



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

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

Lincolnshire Fields Standard Summary Income Statement For the Three Months Ending January 31, 2018												
MTD Actual	MTD Budget	% of Budget	MTD Prior Year	% of PY		YTD Actual	YTD Budget	% of Budget	YTD Prior Year	% of PY	Annual Budget	Rolling 12 Months
REVENUES												
0	0	#DIV/0!	(43)	0%	Green Fees & Cart Fees	3,018	3,600	84%	3,660	82%	266,920	238,115
1,032	300	344%	123	830%	Merchandise	10,492	9,400	112%	17,253	81%	190,050	173,560
300	200	150%	0	#DIV/0!	Other Pro Shop	354	620	57%	(440)	-79%	2,425	6,993
0	0	#DIV/0!	(17)	0%	Range	45	100	45%	93	48%	1,620	1,658
32,586	37,015	88%	21,805	149%	Food and Beverage	162,451	161,778	100%	143,335	113%	959,513	825,869
0	140	0%	0	#DIV/0!	Food and Beverage Gratuity Income	0	420	0%	3,558	0%	1,680	0
113,700	84,629	134%	124,447	91%	Membership Dues	349,666	311,349	112%	366,682	95%	1,379,822	1,433,399
0	32,000	0%	0	#DIV/0!	Membership Initiation Fees	0	32,000	0%	100	0%	75,600	23,389
64	50	128%	23	278%	Other Operating Revenues	176	130	135%	99	178%	20,905	18,454
4,328	2,953	147%	2,156	201%	Other G&A Income	9,532	8,438	113%	2,005	475%	27,706	26,395
152,010	157,287	97%	148,484	102%	TOTAL REVENUE	535,734	527,834	101%	536,334	100%	2,926,241	2,747,832
COST OF SALES												
794	225	353%	(7,923)	-16%	Merchandise	9,858	7,050	140%	10,172	87%	142,538	135,791
16,280	13,637	119%	13,156	124%	Food & Beverage	63,376	60,908	104%	60,345	105%	362,419	331,211
17,074	13,862	123%	5,233	320%	TOTAL COGS	73,234	67,958	108%	70,517	104%	504,957	467,002
77.0%	75.0%	102.6%	-6441.5%	-1.2%	COGS - Merchandise %	94.0%	75.0%	125.3%	59.0%	100.4%	75.0%	2027.5%
54.8%	39.1%	140.3%	59.9%	91.5%	COGS - Food %	45.1%	41.0%	110.1%	45.9%	98.4%	40.0%	528.4%
PAYROLL												
21,593	23,175	93%	27,840	79%	Course and Grounds	77,865	77,181	101%	74,578	104%	443,393	398,759
5,157	5,075	102%	7,130	72%	Pro Shop	17,274	18,886	91%	20,417	95%	138,255	112,000
28,842	36,716	79%	41,539	69%	Food and Beverage	88,323	107,178	82%	87,028	101%	458,788	421,330
128	101	127%	0	#DIV/0!	Other Operating Departments	266	300	89%	339	78%	72,199	63,158
19,957	25,178	79%	28,149	71%	General and Administrative	58,763	61,310	96%	61,402	98%	277,607	211,733
75,677	90,245	84%	104,657	72%	TOTAL PAYROLL	242,491	264,855	92%	243,763	99%	1,390,242	1,207,040
OPERATING EXPENSES												
5,471	5,766	95%	3,686	148%	Course and Grounds	19,007	23,678	80%	21,889	87%	296,763	326,880
0	2,162	0%	2,162	0%	Carts, Range, Starters, Etc.	4,324	6,486	67%	6,148	70%	28,944	25,406
237	151	157%	1,102	21%	Pro Shop	(2,104)	547	-386%	2,656	-78%	18,457	10,240
13,606	13,805	98%	5,970	228%	Food and Beverage	37,685	35,252	107%	27,057	136%	157,346	163,723
(6,740)	80	-8425%	77	-8754%	Other Operating Departments	527	287	183%	775	98%	33,264	39,452
27,127	26,813	101%	33,680	81%	General and Administrative	104,194	90,160	116%	101,790	102%	386,691	471,453
39,701	48,777	81%	46,677	85%	TOTAL OPERATING EXPENSES	163,634	156,411	105%	160,315	102%	921,466	1,037,153
132,452	152,884	87%	156,568	85%	TOTAL EXPENSES	479,358	489,222	98%	474,595	101%	2,816,665	2,711,196
19,558	4,403	444%	(8,074)	-242%	EBITDA	56,376	38,612	146%	61,738	91%	109,576	36,636
(9,000)	(9,000)	100%	0	#DIV/0!	MANAGEMENT FEES	(27,000)	(27,000)	100%	0	#DIV/0!	(108,000)	(48,194)
FINANCING ACTIVITY												
(9,001)	(10,618)	85%	(10,098)	86%	Interest Expense - Debt	(27,526)	(32,348)	85%	(30,696)	90%	(121,248)	(112,251)
(283)	0	#DIV/0!	(519)	54%	Interest Expense - Leases	(749)	0	#DIV/0!	(1,651)	45%	0	(4,162)
64	53	120%	53	121%	Interest Income	157	105	148%	104	151%	616	683
(9,220)	(10,565)	87%	(10,565)	87%	TOTAL FINANCING ACTIVITY	(28,118)	(32,243)	87%	(32,242)	87%	(120,832)	(115,731)
OTHER INCOME (EXPENSE)												
46,739	50,219	93%	50,219	93%	Dues - Capital Improvement	146,184	135,784	108%	135,784	108%	608,123	623,493
(36,805)	(31,671)	116%	(31,791)	110%	Depreciation & Amortization	(98,141)	(95,013)	103%	(95,374)	103%	(380,052)	(379,536)
0	0	#DIV/0!	0	#DIV/0!	Gain/(Loss) On Disposal Of Assets	0	0	#DIV/0!	0	#DIV/0!	0	4,000
9,934	18,548	54%	18,427	54%	TOTAL OTHER INCOME (EXPENSE)	48,043	40,771	118%	40,410	119%	228,071	247,958
11,272	3,386	332%	(211)	-533%	NET INCOME	49,301	20,140	245%	69,906	71%	109,015	120,669

Lincolnshire Fields
Balance Sheet
For the Three Months Ending January 31, 2018

	01/31/18	10/31/17	01/31/17
ASSETS			
CURRENT ASSETS:			
Cash			
Cash - Operating	373,070	247,062	329,807
Cash - Payroll	118,207	118,092	0
Cash - Housebank & Other	300	300	0
Cash - Restricted	0	0	947
Total Cash	491,577	365,455	330,753
Accounts Receivable			
A/R Member	213,633	258,476	281,493
Allow For Doubtful Accts	(10,000)	(10,000)	(10,000)
Total Accounts Receivable	203,633	248,476	271,493
Other Current Assets			
Inventory - Merchandise	54,286	61,578	47,042
Inventory - Food & Beverage	36,273	45,871	40,199
Inventory - Other	39,790	32,977	3,438
Prepaid Insurance	8,648	0	10,676
Prepaid Exp - Other	6,136	7,393	4,447
Total Other Current Assets	145,134	147,819	105,802
TOTAL CURRENT ASSETS	840,344	761,750	708,048
PROPERTY, PLANT AND EQUIPMENT:			
Land	631,740	631,740	631,740
Buildings	3,641,040	3,641,040	3,622,144
Furniture and Fixtures	393,237	393,237	369,214
Machinery & Equipment	3,702,095	3,690,899	3,445,179
Land Improvements	2,899,759	2,891,894	2,868,094
Property Plant and Equipment	11,267,871	11,248,811	10,936,371
Accumulated Depreciation	(6,289,907)	(6,191,766)	(5,910,372)
TOTAL PROPERTY, PLANT AND EQUIPMENT	4,977,964	5,057,045	5,026,000
TOTAL ASSETS	5,818,308	5,818,795	5,734,048

Lincolnshire Fields
Balance Sheet
For the Three Months Ending January 31, 2018

	<u>01/31/18</u>	<u>10/31/17</u>	<u>01/31/17</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accts Pay - Trade	23,325	53,638	23,274
Accts Pay - Other	0	1,339	(60)
Accrued Expenses	5,206	993	4,330
Accrued Payroll	25,735	42,303	3,836
Accrued Taxes	69,540	57,061	109,414
Accrued Time Off	21,258	21,258	18,179
Accrued Other	0	0	(229)
Deferred Revenue	324,703	191,389	319,861
Current Portion of Debt	235,000	330,000	282,000
Other Current Liabilities	12,187	7,390	(1,600)
TOTAL CURRENT LIABILITIES	<u>716,955</u>	<u>705,371</u>	<u>759,003</u>
LONG-TERM LIABILITIES:			
Long-term debt	<u>1,721,045</u>	<u>1,782,417</u>	<u>1,712,825</u>
TOTAL LONG-TERM LIABILITIES	<u>1,721,045</u>	<u>1,782,417</u>	<u>1,712,825</u>
TOTAL LIABILITIES	<u>2,438,000</u>	<u>2,487,788</u>	<u>2,471,829</u>
STOCKHOLDER'S EQUITY			
Common Stock	1,611,318	1,611,318	1,613,898
Retained Earnings	<u>1,768,990</u>	<u>1,719,689</u>	<u>1,648,321</u>
Net Retained Earnings	<u>1,768,990</u>	<u>1,719,689</u>	<u>1,648,321</u>
Stockholders Equity	<u>3,380,308</u>	<u>3,331,007</u>	<u>3,262,219</u>
TOTAL STOCKHOLDER'S EQUITY	<u>3,380,308</u>	<u>3,331,007</u>	<u>3,262,219</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>5,818,308</u>	<u>5,818,795</u>	<u>5,734,048</u>

Overview:

January was our best month fiscal year to date, exceeding overall EBITDA by roughly \$15,000. This strong performance positioned the club solid through the first quarter of the fiscal year, surpassing budgeted EBITDA by \$17,764. Two key factors have helped the club exceed budget; first bettering revenues in Food and Beverage and Membership (A combined \$38,990 over budget and \$2,100 over prior year) second, controlling payroll (Overall \$22,364 YTD savings and \$1,272 over prior year). We will have our work cut out for us in Q2, as our budgeted membership revenues significantly grow. The team has developed an outstanding membership promotion and referral program which is designed to significantly increase memberships. The plan is outlined in more detail later in the report.

Financial Performance:

Revenues: Overall the club had another successful month generating \$152,010 in revenues (3% below budget but 2% over prior year). Membership contributed \$118,026 to the topline, missing plan by roughly \$1,500 and prior year by \$6,421. The membership miss is contributed to a nine-net member loss on a budget of positive seven net members. Food and Beverage has the largest miss, falling short to plan by \$4,429 however beat prior year by \$10,781. Lastly, golf department had a good month selling just over one thousand dollars in merchandise, significantly more than budget and prior year. Rob and I contribute the increase do to the extended golf shop hours and heaver event schedule drawing more people to the club.

Payroll: The team did another fabulous job controlling payroll while delivering the highest standard of service. Overall, total payroll and related was well under budget, saving \$14,568 to budget and roughly \$29K over prior year. Food and Beverage and Admin both contributed 21% savings while Grounds department was able to save 7%. Admin saved roughly \$5k due not having a Sales Director for a large part of the month while F&B roughly saved \$8K, as result of improved scheduling over prior year and one temp works salary being placed in operating expenses. Couse and Grounds was also under by about \$1,500. Overall for the year we have save almost \$22k to budget.

Expenses: Every department did a good job monitoring their operating expenses and as result we were flat to budget and prior year. Overall there was a \$9K savings to budget however, most of the saving was a result of moving the pool chemical expense from last month into Course and Grounds inventory for better tracking. We also had a savings of just of \$2k in golf as result of new golf car lease. The club had couple unexpected invoices with repairs to Stingrays and clubhouse due to freezing pipes.

Summary: Our first quarter performance has been strong and as a result we have outpaced budgeted EBITDA by close to \$18K. Food revenues have been steadily increasing month to month, outpacing prior year and slowly increasing to levels seen a couple years back. Membership has declined month to month however, we have an aggressive sales plan in quarter two to get the club back on track. Overall, we continue to grow the topline while controlling payroll and expenses, setting us up for another great quarter.

Key Performance Highlights:

- ❖ Saved \$14.5K in payroll expenses for the month and \$22.5k YTD
- ❖ Matt Flottmann, Service Director, completed a beverage survey with local country clubs. As result we adjusted pricing to improve our cost of sales based on the analysis.
- ❖ Rob Walls, Head Golf Professional, completed and received Board approval for golf calendar. Over 36 events are planned for the year.
- ❖ Started the initial planning for Junior Sports Camps this summer. Changing the camp to a week long full day camp. Initial interest and support from the members with the change has been positive.
- ❖ The LFCC Management Team, as well as Frank Merkel and Blair from the corporate office have started initial phase of a Strategic Plan for LFCC.
- ❖ Introduced several new member events traditions (Host with the Most, Game Night, Kids Eat Free & Ladies Night) that have been received with positive reviews and helped to drive significant revenues.
- ❖ Currently, reviewing our pool and stingrays plan- staffing, menu creation and logistics.

Key Performance Issues:

- ❖ Billing issues: Encountered an error with a small number of member statements regarding annual food minimums. Hester worked with Jonas to correct the issue in the system while Stephanie corrected member accounts in a timely manner, addressed the concerns with each member via telephone.
- ❖ Membership: Down nine net members for the year with six memberships terminating in January. We did not receive any new notices for resignation in the month of January and we have developed an aggressive sales promotion to start the spring season. Goal by the end of March is to be net 0 members for the year.
- ❖ Cost of Goods continue to be over budget. We are taking necessary steps to streamline our menus and ordering to ensure proper cost of goods margin. Matt has analyzed beverage pricing to ensure proper margins.

Key Actions to Drive Performance:

- ❖ Upon Board approval will launch spring membership promotion and a robust member referral program.
- ❖ Continue to move forward with Strategic Planning Sessions with staff and KemperSports management. Develop vision for the club to better strategize improvements and directions for each department.
- ❖ Chef designed new winter menu that will be rolling out Mid-February.
- ❖ Continue reaching out to any 2017 outings that haven't re-booked yet for 2018, as well as to possible event for 2018.
- ❖ Plan calendar events through September.
- ❖ Staffing: Continue to work on hiring heart of the house staff to provide more consistent full time help in the kitchen and Stingrays. Currently staffing needs; 4-5 line cooks, 7-8 servers / bussers, 3 pool greeters, pool manager and lifeguards.
- ❖ Implement Jonas training action items.
- ❖ Continue to review KemperSports policy and procedures manual to review best practices.

Membership Count:

	Current	Budgeted		Adds	Subs	Dues Add / Lost
Membership Category						
1/2 Junior	21	23		1	5	(971.20)
3/4 Junior	7	3				
3/4 junior ass.	45	63		1	2	(242.80)
Equity	164	168		1	1	0
Honorary	40	41			1	(303.50)
Social	86	85		1	4	(934.50)
Dining	29	26				
Non-Res	6	5				
U of I	6	6				
Total	404	420		4	13	(2,452.00)

Membership Highlights:

For the months of January and February we rebranded our previous membership promotion to Winter Golf Promotion. The current extended offer; the initiation fee is waived with a one-year loyalty agreement.

This month we had no member additions and had several members resigned from the club. Here is the breakdown of resigned members: one equity, three junior, one honorary and one social. Stephen has already closed two new members for February and has created several solid leads.

The focus for January was creating our spring promotion called Membership Madness! We created a two-prong approach to add members; first, we created a yearlong incentivized referral program and second, a new member promotion called Swing into Spring. We will encourage member referrals by following tactics; weekly membership drawing for any referral name provided, grand prize for top member that refers members- trip, and dues credit for members that get a new member signed ups. Current planned promotion for new members will be discounted dues and IF fee with a one or two loyalty commitment.

Course & Grounds:

Weather: Champaign experienced the usual weather in the month of January. For most of the month we had cold temperatures with the majority of the day time high temperatures not getting above freezing. We also had a couple snow events dropping approximately 3-4 inches. As a result, the golf course was not open in the month of January.

Course & Grounds:

Grounds projects during the month:

- Removal of outdoor Christmas lighting.
- Repair and battery/bulb replacement in clubhouse exit lighting.
- Continued assistance with tree removal project.
- Hauling of brush from tree removal when conditions permitted.
- Burning of brush when possible.
- Repair and painting of course “cart directional posts”.
- Repair, touch up, and painting of course “tee markers”.
- Repair and grinding of triplex tee/apron mowers.
- Set-up/changeover of maintenance carts and utility vehicles.
- Leaf and debris cleanup around clubhouse areas when weather permitted.
- Snow and ice removal.



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