

QUARTERLY MEETING

Lockwood Folly Country Club

July 19, 2018

4 PM River Room

AGENDA

- President
- Vice President
- Golf
- Marketing
- House
- Grounds & Greens
- Membership
- Treasurer
- Questions and Comments

PRESIDENT

SPECIAL GUEST

VICE PRESIDENT

- Oak And Anchor Summary
 - Status June 1st
 - Start-up Issues
 - Going Forward

GOLF

- **Upcoming Tournaments**
 - July 24: Men's Interclub vs Rivers Edge 40p
 - August 9: Ladybirds 80 +p
 - August 23:LGA Scramble
 - August 27: World Amateur Championship
 - August 28: World Amateur Championship. 90p
 - September 6: Labor Day Mixer
 - September 11: Ladies Member-Member
 - September 13: Ladies Member-Member
 - September 25: MGA Ryder Cup
 - September 28: MGA Ryder Cup
 - September 30: ATMC 90p

- October 1: Wilmington Senior Golf Club: 100+p
- October 2: LFCC Men's and Women's Club Championship
- October 4: LFCC Men's and Women's Club Championship
- October 8: Brunswick Family Assistance Golf Tournament
- October 13: VFW Post 8866 (Holden Beach) Golf Tournament
- October 17: Brunswick County Parks and Recreation Department Tournament. 90p
- October 19: MGA 2 Day Tournament
- October 20: MGA 2 Day Tournament
- October 25: LGA Scramble

AUGUST 3
WOMEN'S SOUTHERN GOLF ASSOCIATION
VISITATION

NEW GREENS COMING TO MYRTLE BEACH AREA GOLF COURSES



New Greens to Debut Late Summer

In addition to the many area course upgrades and restorations, the following courses are in the process of installing new putting surfaces:

- Diamondback Golf Club
- Glen Dornoch Waterway Golf Links
- Myrtlewood PineHills
- Sandpiper Bay (Bay 9)
- Tradition Club
- Legends Moorland
- Brick Landing
- International Club
- Panther's Run

Winter Was Not Our Friend

You may have heard about the challenges our courses experienced this year.

The winter of 2018 wasn't abnormally cold, but it was one of historic extremes. Those fluctuations, which saw temperatures plunge in January and soar in February, created challenging conditions for golf courses throughout the Carolinas.

How wild was the weather? Myrtle Beach saw average high temperatures of 33 degrees during the first week of January and 80 during the third week of February and both, when occurring in the same season, create potential problems.

Why Was the Weather a Problem?

Courses in Myrtle Beach, like those throughout the region, have largely transitioned to Bermuda grass greens. A warm weather grass, Bermuda is well suited to the sub-tropical climate along the South Carolina coast, but extended periods of cold weather, while rare, can be problematic.

With that in mind, it's not hard to figure out why the weather in January contributed to conditioning challenges this spring.

Winter Warmth!?!

When temperatures averaged 80 degrees in February, golfers (and locals) were delighted, but it stirred the Bermuda grass to life, using precious energy that went for naught when another cold snap sent the grass back into dormancy. Normally, that warm weather wouldn't be a problem, but the stress placed on the grass by the January freeze, which included an ice storm, left some greens vulnerable to the loss of stored carbohydrates brought on by the unexpected warmth.

Looking Ahead ... Excellent Conditions

Conditions along the Grand Strand this summer are very good. Warmer weather has allowed conditions to improve immensely over the last 2 months and will continue to do so.

The fall golf season is setting up to be ideal. The courses that are currently installing new greens will be open and in premium condition.

What that means for your golf group is that fall 2018 is the perfect time for your next golf vacation.



**PRIORITY WEEK SUMMARY
THANKS TO THE MEMBERSHIP.**

MARKETING

Current

- Billboards and Direction Signs
 - One Installed at Mt. Pisgah and Stanley
 - Two installed further down on Stanley before Stone Chimney
- South Brunswick Magazine
 - LFCCI Ad
 - Folds of Honor
- Cumulus Radio
- Golf Now – Course Condition Update

East Coast PGA 4 Package

Brunswick Plantation Resort and Golf

- Carolina Classic – 4 rounds
 - Lockwood Folly
 - Brunswick Plantation
 - Pearl East
 - Sandpiper Bay
 - Meadowlands
 - Brick Landing
 - Crown Park
 - Diamond Back

East Coast PGA 4 Package

Brunswick Plantation Resort and Golf

- Carolina Classics 4 Round including a \$100 Gift Card
 - Lockwood Folly
 - Brunswick Plantation
 - River's Edge
 - Farmstead
 - Pearl West
 - Crow Creek
 - Carolina National



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HOUSE

- Snack Shack doors
- Ice Maker at #10
- Vent cleaning in kitchen
- Propane conversion on kitchen fryer

GROUNDS & GREENS

- First we need to thank all the members who have assisted in the cleaning out and trimming of our beds. Please stand up so we can recognize you.
- Recovery is occurring to the greens which were damaged by our extreme cold winter. The greens have been sprigged and have received a little sod also and are beginning a to putt much better.
- Some fairways and tees were also damaged by the cold weather. They will be addressed next by Tim Cunningham.
- Cart paths are on the agenda also. We recently received a demo from Flat Paths to repair our car paths. That work will be scheduled as soon as we can get an appt.
- The practice tee will be sprayed very soon for weeds, crabgrass and nematodes.

MEMBERSHIP

- **New Members**
 - Tom and Marie Goodwin, June 26

- **Resignations**
 - Welch/Boyken, April 9
 - Nick and Carla Payne, April 30

- **RHO Membership**

The Membership Committee is working with the four major Vacation Rental Management Companies on Holden Beach to reach all Rental Home Owners (RHO) with our RHO Membership Package. This type of membership allows the rental homeowner to market their property with a “Golf Package Included” benefit. Ultimately this could extend a rental calendar for homeowners, and increase revenues for all. This is not a new membership type, just one we are highlighting and remarketing.

- **Dinner/Dance**

Registration will be in your inbox on August 1. The event is October 6.

SNOWBIRD MEMBERSHIP

- Our newest membership type is the “Snowbird” package which will appeal to those who winter near us. It will be marketed through our email club and the clubs webpage. It was mentioned at the last quarterly meeting, but here are the specifics:

SNOWBIRD MEMBERSHIP

- **Includes**

- Unlimited Greens fees
- Cart fees included
- Unlimited Range balls
- Chipping and Putting Green
- 20% discount on Pro Shop merchandise (clubs and golf balls excluded)
- 7 day advance tee time
- Food and Beverage minimum is \$30 month
- 10% discount on food (beverages not included)

- | Monthly Membership | Single | Family (2 adults) |
|---------------------------|---------------|--------------------------|
| December | \$350 | \$600 |
| January | \$350 | \$600 |
| February | \$400 | \$700 |
| March | \$600 | \$1,100 |
| Dec-March | \$1,500 | \$2,500 |
| Dec-Feb | \$1,000 | \$1,800 |
| Jan-March | \$1,250 | \$2,200 |

- **Snowbird Memberships are non-equity and do not include voting privileges. Complete and return to Eric Morgan, Golf Pro or email form to: office@lockwoodfolly.com*

TREASURER

Second Quarter 2018 FINANCIAL RESULTS

	Apr - June 2018 Actual	Apr - June 2018 Budget	B / (W) Budget	Apr - June 2017 Actual	B / (W) 2017
OPERATIONS:					
REVENUE	\$ 316,846	\$ 353,177	\$ (36,331)	\$ 328,884	\$ (12,038)
EXPENSE	<u>\$ 279,377</u>	<u>\$ 302,300</u>	<u>\$ 22,923</u>	<u>\$ 291,921</u>	<u>\$ 12,544</u>
OPERATING INCOME	\$ 37,469	\$ 50,877	\$ (13,408)	\$ 36,963	\$ 506
OAK & ANCHOR	\$ (14,339)	\$ 5,184	\$ (19,523)	\$ -	\$ (14,339)
PROJECT SPENDING	\$ -	\$ -	\$ -	\$ -	\$ -
STORM CLEANUP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET INCOME	<u>\$ 23,130</u>	<u>\$ 56,061</u>	<u>\$ (32,931)</u>	<u>\$ 36,963</u>	<u>\$ (13,833)</u>

Second Quarter 2018

FINANCIAL RESULTS

REVENUE

	Apr - June 2018 Actual	Apr - June 2018 Budget	B / (W) Budget	Apr - June 2017 Actual	B / (W) 2017
Outside & Community Play	\$ 200,202	\$ 226,351	\$ (26,149)	\$ 188,019	\$ 12,183
Member Income	\$ 95,052	\$ 105,951	\$ (10,899)	\$ 110,705	\$ (15,653)
Other Revenue	<u>\$ 21,592</u>	<u>\$ 20,875</u>	<u>\$ 717</u>	<u>\$ 30,160</u>	<u>\$ (8,568)</u>
Total Revenue	<u>\$ 316,846</u>	<u>\$ 353,177</u>	<u>\$ (36,331)</u>	<u>\$ 328,884</u>	<u>\$ (12,038)</u>

EXPENSES

	Apr - June 2018 Actual	Apr - June 2018 Budget	B / (W) Budget	Apr - June 2017 Actual	B / (W) 2017
Administration	\$ 45,147	\$ 49,125	\$ 3,978	\$ 35,039	\$ (10,108)
Grounds	\$ 142,955	\$ 167,696	\$ 24,741	\$ 173,498	\$ 30,543
Pro Shop	\$ 72,879	\$ 69,680	\$ (3,199)	\$ 68,452	\$ (4,427)
Marketing	\$ 11,039	\$ 9,755	\$ (1,284)	\$ 3,854	\$ (7,185)
House	\$ 4,244	\$ 3,873	\$ (371)	\$ 7,708	\$ 3,464
Membership	\$ 237	\$ -	\$ (237)	\$ 122	\$ (115)
Projects	\$ -		\$ -	\$ -	\$ -
Hurricane- Storm Cleanup	\$ -		\$ -	\$ -	\$ -
Interest	<u>\$ 2,876</u>	<u>\$ 2,171</u>	<u>\$ (705)</u>	<u>\$ 3,248</u>	<u>\$ 372</u>
Total Operating Expenses	<u>\$ 279,377</u>	<u>\$ 302,300</u>	<u>\$ 22,923</u>	<u>\$ 291,921</u>	<u>\$ 12,544</u>

Second Quarter 2017

2018 Forecast

NET INCOME

	1st Quarter 2018 Actual	2nd Quarter 2018 Actual	3rd Quarter 2018 Forecast	4th Quarter 2018 Forecast	Year 2018 Forecast	Year 2018 Budget	Year 2017 Actual
OPERATIONS:							
REVENUE	\$ 332,374	\$ 316,846	\$ 338,920	\$ 219,365	\$ 1,207,505	\$ 1,280,325	\$ 1,192,147
EXPENSE	<u>\$ 282,077</u>	<u>\$ 279,377</u>	<u>\$ 249,873</u>	<u>\$ 262,448</u>	<u>\$ 1,073,775</u>	<u>\$ 1,119,848</u>	<u>\$ 1,008,765</u>
OPERATING INCOME	\$ 50,297	\$ 37,469	\$ 89,047	\$ (43,083)	\$ 133,730	\$ 160,477	\$ 183,382
OAK & ANCHOR	\$ (13,055)	\$ (14,339)	\$ 3,347	\$ 5,363	\$ (18,684)	\$ 25,608	\$ (26,386)
HURRICANE Storm Cleanup:	<u> </u>	<u> </u>	<u> </u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 2,446</u>
NET INCOME	<u>\$ 37,242</u>	<u>\$ 23,130</u>	<u>\$ 92,394</u>	<u>\$ (47,720)</u>	<u>\$ 105,046</u>	<u>\$ 176,085</u>	<u>\$ 154,550</u>

2018 Forecast
OAK & ANCHOR
NET INCOME

	1st Quarter 2018 Actual	2nd Quarter 2018 Actual	3rd Quarter 2018 Forecast	4th Quarter 2018 Forecast	Year 2018 Forecast	Year 2018 Budget
OPERATIONS:						
REVENUE						
Restaurant Sales	\$ 48,560	\$ 43,133			\$ 91,693	\$ 267,360
Catering	\$ 4,787	\$ 8,864			\$ 13,651	\$ 53,472
Other	\$ 924	\$ (187)	\$ 7,500	\$ 7,500	\$ 15,737	
TOTAL REVENUE	<u>\$ 54,271</u>	<u>\$ 51,810</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 121,081</u>	<u>\$ 320,832</u>
PRIME EXPENSE						
Food Cost	\$ 25,262	\$ 27,734			\$ 52,996	\$ 128,332
Labor	\$ 30,002	\$ 28,864			\$ 58,866	\$ 120,314
TOTAL PRIME EXPENSE	<u>\$ 55,264</u>	<u>\$ 56,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,862</u>	<u>\$ 248,646</u>
GROSS PROFIT	\$ (993)	\$ (4,788)	\$ 7,500	\$ 7,500	\$ 9,219	\$ 72,186
OVERHEAD EXPENSES	\$ 12,062	\$ 9,551	\$ 4,153	\$ 2,137	\$ 27,903	\$ 46,578
OAK & ANCHOR NET INCOME (LOSS)	<u>\$ (13,055)</u>	<u>\$ (14,339)</u>	<u>\$ 3,347</u>	<u>\$ 5,363</u>	<u>\$ (18,684)</u>	<u>\$ 25,608</u>

Second Quarter 2018		
FINANCIAL RESULTS		
CASH FLOW		
		Q2
		2018
		Actual
Beginning Cash		\$ 87,240
Cash Provided From Q2 2018 Operations		\$ 23,130
Change In Working Capital:		
Decrease In Accounts Receivable		\$ 5,033
Decrease In Inventory		\$ 9,953
Increase In Other Assets		\$ (4,852)
Decrease In Accounts Payable		\$ (12,694)
Decrease In PAY IT FORWARD		\$ (17,100)
Decrease In other Liabilities		\$ (5,032)
Total Change In Working Capital		<u>\$ (24,692)</u>
Loan Payments (Principal)		\$ (10,385)
Purchase Fixed Asset		<u>\$ -</u>
Ending Cash		<u>\$ 75,293</u>

BALANCE SHEET

	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash	\$ 75,293	\$ 101,565
Accounts Receivable	\$ 15,501	\$ (20,450)
Inventory	\$ 42,117	\$ 43,742
Prepaid Expenses	\$ 5,358	\$ 206
TOTAL CURRENT ASSETS	\$ 138,269	\$ 125,063
NET FIXED ASSETS	\$ 1,424,966	\$ 1,019,505
OTHER ASSETS (Water Meter Deposit)	\$ 125	\$ 125
TOTAL ASSETS	\$ 1,563,360	\$ 1,144,693
LIABILITIES and MEMBERS EQUITY		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts Payable	\$ 46,711	\$ 9,727
Other Current Liabilities	\$ 4,409	\$ 885
TOTAL CURRENT LIABILITIES	\$ 51,120	\$ 10,612

The Quarter In Review

THE GOOD

- Found a Restaurant Operator and Signed a Lease.
- Worked Hard on Repairing Greens and Fairways

THE BAD

- Winter Kill Affected Greens & Fairways.
- Second Quarter Revenue \$36,000 Below Budget, but Expenses \$23,000 Favorable to Budget.
- Oak & Anchor Lost Money for the Quarter, but LFCC No Longer Operating the Restaurant.
- Cash Position Has Decreased \$12,000 During the Quarter.
- Accounts Payable Is Very High at \$46,711, but Paid Down \$12,694 in the Second Quarter.
- Pro Shop Inventory Is High at \$42,117, \$9,102 Higher Than Last Year

Calendar Year 2018

OUTLOOK

- The Golf Market Remains Extremely Competitive
- LFCC's Membership Is Aging
- Lockwood Real Estate Market Improving

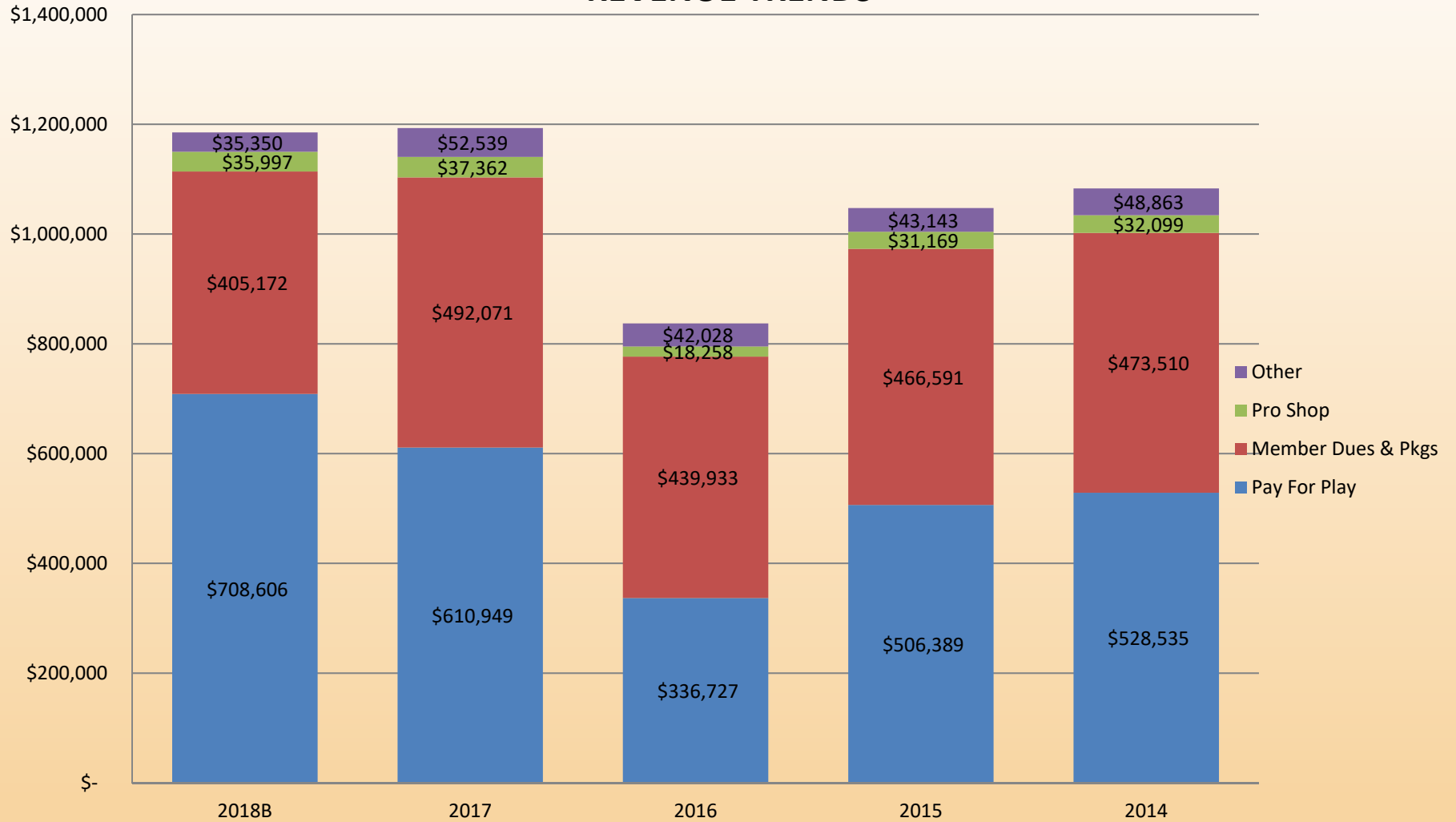
Opportunities:

- Mortgage Was Renewed and Will be Paid Off In Five Years
- Capital Improvement Financing was Obtain in the Amount of \$250,000
- Membership Committee's "Snowbird Membership" May Encourage New Members
- Encourage New Residents to Join LFCC
- Brunswick County Continues to be a High Population Growth Area
- Two Golf Courses Sold In Brunswick County
- Brunswick Plantation's New Owner May Help Promote Package Play at LFCC
- Optimistic About Tim Cunningham Starting as Superintendent

Risks:

- If Package and Local Play Revenue Do Not Materialize We Will Have To Cut Expenses

REVENUE TRENDS



	2018B	2017	2016	2015	2014
Pay For Play	\$ 708,606	\$ 610,949	\$ 336,727	\$ 506,389	\$ 528,535
Member Dues & Pkgs	\$ 405,172	\$ 492,071	\$ 439,933	\$ 466,591	\$ 473,510
Pro Shop	\$ 35,997	\$ 37,362	\$ 18,258	\$ 31,169	\$ 32,099
Other	\$ 35,350	\$ 52,539	\$ 42,028	\$ 43,143	\$ 48,863
Total Revenue	\$ 1,185,125	1,192,921	836,946	1,047,292	1,083,007

Expense Trends w Components

	2018B	2017	2016	2015	2014
Pro Shop	\$ 259,167	\$ 251,345	\$ 230,801	\$ 235,159	\$ 218,675
Grounds & Greens	\$ 645,627	\$ 552,404	\$ 525,968	\$ 506,085	\$ 552,561
Administration	\$ 139,544	\$ 144,788	\$ 138,986	\$ 139,636	\$ 146,290
House	\$ 14,267	\$ 22,994	\$ 32,012	\$ 32,590	\$ 24,667
Marketing	\$ 32,020	\$ 19,006	\$ 7,197	\$ 9,164	\$ 15,344
Membership	\$ 2,400	\$ 72	\$ 1,950	\$ 75	\$ 204
Projects			\$ 178,160	\$ 46,145	
Storm Cleanup	\$ 10,000	\$ 2,446	\$ 19,942		
Discretionary	\$ 17,900	\$ 2,986	\$ 10,719	\$ 3,850	\$ 18,564
Interest	\$ 8,473	\$ 12,904	\$ 14,907	\$ 16,589	\$ 18,669
Total	\$ 1,129,398	\$ 1,008,945	\$ 1,160,642	\$ 989,293	\$ 994,974

CASH FLOW 1

	2018B	2017	2016	2015	2014
Cash Flows from Operating Activities:					
Cash Received from Customers and Members	\$ 1,232,536	\$ 1,156,440	\$ 1,055,718	\$ 1,067,365	\$ 1,061,016
Payments to Suppliers and Employees	\$ (1,116,542)	\$ (996,340)	\$ (1,088,439)	\$ (989,084)	\$ (978,358)
Interest Paid	\$ (8,473)	\$ (12,904)	\$ (14,907)	\$ (16,591)	\$ (18,667)
Net Cash Provided (Used) by Operating Activities	<u>\$ 107,521</u>	<u>\$ 147,196</u>	<u>\$ (47,628)</u>	<u>\$ 61,690</u>	<u>\$ 63,991</u>
Cash Flows from Investing Activities:					
Disposal of Fixed Assets				\$ 20,367	\$ 3,500
Purchase of Fixed Assets	<u>\$ (86,864)</u>	<u>\$ (38,947)</u>	<u>\$ (116,711)</u>	<u>\$ (8,232)</u>	<u>\$ (44,781)</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (86,864)</u>	<u>\$ (38,947)</u>	<u>\$ (116,711)</u>	<u>\$ 12,135</u>	<u>\$ (41,281)</u>

CASH FLOW 2

	2018B	2017	2016	2015	2014
Cash Flows from Financing Activities:					
Capital Lease Payments	\$ 35,468	\$ 4,437	\$ 88,739	\$ (15,135)	\$ 19,789
Loan Payments	\$ (47,411)	\$ (44,032)	\$ (42,030)	\$ (40,345)	\$ (38,269)
Net Cash Provided (Used) by Financing Activities	<u>\$ (11,943)</u>	<u>\$ (39,595)</u>	<u>\$ 46,709</u>	<u>\$ (55,480)</u>	<u>\$ (18,480)</u>
Net Cash Provided (Used) by Restaurant Activities	<u>\$ 25,608</u>	<u>\$ (26,629)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Increase (Decrease) in Cash	\$ 34,322	\$ 42,025	\$ (117,630)	\$ 18,345	\$ 4,230
Cash at Beginning of Year	\$ 101,565	\$ 59,540	\$ 177,170	\$ 158,825	\$ 154,595
Cash at End of Year	<u>\$ 135,887</u>	<u>\$ 101,565</u>	<u>\$ 59,540</u>	<u>\$ 177,170</u>	<u>\$ 158,825</u>

QUESTIONS & COMMENTS