



**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 January 2019.

Lincolnshire Fields  
 Standard Summary Income Statement  
 For the Three Months Ending January 31, 2019

| 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>               |                |               |                |               |                                     |                 |                 |                |                 |               |                   |                  |
| 219                           | 0              | 0%            | 0              | 0%            | Green Fees & Cart Fees              | 2,496           | 3,850           | 60%            | 3,018           | 83%           | 239,124           | 229,861          |
| 1,613                         | 1,062          | 152%          | 1,032          | 166%          | Merchandise                         | 7,487           | 10,807          | 69%            | 10,492          | 71%           | 198,264           | 194,612          |
| 110                           | 300            | 37%           | 300            | 37%           | Other Pro Shop                      | 428             | 365             | 117%           | 354             | 121%          | 5,885             | 8,552            |
| 0                             | 0              | 0%            | 0              | 0%            | Range                               | 0               | 50              | 0%             | 45              | 0%            | 1,045             | 1,029            |
| 19,058                        | 35,220         | 54%           | 32,586         | 58%           | Food and Beverage                   | 150,896         | 165,070         | 91%            | 162,451         | 93%           | 896,025           | 809,014          |
| 117,635                       | 120,992        | 97%           | 113,700        | 103%          | Membership Dues                     | 367,528         | 366,069         | 100%           | 349,666         | 103%          | 1,515,360         | 1,456,453        |
| 50                            | 0              | 0%            | 0              | 0%            | Membership Initiation Fees          | 100             | 1,000           | 10%            | 0               | 0%            | 8,000             | 9,100            |
| 0                             | 65             | 0%            | 64             | 0%            | Other Operating Revenues            | 0               | 155             | 0%             | 176             | 0%            | 27,195            | 24,761           |
| 3,089                         | 3,557          | 87%           | 4,328          | 71%           | Other G&A Income                    | 6,029           | 10,671          | 57%            | 8,039           | 75%           | 42,684            | 47,199           |
| <b>141,775</b>                | <b>161,196</b> | <b>88%</b>    | <b>152,010</b> | <b>93%</b>    | <b>TOTAL REVENUE</b>                | <b>535,063</b>  | <b>558,037</b>  | <b>96%</b>     | <b>534,241</b>  | <b>100%</b>   | <b>2,933,582</b>  | <b>2,780,580</b> |
| <b>COST OF SALES</b>          |                |               |                |               |                                     |                 |                 |                |                 |               |                   |                  |
| 1,991                         | 797            | 250%          | 794            | 251%          | Merchandise                         | 7,334           | 8,105           | 90%            | 9,858           | 74%           | 148,698           | 148,367          |
| 10,626                        | 13,012         | 82%           | 16,280         | 65%           | Food & Beverage                     | 35,822          | 59,721          | 60%            | 63,376          | 57%           | 327,399           | 286,540          |
| <b>12,617</b>                 | <b>13,809</b>  | <b>91%</b>    | <b>17,074</b>  | <b>74%</b>    | <b>TOTAL COGS</b>                   | <b>43,156</b>   | <b>67,826</b>   | <b>64%</b>     | <b>73,234</b>   | <b>59%</b>    | <b>476,097</b>    | <b>436,908</b>   |
| <b>123.5%</b>                 | <b>75.0%</b>   | <b>164.7%</b> | <b>77.0%</b>   | <b>160.4%</b> | <b>COGS - Merchandise %</b>         | <b>98.0%</b>    | <b>75.0%</b>    | <b>130.6%</b>  | <b>94.0%</b>    | <b>104.3%</b> | <b>75.0%</b>      | <b>896.3%</b>    |
| <b>60.9%</b>                  | <b>39.9%</b>   | <b>152.6%</b> | <b>54.8%</b>   | <b>111.0%</b> | <b>COGS - Food %</b>                | <b>31.3%</b>    | <b>40.2%</b>    | <b>77.7%</b>   | <b>45.1%</b>    | <b>69.3%</b>  | <b>39.0%</b>      | <b>490.5%</b>    |
| <b>PAYROLL</b>                |                |               |                |               |                                     |                 |                 |                |                 |               |                   |                  |
| 22,910                        | 21,681         | 106%          | 21,593         | 106%          | Course and Grounds                  | 70,419          | 72,426          | 97%            | 77,865          | 90%           | 417,273           | 386,908          |
| 5,037                         | 6,098          | 83%           | 5,157          | 98%           | Pro Shop                            | 15,021          | 17,755          | 85%            | 17,274          | 87%           | 126,204           | 102,337          |
| 25,707                        | 34,977         | 73%           | 28,842         | 89%           | Food and Beverage                   | 90,686          | 104,268         | 87%            | 88,323          | 103%          | 485,285           | 455,081          |
| 0                             | 0              | 0%            | 128            | 0%            | Other Operating Departments         | 0               | 0               | 0%             | 266             | 0%            | 72,155            | 62,130           |
| 24,071                        | 25,851         | 93%           | 19,957         | 121%          | General and Administrative          | 73,647          | 77,477          | 95%            | 58,763          | 125%          | 313,547           | 291,818          |
| <b>77,725</b>                 | <b>88,608</b>  | <b>88%</b>    | <b>75,677</b>  | <b>103%</b>   | <b>TOTAL PAYROLL</b>                | <b>249,773</b>  | <b>271,926</b>  | <b>92%</b>     | <b>242,491</b>  | <b>103%</b>   | <b>1,414,464</b>  | <b>1,286,273</b> |
| <b>OPERATING EXPENSES</b>     |                |               |                |               |                                     |                 |                 |                |                 |               |                   |                  |
| (1,679)                       | 4,320          | -39%          | 5,471          | -31%          | Course and Grounds                  | 10,669          | 16,140          | 66%            | 18,057          | 59%           | 286,473           | 314,645          |
| 1,731                         | 1,731          | 100%          | 0              | 0%            | Carts, Range, Starters, Etc.        | 5,193           | 5,193           | 100%           | 4,324           | 120%          | 23,672            | 20,667           |
| 218                           | 2,125          | 10%           | 237            | 92%           | Pro Shop                            | 903             | 2,905           | 31%            | (2,104)         | -43%          | 15,756            | 16,915           |
| 8,050                         | 13,493         | 60%           | 13,506         | 60%           | Food and Beverage                   | 25,530          | 31,634          | 81%            | 37,685          | 66%           | 140,327           | 135,380          |
| 47                            | 80             | 58%           | (6,740)        | -1%           | Other Operating Departments         | (699)           | 435             | -161%          | 527             | -133%         | 24,965            | 22,769           |
| 37,172                        | 35,428         | 105%          | 27,127         | 137%          | General and Administrative          | 100,245         | 104,729         | 96%            | 105,144         | 96%           | 412,530           | 417,893          |
| <b>45,537</b>                 | <b>57,176</b>  | <b>80%</b>    | <b>39,701</b>  | <b>115%</b>   | <b>TOTAL OPERATING EXPENSES</b>     | <b>141,840</b>  | <b>161,036</b>  | <b>88%</b>     | <b>163,634</b>  | <b>87%</b>    | <b>903,743</b>    | <b>928,269</b>   |
| <b>135,680</b>                | <b>159,593</b> | <b>85%</b>    | <b>132,452</b> | <b>103%</b>   | <b>TOTAL EXPENSES</b>               | <b>434,769</b>  | <b>500,767</b>  | <b>87%</b>     | <b>479,358</b>  | <b>91%</b>    | <b>2,794,304</b>  | <b>2,863,450</b> |
| <b>5,695</b>                  | <b>1,603</b>   | <b>368%</b>   | <b>15,558</b>  | <b>30%</b>    | <b>EBITDA</b>                       | <b>100,294</b>  | <b>57,249</b>   | <b>175%</b>    | <b>54,883</b>   | <b>183%</b>   | <b>139,277</b>    | <b>117,131</b>   |
| <b>(9,225)</b>                | <b>(9,270)</b> | <b>100%</b>   | <b>(9,000)</b> | <b>103%</b>   | <b>MANAGEMENT FEES</b>              | <b>(27,675)</b> | <b>(27,810)</b> | <b>100%</b>    | <b>(27,000)</b> | <b>103%</b>   | <b>(112,074)</b>  | <b>(109,205)</b> |
| <b>FINANCING ACTIVITY</b>     |                |               |                |               |                                     |                 |                 |                |                 |               |                   |                  |
| (8,852)                       | (7,570)        | 117%          | (9,001)        | 98%           | Interest Expense - Debt             | (23,942)        | (22,710)        | 106%           | (27,526)        | 87%           | (90,840)          | (83,437)         |
| (915)                         | 0              | 0%            | (283)          | 324%          | Interest Expense - Leases           | (2,660)         | 0               | 0%             | (749)           | 0%            | 0                 | (5,502)          |
| 87                            | 64             | 136%          | 64             | 137%          | Interest Income                     | 254             | 192             | 136%           | 157             | 166%          | 758               | 907              |
| <b>(9,681)</b>                | <b>(7,506)</b> | <b>129%</b>   | <b>(9,220)</b> | <b>105%</b>   | <b>TOTAL FINANCING ACTIVITY</b>     | <b>(26,338)</b> | <b>(22,518)</b> | <b>117%</b>    | <b>(28,118)</b> | <b>94%</b>    | <b>(90,072)</b>   | <b>(88,112)</b>  |
| <b>OTHER INCOME (EXPENSE)</b> |                |               |                |               |                                     |                 |                 |                |                 |               |                   |                  |
| 43,790                        | 46,040         | 91%           | 46,739         | 94%           | Dues - Capital Improvement          | 138,137         | 144,935         | 96%            | 146,184         | 94%           | 598,017           | 581,939          |
| (34,669)                      | (32,714)       | 106%          | (36,805)       | 94%           | Depreciation & Amortization         | (100,117)       | (95,142)        | 105%           | (95,141)        | 102%          | (392,565)         | (399,025)        |
| <b>9,121</b>                  | <b>13,326</b>  | <b>68%</b>    | <b>9,934</b>   | <b>92%</b>    | <b>TOTAL OTHER INCOME (EXPENSE)</b> | <b>38,021</b>   | <b>46,793</b>   | <b>81%</b>     | <b>48,043</b>   | <b>79%</b>    | <b>205,449</b>    | <b>182,914</b>   |
| <b>(3,911)</b>                | <b>153</b>     | <b>-2560%</b> | <b>11,272</b>  | <b>-35%</b>   | <b>NET INCOME</b>                   | <b>84,302</b>   | <b>53,714</b>   | <b>157%</b>    | <b>47,808</b>   | <b>176%</b>   | <b>142,581</b>    | <b>102,728</b>   |

**Overview:**

The weather played a major factor in the outcome of January. During the first weekend in January, we were pleased to see unseasonably warm temperatures leading to rounds of golf and traffic through the 19<sup>th</sup> hole. Quickly following that wonderful weekend, we were hit with several snow storms and frigid temperatures. As a result, we closed for operation several days and experienced significantly less business at the club. Overall, the team worked hard to manage the flow through, carefully handling staff and expenses, leading to an EBITDA that surpassed budget.

Event participation was well down to year and months prior. The calendar offered a full slate of events from our new Illini Happy Hours to our traditional King of Clubs. Winter Brunch was offered twice with an average of 40 patrons attending. This was well less than our Fall Harvest Brunches where we average over 100 people to each event. Currently, we are reevaluating our brunch series in hopes to increase participation. In February, there will be a new brunch menu including children's options released in hopes to improve attendance.

Another new event add to the calendar was Fiesta Fridays. As the month went on, this new dining tradition gained traction making this a permanent fixture on the calendar through April. Fiesta night includes rotating authentic Mexican food specials as well as great drink choices.

Additional event notes: Host with the Most was canceled due to weather. Karaoke was hosted on the final Saturday of the month and saw very low attendance. Euchre or Cards night was marginally successful with 8 participants. We are hopefully that this night will gain more traction as the winter goes on. Lastly, the winter weather had a huge impact on events, and we are hoping for a much better February.

### **Financial Performance:**

**Revenues:** The trend we experienced for the first two months continued in January as we missed revenues by 12% to budget and 7% to prior year. Weather has been the primary factor, creating low attendance for our food and beverage events. Revenues in Food and Beverage was down approximately forty percent to year prior and missed budget by roughly \$16K. Membership revenues missed budget by \$3k as a result of higher than anticipated resignations over the past couple of months. With the one warm weekend, we encountered a small amount of green & cart fee revenue. Rob continued the merchandise sale resulting in increased sales, helping, golf exceeded revenues by roughly \$800. YTD revenues for the club on par to prior year and are down to budget by 4%.

**Payroll:** The team continued to do a good job adjusting to the slower months by monitoring staffing levels to ensure proper flow through. The team collectively saved 12% in payroll expenses and total payroll was almost identical to prior year. As expected, the largest savings came from the F&B department saving nearly \$9k in payroll. Admin and golf department kicked in an additional \$3k in savings. The Grounds department was slightly over due to the last installment of seasonal bonuses. YTD the staff has done a great job managing budget and has been able to save 8% to budget, exceeding flow through standards.

**Expenses:** Each department did their best to flex to help minimize the miss in Revenues. All departments came together and were able to collectively save roughly \$8k in expenses. The team did not experience any unforeseen expenses assisting in the club exceeding budgeted EBITDA. Cost of sales were higher this month in Food and Beverage as we did not experience as much turnover in product. Overall for the year F&B continues to outpace budget with an aggressive 32% COS. Golf continued its liquidation sale resulting in a much higher than normal cost of sales (124%). However, the sale has been very successful moving much outdated merchandise.

**Summary:** Overall, the month was very solid, as we continue to outperform to budgeted EBITDA. The team continues to exceed expectations, managing the flow through and ensuring budget. As we approach the season, the team is focused on increasing membership and offering an engaging social calendar to increase club participation. 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 \$117.6k on a budget of \$121K and prior year of \$113.7k.
- Total revenues \$141.8k on budget of \$161.2k and prior year of \$152k.
- Payroll saved \$10.9k to budget and was over prior year by \$2k. for month of January. YTD have saved 8% to budget and are over 3% to year prior.
- Expenses under \$11.6K to budget and over \$5.8k to prior year for month of January. YTD have saved 12% to budget and 13% to year prior.
- COS finished at 115% for merchandise on budget of 75% and prior year of 77% and Food and Beverage was 55% on budget of 40% and prior year of 55%. YTD cumulatively have saved 36% to budget and 41% to prior year.
- EBITDA currently \$43k over budget for the first quarter.
- In January, the course saw roughly 39 rounds of golf. In 2018, there were 0 rounds played.

**Key Performance Issues:**

- Weather: For most of January temperatures were below normal and we experienced higher than normal precipitation affecting turnout at the club.

**Key Actions to Drive Performance:**

- Held True Service training on January 8<sup>th</sup>. 92% of staff have completed all levels of True Service training module.
- Food and Beverage: Server specific training was hosted on January 27<sup>th</sup>. The staff focused on steps of service, team work and server attentiveness.
- New menu development- New all-day menu introduced.
- New 19<sup>th</sup> Hole concept- Resign has been approved. Currently, have architect scheduled to come out to take initial measurements. Vendors have provided quotes for bar equipment and developing CAD drawings for architect.
- Developed strategic vision and brand statements for Food and Beverage.
- In the process of obtaining three quotes for pool dining furnishings.
- Currently, reviewing our pool and stingrays plan- staffing, menu creation and logistics.
- 2019 Golf Calendar reviewed and approved.

**Personnel:**

- Working on acquiring an Assistant Golf Professional for spring 2019.
- Developed seasonal staffing recruiting and acquisition timeline.

**Membership Status as of December 31, 2018 (Stephen Dunn)**

- 2 new members, 8 resignations, **Net -6** for January

**Sales:**

- 1 New Memberships
  - Junior Member (1)
    - Dan Gambill
  - Dining Member (1)
    - Mary Brueckner

**Marketing:**

- **Promotions:** Our “19 in 19” membership program has been receiving a lot of interest. I am expecting continued inquiries from the Champaign community to join with the great deals that are being offered within this program. Our members are going to be great advocates for referrals and new members joining before pool and golf seasons start. I look forward to adding many great new members to the LFCC family.
- **Facebook:** Facebook posts go out at least twice a week (Wednesdays & Fridays) for upcoming events. I will be posting more engaging posts on both Facebook pages to invoke more interaction amongst our members as well as the community. I have been trying to be better at posting more pictures and updates of events as they are going on.
- **Public Instagram & Facebook:** Instagram and Facebook posts on our public page go out 3-4 times a week to get 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 started working on refreshing our website to make it look more contemporary, colorful and user friendly. Any way to make it more interactive and “up-to-date” will help make our club look even more appealing to anyone who is interested in seeing what we have to offer before they even come out to the club for a visit. This will encourage more inquiries about what we have to offer as a whole club.

**Other Services:**

- Visited Carle at the Fields, Keller-Williams Realty, Strategic Farm Marketing and FCA to discuss the different opportunities to host private events and golf outings this year.
- Completed February Newsletter

**February Expectations:**

- Sign up 2 members through our “19 in ‘19” Membership Program
- Continue updating our website to make it more lively, colorful and user friendly
- Continued referrals from our great members
- Visit 6-8 businesses in Champaign to discuss opportunities to host golf outings, business meetings, private events and membership.

|                            | Budgeted | Current   |  | Budgeted Adds | Current Adds | Budgeted Subs | Current Subs | Dues Add / Lost |
|----------------------------|----------|-----------|--|---------------|--------------|---------------|--------------|-----------------|
| <b>Membership Category</b> |          |           |  |               |              |               |              |                 |
| Equity                     | 167      | 163       |  | 1             |              | 1             | 2            | -1214.00        |
| Junior 35                  | 48       | <b>48</b> |  | 1             | 1            | 2             | 4            | -728.40         |
| Junior 35-37               | 19       | 20        |  |               | 1            | 1             | 1            | 0               |
| Junior 38-39               | 6        | 6         |  |               |              | 1             | 1            | -485.60         |
| Honorary                   | 39       | 41        |  |               |              |               |              |                 |
| Social                     | 93       | 94        |  | 1             |              | 6             | 11           | -3115           |
| Dining                     | 20       | 18        |  |               | 2            | 1             | 4            | -226            |
| Non Res                    | 9        | 10        |  |               |              |               |              |                 |
| U of I                     | 4        | 4         |  |               |              |               |              |                 |
|                            |          |           |  |               |              |               |              |                 |
| Total                      | 405      | 404       |  | 3             | 4            | 12            | 23           | -3937.25        |

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

In January, the course saw 45 rounds of golf. This was the first year we have tracked rounds in January, but there were no rounds in January of 2018 due to snow cover. We had two days of playable conditions on the golf course. On Saturday, January 5<sup>th</sup>, temperatures reached the 50's and we saw 39 rounds of golf. The following day, there were a total of 6 rounds. Temperatures dipped following that weekend and we did not have play for the remainder of the month.

The golf department saw cart fee revenue of \$72 and greens fees of \$30 for the month. The course is typically closed in January so the department was budgeted for no revenue in either category. With the slow months of November and December, revenues are still lagging for the fiscal year.

As forecasted last month, the department continued an aggressive sale to lower inventory and clear space. For the month, merchandise sales were \$1,609.27 versus a budget of \$1,062. Similar to December, cost of goods ran high at 124%. The sale will not continue into February, so the cost of goods number should trend at 75% moving forward. Inventory levels are now at a manageable level, and some adjustments have been made to purchasing moving into the Spring to alleviate any strain in 2019.

Some additional notes regarding golf activity:

- The golf department has little flexibility in payroll as I am the only person working right now.
- 2019 Golf Calendar was finalized and approved.
- Search for a new assistant in in process. Job posting on PGA Job Board. Outreach to PGM facilities. Several applications have been submitted. Resumes are slow to come in.
- Lead generation and contact for 2019 outings is in process. Have three events confirmed for events with several others showing interest.

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

After a mild first weekend that included 70+ rounds of golf, January weather quickly deteriorated into a more normal winter pattern that included record cold during the last week of the month. The golf course closed right after the first weekend and has remained closed throughout the month. Besides snow and ice removal, most all grounds work has been indoors. Most expenses should be near projections during the month.

### **Grounds notes for January:**

Cold and snow and most work indoors. Attended a Rain Bird service/troubleshooting seminar in Indianapolis with both assistants. Attended ITF winter seminar in Springfield with 1<sup>st</sup> assistant.

### **Grounds projects during January:**

- Completed hole by hole final gps irrigation mapping with Rain Bird technician.
- Inventoried, ordered, and took delivery of replacement valve boxes, replacement lids, and ID labels for all isolation valves on course.
- Removed old irrigation weather station on course and began installation of new weather station.
- Installed baseboard heating in irrigation pump house to keep above freezing during winter months.
- Removed all outdoor Xmas lighting and stored.
- Performed regular snow and/or ice removal on entrance, parking areas, and sidewalks around clubhouse.
- Continued service/repair on grounds equipment.
- Continued grinding and sharpening of reel mower cutting units.

- Continued work on course accessories to include tee markers, divot boxes, rakes, etc.

**A few January photos:**



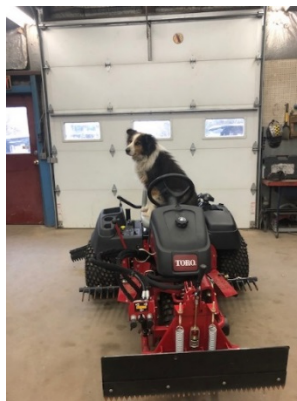
**Snow on #9**



**And on #18**



**Weather station going up**



**Earl supervising**

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