



**To:** Dave Jones, President LFCC  
**From:** Justin Waffle  
**CC:** Board of Directors, Frank Merkel  
**Re:** Lincolnshire Fields Country Club

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

Lincolnshire Fields  
 Standard Summary Income Statement  
 For the Seven Months Ending May 31, 2018

Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget
<b>REVENUES</b>											
30,420	32,336	94%	26,863	119%	Green Fees & Cart Fees	53,040	64,145	83%	55,519	86%	266,920
19,949	16,500	121%	15,551	128%	Merchandise	60,289	60,050	100%	64,047	94%	180,050
50	245	20%	183	27%	Other Pro Shop	1,936	1,525	127%	918	211%	2,425
123	175	70%	175	70%	Range	173	345	50%	318	54%	1,620
95,013	107,165	89%	88,497	107%	Food and Beverage	397,203	429,038	93%	394,277	109%	956,513
0	140	0%	0	0%	Food and Beverage Gratuities Income	0	980	0%	3,558	0%	1,880
119,346	112,158	106%	111,558	107%	Membership Dues	811,971	771,940	105%	894,772	94%	1,379,922
6,000	10,800	56%	6,000	95%	Membership Initiation Fees	7,000	55,800	13%	13,059	53%	75,600
3,494	4,920	71%	5,045	69%	Other Operating Revenues	6,025	9,095	66%	7,000	86%	20,905
6,514	3,145	207%	1,445	461%	Other G&A Income	27,912	18,311	152%	6,736	414%	27,706
<b>280,909</b>	<b>287,583</b>	<b>98%</b>	<b>255,365</b>	<b>110%</b>	<b>TOTAL REVENUE</b>	<b>1,365,551</b>	<b>1,411,234</b>	<b>97%</b>	<b>1,380,233</b>	<b>99%</b>	<b>2,926,241</b>
<b>COST OF SALES</b>											
14,587	12,375	118%	18,835	77%	Merchandise	46,715	45,038	104%	54,485	86%	142,538
46,293	41,149	113%	34,960	132%	Food & Beverage	180,617	158,162	102%	155,856	103%	362,419
<b>60,879</b>	<b>53,524</b>	<b>114%</b>	<b>53,795</b>	<b>113%</b>	<b>TOTAL COGS</b>	<b>207,332</b>	<b>203,200</b>	<b>102%</b>	<b>210,340</b>	<b>99%</b>	<b>504,957</b>
73.1%	75.0%	97.5%	121.1%	60.4%	COGS - Merchandise %	77.5%	75.0%	103.3%	85.1%	91.1%	75.0%
30.4%	38.9%	127.4%	45.6%	110.5%	COGS - Food %	45.0%	39.6%	113.7%	47.8%	94.2%	40.0%
<b>PAYROLL</b>											
39,165	44,818	87%	33,227	118%	Course and Grounds	190,680	210,624	91%	183,142	104%	443,393
12,354	15,371	80%	7,779	159%	Pro Shop	50,701	60,683	84%	45,663	111%	138,255
48,869	41,848	117%	36,701	133%	Food and Beverage	233,835	254,690	92%	197,129	119%	458,788
9,052	15,083	60%	3,799	239%	Other Operating Departments	10,089	17,192	59%	2,825	356%	72,189
28,021	23,924	117%	13,278	211%	General and Administrative	149,161	158,348	94%	140,491	106%	277,607
<b>137,512</b>	<b>140,844</b>	<b>98%</b>	<b>94,784</b>	<b>145%</b>	<b>TOTAL PAYROLL</b>	<b>634,247</b>	<b>701,335</b>	<b>90%</b>	<b>569,250</b>	<b>111%</b>	<b>1,390,242</b>
<b>OPERATING EXPENSES</b>											
60,239	56,096	107%	54,901	110%	Course and Grounds	115,419	122,213	94%	128,218	90%	299,783
1,731	2,162	80%	2,163	80%	Carts, Range, Starters, Etc.	8,919	17,834	50%	14,460	62%	28,944
1,831	3,429	53%	1,232	149%	Pro Shop	3,551	8,942	40%	7,584	47%	18,457
16,431	21,948	75%	15,771	104%	Food and Beverage	78,876	86,457	91%	71,869	110%	157,346
8,625	6,821	126%	5,429	157%	Other Operating Departments	10,778	14,955	72%	18,306	59%	33,294
28,093	32,416	87%	50,302	56%	General and Administrative	225,384	211,359	107%	248,660	91%	389,691
<b>116,948</b>	<b>122,672</b>	<b>95%</b>	<b>132,798</b>	<b>88%</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>442,928</b>	<b>461,757</b>	<b>96%</b>	<b>489,097</b>	<b>91%</b>	<b>921,486</b>
<b>315,340</b>	<b>317,040</b>	<b>99%</b>	<b>281,376</b>	<b>112%</b>	<b>TOTAL EXPENSES</b>	<b>1,284,506</b>	<b>1,366,493</b>	<b>94%</b>	<b>1,268,687</b>	<b>101%</b>	<b>2,816,665</b>
<b>(34,431)</b>	<b>(29,456)</b>	<b>117%</b>	<b>(26,011)</b>	<b>132%</b>	<b>EBITDA</b>	<b>81,044</b>	<b>44,742</b>	<b>181%</b>	<b>111,546</b>	<b>73%</b>	<b>109,576</b>
<b>(9,000)</b>	<b>(9,000)</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>MANAGEMENT FEES</b>	<b>(63,000)</b>	<b>(63,000)</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>(108,000)</b>
<b>FINANCING ACTIVITY</b>											
(6,356)	(9,731)	65%	(9,323)	68%	Interest Expense - Debt	(53,108)	(74,200)	72%	(70,630)	75%	(121,248)
(111)	0	0%	(407)	27%	Interest Expense - Leases	(1,270)	0	0%	(3,568)	36%	0
66	33	199%	33	201%	Interest Income	389	473	82%	472	82%	616
<b>(6,401)</b>	<b>(9,698)</b>	<b>66%</b>	<b>(9,698)</b>	<b>66%</b>	<b>TOTAL FINANCING ACTIVITY</b>	<b>(53,989)</b>	<b>(73,727)</b>	<b>73%</b>	<b>(73,725)</b>	<b>73%</b>	<b>(120,632)</b>
<b>OTHER INCOME (EXPENSE)</b>											
51,033	50,145	102%	50,145	102%	Dues - Capital Improvement	338,133	399,837	82%	368,838	82%	608,123
(32,714)	(31,671)	103%	(31,791)	103%	Depreciation & Amortization	(228,966)	(221,687)	103%	(222,540)	103%	(380,052)
0	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	0	0	0%	0	0%	0
<b>18,320</b>	<b>18,474</b>	<b>99%</b>	<b>18,353</b>	<b>100%</b>	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>109,137</b>	<b>147,140</b>	<b>74%</b>	<b>146,296</b>	<b>75%</b>	<b>228,071</b>
<b>(31,513)</b>	<b>(29,680)</b>	<b>106%</b>	<b>(17,356)</b>	<b>182%</b>	<b>NET INCOME</b>	<b>73,195</b>	<b>55,155</b>	<b>133%</b>	<b>184,116</b>	<b>40%</b>	<b>109,015</b>

**Overview:**

Overall, May was another solid financial month for LFCC as the club kicked into high gear. The first weekend in May the pool and Stingrays opened, generating much more activity. Golf had great participation in our spring one-day Member-Guest, Captains Draft and Nine and Dine. Each events participation was significantly over prior year. Overall, rounds were down slightly to prior years. Gordon Kay, Tennis Professional, kicked off the season with a tennis mixer on the 18<sup>th</sup> to celebrate the new courts. The club is very busy with a full event calendar.

Membership continued to gain momentum in May, as Stephen Dunn, Membership Director, introduced 24 new members to the club while having only one resign membership. In May we added 7 Equity memberships, 7 Junior memberships, 2 Non-Resident memberships and 8 Social membership. With these additions we reached the Social membership cap and have started a waitlist which is currently at 5. Overall, the "Swing into Spring" membership promotion was a huge success adding 34 new memberships!

LFCC continues to outpace budgeted EBITDA for the year. Our focus for June is to continue to increase participation through great events and offerings. Membership growth is our number one priority. Stephen will introduce our “Member for a Week” campaign in efforts to continue the positive membership growth. The team is setup to finish the summer strong.

### **Financial Performance:**

**Revenues:** May was by far our largest revenue producing month of the fiscal year to date. Both the membership and golf departments had great months outpacing their revenue expectations. Membership revenues increased considerably with the addition of 34 new memberships and acquiring \$7.5k in initiation fees. Dues accounted for roughly \$119K on a budget of \$112k. The membership additions will help us to end the year strong, outpace budget and come in close to prior year membership revenues. Golf had similar results, beating budgeted revenues by \$1.3k and prior year revenues by \$7.7k.

The new pool check-in procedure produced \$2k guest fees, doubling last year’s revenue. Adrienne, Aquatics Manager, created an excellent system to ensure warm welcomes at the pool as well as accurately recording pool usage. Moving forward in upcoming years we will be able to compare pool usage to ensure efficient staffing levels and monitor the social membership cap to safeguard against overcrowding.

Lastly, Food and Beverage revenues were down \$12k to budget however, up \$6.5k over prior year. The miss in Food and Beverage can be contributed in large part to lack of private events. Year to date we have miss budgeted banquet revenue by \$32k. In the upcoming months, revenue outlook is more optimistic with increase in membership as well as more private events and outings scheduled for the second half of the year.

**Payroll:** The team had another successful month FLEXing payroll which helped to minimize the EBITDA miss. Overall the team was able to save roughly \$3k or 2%. Aquatics, Golf and Grounds all were under budget by combined \$11K. Admin was over with the addition of our new custodian and second quarter membership incentive payout. Food and Beverage was also significantly over due additional training and increased hours of operation. YTD payroll is down 10% to budget.

**Expenses:** Expenses were down to budget (\$5.7k) and prior year (\$15.8K). Food and Beverage was aware of their miss in payroll and as a result was very conscious on their expenses, saving roughly \$5K. Admin was able to save an additional \$4.5k due to the cleaning expense being shifted to payroll and there was not many unexpected expenses. Because of the inclement weather, Course and Grounds used significantly less fertilizer / chemicals in the past few months. More applications were applied in May resulting a higher Fert./Chem. expense. YTD expenses are down 4% to budget and 9% to prior year.

Golf’s COG was much more in line with our budget for the month of May. YTD we are 2% over however should see this number decrease with increased special orders and less discounting. F&B beverage was well over our intended budget (11% over) however continue to improve on prior year numbers. This months F&B were high due to less private events as well as bring in additional product for new menu launches.

**Summary:** Overall, we are \$36.3k (81%) over budgeted EBITDA for the year. For the next quarter our major focus is driving revenues to make up for the 3% miss YTD in revenues. Membership, small outing and private event programing will be our three-prong attack to drive the success for the second half of the fiscal year. With these initiatives and conscious effort to control expenses and payroll the team is prepared to end the summer in great financial shape.

### **Key Performance Highlights:**

- ❖ Membership Dues Revenue was roughly \$120k on a budget of \$112K. Acquired \$7.5 initiation fees on budget of \$10K.
- ❖ Saved \$3K in payroll expenses for the month and \$67k YTD
- ❖ Expenses were down \$6k to budget in May and are down 9% over prior year
- ❖ Generated \$1.9K in pool guest fees, doubled prior year revenues
- ❖ Beverage Cart generated an additional \$1k in revenues over prior year. This direct contribution of improved beverage cart inventory procedures.
- ❖ Acquired 24 new members in the month of May helping us to generate \$1.6k in positive net dues YTD
- ❖ Enrolled 45 Summer seasonal employees
- ❖ Trained and implemented event management software
- ❖ Introduced new range amenities and course cooler boxes

### **Key Performance Issues:**

- ❖ Equipment Assets- Currently, have several assets in need of repair- coolers, a/c units etc. New custodian helping the club to manage preventive maintenance. Reviewing an ongoing preventive maintenance strategy for equipment.
- ❖ Kitchen Uniforms- Had over 135 uniform pieces missing from the staff dating back several years. Each week the club paid an additional \$60 for those missing items. Negotiated a \$2k payoff settlement which will save us roughly \$3k per year in uniform cost.
- ❖ Roof Repairs- Have several leaks in the main clubhouse. Working on receiving three bids for flat roofs and gutters.
- ❖ The golf staff will lose First Assistant, Brett Coluccio at the end of August due to relocation.

### **Key Actions to Drive Performance:**

- ❖ Distributed a survey to the membership to attain feedback on the new Stingrays menu. Received over 165 responses with three common concerns; membership wants individual pizzas, a larger children's menu and few more popular grab and go items. To date we addressed the children's menu and grab and go items. Individual size pizza crust it a special order and we can't take delivery for two weeks.
- ❖ Renegotiated trash contract through United Waste Solution saving \$14.1k annually. Contract will begin October 2018.
- ❖ Each Department Head created an action plan for the second half of the year, with a focus on out performing revenue, payroll and expense expectations. Lastly, each created an action item to create better service for the members.
- ❖ Finalized dining membership with Carle. They have agreed to try the corporate dining program for the rest of 2018, providing us access to over 2000 employees. Stephen will work with Carle to promote our upcoming "Member for a Week Campaign."
- ❖ "Member for a Week" campaign was approved for our 3<sup>rd</sup> quarter membership promotion. The promotion provides potential members week-long access to the facility for \$99. We will target Carle, the large banks in Champaign, realtors, etc. in a very targeted campaign.
- ❖ Rebranded our membership material providing a fresh modern look.
- ❖ Rob Walls, Head Golf Professional, created a small outing promotion to drive cart and greens fees. Rob and his staff will target members that operate small business, contacting 2-3 per week.

## Membership Count:

	Current	Budgeted		Adds	Subs	Dues Add / Lost	Budget Dues Add
Membership Category							
Equity	167	170		10	10	\$0.00	\$1,214.00
Junior Under 35	43	64		11	10	\$242.80	\$485.60
Junior 1/2 (Ages 35-37)	32	24		1	5	-\$1,335.40	\$1,335.40
Junior 3/4 (Ages 38-39)	10	3		2	1	\$485.60	\$0.00
Social	98	85		17	8	\$2,803.50	\$311.50
Honorary	40	41		0	2	-\$607.00	\$0.00
Honorary social	3	1		0	0	\$0.00	\$0.00
Dining	26	50		0	5	-\$565.00	\$452.00
Non-Res	9	5		3	0	\$600.00	\$0.00
U of I	5	6		0	1	\$0.00	\$0.00
Total	433	449		44	42	\$1,624.50	\$3,798.50

## Membership Status as of May 31, 2018

- ❖ 24 new members, 2 resignations, Net +23 members for April +11/25 towards Membership Madness  
Total club membership = **433**
- ❖ 12 out of the 24 membership sales this month came from LFCC Referrals.

## Sales & Marketing:

- ❖ 24 New Memberships
  - Equity Members (7)
    - Ryan & Melissa Wills
    - David & Barbara Price
    - Orlando & Dana Antigua
    - Mark & Jane Cieplik
    - John & Kim Spizzirri
    - Todd & Cheryl Lehman
    - Kenneth & Nancy Guyette
  - Social Members (8)
    - Eddie & Sharee Robinson
    - Richard & Lynne Barnes
    - Ben & Jennifer Newell
    - Mike & Ali Neault
    - Dr. Juan (JJ) & Shelley Jimenez
    - Craig & Liz Lemoine
    - Mark & Jocelyn Wolters
    - Ryan & Renee Guynn
  - Junior Members (7)
    - Aaron Van Natta & Emma Corley
    - Chris & Jennifer Tamas
    - Ryan & Emily Cremeans
    - Dr. Ryan Lown & Ashley DeGlopper
    - Dr. Michael & Megan Kuhlenschmidt

- Bryce & Breanna Yantis
- Josh & Valerie Swain
- **Non-Resident Members (2)**
  - Dr. Gary & Penelope Griglione
  - Dr. Bob Fleming

### Sales & Marketing (Cont'd):

- ❖ **Instagram:** Instagram posts go out every Thursday. I will start posting more photos of our members and the events we have as they are going on. I won't limit this page to just being for flyers.
- ❖ **Facebook:** Facebook posts go out at least twice a week (Wednesdays & Fridays) for upcoming events. I will start having more spontaneous posts of our members and the different events as they are going on.
- ❖ **In Process:** Meeting with Health Alliance soon.
- ❖ **Have received approval from Board of Directors to move forward with Corporate Dining Membership!**
- ❖ Carle and LFCC have agreed on a Corporate Dining Membership. The Membership gives Carle employees access to our upstairs dining facilities Tuesdays – Fridays from 11:00 AM to 3:00 PM. This is a great way to create new leads for membership as well as bring in revenue for food & beverage sales.
- ❖ **Community Outreach:** Starting to create list of 10-15 different business and organizations. Starting to create marketing strategy for a few of those businesses and organizations. I will discuss Corporate Dining Memberships, hosting golf outings, and membership opportunities.
- ❖ **Golden Ticket:** Have received two Golden Tickets so far. Randi Lundstedt and Lars Johnson have each won a trip for four (4) people to golf on a day-trip.

### Member Relations:

- ❖ Helping our staff getting to know our members by having a “Name Game” quiz each Thursday before King of Clubs.
- ❖ I have been posting our “Weekly Drawing Video” each Friday on Facebook. Our members are supportive and excited to see who wins the various prizes.
- ❖ I post a Thermometer Update on Facebook each Friday to show our members the progress we have made towards our goal of adding 25 Net Equity Members.
- ❖ I will listen to the feedback from our members (the good, the bad, and the ugly) and pass it on to our staff so we know what we are doing well and what we need to work on to improve our members' experiences each time they are out here.

### Banquets & Events:

- I will be meeting with various business & organizations this summer to discuss hosting golf outings, banquets, etc. We have created a layout with prizing for different sizes of golf outings that I will be able to take to meetings.
- I have talked with a few Carle staff members about hosting different mixer events for their employees.

### Other Services:

- ❖ **I have created a “Waiting List” for our Social membership. We have sold out that membership at 100 total Social memberships. I currently have four (4) names on the “Waiting List”.**
- ❖ Completed June Newsletter

### June Expectations:

- ❖ Sign up 10 new memberships
- ❖ Continued referrals from our great members
- ❖ Start seeing more of our Golden Tickets being turned in
- ❖ Schedule a couple of golf outings during the weekdays
- ❖ Schedule a couple of different mixer events with Carle and other businesses/organizations

## Golf Operations:

May was a solid month for us here in the golf department. We had a total of 2,229 rounds of golf. In 2017, we had 2,312 and in 2016 we had 2,449 rounds respectively. The Professional staff has noticed a significant drop-off in weekend play. Weather was cooperative for us in May as we had a single league rain-out and good weekend weather. With that said, our weekend tee sheet has been steady through the mornings from 7:00 am to 11:00 am, but we are not seeing many afternoon rounds. In the past, a busy weekend day is 140 rounds and we are seeing numbers around 110. We believe this may be caused by busy family schedules early in the summer as well as a lower overall golfing membership versus prior years.

Guest & cart revenue was up versus prior year in May, but down versus budget. The golf department is committed to driving guest revenue through small member outings, and we successfully hosted one event in May. Justin Waffle and I developed a small outing package sheet, and we are working with Stephen Dunn to schedule additional outings to hit budgeted numbers. Currently, there are small events booked in June, July & August in addition to several leads for this year. As stated previously, weather was a driver of revenues this past month. We hosted a successful Spring Member Guest (cancelled in 2017) and have seen increased guest traffic throughout the week. Several of our newly recruited members are inviting clients out for rounds of golf weekly.

Golf Shop merchandise sales picked up considerably in May. We hosted a successful Demo Day over Memorial Day weekend that generated approximately 12.5k in sales. We have also seen an increase in ladies' apparel sales as we focused more on this purchasing in 2018. The introduction of several new apparel lines, including Vineyard Vines and JoFit, has been well received and product is moving well.

We continue to stress the importance of customer service and True Service with our outside staff. In May, we had a staff training day, introduced new staff uniforms and are experimenting with different customer service initiatives. The professional staff believes we have room to grow in this area and will continue to make service levels a priority in June.

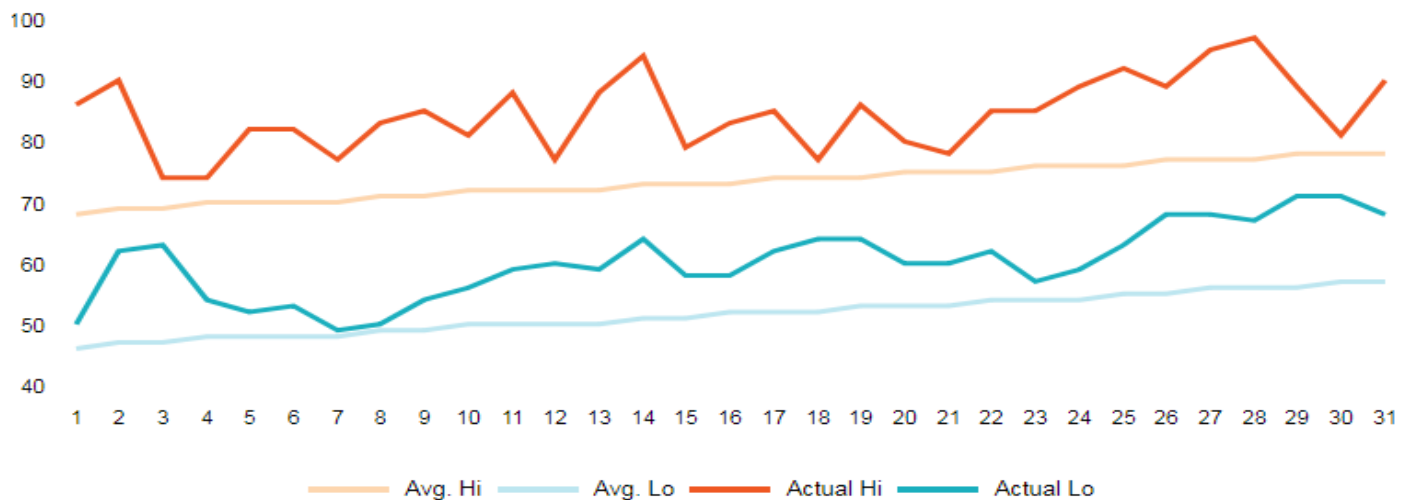
Some additional notes regarding golf activity.

- The new range equipment was introduced at the beginning of May and feedback has been very positive.
- Our Nine & Dine program has hit the ground running with record numbers of participants (34 couples!).
- The Event Sponsorship program developed by the golf committee successfully brought in \$12k. We were hoping for between 15-20k but, feel like we had a solid start to this new initiative.

## Course & Grounds:

Weather: May weather continued the 2018 trend of unusual conditions. After near record cold in April, May temperatures started out much above normal with several 90+ degree days throughout the month. Even with the warm May weather, creeping bent grass continued to grow very slowly with poor color, as growing degree days still trailed 2017 numbers by 170 during the 3<sup>rd</sup> week of the month. May also compounded the April drought conditions with little or no rain until Memorial Day weekend.

### Temperature Graph May 2018



	Actual	Normal	Departure	Record
High	85°	73°		97° (2018)
Low	60°	52°		26° (1903)
Average	72°	63°	+9°	
Precip	3.75 in	4.89 in	-1.14 in	
Snow	0 in			

### Grounds Recap May:

Seasonal staffing continues as our biggest issue, as we continue to run 4-5 employees short of the same period last year and in prior years. We have hired 4 new employees in the past month, but already lost one of the new employees and two that had already been on the staff. The grounds budget continues to run under projections for this year. Unfortunately, most of this is due to the staffing issues that we continue to attempt to solve. May numbers will continue to show savings in payroll, but other expenses will be high as we catch up from the delays caused by spring weather.

### Grounds notes for May:

Localized Dry Spots and even more generalized hydrophobia became big problems on tee and fairway bentgrass growing on native soils. Spiking and multiple wetting agent applications have been mostly ineffective at relieving this serious problem. Greens are rounding into shape and performing well after a couple topdress/verticut cycles. Growth and recovery from April Dryject aerifying had been running behind about 3-4 weeks due to the weather issues mentioned above.

We continue to struggle with weakening irrigation. My assistant and myself spend much of our time chasing/repairing failing controllers and leaking or non-functional sprinklers. Staff training, monitoring, and many other tasks that we normally perform are suffering badly from lack of time due to the extra attention needed for the irrigation problems.

We have begun to catch up with chemical and fertilizer applications but are still a little behind into early June.

### Grounds projects during May:

- ❖ Completed spiking of all tees and fairways.
- ❖ Completed edging of all tee and fairway markers and sprinklers.
- ❖ Prepared beds and installed all annual flowers.
- ❖ Installed all flower pots around clubhouse and pool areas.
- ❖ Completed spring cleanup of all clubhouse and course landscape beds.
- ❖ Completed hand weeding of most course bunkers.
- ❖ Completed installation of new landscape area near #10 tee and practice green.
- ❖ Increased all mowing and maintenance schedules as weather and turf growth improved.
- ❖ Completed all spring broadleaf and pre-emergent applications on course rough and clubhouse lawns.
- ❖ Completed spring granular fertilizer applications on all greens.
- ❖ Continued wetting agent applications on greens.
- ❖ Applied wetting agents to all tees and fairways.
- ❖ Completed scheduled fungicide applications to all greens, tees, fairways, and intermediate rough.
- ❖ Performed many irrigation repairs as discussed above.
- ❖ Began light pruning and/or limbing up of many trees around course.

### May photos:



A visit from Dr. Frank Rossi from Cornell University.



Some Spring color from two of the many Crabapple trees.





Flower delivery day.



Some of flower garden installation.



New landscape area at #10 tee/practice green in progress.



Fairway roller/spiker in action.



LDS showing on a fairway in dew pattern. Center stripe actually a drain line. Interesting effect.



Turf loss/damage on a fairway resulting from LDS.

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