

Country Club Operations in 1952

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Our fourth annual study of country club operations discloses a sorry year-end result for the group as a whole—a 50 per cent decrease in income available for depreciation, surplus and emergencies. In round figures, net operating costs and fixed charges increased $1\frac{1}{2}$ times as much as the 9 per cent increase in dues and assessments. In terms of the ratio to dues and assessments, the net result plunged 4.3 points from 8.0 per cent in 1951 to 3.7 per cent in 1952.

The operating statistics on page 13 provide a comparative summary of the same seventeen clubs as were represented in a similar study last year. These clubs are located in Connecticut, Delaware, New York, New Jersey, Pennsylvania, Ohio, Illinois and California.

Unless otherwise indicated, the statistics are expressed in relation to membership dues and assessment income.

These statistics are representative of this particular group of clubs and are not necessarily standards for all country clubs. For significant comparisons among clubs it is essential that the income and expense classifications conform to the Uniform System of Accounts for Country Clubs.

The seventeen clubs received 6.2 per cent more income from membership dues in 1952 than in 1951. Three clubs raised their annual rates for regular members. Nine of the clubs increased their number of regular members.

In 1952 these seventeen clubs suffered a continued upward trend in operating costs. Both net clubhouse cost, with an increase of 20.5 per cent, and net grounds, golf and other outside activities, up 13 per cent, sped far beyond income from dues and assessments which rose only 9 per cent. In ratio to dues, only five clubs improved their net result before

fixed charges. The other twelve clubs averaged a drop of nearly 11 points.

Payroll is a major reason for the higher cost throughout operations. Compared with the year before, payroll alone increased 7.5 per cent, or \$225,000, which does not include the additional payroll taxes and employee-benefit costs. Another striking note on payroll is that these clubs had a total payroll amounting to 117 per cent of their dues income, of which 40 per cent was for restaurant employees.

The importance of the profitability of the restaurant and bar to the financial success of the entire club operation is emphasized by the 1952 results in these clubs. More than one half of the \$100,000 decrease in net income before depreciation lies in a poorer departmental profit on food and beverages. Although sales did increase 3.3 per cent, food and beverage costs per dollar sale did not improve; restaurant payroll rose 8.7 per cent and other expenses went up 5.3 per cent. Ten clubs reported lower food and beverage profits in ratio to sales, and the group average fell 1.8 points. In ratio to dues the group average dropped off 3.2 points.

Overhead expenses, which in total increased 9.8 per cent, kept pace with dues and assessment income. Each of these expense groups maintained about the same relationship to dues except for repairs and maintenance, where larger amounts apparently were charged off in 1952.

A 30 per cent bite out of the dues dollar went for the maintenance and operation of the grounds and golf course, swimming pool, tennis courts and other outside activities.

All the clubs managed to cover their net operating cost. However, after fixed charges nearly half of them—three more than in 1951—found themselves with a deficiency of income. And eleven clubs ended the year with a smaller portion left of their dues dollar.

AVERAGE OF COUNTRY CLUB OPERATIONS—1952

	<i>Group Average</i>	
	1952	1951
Membership dues and assessments	\$162,000	\$149,000
Income from dues and assessments	100.0%	100.0%
Summary of Operations in Ratio to Dues plus Assessments		
Deduct cost of operations		
Clubhouse (detail below)	46.9	42.4
Golf and grounds—net	27.1	26.2
Swimming pool—net	1.4(a)	1.5(a)
Tennis—net	2.3(a)	2.0(a)
Other outside activities—net9(a)	.8(a)
Total	77.0	71.5
Net before fixed charges	23.0	28.5
Fixed charges		
Rent	10.0(a)	8.3(a)
Taxes and insurance	15.2	16.1
Interest	2.7(a)	3.5(a)
Total	19.3	20.5
Dues and assessments available for depreciation and surplus	3.7	8.0
CLUBHOUSE OPERATION		
Departmental profit		
Food and beverages	11.9%	15.1%
Rooms	10.9(a)	11.6(a)
Other sources of income	4.1	4.3
Total	22.4	26.3
Overhead expenses		
Clubhouse	17.6	17.7
Administrative and general	27.0	27.7
Entertainment—net	4.3(a)	4.1(a)
Heat, light and power	9.4	9.3
Repairs and maintenance	11.9	10.7
Total	69.3	68.7
Net clubhouse cost	46.9	42.4
FOOD AND BEVERAGE STATISTICS		
Total food and beverage sales (b)		
Ratio to membership dues	135%	143%
Amount per member (all classes)	\$288	\$279
Cost per dollar sale		
Food (c)	58.6c	58.5c
Beverages	37.0(a)	37.0(a)
Ratios to food and beverage sales		
Payroll	35.0%	33.2%
Departmental profit	8.8	10.6
GROSS MAINTENANCE COST OF GOLF COURSE AND GROUNDS (d)		
Per golf course hole	\$2,283	\$2,154
Ratio to membership dues	29.1%	29.9%
ANNUAL DUES PER REGULAR MEMBER		
NUMBER OF MEMBERS		
Regular membership	468	475
Total of all classes	762	760

(a) Average only of those clubs reporting this item.

(b) Exclusive of bottle sales.

(c) Before credit for employees' meals.

(d) Does not include golf shop, caddie costs, etc., and green fees income; eleven clubs have 18-hole courses, two have 9 holes, one has 27 holes and three have 36 holes.