



To: Tony Zahm, President LFCC
From: Justin Waffle
CC: Board of Directors, Dean Lytton
Re: Lincolnshire Fields Country Club

The following is Lincolnshire Fields Country Club's financial and operational summary report for May.

Lincolnshire Fields
Standard Summary Income Statement
For the Seven Months Ending May 31, 2020

| Actual | MTD Budget | % of Budget | MTD Prior Year | % of PY | | Actual | YTD Budget | % of Budget | YTD Prior Year | % of PY | Annual Budget |
|-------------------------------|-----------------|---------------|-----------------|---------------|-------------------------------------|------------------|------------------|---------------|------------------|---------------|------------------|
| REVENUES | | | | | | | | | | | |
| 13,711 | 31,588 | 43% | 27,263 | 50% | Green Fees & Cart Fees | 25,397 | 54,888 | 48% | 45,745 | 59% | 245,649 |
| 10,423 | 18,813 | 50% | 21,188 | 40% | Merchandise | 22,298 | 69,129 | 32% | 55,913 | 40% | 197,565 |
| 0 | 191 | 0% | 183 | 0% | Other Pro Shop | 4,665 | 2,905 | 161% | 2,894 | 161% | 3,983 |
| 0 | 75 | 0% | 90 | 0% | Range | 0 | 150 | 0% | 110 | 0% | 525 |
| 26,295 | 93,841 | 28% | 78,920 | 33% | Food and Beverage | 225,558 | 413,327 | 55% | 336,666 | 67% | 842,541 |
| 132,359 | 129,143 | 102% | 125,508 | 105% | Membership Dues | 896,088 | 880,362 | 102% | 852,030 | 100% | 1,534,600 |
| 750 | 1,600 | 47% | 1,874 | 40% | Membership Initiation Fees | 1,750 | 6,400 | 27% | 6,780 | 39% | 10,000 |
| 710 | 6,740 | 11% | 7,550 | 10% | Other Operating Revenues | 710 | 10,480 | 7% | 11,617 | 6% | 29,220 |
| 1,631 | 2,042 | 80% | 2,042 | 80% | Other G&A Income | 10,055 | 11,545 | 86% | 11,645 | 86% | 21,073 |
| 185,879 | 284,032 | 65% | 254,218 | 70% | TOTAL REVENUE | 1,187,522 | 1,449,286 | 82% | 1,326,380 | 90% | 2,884,156 |
| COST OF SALES | | | | | | | | | | | |
| 8,611 | 13,859 | 62% | 15,595 | 55% | Merchandise | 18,091 | 51,809 | 35% | 41,956 | 43% | 147,200 |
| 10,654 | 33,118 | 32% | 38,433 | 28% | Food & Beverage | 85,509 | 146,864 | 58% | 115,258 | 74% | 319,416 |
| 19,265 | 46,977 | 41% | 54,028 | 36% | TOTAL COGS | 103,599 | 198,674 | 52% | 157,214 | 68% | 466,616 |
| 82.6% | 73.7% | 112.1% | 73.6% | 112.2% | COGS - Merchandise % | 81.1% | 74.9% | 108.3% | 75.0% | 108.1% | 74.5% |
| 43.5% | 35.3% | 123.3% | 51.0% | 85.3% | COGS - Food % | 43.6% | 38.6% | 113.1% | 40.5% | 107.7% | 39.7% |
| PAYROLL | | | | | | | | | | | |
| 33,238 | 44,791 | 74% | 45,092 | 74% | Course and Grounds | 187,344 | 217,323 | 86% | 191,976 | 88% | 439,231 |
| 9,216 | 13,254 | 70% | 11,490 | 80% | Pro Shop | 43,030 | 54,647 | 79% | 44,271 | 97% | 125,556 |
| 29,280 | 45,408 | 64% | 45,692 | 65% | Food and Beverage | 226,188 | 242,001 | 93% | 234,622 | 96% | 477,859 |
| 0 | 8,466 | 0% | 7,002 | 0% | Other Operating Departments | 0 | 9,535 | 0% | 7,040 | 0% | 64,122 |
| 20,262 | 24,369 | 83% | 28,095 | 72% | General and Administrative | 151,239 | 158,985 | 95% | 175,972 | 86% | 270,123 |
| 91,896 | 136,309 | 67% | 136,370 | 66% | TOTAL PAYROLL | 607,801 | 682,490 | 89% | 653,881 | 83% | 1,376,901 |
| OPERATING EXPENSES | | | | | | | | | | | |
| 34,828 | 56,401 | 62% | 49,947 | 70% | Course and Grounds | 87,310 | 109,577 | 80% | 89,582 | 97% | 282,354 |
| 1,731 | 1,731 | 100% | 1,731 | 100% | Carts, Range, Starters, Etc. | 12,116 | 12,116 | 100% | 12,116 | 100% | 23,271 |
| 303 | 1,517 | 20% | 1,468 | 21% | Pro Shop | 3,920 | 4,675 | 84% | 4,516 | 87% | 9,374 |
| 10,620 | 18,345 | 58% | 16,812 | 63% | Food and Beverage | 58,370 | 67,604 | 86% | 67,590 | 86% | 138,927 |
| 178 | 6,850 | 3% | 5,614 | 3% | Other Operating Departments | 271 | 9,795 | 3% | 8,017 | 3% | 23,299 |
| 30,725 | 45,373 | 68% | 38,339 | 80% | General and Administrative | 271,630 | 305,419 | 89% | 275,628 | 90% | 528,262 |
| 78,385 | 130,217 | 60% | 113,911 | 69% | TOTAL OPERATING EXPENSES | 433,617 | 509,187 | 85% | 457,449 | 85% | 1,005,486 |
| 189,645 | 313,502 | 60% | 306,309 | 62% | TOTAL EXPENSES | 1,145,018 | 1,390,351 | 82% | 1,268,545 | 90% | 2,849,003 |
| (3,767) | (29,470) | 13% | (42,091) | 9% | EBITDA | 42,504 | 58,935 | 72% | 57,836 | 73% | 35,154 |
| FINANCING ACTIVITY | | | | | | | | | | | |
| (5,874) | (7,495) | 78% | (6,835) | 86% | Interest Expense - Debt | (47,379) | (52,465) | 90% | (52,166) | 91% | (89,940) |
| (1,439) | (1,063) | 133% | (1,798) | 80% | Interest Expense - Leases | (10,696) | (7,581) | 141% | (7,129) | 150% | (12,996) |
| 28 | 0 | 0% | 71 | 30% | Interest Income | 153 | 0 | 0% | 452 | 34% | 0 |
| (7,285) | (8,578) | 85% | (8,562) | 85% | TOTAL FINANCING ACTIVITY | (57,922) | (60,046) | 96% | (58,843) | 98% | (102,936) |
| OTHER INCOME (EXPENSE) | | | | | | | | | | | |
| 45,048 | 45,590 | 90% | 54,487 | 83% | Dues - Capital Improvement | 314,401 | 314,504 | 100% | 332,474 | 90% | 544,876 |
| (36,036) | (33,873) | 106% | (33,372) | 108% | Depreciation & Amortization | (252,251) | (237,111) | 106% | (233,605) | 108% | (406,476) |
| 1,250 | 0 | 0% | 0 | 0% | Gain/(Loss) On Disposal Of Assets | 9,250 | 0 | 0% | 0 | 0% | 0 |
| 10,262 | 11,717 | 86% | 21,114 | 49% | TOTAL OTHER INCOME (EXPENSE) | 71,400 | 77,393 | 92% | 98,869 | 72% | 138,400 |
| (790) | (26,331) | 3% | (29,538) | 3% | NET INCOME | 55,982 | 76,282 | 73% | 97,861 | 57% | 70,618 |

Overview:

For the third straight month the club withstood the effects of Covid-19 and the modified “Stay at Home” Executive Order. The clubhouse remained closed while adjustments were made throughout the month providing for greater services in Golf and Food and Beverage departments. The management team did a great job adapting to the orders and working within the financial contingency plan to ensure a positive financial outcome for the club.

Restrictions on golf were lifted May 1st; however, severe limitations were implemented to protect golfers from Covid-19. The approved guidelines allowed golfers to play in twosomes spaced in 15-minute tee times and carts were available to people that received a medical exemption from their health care provider. On May 26th, the orders were once again revised allowing for more normal golf operating conditions. The club reinstated foursomes at 10-minute increments while private and club carts were allowed for single riders only. The club recorded year-over-year growth in rounds played; however, the restrictions severely affected revenues.

Food and Beverage was also greatly affected by Executive Orders. For the entire month, the club continued to operate our carry out food and beverage service. On the 19th of May, the Governor provided guidance that outdoor dining would be permitted starting May 26th. The F&B team quickly jumped into action and opened Stingrays for outdoor dining. A process that normally takes 30-45 days was implemented in 7 days. Opening weekend went very well with over 200 members taking advantage of the outdoor dining service. Overall, the club made the best out of a difficult time and rendered the necessary adjustments to ensure a strong financial month.

Financial Performance:

The Management team continued to follow prudent contingency plans that were enacted to minimize the financial impact to the club. Staffing levels remained the same in almost all departments for the month May. Golf Course Maintenance incrementally increased their team starting the 2nd week in May to keep pace with the increasing demand to maintain the course. All things considered the management team was able to move forward and have a successful month. The team flexed, reducing unnecessary expenses and was able to improve over budgeted EBITDA by roughly \$26k, a significant improvement over May's financial contingency model and prior year.

Revenues:

The contingency model originally assumed no golf and limited F&B service for the month of May. Fortunately, the club was able to operate in a greater capacity than originally expected, driving revenues roughly \$20k higher versus the contingency model. Still, the limitation placed on the operation caused the club to miss overall budgeted revenue by \$100k. Year-to-date revenues are down 18% to budget and 10% to prior year. Due to the stringent social distancing order, both Food and Beverage and golf faced revenue deficits to budget. We had steady support from the membership for our curbside operation and experienced a surge of participation when we moved to outdoor dining. With the closure to clubhouse and Stingrays dining for the month, the F&B Department revenues were down 72% to budget and 67% to prior year. With heavy restrictions placed on golf, the department was still able to make modest gains in cart, golf, and merchandise revenues. The golf department had \$13.7 in cart and greens fees and an additional \$10.4k in merchandise sales. To put this into perspective the golf department achieved 50% of their budgeted revenues. Overall, revenues totaled \$185.9k against a budget of \$284k and prior year of \$264.2. Adjustments will continue into June because of the anticipated revenue shortfall we are projecting as well as limited services available due to the restrictions.

Payroll:

Significant adjustments to staffing levels continued into May as modifications centered on the amenities available to the membership. Team members in the golf department as well as Admin helped on the golf course maintenance team to reduce payroll expenses while assisting to maintain golf course conditions. This strategy allowed the club to significantly reduce payroll helping to provide the best financial outcome for the club. Payroll for the month was under budget by \$44.3k and bested the financial contingency model by \$4.2k. In normal years, all departments begin to increase staffing levels and spend substantial time training new staff in the month of May. Due to the crippling economic conditions created by the pandemic, all departments continued to operate with minimal staff for much of the month. In late May as restrictions eased, department heads quickly and effectively were able to increase staffing levels to match the added amenities. Training procedures for new hires were abbreviated due to the circumstances. In June, the club can anticipate an increase in payroll due to new hires and additional training to ensure the club is prepared for phase 4 of Illinois Reopening Plan.

Expenses:

Department Heads did an outstanding job minimizing expenses. Expenses were under budget by \$51.8k and were under \$16.7k to the financial contingency model. All unnecessary expenses were eliminated, and department heads only purchased essentials throughout the month. Major annual expenses such as flowers, uniforms, cleaning services, camp supplies, and expenses related to opening Stingrays were put on hold or eliminated. Other variable expenses such as repair and maintenance, advertising and employee meals were down due to less clubhouse usage. As a team, we continued to procure hand sanitizer and other PPE items requirements for when we reopen.

Summary:

Our team will take a hard look at where we can manage payroll and expenses to help us exceed expectations, manage the flow through and ensure we minimize shortfalls due to COVID-19. With less revenues, management is paying close attention to the club cash flow. Currently, we see no issues. We are hopeful we will continue to add our traditional amenities as we move through June and July. If that is not the case, we will have contingencies in place to minimize the misses.

Key Performance Highlights:

- Membership Dues Revenue was roughly \$132.4k on a budget of \$129.1K and prior year of \$125.6k.
- Total revenues \$185.9k on budget of \$284k and prior year of \$264.2k.
- Payroll was under budget by \$44.3k and under \$46.4k to prior year for the month of May.
- Expenses \$51.8K under budget and under \$35.5k to prior year for the month of May.
- COS finished at 83% for merchandise on budget of 74% and prior year of 74% and Food and Beverage will finish at 44% on budget of 35% and prior year of 51%.

Key Performance Issues:

- COVID-19: As the Coronavirus pandemic has spread throughout the country, state restrictions were placed on business operations. As a result, the club has operated in a limited capacity for the entire month of May. Significant adjustments to staffing and operations were needed due to the lack of revenues. Golf operations were limited to twosomes every 15 minutes with strict restrictions with golf cart usage. The restaurant operated most of the month with curbside only and transitioned to outdoor dining on May 26th.

Key Actions to Drive Performance:

- Financial & Operation Contingency Plans- In the month of March executive staff with the help of KemperSports developed financial and operational contingency plans to maximize the best potential outcome for the club. We have developed several plans based on different scenarios and timing of social distancing parameters. Staffing, F&B operation, and golf operations have been evaluated and recommendations have been provided and adopted by the Board. The team has successfully analyzed expenses and labor making the necessary reductions ensuring an outstanding financial month.
- Membership: The team has focused on ways to engage the membership. Over the past few weeks Sara, Membership Director, has been calling to follow up on members. During those calls we are updating membership files and preferences with food and beverages. The team has also developed videos to engage the members with which highlight golf training, drink mixology and food preparation.
- F&B Service- Opened for outdoor dining on May 26th. Completed this in just 7 days, a process that normally takes 30-45 days.
- Golf opened for play on May 1st and restrictions were once again relaxed on May 26th.
- Sold 22 “Mystery Bundles” merchandise in golf shop
- Virtual King of Clubs continue to be a great success

Membership Status as of 5.31.20 Sales: Sara Michael, Membership Director

- **New Membership**
 - 2 Jr & 1 Non-Resident

Marketing:

- **Promotions:** Working on new ads for equity membership targeted audiences. Working on wording for assessment waiver promotion.
- **Facebook:** Consistently posting on Facebook. Growing both our Public and Private page we have really expanded our numbers and interactions.
- **Posting and Formatting: Menu, ToGo Information Emailing menus that are changing weekly**
- **Canva:** Designing and branding what LFCC will look like from here on out. Finished setting up Monthly Newsletter design and weekly updates.
- **Twitter is set up and working on consistent posting**
- **Triple marketing the daily specials! You see them on Social Media, Push Notification, and Email**

Member Relations:

- Calling members who have not spent any money at the club on F&B
- Really making an effort to get out and meet people when they are getting on and off the course, and now that Stingrays is open taking time to talk to Members.
- Working all referrals from members and making sure they know the benefits of that program.
- Working King of Clubs virtually and working on a new concept where you can be there or not. We hit \$1,000 last week in ticket sales.

Other Services:

- Push Notifications are being utilized.
- Membership Spotlight Post
- Working on rewording website and platform wording
- Set Up Google Business Page and utilizing the tools that analysis the website traffic and phone traffic

June Expectations:

- Sign up 5 members or 15 if we can get the pool open.
- Continued working referrals
- Continuing to make phone calls
- Visiting with the members.
- Getting on the course to have a better grasp of the course and prepare myself to do tours.
- Working with Chef to change menu and keep members updated.

Wins

We had a couple members that resigned who are now back to Equity or extending a bit longer to hold on a bit longer. Marketing the Mystery Bundle for Golf Shop was successful and a fun project to work on! I have been successful in filling a great pipeline if we can open the pool.

Membership Count YTD:

| | Budgeted | Current | | Budgeted Adds | Current Adds | Budgeted Subs | Current Subs | Dues Add / Lost |
|----------------------------|------------|------------|--|---------------|--------------|---------------|--------------|-----------------|
| Membership Category | | | | | | | | |
| Equity | 157 | 154 | | 5 | 5 | 6 | 9 | |
| Junior 35 | 48 | 47 | | 8 | 13 | 6 | 5 | |
| Junior 35-37 | 20 | 23 | | 3 | 1 | 3 | 1 | |
| Junior 38-39 | 17 | 16 | | 3 | 2 | 1 | 0 | |
| Honorary | 38 | 36 | | 0 | 0 | 1 | 2 | |
| Social | 92 | 95 | | 12 | 6 | 7 | 6 | |
| Dining | 16 | 16 | | 0 | 1 | 1 | 2 | |
| Non-Res | 11 | 9 | | 1 | 0 | 1 | 2 | |
| U of I | 4 | 4 | | | | | | |
| Total | 405 | 398 | | 32 | 28 | 26 | 27 | |

Golf Department Recap: Rob Walls, Head Golf Professional

In May, the golf course saw 2,092 rounds of golf with very limited availability. Throughout most of the month, we were restricted to tee times in 15-minute increments, two players per group and almost no cart usage. With that said, there were more rounds played in 2020 than the 1,917 played in May 2019. This speaks to the pent-up demand after a month of no access. Even with no tournament or league play, we still had a lot of people utilizing the golf course, and we hope that trend continues throughout the remainder of the summer.

The golf department saw cart fee revenue of \$3,848 and greens fees of \$1,618.50 for the month. Given the limitations on cart usage (single rider carts for those with disability) these numbers are better than expected. The restrictions were eased for the last weekend of the month, and we averaged 30 rentals per day Friday-Sunday. This is a trend we expect to continue into June. While we will utilize more carts each day, the single rider limit will bring the dollar per cart average down. We found ourselves close to cart capacity most of the weekend as carts were needing to be turned quickly and efficiently. The staff did a tremendous job navigating this challenge, and we hope to continue with consistent operation in June. I would anticipate the June cart and green fees numbers to be below budget without tournament and league play. We do expect daily rounds to continue to trend upward and hope to see revenues closer to normal.

We were forced to close the Golf Shop for much of the month. In addition, the driving range was closed so we had to cancel the Demo/Fitting days we had scheduled in May. We did run some creative programming to move some aged merchandise and had some shoe, hat and balls sales in May. The 'LFCC Mystery Bundle' program saw 22 members take advantage. Total merchandise sales were \$10,397.77 for the month. Of this total, \$7.8k was out of inventory and \$2.5k was special order. We typically see \$10-12k in special orders in May. We have rescheduled fitting days in June and July so we are hopeful we can make up some ground. For the year, special order sales are \$3,927 on a budget of \$22k and prior year actuals of \$31k. Cost of goods for the month was 83%. This number is higher than usual, but we sold the Mystery Bundles at significant discount so to be expected. The Golf Shop will be open throughout the month on June, and we expect to see stronger sales numbers moving through the remainder of the summer. COGs for the year sit at 81%.

Some additional notes regarding golf activity:

- Payroll was significantly down in May as we utilized no outside staff until the last weekend of the month.
 - o We have ramped up staffing (currently 5 outside employees) but will continue to operate with minimal staff each day. Without league play, we will operate with one person each weekday afternoon and two people per weekend day.
- Merchandise purchasing was suspended this spring, and we have very few new arrivals. We have released some orders that will be received in mid-June or July.
- We will continue to work on creative programming to drive merchandise sales in the Golf Shop. Father's Day is right around the corner!
- We have had several outside outings cancel, but we are doing our best to reschedule them for later in the year. Currently we have 6 outings scheduled for the fall.
- Junior golfing programming is being finalized and will be communicated in early June.
- Plans for league and tournaments have been finalized and communicated.
 - o League play will start the week of June 29th.
 - o First tournament of the year will be the Member-Member on July 18 & 19.

June should be a much more normal month. Hoping the weather is good, and we see a lot of golfers. We hope everyone stays safe and healthy!

Grounds Recap: Scott Werner, Superintendent

Covid effects, cool weather, and lots of rain created many challenges during the month of May for the grounds department! We handled all as well as we could and received help from both the GM and Golf staffs. Through it all, the grounds staff performed exceptionally and kept maintenance schedules and course conditions within reach of an eventual return to normal. To mitigate income losses due to Covid, expenses continued to be controlled and run well below original budget.

Grounds notes for May:

Despite the limited numbers, the staff was able to stay close to on schedule with pesticide and fertilizer applications. Mowing schedules, while compromised were near targets on the bent grass playing surfaces, but well behind on all areas of rough. Bunker maintenance and all other types of detail work also lagged well behind. With some additional staff we began to make slow but steady progress on the above and had the course getting closer to acceptable by the holiday weekend.

Grounds projects during May:

- Performed scheduled application of herbicides for broadleaf weeds and crabgrass to all 85 acres of rough.
- Performed scheduled application of herbicides for broadleaf weeds and crabgrass to all clubhouse turf areas and practice range.
- Performed scheduled wetting agent applications to all greens, tees, and fairways.
- Performed scheduled fungicide applications to all tees, greens, and fairways.
- Continued mowing schedules on all turf areas.
- Rolled putting greens several times to smooth and firm surface.
- Performed initial cleanup and restoration of bunkers from winter washouts.
- Performed initial edging of fairway yardage markers and tee plates.
- Began edging of sprinklers.
- Performed initial string trimming around trees, lakes, ponds, and other areas.
- Continued cleanup and pruning of landscape beds, with some mulch installation.
- Performed initial set-up of practice range.
- Worked with contractor on cleanup and tub grinding of dump site area at Briar Hill.
- Completed testing and start-up of course restrooms.
- Tested irrigation deep well for proper operation.
- Planted 5 new trees to replace specific trees that were removed during winter.
- Performed seasonal maintenance on irrigation pump station and began adjustment of various part-circle sprinklers.
- Installed new tennis windscreens.
- Pumped excess water from pool to prepare for professional cleaning and start-up.
- Performed regular leaf and debris cleanup in clubhouse areas.

May photos:



Practice range and #18 from drone



#18 from tee



Many thanks to Rob and Justin – Awesome fairway mower operators!



Covid 19 - The rough got long and the place went to the Dogs!

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