



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 June 2019.

Lincolnshire Fields
 Standard Summary Income Statement
 For the Eight Months Ending June 30, 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												
38,303	35,463	102%	34,484	111%	Green Fees & Cart Fees	86,965	93,413	93%	87,524	90%	239,124	229,524
21,745	27,316	80%	28,520	82%	Merchandise	77,658	89,414	87%	86,810	89%	198,264	189,465
154	585	26%	506	30%	Other Pro Shop	3,048	3,485	87%	2,444	125%	5,885	9,081
180	125	144%	125	144%	Range	290	320	91%	298	97%	1,045	1,066
90,572	122,685	74%	111,316	81%	Food and Beverage	429,238	540,905	79%	508,519	94%	896,025	741,489
126,376	130,043	97%	121,518	104%	Membership Dues	978,406	997,612	98%	933,489	105%	1,515,360	1,483,208
1,364	0	0%	2,000	6%	Membership Initiation Fees	8,124	6,000	135%	9,000	90%	8,124	8,124
8,261	11,300	73%	10,697	77%	Other Operating Revenues	18,261	17,700	103%	16,722	100%	27,195	26,476
1,111	3,557	31%	6,480	17%	Other G&A Income	12,757	28,456	45%	34,372	37%	42,684	27,593
288,066	331,074	87%	313,627	92%	TOTAL REVENUE	1,614,446	1,777,305	91%	1,679,177	96%	2,933,582	2,715,027
COST OF SALES												
17,626	20,487	86%	20,218	87%	Merchandise	59,582	67,060	89%	66,932	89%	148,698	143,541
32,829	44,063	75%	37,345	88%	Food & Beverage	148,087	196,244	75%	197,962	75%	327,399	266,220
50,455	64,550	78%	57,562	88%	TOTAL COGS	207,669	263,304	79%	264,894	78%	476,097	409,761
COGS - Merchandise %												
81.1%	75.0%	108.1%	76.2%	106.3%	COGS - Merchandise %	76.7%	75.0%	102.3%	77.1%	99.5%	75.0%	92.7%
39.3%	37.7%	104.3%	35.8%	109.9%	COGS - Food %	40.2%	39.4%	102.1%	42.9%	93.6%	39.0%	49.7%
PAYROLL												
46,174	42,547	109%	41,384	112%	Course and Grounds	238,150	249,023	96%	232,064	102%	417,273	400,440
12,474	16,046	78%	13,226	94%	Pro Shop	56,745	71,159	80%	63,927	89%	126,204	97,407
53,641	51,013	105%	53,814	100%	Food and Beverage	288,263	305,744	94%	287,449	100%	485,285	453,532
19,265	21,291	90%	20,392	94%	Other Operating Departments	26,305	33,152	79%	30,462	88%	72,155	58,238
23,289	25,125	93%	24,504	95%	General and Administrative	199,261	210,700	95%	173,665	115%	313,547	302,531
154,843	156,021	99%	153,319	101%	TOTAL PAYROLL	808,725	869,778	93%	787,566	103%	1,414,464	1,312,149
OPERATING EXPENSES												
60,242	39,238	154%	42,940	140%	Course and Grounds	149,624	149,194	100%	153,240	86%	286,473	318,618
1,731	1,731	100%	1,731	100%	Carts, Range, Starters, Etc.	13,847	16,748	83%	10,650	130%	23,672	22,967
381	2,878	13%	2,452	16%	Pro Shop	4,897	11,529	42%	6,003	82%	15,756	12,802
14,236	13,463	106%	11,313	126%	Food and Beverage	81,826	93,254	88%	90,189	91%	140,327	139,172
3,269	6,510	50%	3,541	92%	Other Operating Departments	11,285	15,500	73%	14,320	79%	24,985	20,960
32,737	39,609	83%	44,539	74%	General and Administrative	243,791	273,716	89%	275,042	88%	412,530	391,541
112,596	103,428	109%	106,516	106%	TOTAL OPERATING EXPENSES	505,470	558,940	90%	549,443	92%	903,743	906,089
317,894	323,999	98%	317,398	100%	TOTAL EXPENSES	1,521,864	1,693,022	90%	1,601,904	95%	2,794,304	2,627,999
(29,828)	7,075	-422%	(3,771)	791%	EBITDA	92,582	84,283	110%	77,273	120%	139,277	87,028
(9,225)	(9,270)	100%	(9,000)	103%	MANAGEMENT FEES	(73,800)	(74,160)	100%	(72,000)	103%	(112,074)	(110,330)
FINANCING ACTIVITY												
(6,809)	(7,570)	90%	(6,374)	107%	Interest Expense - Debt	(58,975)	(60,560)	97%	(59,480)	99%	(90,840)	(86,517)
(1,769)	0	0%	1	-18016%	Interest Expense - Leases	(8,897)	0	0%	(1,269)	701%	0	(11,299)
35	64	55%	85	45%	Interest Income	490	512	96%	475	103%	788	815
(8,540)	(7,506)	114%	(6,288)	136%	TOTAL FINANCING ACTIVITY	(67,383)	(60,048)	112%	(60,274)	112%	(90,072)	(97,001)
OTHER INCOME (EXPENSE)												
49,398	51,198	96%	50,022	99%	Dues - Capital Improvement	381,872	393,867	97%	388,155	98%	598,017	583,702
(33,372)	(32,714)	102%	(32,714)	102%	Depreciation & Amortization	(266,978)	(261,712)	102%	(261,710)	102%	(392,568)	(402,317)
16,026	18,484	87%	17,309	93%	TOTAL OTHER INCOME (EXPENSE)	114,894	132,155	87%	126,445	91%	205,449	181,385
(31,568)	8,783	-359%	(1,750)	1804%	NET INCOME	66,294	82,230	81%	71,445	93%	142,581	61,082

Overview:

For the second consecutive month, the club's financials were troubled by weather. Champaign experienced below normal temperatures for the first half of the month as well as significant rainfall. As a result, two Wednesday Night Men's Leagues and the swim meet were rained out. Poor weather caused us to cancel the second kids pool party and affected turnout for the Dive in Movie as well as live music on the 8th. The weather finally broke in the last full week of June producing a very good week for the club.

Due to the weather, the club experienced a significant shortfall in revenues, preventing the club from achieving budgeted EBITDA. The team found it difficult to flex payroll and expenses this month because we are in peak season and anticipated more traffic through the club. As a result, much of the surplus in EBITDA was used this month. Adjustments to the financial forecast will be made to ensure we achieve the club's budget.

Financial Performance:

Revenues: Poor weather resulted in several event cancellations and a significant shortfall in revenues to budget and prior year. The club missed budget revenues by \$43k to budget and \$25.5k to prior year. Like previous months, Food and Beverage experienced the greatest impact with revenues missing the mark to budget by \$32K and prior year by \$20.7k. Much of the shortfall can be contributed to cancelling two Wednesday Night Men's Leagues which normally contribute \$3k per event in revenue. In addition, the King of Club draw has been down compared to last year as a result of the current status of the game. The effect on revenues is roughly \$10k for the month. Lastly, there were a couple of rainy weekends with limited traffic to the pool and golf course adding to the down month. Golf green and cart fees were up to budget by 8%; however, golf merchandise was off budget by roughly \$5.5K or 20%. YTD rounds are down by just over 400 rounds affecting green & cart fees as well as merchandise. For the year green and cart fees are down 7% while merchandise is down 13%. Membership continues to show progress over prior year with a \$5k improvement or 3% growth in dues and initiation fees; however, are still off pace to budget by \$4k. YTD revenues have missed budget by 9% and prior year by 4%.

Payroll: This month some departments were able to save labor while others went over budget. To ensure we provided the highest level of service, Food and Beverage was cautious with its staffing levels. Anticipating the summer rush, the team increased staffing levels; however, we were met by cold temperatures and rain for much of the month. F&B also added several new servers to the team resulting in additional training hours and \$2.6k overage in the labor budget causing the department to be flat to prior year. Grounds was also over budget by \$3.6k due to the increase in labor to perform additional spraying and maintenance on the golf course that it was unable to perform during prior months. Admin, golf, and pool departments combined to save roughly \$8k. To date the team has flexed saving roughly 7% for the year and slightly over prior year.

Expenses: Expenses for the month were over budget by \$9.2k. Most of the overage was a result of several necessary chemical applications that were not performed in prior months due to poor weather. All other departments did their best to save and minimize the miss in revenues. The other departments were able to save roughly \$12K in expenses with the largest savings coming in the admin department. YTD the team has flexed where necessary and has saved about 10% in expenses to budget and 8% to prior year.

Cost of sales continue to meet expectations, providing the club additional savings over prior year. Overall for the year, F&B is off one point to budget with a 40.2% COS and has improved almost 3% over prior year. This has resulted in an additional \$48k in savings to budget and almost \$50k improvement over prior year. Golf's COS ended up at 81.1% for the month. YTD golf merchandise COS is running at 77%, almost identical to prior year.

Summary: Overall, we have surpassed budgeted EBITDA by \$8.3k YTD. Much of the surplus built up in prior months was used on increased service levels and deferred maintenance. We will continue focusing on revenues through special events and a la carte dining to make up for miss in F&B revenues YTD.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$126.4k on a budget of \$130K and prior year of \$121.5k.
- Total revenues \$288k on budget of \$331k and prior year of \$313.6k.
- Payroll was down \$1.2k to budget and over prior year by \$1.5k for the month of June.
- Expenses \$9.2K over budget and over \$6k to prior year for the month of June.
- COS finished at 71% for merchandise on budget of 75% and prior year of 76% and Food and Beverage will finish at 39% on budget of 38% and prior year of 36%.

Key Performance Issues:

- As a result of the weather Stingrays and the pool were closed for several days. Events were cancelled affecting member turnout resulting in roughly \$12k effect on revenues for the month of June.
- Hiring- For the past couple months, the staff has been focused on acquiring qualified talent to help with seasonal efforts. Currently, we are short staffed in the front of the house F&B Department. We've been able to acquire seven new servers with good experience. Unfortunately, we've had one server leave and several more leaving at the end of July due to school obligations. We have an ongoing search for talented servers hoping to acquire an additional 4-5 people to help us through the season.

Key Actions to Drive Performance:

- 56 players for our first major golf event Member-Member.
- Had great turnout for both Nine and Dines for the month of June. Total participation for both events was 116.
- Hosted Carle Physician Pool Party and had over 100 employees attend the event generating \$3k in food and beverage sales and several leads for membership.
- Hosted three KE Camps with an average of 10 children in each camp. This doubles participation over prior year
- Developed Reinstatement Campaign- Focused on new member recruitment by reaching out to past members through a new offer to rejoin the club with no IF or commitment.
- Created Facebook Promotional Piece- In conjunction with Philip Arouca developed two pieces showcasing the club's amenities while highlighting the possibility for membership.
- F&B Action Meetings- Conduct weekly meeting where key action items are outlined and addressed. In attendance is LFCC management staff as well Operating Executive Dean Lytton.
- Ordered new furniture for 19th hole with estimated delivery date 1st week of July.
- 8 new memberships sold in June compared to 0 sold in June of 2018.
- 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)

- **8 new members**, 3 resignations, **Net +5** for June
Total club membership = 410

Sales:

- **8 New Memberships**
 - **Social Members (5)**
 - David & Katie Markun
 - Valerie Jennings & Oscar Rivera
 - Aaron & Roberta Lower
 - Gina Kwapis
 - Adam & Hayley Yoder
 - **Junior Members (3)**
 - Chris & Kristen Ayers
 - Chris & Lindsay Roberts
 - Joffre & Betsy Colbert

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.
 - Our “Reinstatement Campaign” has been a success so far. This campaign is inviting any recently resigned members from the last five (5) years to give us a second chance. So far we have signed up three returning members under this campaign and looking for more to hop on board.
- **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.
- Spoke with a contact at Jimmy John’s to set up a meeting to discuss membership and an opportunity to see how Jimmy John’s and LFCC can help each other.

Member Relations:

- I attended the Carle Physician’s Pool Party and walked around and met Carle employees. I spoke with current members who are Carle employees, about our Member Referral Program and how much savings they can get on their monthly dues for referring new members.

Other Services:

- Completed July Newsletter

July Expectations:

- Sign up 8 new members through our “19 in ‘19” Membership Program & “Reinstatement Campaign”

Golf Report: Rob Walls, Head Golf Professional

In June, the golf course saw 2,076 rounds of golf. In June of 2018 there were 2,036 rounds played. This is the first month of the 2019 season where we had more rounds than prior year. There were two Wednesday Night League cancellations which was consistent with prior year. We did have one Saturday morning that was a complete wash-out and some spotty forecasts, but overall, the weather in June was better than May.

The golf department saw cart fee revenue of \$12,934 and greens fees of \$5,986 for the month. Cart revenues were down 3.5% versus 2018 and 6% to budget. Greens fees proved to be our biggest miss as revenues dropped by 22% versus prior year actuals and missed budget projections by 32%. Diving into these numbers, there were several small member outings in 2018 that despite outreach, we did rebook for 2019. Looking toward July, the large KleenRite outing held in July 2018 is not being played this year. The outing was replaced on the calendar with the Ladies on the Links golf outing for late July. This event is a smaller revenue event than the KleenRite outing so we are starting in a hole as the month gets started. I will be talking about some guest play incentive programs with Justin to see if we can drive some additional revenues as we have trailed for most of the year. Nice weather will help too.

For the month, merchandise sales were \$21.7k versus a budget of \$27.3k and prior year sales of \$26.5k. Special orders accounted for \$7,400 of the total sales for the month. In 2018, special order sales were \$14k. As you will remember, April special order sales were significantly higher than historicals. Our fitting days fell a little earlier in May, which allowed for more product to be shipped and more sales to be billed. It is clear looking at the sales numbers for June, that these special orders were realized in June last season. Out-of-inventory sales picked up this month, with 14.5k in revenue. This out-paced budget and prior year by 10%. For the year, the Shop has seen a decrease in out-of-inventory sales of 20% and overall sales are down 10%. As stated last month, the golf staff believes we have filled the Shop with a quality apparel and equipment. We hope sales continue to increase. Our fall buying has been adjusted to account for the slow sales at the start of the season, and we are working with our vendors to alleviate some of the excess inventory as mis-summer approaches. On a final note, cost of goods ran a little higher this month at 77%. To move through aging inventory, there were a few weekend sales throughout the month. For the season, we are at the expected 75%.

Some additional notes regarding golf activity:

- The golf department is continuing to flex payroll during cool and wet periods.
- Focus for the month is the Member Guest event scheduled for July 18, 19, & 20.
 - Travis Mathews tour van on site with tee gifts.
 - Two team spots left to fill for full field of 48 teams.

Looking forward to a strong month of July.

Grounds Recap December: Scott Werner, Superintendent

The weather started to transition to a more summer pattern in late June. There were more opportunities for golf and to get into a more regular maintenance schedule. The Seasonal staff, which was difficult to fill this year, is performing well, even with many new faces. August/September could still be a struggle as our student labor returns to school. Expenses for the month will be high as previously predicted, as we catch up from delayed applications, etc. from earlier in the season. The chemical account will show expenditures from several applications that carried over from May, and the same for a large fertilizer application.

Grounds notes for June:

Maintenance schedules and other maintenance proceeded more on schedule during the month. We continue to run behind on a number of projects but have started to make progress. The annual flower gardens, due to the great work by Jeanette Sandoval, are looking very good and adding much color to the course and club grounds. We annually receive many positive comments from members and guests about the quality of our flower gardens and many containers. My Assistants and I have spent a lot of time on sprayers during the month, catching up on several applications. The moisture and higher temperatures created very high disease pressure on all the playing surfaces, requiring regular preventative fungicide applications. Our primary granular fertilizer application for tees and fairways that is usually applied in late May carried over into June this year. This is a slow release application that lasts into September. We had to shift normal spring pre/post-emergent herbicide applications on rough areas over to strictly post-emergent applications in June and into July. The wet weather made it impossible to stay on the normal spring schedule.

Grounds projects during June:

- Performed two vertical mowing, sand topdressing brushing procedures on putting greens.
- Rolled putting greens 2-4 times per week.
- Spiked all fairways and approaches
- Completed 3 fungicide applications to tees and fairways.
- Completed 3 fungicide and fertility applications on putting greens.
- Completed 3 post emerge herbicide applications to selected putting greens.
- Completed scheduled wetting agent applications to all greens, tees, and fairways.
- 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 of approximately 1/2 of #9 bridge.
- Continued detail work around the course to include sprinkler edging, marker edging, string trimming, hazard marking, etc.
- Removed pool pump and installed a new one, with assistance from Andy Kieser.
- Worked with Irrigation contractor on spring punch list from irrigation project.
- Began adjustment of all part circle sprinklers on course.

A few June photos:



First time actually needing this in 19



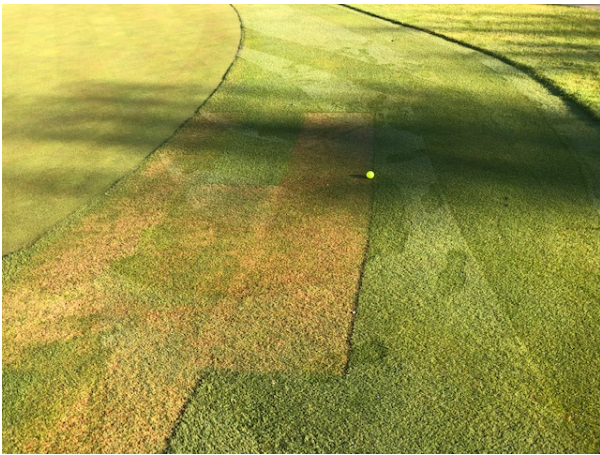
Earl checking our progress on bridge deck



Earl inspecting fox damage on 9 green



Close-up of fox damage



Did you check that you had the correct triplex



The Classic Golfer

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