



To: Dave Jones, President LFCC
From: Robert Walls
CC: Board of Directors, Dean Lytton
Re: Lincolnshire Fields Country Club

The following is Lincolnshire Fields Country Club's financial and operational summary for October 2019.

Lincolnshire Fields
 Standard Summary Income Statement
 For the Twelve Months Ending October 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											
25,904	27,375	95%	2,2778	114%	230,146	239,124	96%	230,384	100%	239,124	230,146
26,943	30,555	87%	25,262	100%	177,741	198,264	90%	197,817	90%	198,264	177,741
2,008	250	803%	1,790	112%	6,629	5,885	113%	8,478	78%	5,885	6,629
25	125	20%	65	38%	845	1,045	81%	1,074	76%	1,045	845
42,862	51,165	84%	45,245	94%	743,664	896,025	83%	920,770	91%	896,025	743,664
129,431	128,687	101%	138,751	93%	1,476,761	1,515,360	97%	1,438,291	103%	1,515,360	1,476,761
0	1,000	0%	0	0%	10,587	8,000	132%	9,000	118%	8,000	10,587
0	25	0%	0	0%	26,040	27,195	103%	24,937	112%	27,195	26,040
944	3,557	27%	2,024	47%	19,946	42,694	44%	49,054	38%	42,694	19,946
227,637	242,759	94%	235,915	96%	2,693,359	2,933,582	92%	2,779,604	97%	2,933,582	2,693,359
COST OF SALES											
20,072	22,916	88%	19,033	105%	133,247	146,698	90%	150,891	88%	146,698	133,247
19,672	19,946	98%	16,221	121%	266,836	327,399	82%	316,095	84%	327,399	266,836
39,744	42,862	93%	35,254	113%	400,084	476,097	84%	466,986	86%	476,097	400,084
TOTAL COGS											
75.3%	75.0%	100.5%	75.3%	100.0%	75.0%	75.0%	100.0%	76.4%	98.2%	75.0%	94.1%
51.7%	40.6%	127.4%	38.7%	133.6%	40.2%	38.0%	103.0%	41.8%	96.4%	38.0%	50.0%
PAYROLL											
36,444	40,677	90%	36,518	100%	406,195	417,273	97%	394,354	103%	417,273	406,195
6,360	9,904	64%	5,894	109%	99,352	126,204	79%	104,590	90%	126,204	99,352
38,521	38,181	101%	28,130	137%	477,208	485,285	98%	452,718	105%	485,285	477,208
132	8	16%	510	26%	59,481	72,155	82%	62,365	89%	72,155	59,481
18,716	24,649	76%	28,737	65%	295,436	313,547	94%	276,534	107%	313,547	295,436
100,173	113,411	88%	99,848	100%	1,337,672	1,414,464	95%	1,290,990	104%	1,414,464	1,337,672
OPERATING EXPENSES											
21,447	26,760	80%	46,518	46%	293,256	286,473	102%	322,034	91%	286,473	293,256
1,731	1,731	100%	1,731	100%	25,106	23,672	106%	19,799	127%	23,672	25,106
439	450	98%	792	55%	9,725	15,756	62%	13,908	70%	15,756	9,725
13,412	8,539	157%	9,836	136%	145,859	140,327	104%	147,535	90%	140,327	145,859
69	800	9%	1,873	4%	21,173	24,985	85%	23,994	88%	24,985	21,173
46,128	41,973	110%	38,147	121%	487,837	524,604	93%	531,322	92%	524,604	487,837
83,227	80,258	104%	98,896	84%	982,977	1,015,617	97%	1,058,593	93%	1,015,617	982,977
223,144	236,531	94%	233,999	95%	2,720,733	2,906,378	94%	2,816,569	97%	2,906,378	2,720,733
4,493	6,228	72%	1,916	235%	(27,374)	27,203	-101%	(36,965)	74%	27,203	(27,374)
FINANCING ACTIVITY											
(7,329)	(7,570)	97%	(7,254)	101%	(88,572)	(90,840)	98%	(87,022)	102%	(90,840)	(88,572)
(1,650)	0	0%	(777)	212%	(15,164)	0	0%	(3,670)	413%	0	(15,164)
20	64	32%	64	32%	611	768	80%	799	76%	768	611
(8,959)	(7,506)	119%	(7,967)	112%	(103,125)	(90,072)	114%	(89,883)	115%	(90,072)	(103,125)
OTHER INCOME (EXPENSE)											
45,321	50,862	89%	53,076	85%	565,946	598,017	95%	589,986	96%	598,017	565,946
(33,372)	(32,714)	102%	(37,199)	100%	(400,466)	(392,568)	102%	(397,049)	101%	(392,568)	(400,466)
11,949	18,148	66%	15,878	75%	165,480	205,449	81%	192,936	86%	205,449	165,480
7,483	16,870	44%	9,826	76%	34,980	142,581	25%	66,079	53%	142,581	34,980
NET INCOME											
210	20	1050%	107	195%	948	1,779	53%	1,186	80%	1,779	948
779	1,100	71%	665	117%	11,426	12,555	91%	10,748	106%	12,555	11,426
10	0	0%	18	60%	82	0	0%	172	48%	0	82
999	1,120	89%	790	126%	12,456	14,334	87%	12,106	103%	14,334	12,456
1,084	12,138	9%	2,205	49%	2,841	1,649	172%	2,344	121%	1,649	336,099
228	217	105%	299	75%	216	205	106%	230	94%	205	13,073
123	1,369	9%	213	58%	243	134	181%	194	125%	134	3,305
26	24	106%	29	80%	18	17	111%	19	97%	17	190
43	46	93%	57	75%	60	63	96%	68	88%	63	3,725
27	27	100%	32	85%	14	14	100%	16	87%	14	283

Overview:

October was a solid month for the club. The weather was up and down, but the club successfully hosted successful events throughout the month. We wrapped up the golf season with our final events of the year. The Fall Member Guest had 72 players participate on a beautiful fall afternoon. Our Mean 18 tournament ended up being rescheduled due to cold, rainy weather. This worked in our favor as we increased participation from 40 players to 72 players when the event was finally played.

In October, the club held several social events to drive engagement. The club introduced a new form of league play with our Bags League. Held under the tent, teams of two competed on Wednesday evenings in a bags tournament for prizes. League averaged 14 players per week, and those who played enjoyed our Wild Wednesday wing and beer specials. On Saturday, October 5th, the Member Appreciation tailgate saw 80 members attend for the Illinois versus Minnesota football game, and the Halloween Boo Bash at the end of month was packed with families.

Financial Performance:

Although we did not achieve budgeted EBITDA, the club improved over prior year. The calendar was full of both

golf and social events that drove people to the club, and the team did their best in flexing payroll and expenses to offset any revenue misses.

Revenues: Revenues were again down slightly to budget as the club missed budget by 6% and prior year by 4%. Overall income was \$227k for the month. This miss can be attributed to a 17% miss versus budget in Food & Beverage and an approximately 10k miss on the membership dues line versus prior year.

As discussed last month, the lack of membership sales in 2019 is starting to directly affect the club's overall financial performance. KemperSports management team is assisting with the search for a new Membership Sales Director as we recognize this as a key position moving into 2020.

On the Food & Beverage side, the momentum gained from the new menu introduction in September slowed leading to a 25% miss in a la carte sales versus 2018. Unfortunately, there was effectively zero banquet revenue as well. Lauren Kuleck is working to drive these additional revenue lines, and we have several private events lined up in November and December.

Golf revenues out paced prior year across the board while missing budget by 5% in cart and greens fees and 13% (or 4K) in merchandise sales.

Payroll:

Overall, payroll for October was in line with prior year and under budget by 12% or 13k. The club found significant savings from Admin as payroll was 76% of budget and 65% of prior year. A significant portion of these savings can be attributed to the open membership position and a change in our cleaning and maintenance staffing.

The golf department payroll was 64% of budget. The department continues to operate understaffed and saved 27k versus budget for the 2019 fiscal year.

The Food & Beverage department needs to be more efficient in managing payroll, as the miss in revenues was not reflected in payroll numbers. The department was in line with budget, but 10k higher than prior year. Some of this can be attributed to temporary labor costs. Efficient operating will continue to be a priority moving forward.

For the fiscal year, the team was able to flex staffing levels and saved 5% to budget, or roughly 80k. All departments contributed to these savings as each was underbudget for the year.

Expenses: Expenses for the month were 3k over budget but well under prior year. The team's goal was to mitigate the miss in revenues by reducing unnecessary expenses. The Grounds department contributed the largest savings as the club saved 5k versus budget and 25k versus prior year. Admin expenses were up slightly over prior year due to the changes in cleaning and maintenance staffing. Food & Beverage had higher than expected expenses as a result of temporary labor employees and a mix-up regarding linens for the Harvest Beerfest at the end of September. Overall, the club saved 75k in expenses versus prior year and 33k to budget in 2019.

Cost of sales for the Food and Beverage Department ran slightly higher in October at 51%. This number was due to pricing adjustments on liquor that had not been performed earlier this year. There was a considerable amount of product given away at the Member Appreciation tailgate that factored into this miss as well. This left the overall F&B COS for the fiscal year at 40.2% which was a 1.6% improvement over prior year while missing the budgeted 39% goal.

Golf's COS was the expected 75.3% for the month meaning the department finished at 75% for the year which was below prior year's 76.4% and right on the targeted goal.

Summary: Overall, we finished with an EBITDA miss of \$54.5k for the year. With that said, the club was ahead of 2018 performance by 9.5k. The month of September and October were solid months at the club with some positive momentum generated by the addition of Lauren Kuleck and a strong menu release. As discussed last month,

membership sales were down throughout 2019 with similar attrition to past years. Membership sales and retention will be a main priority in 2020 as we work to drive revenue in that category. The calendar for the next few months is full of events, and we are looking forward to a strong start to the new fiscal year.

Key Performance Highlights:

- Membership Dues revenue was roughly \$129.4k on a budget of \$128.6k and prior year of \$138.7k.
- Total revenues were \$227.61k on a budget of \$242.8k and prior year of \$235.9k.
- Payroll was under budget by \$13k and the same as prior year.
- Expenses were \$3k over budget, but below prior year by \$16.7k.
- COS finished at 75.3% for merchandise on budget of 75% and prior year of 75.3% and Food and Beverage finished at 51.7% on budget of 40.6% and prior year of 38.7%.

Key Performance Issues:

- Staffing:
 - Food and Beverage: Lauren has hired several servers which means the club will have to rely less on temporary labor. Our plan is to develop this new core staff into long term employees at LFCC. We have had some turnover over the past month, but Lauren & Chef Patrick are confident in the team they have assembled.
 - Golf: The department made it through the month extremely understaffed. Hiring a full-time assistant is a priority for 2020. A job posting was created and listed on the PGA Job Boards in addition to being circulated throughout the KemperSports network.
 - Membership: KemperSports has generated leads on several promising candidates and are in the process of negotiation. While the position was not filled in October, we are hopeful to have the position filled by end of year. Justin and Rob have taken on the membership promotion and club communication in the interim.
 - Cleaning Services: Our custodian resigned in the last week of September. ServiceMaster Clean has been brought in to maintain building cleanliness while the club explores long-term options.

Key Actions to Drive Performance:

- Fall Membership Program approved and sent out in October leading to several leads and three new memberships.
- Developed event calendar through the end of year.
- Wine Tasting & Thanksgiving Brunch key events in November.
- Santa Brunch & New Year's Eve key events in December.
- Four Private Events scheduled for November with a full calendar of Private Events in December.
- Member Appreciation tailgate had 80 people in attendance and was well received.
- Bags League drove 15-20 people to the club on Wednesday nights throughout the month.
- Halloween Boo Bash at end of month brought many families to the club.

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.

Grounds Recap October:

October weather, after a very warm start during the first few days, was generally cool and wet, with very cold weather during the 2nd half of the month. Much like last year, we have had very little nice fall weather for golf and golf maintenance. Very heavy rain events late in the month have set-up our soil moisture very well going into the offseason.

We continued to utilize our core group of seasonal employees during October, as we continued to work limited weekend schedules for greens mowing/rolling and course set-up.

I haven't seen final expenses for the month, but they should be fairly close to budget.

Grounds notes for October:

Tee aerification was the biggest project during the month, and after several weather delays, they were completed around the 3rd week. This is the second year of incorporating sand into the aerification process for tees, and we added approximately 100 tons to our 4 acres of tees. This process should continue to improve surface drainage, add firmness, and smooth the surfaces.

Grounds projects during October:

Mowed/rolled/prepped putting greens for Mean 18 event twice due to rainout.

Core aerified all tees and incorporated heavy sand topdressing.

Completed 1 fungicide applications to tees and fairways.

Completed 2 fungicide and fertility applications on putting greens.

Completed 1 scheduled wetting agent applications to putting greens, tees, and fairways.

Continued regular course cleanup of brush and debris from storms and windy days.

Completed final course detail work of season to include: marker edging, sprinkler edging, string trimming, etc.

Continued limbing-up project on course trees.

Completed winterization of course restrooms, course and club area drinking fountains, pump house, and maintenance shop areas.

Removed all ballwashers and stored for winter.

Removed all flower pots and planters from course and club areas and returned to grower for winter storage.

Began blowing and mulching of leaves on course.

A few October photos:





Tee Aerification Process



Some Fall Color