff did their best and worked more overtime to make up for some of the shortage to keep the course in some semblance of good condition for the event and holiday. September seasonal maintenance will be a struggle as well, but we will get through as best we can.

Expenses for the month are still being worked on, but would appear to again be a little high. Year to date numbers should still be well in line with budget.

### **Grounds notes for August:**

Maintenance schedules and other maintenance proceeded on schedule during the first half of the month, but had to be adjusted during the second half due to the short staff. Very little progress was made on projects, although we did accomplish a little more work on #9 bridge deck, and continued to limb-up various trees around the course. Kudos to my full time staff and core seasonal staff who worked more than should have been required of them. First to deal with the continued drought and later the staff losses. They performed very well and in some cases without a day off in 5-6 weeks.

### **Grounds projects during August:**

- Performed one vertical mowing, and two sand topdressing brushing procedures on putting greens.
- Rolled putting greens 1-3 times per week.
- Completed 2 fungicide applications to tees and fairways.
- Completed 1 herbicide application to fairways.
- Completed 3 fungicide and fertility applications on putting greens.
- Completed 1 insecticide application on putting greens.
- Completed scheduled wetting agent applications to all greens, tees, and fairways.
- Completed treatment of #6 pond for algae and submerged aquatic weeds.
- Continued regular course cleanup of brush and debris from storms and windy days.
- Continued back-pack herbicide applications in all landscape beds and other areas around club and course.
- Installed new deck boards to another section of #9 bridge, and added more fasteners to prior installed boards.
- Continued detail work around the course to include: marker edging, string trimming, hazard marking, etc.
- Removed unsightly weeds from all bunkers.
- Performed sand relocation project in all bunkers to alleviate isolated buildup from bunker machine.
- Continued limbing-up project on course trees.
- Continued fine tuning and adjustment of all course sprinklers.
- Repaired and leveled several sprinklers on course.

A few August photos:



Sunrise photos from Day 1 and Day 2 of the Hullabaloo



Very disappointing damage from cart misuse on fairways



**More fox damage on greens**



**Earl helping with course set-up**



**An early morning message from someone**



**An accidental check plot shows dollar spot pressure**



**Bentgrass in early July without irrigation**

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