



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 March 2019.

Lincolnshire Fields
Standard Summary Income Statement
For the Five Months Ending March 31, 2019

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
REVENUES											
291	1,285	23%	791	37%	Green Fees & Cart Fees	2,787	5,135	54%	3,809	73%	236,124
3,277	5,842	56%	5,672	55%	Merchandise	12,305	18,375	67%	17,840	65%	198,284
120	715	17%	662	17%	Other Pro Shop	1,318	1,780	74%	1,818	72%	5,885
0	0	0%	0	0%	Range	0	50	0%	45	0%	1,045
42,571	55,000	77%	50,848	84%	Food and Beverage	217,378	251,135	87%	240,858	90%	896,025
117,360	123,025	96%	115,374	102%	Membership Dues	602,744	609,922	99%	576,862	104%	1,515,360
0	1,000	0%	1,000	0%	Membership Initiation Fees	2,070	2,000	103%	1,000	207%	8,000
0	50	0%	0	0%	Other Operating Revenues	0	255	0%	248	0%	27,195
1,123	3,557	32%	4,273	26%	Other G&A Income	7,913	17,785	44%	16,034	49%	42,684
164,742	190,474	86%	178,666	92%	TOTAL REVENUE	846,515	906,437	93%	858,514	99%	2,933,582
COST OF SALES											
1,611	4,382	37%	2,468	65%	Merchandise	9,914	13,782	72%	12,939	77%	148,698
12,748	17,630	72%	21,247	80%	Food & Beverage	61,432	86,135	69%	96,677	64%	327,399
14,359	22,011	65%	23,715	61%	TOTAL COGS	71,347	102,917	69%	109,616	65%	476,097
49.2%	75.0%	65.6%	43.5%	113.0%	COGS - Merchandise %	80.6%	75.0%	107.4%	72.5%	111.1%	75.0%
40.6%	40.8%	99.4%	53.8%	75.4%	COGS - Food %	36.4%	40.4%	90.1%	46.9%	77.6%	39.0%
PAYROLL											
24,468	27,910	86%	25,352	97%	Course and Grounds	112,397	122,451	92%	121,102	93%	417,273
5,373	7,035	76%	7,507	72%	Pro Shop	25,192	30,438	83%	29,194	86%	126,204
32,739	35,665	92%	34,600	95%	Food and Beverage	153,702	173,396	89%	148,755	103%	485,285
0	0	0%	72	0%	Other Operating Departments	0	0	0%	414	0%	72,155
25,431	25,662	99%	21,247	120%	General and Administrative	124,435	130,867	95%	98,774	126%	313,547
88,010	96,272	91%	88,778	99%	TOTAL PAYROLL	415,726	457,183	91%	398,240	104%	1,414,464
OPERATING EXPENSES											
6,913	7,753	89%	6,746	102%	Course and Grounds	32,874	28,779	114%	31,020	106%	286,473
1,731	1,731	100%	0	0%	Carts, Range, Starters, Etc.	8,655	8,655	100%	4,324	200%	23,672
618	1,275	48%	5,653	11%	Pro Shop	2,217	4,960	45%	4,291	52%	15,758
9,310	9,219	101%	8,043	116%	Food and Beverage	41,208	48,792	84%	52,981	78%	140,327
704	90	782%	702	100%	Other Operating Departments	58	605	10%	1,308	4%	24,985
28,247	30,669	92%	31,120	91%	General and Administrative	152,491	170,029	90%	168,749	90%	412,530
47,522	50,734	94%	52,265	91%	TOTAL OPERATING EXPENSES	237,502	261,820	91%	262,552	90%	903,743
149,891	169,017	89%	164,758	91%	TOTAL EXPENSES	724,575	821,920	88%	770,408	94%	2,794,304
14,851	21,457	69%	13,908	107%	EBITDA	121,940	84,518	144%	88,106	138%	139,277
(9,225)	(9,270)	100%	(9,000)	103%	MANAGEMENT FEES	(46,125)	(46,350)	100%	(45,000)	103%	(112,074)
FINANCING ACTIVITY											
(6,139)	(7,570)	81%	(5,181)	115%	Interest Expense - Debt	(37,609)	(37,850)	100%	(41,139)	92%	(90,840)
(883)	0	0%	(72)	1224%	Interest Expense - Leases	(4,440)	0	0%	(1,082)	418%	0
47	64	73%	63	74%	Interest Income	311	320	97%	268	117%	768
(6,975)	(7,506)	93%	(5,191)	134%	TOTAL FINANCING ACTIVITY	(42,038)	(37,530)	112%	(41,935)	100%	(90,072)
OTHER INCOME (EXPENSE)											
45,708	48,601	94%	47,565	96%	Dues - Capital Improvement	229,607	241,493	95%	240,014	96%	598,017
(33,372)	(32,714)	102%	(32,714)	102%	Depreciation & Amortization	(168,861)	(163,570)	102%	(163,568)	102%	(392,568)
12,336	15,887	78%	14,851	83%	TOTAL OTHER INCOME (EXPENSE)	62,746	77,923	81%	76,445	82%	205,449
10,987	20,567	53%	14,568	75%	NET INCOME	96,524	78,561	123%	77,616	124%	142,581

Overview:

The club continues to position itself with a strong financial outlook despite missing budgeted revenues. Month over month the team continues to improve on COS and expenses versus prior year. As a result of prudent financial management, the club has improved EBITDA by 38% over prior year and has outpaced budget by 44%. Weather again impacted revenues and overall usage of the club. Champaign experienced lower than average temperature for more than half the month. As a result, we were not able to open the course until March 17th and had a total of 164 rounds of golf, down 32% from prior year.

In March, the team's major focus was improving our seasonal outlet plans. Menu creation, staffing, equipment and layout schematics were developed. We concluded the month with a menu tasting at Stingrays, allowing members to sample over fifteen new items. The feedback was outstanding, and we look forward to incorporating these items into the new improved Stingray menu. Moving into April, hiring in all departments will be the major focus as each department is currently short staffed.

Financial Performance:

Revenues: The club struggled to achieve budgeted revenues as we continued to be plagued by colder than normal temperatures. Overall, revenues were down 14% to budget and 8% to prior year. Like prior months this fiscal year, the Food & Beverage department was impacted the greatest with revenues down to budget by 23% for the month and 13% YTD. Membership experienced its first down month to budget missing by 5.5%. The dues line continues to outperform prior year YTD by 4%. Traffic through the golf shop was down due to weather and so were the revenues. The golf department had minimal cart or green fee revenue and was under the merchandise budget by 44%.

Payroll: The team did a good job adjusting to the revenue shortfall by monitoring staffing levels to ensure proper flow through. The team collectively saved 9% in payroll expenses for the month and is down roughly 9% to budget YTD. All four major departments assisted in the \$8k savings, allowing us to minimize the impact of the shortfall in revenue. The Grounds Department led the way saving \$3.4K, followed by Food and Beverage saving \$2.9K and Golf was down \$1.7K to budget.

Expenses: For the fifth straight month, the club was under budget in expenses. Each department did their best to flex and minimize the miss in Revenues. Similar to prior months, the largest savings came in the Admin department, saving \$2.5k to budget. The department provided savings on several key line items including water, Real Estate taxes, repairs and supply expenses. The Grounds Department saved roughly \$800 while the Golf Department contributed an additional \$600 in expense savings. The F&B beverage was slightly over budget due to unforeseen repairs to a couple coolers and the beer tap system. Overall the team saved \$3k in expenses for the month and \$24.3K YTD.

Cost of sales were right on budget for Food and Beverage department coming in at 40%. Overall for the year, F&B continues to outpace budget with a 36% COS on a budget of 40.5%. Golf's COS ended up at 49% for the month as a result of early payment discounts. YTD Golf's COS are 81% on a budget of 75%.

Summary: Overall, this was the first monthly miss to budget (EBITDA missed by \$6.6 to budget / exceeded prior year by \$943), however, the club continues to outperform budgeted EBITDA by \$37.4K. The team continues to exceed expectations, managing the flow through and ensuring budget. Moving into April, the team is focused on increasing membership, staffing and ensuring our seasonal outlets are prepared to open in May.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$117.4k on a budget of \$123K and prior year of \$115.4k.
- Total revenues \$164.7k on budget of \$190.5k and prior year of \$178.7k.
- Payroll saved \$8.3k to budget and was under prior year by \$768 for month of March.
- Expenses \$3.2K under budget and under \$4.7k to prior year for month of March.
- COS finished at 49% for merchandise on budget of 75% and prior year of 44% and Food and Beverage will finish at 41% on budget of 41% and prior year of 44%.

Key Performance Issues:

- Equipment Failures- We experienced a couple unexpected equipment failures in the kitchen resulting in about \$3k in repair costs. The condensing unit in one cooler needed recharging while the glycol beer cooling unit for the beer tap system needed replacing.
- Hiring- For the past couple months, the staff has been focused on acquiring qualified talent to help with seasonal efforts. Currently, we are short in Golf Maintenance and the F&B Departments. In an effort to acquire individuals, we have implemented a recruiting bonus for current employees and have spent significant dollars on employment posting sites. The team has also focused on creating partnerships with local universities and organizations in hopes to recruit seasonal employees.

Key Actions to Drive Performance:

- New 19th Hole concept
 - Finalized architectural drawings for 19th hole bar improvements
 - Completed bid process for bar equipment
 - Met with site contractors to review project
 - Developed temporary setup plan for 19th hole closure in Dining Room
- Capital Project Updates
 - Underpass project completed - In April, the area will be backfilled and a few areas around path will be graded. Lastly, riprap will be added leading into each side of the path.
 - Clubhouse exterior - Scheduled power washing and masonry work to be completed first week in April. Carpentry work on the existing siding and window sills to be completed in second week of April.
 - A/V project - Plan to start project 2nd or 3rd week of April.
 - Stingray Dining Furnishings - Purchased and delivery scheduled for last week of April.
- Food and Beverage - Stingrays menu tasting was held 3/30 and Chef received great reviews. As a result, the new Stingray food menu will be completed in the first week of April. In March, the staff did a thorough cleaning of the building and repainted the locker room and bathroom floors.
- Hired two Pool Managers - Their focus has been on developing their team for the summer.

Membership Status (Stephen Dunn)

- 5 new members, 6 resignations, **Net -1** for March
Total club membership = 392

Sales:

- 5 New Memberships
 - **Equity Members (1)**
 - Joe Beniach & Joyce Durbin
 - **Social Members (1)**
 - Dr. Sarah Anderson & Dr. Dean Hoffmeister
 - **Junior Members (3)**
 - Tim & Katie Boudreau
 - Ben & Katie Bermingham
 - Austin Tabeling

Marketing:

- **Promotions:** Our “19 in 19” membership program has been picking up steam over the past couple of weeks. With our newly released Member Referral Program and the grand prize associated with it, I am anticipating a fun and competitive year to see who will win the grand prize at the end of the year.
- **Facebook:** Facebook posts continue to go out at least twice a week (Wednesdays & Fridays) for upcoming events. More “action shots” from around the club will be posted to showcase all the different fun times that are had out at the club.
- **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 am always receiving emails and taking in feedback from our members as to what we can do better and as well as what we have been doing well. I continue to pass along the feedback to the appropriate departments so tare abreast what members are saying as well.

Other Services:

- Completed April Newsletter
- I continue working on the long-range project of updating members’ contact information and pictures for their member file to help our staff provide the best service.

April Expectations:

- Sign up 15 members through our “19 in ‘19” Membership Program

Golf Report: Rob Walls, Head Golf Professional

In March, the course saw 164 rounds of golf. All play came in the last two weeks of the month with one Saturday producing 60 rounds. Weekend play was washed out with rain or cool weather the rest of the month. In March of 2018, we had 240 rounds of golf with a majority of the rounds coming over the course of three weekends. The course opened in the first week of March and was open throughout. This led to significantly more traffic throughout the club and Golf Shop.

The golf department saw cart fee revenue of \$216 and greens fees of \$75 for the month. This fell far short of budgeted revenue goals. Because there was so little weekend play, more players choose to walk 9 holes in the evening and not utilize carts. There was also limited opportunities to invite out guests. April of 2018 was a terrible weather month. With good weather this year, there will be an opportunity to gain ground on the shortfall in these revenue categories over the off-season.

For the month, merchandise sales were \$3,280 versus a budget of \$5,842. Special orders accounted for \$2,227 of the total sales for the month which was consistent with 2018 actuals. The lack of traffic through the club house again killed overall sales as we missed out-of-inventory merchandise sales by 66%. The sales trend has been significantly below budget throughout the offseason. The golf staff will monitor inventory levels and adjust buying in the case where sales do not pick up when traffic picks up at the club. On a more positive note, cost of goods was at a very healthy 49%. Many of our large spring orders are received with an early pay discount that the clubs take advantage of. These discounts are not accounted for when items are placed in inventory which allowed for some extra margin to be found. This margin was consistent with the 2018 cost of goods.

Some additional notes regarding golf activity:

- The golf department is continuing to flex payroll and utilized no additional staff in March.
- First events of the season and leagues start in April. Golf season has arrived!
- Assistant was hired in early March but backed out upon start date. Justin & I have developed a plan utilizing the current staff until we find a full-time assistant.
- Spring inventory arrivals began in March and will continue throughout the month.

Looking forward to some nice weather and golfers.

Grounds Recap December: Scott Werner, Superintendent

March weather was close to average allowing us to open the golf course for play on Wednesday, March 20th. Spring cleanup proved to be an even larger project than normal and continued for a couple weeks after the initial course opening. Seasonal staffing is proving to be a real struggle in 19. With the loss of a couple long-time seasonal staffers, we have 5 positions to fill this year and have made minimal progress to date. This is reflected in savings in payroll for the month. With the above payroll savings, grounds expenses are very much in line for the month and slightly over budget year to date.

Grounds notes for March:

Course opening – I was fortunate to be able to attend the BASF Pinehurst Experience early in the month.

Grounds projects during March:

- Completed field installation of new ID labels and new color-coded valve box covers for irrigation.
- Assisted tree removal contractor with removal of 3 more large dead trees.
- Continued goose patrol with Earl. Goose numbers on the decline around the course.
- Completed service/repair on grounds equipment.
- Completed grinding and sharpening of reel mower cutting units.
- Performed a few snow and/or ice removals during the early month.
- Repaired and re-painted the scoreboard and divot bottle rack for the golf shop.
- Performed course cleanup of brush and debris.
- Performed rolling of all tees and fairways, and 3 rolling's of greens.
- Performed initial mowing of greens.
- Performed initial course set-up for soft opening.
- Took delivery of new sprayers and a bunker machine and began sprayer training.

A few March photos:



New Sprayers and Bunker Machine



Fairway Rolling



First Greens Mowing



First Greens Rolling



New path under I-57 in progress



New path complete (Mayfield Construction)

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