



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 July 2019.

Lincolnshire Fields
 Standard Summary Income Statement
 For the Nine Months Ending July 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
REVENUES											
36,332	44,122	82%	43,143	84%	122,997	137,535	89%	130,667	94%	239,124	222,713
26,473	30,280	87%	29,398	90%	104,131	119,694	87%	116,207	90%	198,264	185,541
160	1,060	15%	3,239	5%	3,208	4,535	71%	5,683	56%	5,885	6,002
320	350	91%	350	91%	610	670	91%	648	94%	1,045	1,036
113,422	129,390	88%	108,261	105%	542,660	670,295	81%	616,780	89%	896,025	746,660
125,771	130,043	97%	121,060	104%	1,104,176	1,127,655	98%	1,054,549	100%	1,515,360	1,487,918
462	0	0%	0	0%	8,587	6,000	143%	9,000	90%	8,000	8,587
6,255	5,285	119%	5,060	124%	24,516	22,985	107%	21,782	113%	27,195	27,671
2,631	3,557	74%	5,035	52%	15,388	32,013	48%	39,407	39%	42,684	25,189
311,626	344,077	91%	315,545	99%	1,926,272	2,121,382	91%	1,994,723	97%	2,933,582	2,711,308
COST OF SALES											
18,500	22,710	81%	23,765	78%	78,082	89,770	87%	90,697	89%	148,698	138,276
48,783	47,328	103%	35,717	137%	196,870	243,571	81%	233,679	84%	327,399	279,286
67,283	70,037	96%	59,482	113%	274,953	333,342	82%	324,376	85%	476,097	417,562
69.9%	75.0%	93.2%	80.8%	86.4%	75.0%	75.0%	100.0%	78.0%	96.1%	75.0%	910.7%
44.7%	37.8%	118.2%	34.1%	131.1%	41.2%	39.1%	105.5%	41.3%	99.3%	39.0%	510.4%
PAYROLL											
44,627	43,277	103%	40,132	111%	282,778	292,300	97%	272,196	104%	417,273	404,936
13,440	16,315	82%	14,359	94%	70,185	87,474	80%	78,287	90%	126,204	96,469
62,192	49,522	126%	50,228	124%	350,445	355,266	99%	337,677	104%	485,286	465,486
21,058	20,817	101%	19,676	107%	47,363	53,968	89%	50,138	94%	72,155	59,620
24,958	25,364	98%	24,158	103%	224,220	236,064	95%	197,823	113%	313,547	303,331
166,296	155,295	107%	148,553	112%	974,990	1,025,073	95%	936,120	104%	1,414,464	1,329,861
OPERATING EXPENSES											
48,200	44,647	108%	46,023	105%	196,024	193,841	102%	199,262	99%	286,473	320,795
4,446	1,731	257%	2,811	158%	18,294	18,479	99%	13,461	130%	23,672	24,632
44	2,773	2%	3,093	1%	4,941	14,301	35%	9,096	54%	15,756	9,754
20,361	13,827	147%	9,889	206%	102,206	107,080	95%	100,078	103%	140,327	149,664
6,331	4,345	146%	4,123	154%	17,616	19,845	89%	18,443	96%	24,985	23,168
32,501	35,701	91%	35,657	91%	275,291	309,416	89%	310,699	89%	412,530	388,384
111,903	103,023	109%	101,595	110%	617,373	662,963	93%	651,639	95%	903,743	916,397
345,452	328,355	105%	309,631	112%	1,867,316	2,021,377	92%	1,911,535	98%	2,734,304	2,663,820
(33,626)	15,722	-214%	5,914	-569%	58,957	100,004	59%	83,188	71%	139,277	47,488
(9,225)	(9,270)	100%	(9,000)	103%	(83,025)	(83,430)	100%	(81,000)	103%	(112,074)	(110,555)
FINANCING ACTIVITY											
(7,228)	(7,570)	95%	(5,972)	121%	(66,203)	(68,130)	97%	(65,452)	101%	(90,840)	(87,773)
(1,227)	0	0%	(742)	165%	(10,125)	0	0%	(2,011)	504%	0	(11,784)
31	64	49%	102	31%	521	576	90%	577	90%	768	744
(8,424)	(7,506)	112%	(6,612)	127%	(75,806)	(67,554)	112%	(66,886)	113%	(90,072)	(88,813)
OTHER INCOME (EXPENSE)											
46,625	51,198	91%	49,216	95%	428,497	445,065	96%	437,371	98%	598,017	581,111
(33,372)	(32,714)	102%	(32,714)	102%	(300,350)	(294,426)	102%	(294,423)	102%	(392,568)	(402,976)
13,253	18,484	72%	16,503	80%	128,147	150,639	85%	142,948	90%	205,449	178,135
(38,021)	17,430	-218%	6,805	-559%	28,272	99,660	28%	78,250	36%	142,581	16,255

Overview:

LFCC experienced a similar financial outcome in July as compared to June. EBITDA slid backwards dropping below budget for the first time this year. In prior months we faced poor weather; however, in July the financials were affected more by payroll and expenses. Revenues in July were more in line with prior year conversely, expenses were roughly \$36K more than prior year. Most of the expenses can be contributed to the Server staffing shortage in the Food and Beverage Department and additional expenses for Member-Guest. Overtime was unavoidable with several large events, a busy pool and a focus to deliver high service standards. Also, we incurred an additional labor expense for training several new individuals and the overlap during the transition to our new F&B Manager. As a result, the team provided a first-class experience for the Member-Guest Invitational.

The club has dealt with tremendous amounts of adversity to this point; working through extremely poor weather this winter/spring, to facility closures due to renovation and staffing shortage/turnover. As a result of the poor weather and closures, revenues are down to budget and prior year. The team has worked hard to flex payroll and expenses but could not the past two months to ensure the best possible product and service to the membership. Unfortunately, this has positioned us behind budgeted EBITDA by \$41k for the year.

Financial Performance:

Revenues: July was aggressively budgeted with the goal of 9% growth over prior year. Unfortunately, the club missed budget revenues by roughly \$32.3k to budget and \$3.7k to prior year. The Food and Beverage department experienced mixed results with Stingrays significantly outperforming prior year while Clubhouse dining was down slightly. Stingrays improved by \$11k over prior year while Clubhouse dining was down \$7.5k, mostly due to less participation at the King of Clubs dining event due to the position of the game. Overall, F&B beat prior year by \$5.2k showing solid growth. Golf experienced a miss in green and cart fee revenue due to a large outing not renewing this year, normally contributing roughly \$6k. As a result, green and cart fees were off to budget by \$7.8k and prior year by \$6.8k. Golf merchandise was also off to budget by roughly \$4K. Membership revenues continue to show progress over prior year with a \$4.7k improvement in dues; however, we're still off pace to budget by \$4.3k. YTD revenues have missed budget by 9% and prior year by 3%.

Payroll: This month both F&B and Grounds departments experienced an overage in payroll while all other departments combined were flat to budget. To ensure the highest level of service in Food and Beverage many servers and cooks experienced a significant amount of overtime due to the shortage of available employees. In addition, there was a one week overlap with the incoming and outgoing F&B Manager pay. Lastly, F&B also hired several new servers adding additional training hours. This resulted in all total of roughly \$12.7k overage in the labor budget. Ground was also over budget by \$1.5k due to the increase in labor needed to perform additional spraying and maintenance projects on the golf course. Admin, golf, and pool departments combined to save roughly \$2.5k. To date the team has flexed saving roughly 5% for the year.

Expenses: Operating expenses for the month were over budget by \$8.9k. Most of the overage was a result of temporary service employees to help the staffing void in F&B providing a \$3k unbudgeted line item. Additional monies were spent on supplies preparing for the Member-Guest Invitational. Grounds was over \$3.6k due to several necessary chemical applications and fuel needed to perform those activities. All other departments did their best to save and minimize the miss in revenues. Lastly, the golf department was over \$3k due to range ball purchase to replenish the stock. The other departments were flat to budget. YTD the team has flexed where necessary and has saved about 7% to budget in operating expenses.

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 two points to budget with a 41.2% COS. For July, COS were slightly high coming in at roughly 45% for the month. This was mainly attributed to large a beverage order for Member-Guest and should regulate over the next month. Golf's COS ended up at 70% for the month. YTD golf merchandise COS is running at 75%, down 3% to prior year. Next month COS for merchandise will be slightly higher as Member-Guest invoicing for tee gifts will be accounted for driving the COS number higher due to no margin.

Summary: Overall, we are behind budgeted EBITDA by \$41k YTD. For the next quarter our major focus is driving revenues with additional F&B events over the last quarter and couple golf events to drive guest play. August should be a strong month with several golf outings and large banquets.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$125.8k on a budget of \$130K and prior year of \$121k.
- Total revenues \$311.8k on budget of \$344.1k and prior year of \$315.5k.
- Payroll was over budget by \$11k and over \$17.7k to prior year for the month of July.
- Expenses \$8.8K over budget and over \$10.3k to prior year for the month of July.
- COS finished at 70% for merchandise on budget of 75% and prior year of 81% and Food and Beverage will finish at 45% on budget of 38% and prior year of 34%.

Key Performance Issues:

- Staffing: Encountered seasonal turnover for the Food and Beverage department in mid-July, several weeks before normal transition. As a result, we acquired a few new employees through Express Employment Professionals and a couple additional staff members through traditional methods. In addition, seasoned veterans had to perform significant overtime, roughly double the amount of last year to ensure service standards were continually achieved. Lastly, our Food and Beverage Director resigned July 1st. Due to these issues' payroll was significantly over budget.

Key Actions to Drive Performance:

- Had just under 300 people for 4th of July celebration at pool. Hosted a southern BBQ themed buffet which was very well received by membership.
- Hosted inaugural Illini Tennis Party- over 50 members participated in exhibition with the Illini tennis team.
- 96 players for the Member-Guest Invitational with over 160 people attending the Luau.
- Had great turnouts for both Nine and Dines for the month of July. Total participation for both events was 112. Changed dining locations and had great success with retention of participants for dinner.
- Hosted last KE Camp- Very successful growing the program this year by doubling the participation.
- F&B Action Meetings- Weekly meeting where key action items are outlined and addressed. In attendance is LFCC management staff as well Operating Executive Dean Lytton.
- New furniture arrived for 19th hole and was able to sell old furniture through Facebook marketplace.
- 4 new memberships sold in July on a budget of 0.
- Developing a few new events in F&B and Golf to drive additional revenue for last quarter.
- Chef is developing a new all-day menu for the clubhouse.

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 with Stone Creek with the help of Frank Merkel and Dean Lytton

Membership Status (Stephen Dunn)

- 4 new members, 2 resignations, **Net +2** for July
Total club membership = 408

Sales:

- 4 New Memberships
 - **Social Members (2)**
 - Chris & Nicole Dickerson
 - Aaron & Sarah Geiger
 - **Junior Members (2)**
 - Daniel Patkunas
 - Zach Hamer

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. We have a clear leader on our Member Referral Leader Board for the grand prize to the Country Club of St. Albans.
 - Our “Reinstatement Campaign” was successful. We gained 4 memberships from recently resigned members. We are excited to have them back!
- **Public Instagram & Facebook:** We have put out a few different general advertisements on our public Facebook page to promote our great pool and what we have to offer. Summer is here and this is the time that Social membership inquiries in particular have been increasing.
- Met and spoke with a contact at Jimmy John’s about different marketing tools that I can use to help promote LFCC within the Champaign-Urbana communities.

Member Relations:

- I have been staying for our Wednesday Night Men’s League and talking with the participants to see if they have any referrals interested in joining the LFCC family.

Other Services:

- Completed August Newsletter
- Attended a Chamber of Commerce Luncheon to build the network for possible memberships and discussed opportunities to host various Chamber of Commerce events here at LFCC.

August Expectations:

- Put together a “Fall Campaign” with great deals for new members to sign up under.

Golf Report: Rob Walls, Head Golf Professional

In July, the golf course saw 2,500 rounds of golf. In July of 2018 there were 2,819 rounds played. After a strong month in June, we saw rounds dip below prior year again in July. The total number of rounds for the year is 7,727 versus prior year of 8,330. This equates to a decrease in 7.25%. Fewer members and poor spring weather account for this decrease. We are expecting a busy August and will hope to see an increase in rounds played.

The golf department saw cart fee revenue of \$14,952 and greens fees of \$9,855 for the month. Cart revenues were down 10% versus 2018 actuals and 13% to budget. Greens fees (\$9,855) missed as well with revenues dropping by 27% versus prior year actuals and missed budget projections by 30%. Diving into these numbers, there was a large member outing booked in July that cancelled early this summer. We replaced this outing with the Ladies on the Links event, but revenues were significantly smaller from this event due to its 9-hole nature. In addition, the membership drive we ran this season has been slow to generate new memberships, and we feel like this has had an adverse effect on guest revenues as the summer has gone on. Finally, the Member Guest Invitational operated revenue neutral for the golf department this year. In 2018, we were able to allocate some revenue to greens fees at the close of the event. That was not the case this year, as we accrued more expenses in preparation, decoration and food & beverage.

What is our plan to combat this miss? Justin and I will be adding some guest play incentive programs and a Friday afternoon guest event to try to drive additional revenue. Looking at the budget for the remainder of the season, there is very little fat to trim regarding expenses. We need to begin to drive revenues if we hope to finish the season strong. We did successfully host a small outside outing in early August with a few additional events scheduled for the end of the month, with the Pickle Invitational & the U of I Women's Golf Classic being the largest. If we can successfully book one or two additional small corporate events this month and have good weather luck, we should be able to outpace budget and prior year.

For the month, merchandise sales were \$26.5k versus a budget of \$30k and prior year sales of \$29.4k. Cost of goods was at 69% versus a budget of 75%. Out-of-inventory sales were in line with 2018 actuals while special orders trailed prior year by 2.5k. Our special-order sales for the year are 44.4k versus 44k in 2018. Year to date out-of-inventory sales lag far behind, trailing 2018 by 17% or 12k. The good news, those sales numbers have been trending in the right direction as we outpaced prior and budget in June and paced with prior and budget in July. The weather in the spring was terrible which caused a slow start to buying season. 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 Fitting Day scheduled for the middle of the month which should drive special order iron and woods sales.

Some additional notes regarding golf activity:

- The golf department is losing most of our seasonal outside staff. We recently hired one new employee and are looking for several more.
- Steve Blakely announced he was moving to a more part time status as he was forced to take a full-time position elsewhere. The department was counting on Steve to handle a lot of weekday shifts as our staff went back to school. We are currently working on a plan with Steve as he continues to work part time.
- The Member Guest Invitational was a success. 96 players competed that weekend. Looking forward to a great event next year.
- Monday Night League will be wrapping middle of August.
- First Tee Program finished their 5-week program on Monday, July 22nd. Another successful program in 2019.
- Focus for the month is Club Championship, Hullabaloo & driving revenues.

Looking forward to a fun month of August.

Grounds Recap December: Scott Werner, Superintendent

Summer weather arrived full time in July. A short stretch of very high temperatures and humidity hit us right at 2-day member guest time, and really put pressure on the turf. Temperatures moderated after that, but the month ended in our first extended drought of the year, which continues. Plenty of good golf weather, but the non-irrigated areas of the course are really suffering. The new irrigation equipment is functioning very well and has provided a dramatic improvement in coverage uniformity and control. At this point, however, even the irrigated areas are beginning to suffer as sodium and bicarbonates continue to build up from our water source. Everything can be solved, or drastically improved with a good soaking rain event, which would not only improve the turf conditions, but the staff morale as well!

Our seasonal staff has continued to perform well throughout the summer, but since we relied heavily on students, we are about to be very short handed. As of 8/16 we will be 6 staff members short as we try to finish out the season. We had no other choices in trying to fill our staff this year, but student labor is not the answer.

Expenses for the month were a little high as predicted, but still well in line for the year to date.

Grounds notes for July:

Maintenance schedules and other maintenance proceeded on schedule during the month. Progress on projects was slow, but we did accomplish the installation of new yardage tags on all fairway sprinklers and made more progress on #9 bridge deck. The drought conditions drain a lot of labor as water management becomes the primary focus. Our assistants have done great work monitoring and hand watering greens 7 days a week through the whole month. My mornings are spent evaluating and adjusting irrigation throughout the course.

Grounds projects during June:

- Performed one vertical mowing, and two sand topdressing brushing procedures on putting greens.
- Rolled putting greens 2-4 times per week.
- Spiked all fairways, approaches, and tees.
- Solid tine aerified/vented two front nine greens to alleviate stress.
- Completed 2 fungicide applications to tees and fairways.
- Completed 3 fungicide and fertility applications 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.
- Completed fertilization of all annual flowers.
- Installed new deck boards to another section of #9 bridge.
- Continued detail work around the course to include: sprinkler edging, marker edging, string trimming, hazard marking, etc.
- Completed adjustment of all part circle sprinklers on course and continued to monitor and fine tune adjustments.
- Repaired several sprinklers on course from debris in system.
- Diagnosed power supply wiring issue to course weather station and installed new solar panel to provide power going forward.
- Installed new yardage tags on all fairway sprinklers.

A few July photos:



Poor observance of cart post/90-degree rule



Just poor etiquette – very disappointing



Lots of this going on during the month



Vandalism to #12 green – 1 of 9 spots



Lots of this going on in July



Some of Jeanette's fine work outside Stingrays



A fairway lie at LFCC – If you can't hit that...

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