



**To:** Tony Zahm, President LFCC  
**From:** Justin Waffle  
**CC:** Board of Directors, Morgan Gonzales (KS)  
**Re:** Lincolnshire Fields Country Club

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

Lincolnshire Fields  
 Standard Summary Income Statement  
 For the Eleven Months Ending September 30, 2020

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
<b>REVENUES</b>												
45,473	30,778	148%	33,641	130%	Green Fees & Cart Fees	201,885	222,554	91%	195,325	103%	245,649	227,769
21,884	34,388	64%	25,573	85%	Merchandise	121,853	170,621	71%	151,099	81%	197,565	148,498
25	210	12%	86	29%	Other Pro Shop	5,650	3,773	150%	4,820	122%	3,983	7,658
0	75	0%	100	0%	Range	6	450	1%	820	5%	525	31
65,000	61,688	105%	56,021	110%	Food and Beverage	567,532	604,005	71%	700,983	81%	842,541	610,214
131,390	129,849	101%	120,381	105%	Membership Dues	1,433,918	1,408,115	102%	1,347,330	105%	1,534,600	1,552,285
3,000	0	0%	2,000	150%	Membership Initiation Fees	20,200	10,000	202%	10,657	191%	10,000	20,200
125	450	28%	319	39%	Other Operating Revenues	14,335	28,180	51%	36,957	39%	38,220	14,328
2,932	2,122	138%	1,973	149%	Other G&A Income	20,616	18,651	109%	18,002	115%	21,073	21,580
<b>269,870</b>	<b>259,560</b>	<b>104%</b>	<b>240,095</b>	<b>112%</b>	<b>TOTAL REVENUE</b>	<b>2,385,975</b>	<b>2,664,649</b>	<b>90%</b>	<b>2,465,722</b>	<b>97%</b>	<b>2,884,156</b>	<b>2,602,539</b>
<b>COST OF SALES</b>												
17,724	25,582	69%	18,880	94%	Merchandise	66,838	128,992	76%	113,175	86%	147,200	116,911
17,317	25,317	68%	18,786	92%	Food & Beverage	202,604	304,128	67%	247,165	82%	319,416	222,475
<b>35,040</b>	<b>50,909</b>	<b>69%</b>	<b>37,647</b>	<b>93%</b>	<b>TOTAL COGS</b>	<b>299,642</b>	<b>431,120</b>	<b>70%</b>	<b>360,340</b>	<b>83%</b>	<b>466,616</b>	<b>339,386</b>
<b>81.1%</b>	<b>74.4%</b>	<b>108.9%</b>	<b>73.8%</b>	<b>109.8%</b>	<b>COGS - Merchandise %</b>	<b>79.5%</b>	<b>74.4%</b>	<b>106.8%</b>	<b>74.9%</b>	<b>106.1%</b>	<b>74.5%</b>	<b>844.1%</b>
<b>28.8%</b>	<b>42.7%</b>	<b>67.5%</b>	<b>37.5%</b>	<b>76.8%</b>	<b>COGS - Food %</b>	<b>39.0%</b>	<b>39.7%</b>	<b>98.2%</b>	<b>39.5%</b>	<b>98.7%</b>	<b>39.7%</b>	<b>517.9%</b>
<b>PAYROLL</b>												
43,978	42,951	102%	41,649	102%	Course and Grounds	369,973	397,358	93%	399,752	100%	439,231	408,365
12,844	14,009	92%	9,398	137%	Pro Shop	98,758	115,340	86%	92,993	106%	125,568	104,823
43,413	40,795	106%	39,823	109%	Food and Beverage	449,007	441,652	102%	438,888	102%	477,859	400,249
3,368	1,159	290%	1,057	318%	Other Operating Departments	39,826	64,122	62%	56,349	67%	64,122	39,958
24,149	21,882	111%	24,075	100%	General and Administrative	249,611	248,318	101%	278,719	90%	270,123	267,201
<b>127,748</b>	<b>120,596</b>	<b>106%</b>	<b>115,999</b>	<b>110%</b>	<b>TOTAL PAYROLL</b>	<b>1,207,176</b>	<b>1,267,088</b>	<b>95%</b>	<b>1,237,499</b>	<b>98%</b>	<b>1,376,901</b>	<b>1,308,595</b>
<b>OPERATING EXPENSES</b>												
20,479	23,598	87%	22,287	92%	Course and Grounds	245,678	261,745	94%	271,809	90%	282,354	267,123
2,811	1,731	162%	1,731	162%	Carts, Range, Starters, Etc.	22,034	21,540	102%	23,375	94%	23,271	23,785
1,053	472	223%	640	165%	Pro Shop	8,821	9,015	96%	9,288	95%	9,374	9,281
11,718	12,267	96%	11,888	99%	Food and Beverage	116,888	128,902	91%	132,447	88%	138,927	130,298
2,838	400	709%	3,490	82%	Other Operating Departments	14,874	22,299	67%	21,104	70%	23,299	14,943
42,229	44,006	96%	41,250	102%	General and Administrative	455,546	487,324	93%	441,729	103%	528,262	504,597
<b>81,129</b>	<b>82,563</b>	<b>98%</b>	<b>81,243</b>	<b>100%</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>863,836</b>	<b>930,826</b>	<b>93%</b>	<b>899,751</b>	<b>96%</b>	<b>1,005,486</b>	<b>949,986</b>
<b>243,918</b>	<b>254,068</b>	<b>96%</b>	<b>234,889</b>	<b>104%</b>	<b>TOTAL EXPENSES</b>	<b>2,370,654</b>	<b>2,629,034</b>	<b>90%</b>	<b>2,497,589</b>	<b>95%</b>	<b>2,849,003</b>	<b>2,597,967</b>
<b>25,951</b>	<b>5,493</b>	<b>472%</b>	<b>5,205</b>	<b>499%</b>	<b>EBITDA</b>	<b>15,321</b>	<b>35,615</b>	<b>43%</b>	<b>(31,867)</b>	<b>-48%</b>	<b>35,154</b>	<b>4,571</b>
<b>FINANCING ACTIVITY</b>												
(8,829)	(7,495)	85%	(7,551)	85%	Interest Expense - Debt	(72,871)	(82,445)	88%	(81,243)	90%	(89,640)	(80,200)
(1,394)	(1,083)	126%	(1,880)	83%	Interest Expense - Leases	(15,629)	(11,913)	131%	(13,514)	115%	(12,698)	(17,280)
29	0	0%	24	120%	Interest Income	299	0	0%	591	46%	0	289
<b>(7,999)</b>	<b>(8,578)</b>	<b>93%</b>	<b>(9,207)</b>	<b>87%</b>	<b>TOTAL FINANCING ACTIVITY</b>	<b>(88,231)</b>	<b>(94,358)</b>	<b>94%</b>	<b>(94,166)</b>	<b>94%</b>	<b>(102,936)</b>	<b>(97,190)</b>
<b>OTHER INCOME (EXPENSE)</b>												
46,237	45,930	101%	45,844	101%	Dues - Capital Improvement	500,218	499,192	100%	520,625	96%	544,878	545,539
(36,036)	(33,873)	106%	(33,372)	105%	Depreciation & Amortization	(396,395)	(372,603)	106%	(387,094)	102%	(406,476)	(444,288)
0	0	0%	0	0%	Gain/(Loss) On Disposal Of Assets	10,375	0	0%	0	0%	0	10,375
<b>10,202</b>	<b>12,057</b>	<b>85%</b>	<b>12,472</b>	<b>82%</b>	<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>114,198</b>	<b>126,589</b>	<b>90%</b>	<b>153,531</b>	<b>74%</b>	<b>138,400</b>	<b>111,626</b>
<b>28,158</b>	<b>8,972</b>	<b>314%</b>	<b>8,470</b>	<b>332%</b>	<b>NET INCOME</b>	<b>41,288</b>	<b>67,846</b>	<b>61%</b>	<b>27,498</b>	<b>150%</b>	<b>70,618</b>	<b>19,007</b>

**Overview:**

Operational momentum continued into September with yet again another strong financial month. Club patronage continued to hold steady with a variety of golf and social events. New innovative dining events were introduced to club members, which included Craft Cocktail Night, Rose Tasting and Tap & Apps. The month ended with two outstanding events: The Year End Member Golf Event and Harvest Beer Fest. Both were attended by over 70 members. These events drove another great financial month, outperforming prior year and setting the club up for a favorable operating outcome.

The golf department experienced another fantastic month despite completing aerification on the greens, tees, and fairways. Since reopening for golf in May, a record number of rounds have been recorded each month. September was no exception, with rounds of golf up over 80% over prior year. Contributing to the successful month were four outings bringing in roughly \$18k. Due to Covid restrictions a new concept for the year-end event was developed. The tournament format and event were a huge hit with participants.

Ealy in the month we introduced our new Executive Chef, Brian Wong. Brian quickly became acquainted with the facility and introduced Chef Specials, expanding culinary options for the membership. New appetizers, entrees and food for special events have been welcomed with great reviews. The team looks to expand on this success in the upcoming months with a jam-packed culinary calendar.

Lastly, as temperatures cooled off so did the pool usage and outdoor dining. The pool season has been extended and we will look to close the pool sometime in mid-October. Overall, the club had another outstanding month with excellent member participation and smart financial adjustments, resulting the club exceeding budget.

### **Financial Performance:**

As we approach fiscal year-end, the management team continued to be conscious of the club's financial position with a goal to avoid an operating deficit for 2020. With all club amenities open, the club experienced another strong revenue month, exceeding expectation, budget, and prior year. As a result of the transition in the kitchen and aerification, payroll remained higher than budget and prior year. However, because of the four outings and successful food and beverage events we were able to positively affect the bottom line. Overall, revenues outweighed operating expenses creating an EBITDA surplus to budget. The club experienced an excess in EBITDA by roughly \$20.5k to budget and prior year.

### **Revenues:**

For the third consecutive month the club did an outstanding job generating revenues, helping to outpace budget and prior year. Each department was able to exceed monthly expectations resulting in revenues outperforming budget by \$10.3k and prior year by \$29.8k. In the past three months the club has surpassed budgeted revenues by \$42k and prior year by \$86k. As a result, the club made up several percentage points on year-to-date revenues with the club now only down 10% to budget and 3% to prior year. The Food and Beverage department continued to roll, generating roughly \$65.1k in revenue. This was about \$10k over prior year and \$4.5k over budget. Overall dining patronage was more than initially forecasted in the contingency model, helping to outperform expectations during these unprecedented times. As a result of the limited dining for much of the year, the F&B Department revenues for the year are down 29% to budget and 19% to prior year. With golf continuing to operate at full throttle, the department was able to have another outstanding month with four charity outings. Huge gains were realized in cart and green fee, and merchandise revenues. The golf department earned \$45.5k in cart and greens fees and an additional \$21.9k in merchandise sales. Except for Labor Day, pool guest fees were nonexistent resulting in minimal revenues from that department. Overall, revenues totaled \$269.9k against a budget of \$259.6k and prior year of \$240.1k. The team will continue to monitor revenues and member usage closely in October, making necessary adjustments to finish the year strong.

### **Payroll:**

With all departments continuing to operate at full capacity, aerification and the transition in the kitchen, payroll was again over budget. Overall payroll was roughly \$127.7k on a budget of \$120.6k and prior year \$116k. Additional payroll resources were put into place to ensure a smooth transition from Interim Chef to the permanent Executive Chef. The department operated roughly \$2.6k over budget. Golf course maintenance continued to operate at full staffing levels due to aerification, resulting in significant overtime. To perform the necessary work, the department was over budget by \$1k. Admin departments experienced overages, \$2.4k, because of the commission payouts for the new membership sales and quarterly incentives. Even with significant increases in play and outings, the golf department operated below budget, saving roughly \$1.2k. Moving into October significant staffing level adjustments will be made due to expected decline in member usage. We will continue to operate as efficiently as possible to achieve the best financial outcome for the club.

### **Expenses:**

Operating expenses were lower to budget in each department. OPEX were under budget by \$1.5k and were flat to prior year. The major savings came in the grounds department, receiving a credit for a chemical rebate from KemperSports purchase program. All other departments were flat to budget or experienced a small savings. Overall, for the year, expenses continue to be down to budget (7%) and prior year (4%). The management team will continue to monitor expenses closely to finish the balance of the fiscal year off strong.

### **Summary:**

Overall, we are behind budgeted EBITDA by \$20.3k YTD and are now operating with a \$15.3k surplus. The team continues to modify operating and action plans to ensure member dining continues to improve over prior years. An increased focus on fall programming and greater attention to dining specials is the focus of the management team. October will be another strong month with several member golf tournaments and a full slate of social events.

### **Key Performance Highlights:**

- Membership Dues Revenue was roughly \$131.4k on a budget of \$129.9K and prior year of \$120.4k.
- Total revenues \$269.9k on budget of \$259.6k and prior year of \$240.1k.
- Payroll was over budget by \$7.1k and over \$11.7k to prior year for the month of September.
- Expenses were \$1.5K under budget and flat to prior year for the month of September.
- COS finished at 81% for merchandise on budget of 74% and prior year of 74% and Food and Beverage will finish at 29% on budget of 43% and prior year of 38%.

### **Key Performance Issues:**

- **COVID-19:** As the Coronavirus pandemic has spread throughout the country, state restrictions have been placed on business operations. As a result, the club has operated in a limited capacity from mid-March running through the month of June. Large adjustments to staffing and operations were needed due to the lack of revenues. Fortunately, restrictions continue to be relaxed allowing for greater use of club amenities and providing more financial stability.
- **Staffing-** We have started to see some Covid-19 related issues with staffing. All departments have experienced a staffer that was exposed or possibly exposed to Covid. As a result, we had periods where departments have had staffing shortages. We predict this trend will continue for the upcoming months.

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

- Hosted four charity golf events with an average of 70 players producing roughly \$18k in revenue.
- Harvest Beer Fest- Had roughly 90 attendees generating roughly \$6.5k in revenues.
- End of year golf tournament- Replaced LFCC cup with end of year event which had 72 participants. New format was a huge hit and will look to incorporate these changes into upcoming year's tournament schedule.
- Introduced Craft Cocktail Night- Matt B. shared secret recipes with the cocktails paired with amazing food specials. Roughly 40 members participated. This will be a monthly tradition moving through the winter.
- King of Club's Winner- The second Friday in Sept. we had a winner for KOC. Since then participation has been lite.
- Developed Fall Calendar- Added new program for social and golf events to keep members participating into the fall.
- Pool- Continued full operation with the plan to keep open until October 11<sup>th</sup>.
- Golf restrictions continued to be rolled back allowing for greater member access and usage. Rounds were up roughly 1200 rounds over prior year.

### **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. Sara Michael will help chair committee, making swift changes to the program. Made several improvements from Game 1 to 2.
- **True Service:** Sara Michael, Lauren Kuleck and Matt Blakey are currently working through the "Teach the Teacher" workbook and will assist Rob Walls in the upcoming class. Plan to do two sessions in October.

## Membership Status as of 9.30.20: Sara Michael, Membership Director

### New Membership

- 1 Jr
- 2 Equity

### 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.
- **Canva:** Designing and branding what LFCC will look like from here on out. Finished setting up Monthly Newsletter design and weekly updates.
- **Triple marketing the specials and Events! 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

### October Expectations:

- Sign up 4 members
- Continued working referrals
- Visiting with the members.
- Getting on the course to have a better grasp of the course and prepare myself to do tours.

### Wins

We had a couple members that resigned who are now staying on as Non-Resident. Social events have been well attended and perfectly executed. We are also getting out ahead of events which has led to a lot more success than previously seen.

Membership Category	Budget	Current		Budget Adds	Current Adds	Budget Subs	Current SUB
EQUITY	159	156		8	12	7	11
JUNIOR 35	47	41		12	12	11	10
JUNIOR 35-37	20	31		4	6	4	1
JUNIOR 38-39	17	14		4	3	2	0
HONORARY	38	37		0	0	1	3
SOCIAL	94	94		20	14	15	15
DINING	16	16		0	1	1	3
NON-RES	11	13		1	1	1	1
U OF I	4	4					
TOTAL	406	406		49	49	42	44

## Golf Department Recap: Rob Walls, Head Golf Professional

September was a successful month for the golf department. The weather was beautiful and there was a lot of member and guest play. The course saw 2,556 rounds of golf for the month which was an increase of 87% from the 1,366 rounds in September 2019. This was the highest number of recorded rounds in September since at least 2016. Rounds have continued to trend significantly up this season and we are currently at 14,094 rounds for the year despite no golf in April and severe restrictions in May. At this same time last season, we had recorded 11,349 rounds of golf.

The golf department finished significantly ahead of budget and prior year in both greens and cart fees. Course aeration ran on schedule and the course recovered beautifully as the month progressed. The Champaign County High School Invitational was successfully held on Monday, September 14<sup>th</sup>. We held three additional outside events during the month; the Champaign County Engineers outing on Monday, September 21<sup>st</sup>, the Crisis Nursery on Friday, September 25<sup>th</sup> and the Champaign Chamber of Commerce on Monday, September 28<sup>th</sup>. These events combined for \$18k in revenue. In addition, we hosted our season-ending Member Member event with great success at the end of the month with 72 members participating. Cart fees were at \$19,956 versus a budget of \$10,987 and prior year actuals of \$12,154. Greens fees came in at \$16,589 versus a budget of \$8,090 and prior actuals of \$10,312. These combined revenue totals equate to a 91% increase versus budget and 63% versus prior year. We will hope the trend continues in October.

Year to date, the golf department is at \$146,977 in revenue from greens and cart rental fees. While this trails budget by 3.5% we are actually outpacing prior year by 16.3%. The department's largest miss has come via the Private Cart revenue line which currently is 15k below budget. A significant portion of the membership was unable to utilize their carts during the months of April and May this year, and we decided to issue trail fee credits. Because of this, we saw a significant decline on this revenue line. We do have two large member events in October with the Fall Member Guest scheduled for Friday, October 2<sup>nd</sup> and the Mean 18 on Friday, October 9<sup>th</sup>. These events combined with some nice fall weather should allow for the golf department to stay on track as we complete our fiscal year at the end of next month.

Golf saw a down month in merchandise sales in September. There was a total of \$21,863 sold versus a budget of \$34,387 and '19 actuals of \$25,572. Special orders were the big miss as we had \$3,278 in sales versus \$9,068 in September '19. Traditionally, the club holds several fitting days in August & September that boost special orders as credit book becomes due. This year, Covid-19 and other mitigating factors forced us to cancel several of these fitting days. The fitting days we have hosted are touching far fewer people than normal as well. In talking with the management team, we feel like 2020 has been a challenging merchandising year. Some members are hesitant to enter the Golf Shop and sales have been slow in general despite increases in traffic. The total credit book balance at the end of September was \$20k which should lead to a strong finish to the year in October as this balance will need to be spent. Year to date, merchandise sales are now down by 10k out of inventory and 19k on the special-order side. Inventory is more managed this year, and with good sell through in October we expect to start 2021 with fresh new apparel and minimal aged inventory.

Some additional notes regarding golf activity:

- The golf department continues to flex payroll as much as possible. Because we are budgeted for fewer hours, there is less flexibility in October than in previous months.
  - o We have started to see some Covid-19 related issues with staffing. We have a lot of university students getting tested multiple times a week. This has proven a good thing for communal spread, but it has made it difficult to have consistent staffing and coverage.
- Fall League was successful with an average of 48 participants each week.
- Aeration of the greens, fairways and tee blocks was completed with success.

Hoping to finish the year strong with a beautiful October.

## Grounds Recap: Scott Werner, Superintendent

September was a beautiful month for golf, extremely dry for course maintenance. With the unusually busy golf calendar due to Covid postponements, the grounds staff struggled to complete the very important seasonal aerification projects. We were able to complete this work on schedule on the putting greens in early September, and on the fairways throughout the middle of the month. Tees were about halfway completed when the month ended

### Grounds notes for September:

Unlike 2019, our staff levels have held up through September which was very important given the busy golf and maintenance schedules that we dealt with. We did begin to deal with some Covid affects to our staff at the end of the month, with some missed workdays, but so far none have had a positive test.

September expenses finished within budget and October should be reasonably close.

### Grounds projects during September:

- Deep tine aerified and heavily sand top-dressed all putting greens.
- Core aerified all fairways and approaches.
- Heavily sand top-dressed and core aerified about ½ of all tees.
- Vertical mowed and sand top dressed all greens a second time.
- Performed scheduled monthly wetting agent applications to all greens, tees, and fairways.
- Performed scheduled bi-weekly fungicide applications to all tees, greens, fairways, intermediate rough, putting green surrounds, and practice range.
- Continued backpack spraying of non-selective herbicides in landscape areas and all over the clubhouse grounds and course.
- Spot treated isolated rough areas with insecticide to kill white grubs in break through areas.
- Applied aquatic herbicides to pond on hole #15 to reduce unsightly weed problem.
- Continued regular scheduled edging of fairway yardage markers, tee plates, and sprinklers.
- Continued scheduled string trimming around trees, lakes, ponds, and other areas.
- Continued cleanup and pruning of various landscape beds and installed new mulch.
- Continued selective pruning/limbing-up of many course and club area trees.
- Performed edging and sand addition to practice bunker to determine a process to use throughout course.

### September Photos:



9/11/20 @ LFCC



#10 tee flowers looking good in late summer





**Fairway aerifying in progress – A dirty job!**



**Fairway cleanup process – before and after – make a mess and clean it up.**

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