

# COUNTRY CLUB OPERATIONS IN 1953

by

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THE DUES DOLLAR still does not stretch quite far enough, judging from our fifth annual study of country club operations.

Clubhouse operation absorbed 39.8 cents, the grounds, golf course and other outside activities required 29.8 cents and the fixed carrying charges on the property demanded 19.8 cents. The remaining 10.6 cents was not enough to cover depreciation and rehabilitation of the club property.

Yet the twenty clubs studied, which are located near twelve principal cities, substantially improved their dollar results in 1953 over 1952, for their net operating income, before fixed charges, rose 24 per cent. This came about principally from the 30.5 per cent increase in profit from food and beverages and the 6.1 per cent rise in income from dues and assessments.

Our latest annual study of country club operations has been expanded to include more clubs and to provide information in greater detail. Average figures only for both 1953 and 1952 are given in the condensed table on the next page. These 1952 ratios are different from those published in our 1952 study because three more clubs are represented.

The summary of operations is expressed in relation to membership dues and assessment income. Since dues are the principal source of club income, they make the most common, acceptable basis for comparing operating data. Income from assessments has been included with dues because its nature is that of dues. Nevertheless, three

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clubs still wound up the year in the red and two clubs barely broke even.

Income and expense classifications conform to the Country Club section of the Uniform System of Accounts for Clubs. In no other way can intelligent and helpful comparisons be made. These average ratios do not represent standards for all country clubs, but they do provide a useful guide when coupled with full recognition of the particular characteristics of any one club.

Transfer and initiation fees are not included in operating income because they are generally added directly to surplus or special reserves. Six of the clubs increased their entrance fee for regular membership. Fourteen out of twenty clubs reported an increase in total number of members which largely accounts for the higher dues income since only two clubs raised their dues rates. Assessment rates per regular member ranged from \$50 to \$300.

### Minimum Spending

To ease management's problem of holding the net cost of operation to a minimum while maintaining standards consistent with club policy and acceptable to members, it is necessary to produce sufficient departmental profits and other clubhouse income to defray a proportionate share, and more, of the indirect operating expenses. One club requires minimum spending for food and beverages of \$240 a year. Two clubs charge a restaurant guest fee: one \$1 and the other, \$3. The average food checks reported by 11 clubs were as follows:

\$1.95	\$2.54	\$2.73	\$3.40
2.18	2.62	2.92	3.75
2.33	2.72	3.30	

# AVERAGE OF COUNTRY CLUB OPERATIONS—1953

## Summary of Operations in Ratio to Dues plus Assessments

	Group Average	
	1953	1952
Income from dues and assessments .....	100.0%	100.0%
Deduct cost of operations .....		
Clubhouse (detail below) .....	39.8	44.2
Golf and grounds—net .....	27.1	27.1
Swimming pool—net .....	1.0 (a)	1.3 (a)
Tennis—net .....	2.6 (a)	2.5 (a)
Other outside activities—net .....	1.0 (a)	.8 (a)
Total .....	69.6	74.0
Net before fixed charges .....	30.4	26.0
Fixed charges .....		
Rent .....	12.1 (a)	11.1 (a)
Taxes and insurance .....	16.0 (a)	15.7 (a)
Interest .....	2.5 (a)	2.8 (a)
Total .....	19.8	19.6
Dues available for depreciation (b) .....	10.6	6.4
Depreciation and/or rehabilitation expenditures or reserves .....	13.9	12.6
Dues available for members' equity .....	3.3 (c)	6.2 (c)

### CLUBHOUSE OPERATION

Departmental profit or loss .....		
Food .....	.6% (a,c)	3.3% (a,c)
Beverages .....	19.6 (a)	19.6 (a)
Total .....	18.5	15.0
Rooms .....	11.0 (a)	11.1 (a)
Locker rooms .....	2.4 (a,c)	1.9 (a,c)
Other sources of income (d) .....	4.1	4.0
Total .....	27.2	23.9
Undistributed operating expenses .....		
Clubrooms .....	15.8	15.5
Entertainment—net .....	3.8	3.7
Administrative and general .....	28.6	28.8
Heat, light and power .....	9.5	9.8
Repairs and maintenance .....	9.3	10.3
Total .....	67.0	68.1
Net clubhouse cost .....	39.8	44.2

### FOOD AND BEVERAGE STATISTICS

Cost per dollar sale .....		
Food (e) .....	55.4¢	59.9¢
Beverages (f) .....	36.8	37.7
Ratios to food and beverage sales .....		
Payroll .....	32.9%	32.7%
Departmental profit or loss .....	12.7	10.3

### GROSS MAINTENANCE COST OF GOLF AND GROUNDS (g)

Per golf course hole .....	\$2,474	\$2,281
Ratio to membership dues .....	29.8%	29.2%

### ANNUAL DUES—REGULAR MEMBERSHIP

### ENTRANCE FEE—REGULAR MEMBERSHIP

### NUMBER OF MEMBERS

Regular membership .....	442	438
Total of all classes .....	722	711

- (a) Average only of those clubs reporting this item.  
 (b) Plus assessments in five of the clubs.  
 (c) Red figure.  
 (d) Income from initiation or entrance and transfer fees is excluded entirely.  
 (e) Before credit for employees' meals.  
 (f) Exclusive of bottle sales.  
 (g) Does not include golf shop, caddie costs, etc., and green fee income.