

# COUNTRY CLUB OPERATIONS IN 1954

by

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OUR sixth annual study of country clubs shows the extent to which they have grown since the early days when facilities were rather primitive and costs very low. Operating data are presented for the following three groups of clubs:

18 small country clubs, each with membership dues income of under \$150,000 (including regular assessments in five clubs).

14 large country clubs, each with membership dues between \$150,000 and \$250,000 (including regular assessments in three clubs).

2 very large clubs, each with membership dues of more than \$250,000 (including a regular assessment in one club).

The foregoing classifications are being used for the first time this year. The size and scope of the study have been expanded because of the need for operating data applying more specifically to clubs of various sizes. Past studies showed, for example, that country clubs with annual dues and assessments of \$50,000 have little in common with those having \$600,000 of such income. When such extremes are included in the same group, the resulting averages are heavily weighted towards the top amounts.

Following the conclusion of this article is a summary of operations of two groups 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 regular, or recurring, assessments has been included with dues because it is similar in nature to dues.

*Condensed from The Horwath Hotel Accountant, June, 1955. More detailed data are available in the original report.*

The two clubs with dues of over \$250,000 were handled separately because their operating figures are of such magnitude that they would disproportionately affect the group averages if included with the 14 large country clubs.

Comments on some of the principal findings of our study of country club operations in 1954 follow:

The small clubs were better off, before rehabilitation and depreciation expenses, than in 1953, but because those expenses were considerably higher in 1954, the final result was that the small clubs lost ground financially.

The large clubs, on the other hand, except for a decrease in rehabilitation and depreciation expenses, did not fare as well as in 1953. The final result, however, was that the large clubs lost less ground financially than the small clubs.

## *How Dues Dollar Was Spent*

Breaking down the dues dollar of the small clubs, we find that it was spent in the following ways: clubhouse operations, 30.5¢ in 1954 compared with 35.5¢ in the preceding year; grounds and golf course, 36.0¢ compared with 33.8¢; other outside activities, 1.3¢ compared with 1.7¢; fixed charges, 16.2¢ compared with 16.7¢.

The remaining 16.0¢ is a commendable improvement over the 12.3¢ result of the preceding year. The average 25.6¢ of each dues dollar expended for depreciation and rehabilitation is distorted by the heavy improvement and rehabilitation programs of three clubs, all of which spent more than 50¢ of their dues dollar for that purpose. The funds for such heavy expenditures came from special gifts, assessments and other sources. The median aver-

age for this item is 17.5¢, compared with 17.0¢ for 1953.

On the basis of the median average, which is a more realistic one since it eliminates the aforementioned distortion, there would be a slight deficiency of approximately 1.5¢ in each dues dollar, as against a deficiency of 4.7¢ a year ago. Thus the dues income is not yet sufficient to cover cash operating expenses and depreciation and provide a reserve for emergencies or an increase in members' equity.

A similar breakdown of the dues dollar of the large clubs is as follows: clubhouse operations, 41.9¢ compared with 38.9¢ in the preceding year; grounds and golf course, 29.4¢ compared with 29.1¢; other outside activities, 2.3¢ compared with 2.9¢; fixed charges, 15.4¢ compared with 15.9¢; dues available for depreciation and rehabilitation, 11.0¢, compared with 13.2¢; depreciation and rehabilitation, 12.2¢, compared with 13.7¢.

The lower payroll ratios in the small clubs made it possible for them to have higher departmental profits from sales of food and beverages and from rooms. Payroll took 36.3% of total income, including dues, in the small clubs, compared with 40.8% in the large clubs. Food and beverage departmental operations in the small clubs showed a payroll cost of 28.7% of food and beverage sales, and yielded a profit of 17.8%, compared with payroll of 34.0% and profit of 11.8%, compared with payroll of 34.0% and profit of 11.8% in the large clubs.

The five-point rise over 1953 in the ratio of food and beverage profit to total dues income of the small clubs was attributable principally to better food results. The profit of the rooms department was 2.6 points higher in 1954 than in 1953. The large clubs had a decrease of 1.8 points in the food and beverage departmental result and one of 1.2 points in the profit derived from rooms.

Of the clubs reporting dues as to classes, the small clubs reported that the "regular" members who constituted 63% of their membership contributed 72% of the dues

income. The large clubs reported that the "regular" members constituted 54% of the membership and contributed 76% of the dues income.

### Golf Course Maintenance

The cost per hole of the upkeep of golf course and grounds averaged \$1,891 for the small clubs last year, compared with \$2,486 for the large ones. It was 24% less dollarwise but 9 points greater in relation to dues income in the small clubs than in the large ones. We wish to point out that this cost per hole does not include any fixed asset costs (those connected with improvements, additions, replacements or depreciation), nor any fixed charges, such as real estate taxes and interest on borrowed capital.

The average food checks reported by 14 clubs were:

\$3.69	\$2.80	\$2.38
3.00	2.79	2.26
2.99	2.68	2.22
2.88	2.64	1.66
2.88	2.49	

Dues, fees and assessments were increased during the year by several clubs. The annual dues were raised in seven clubs by \$12, \$20, \$25, \$36, \$40, \$40 and \$50. Initiation or entrance fees were increased in four clubs by \$50, \$150, \$200 and \$250. Annual assessments were increased in five clubs by \$25, \$28, \$100, \$100 and \$190. Two clubs reduced their annual assessments by \$50 each.

In conclusion, we wish to point out that the value of this study to any one particular club is entirely dependent upon the ways in which the data are used. To that end, we make two observations.

First of all, since the "Uniform System of Accounts for Clubs" is followed in compiling the study, the results of those clubs already following the system will be most easy to compare with the operating results shown in the study.

Secondly, club managers and committees should take note of the group averages of either the small or large clubs, depending upon the classification in which their own club belongs.

# Summary of Operations, 1954 and 1953

## 14 Large Country Clubs

(Dues of \$150M to \$250M)

	Ratios to Dues and Assessments		Amounts 1954	Increase or Decrease from 1953	
	1954	1953		Amount	Percentage
Membership dues .....	93.5%	95.1%	\$2,287,922	\$ 101,281	4.6%
Assessments .....	6.5	4.9	157,975	45,987	41.1
<b>Total .....</b>	<b>100.0</b>	<b>100.0</b>	<b>2,445,897</b>	<b>147,268</b>	<b>6.4</b>
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Deduct net cost of operations					
Clubhouse (detail below) .....	41.9	38.9	1,023,785	130,113	14.6
Golf, grounds and outside activities .....	31.7	32.0	775,925	40,499	5.5
<b>Total .....</b>	<b>73.6</b>	<b>70.9</b>	<b>1,799,710</b>	<b>176,612</b>	<b>10.5</b>
Net before fixed charges .....	26.4	29.1	646,187	<b>r23,344</b>	<b>r3.5</b>
Rent, taxes and insurance, and interest .....	15.4	15.9	377,642	11,485	3.1
Dues* available for depreciation .....	11.0	13.2	268,545	<b>r34,829</b>	<b>r11.5</b>
Depreciation and/or rehabilitation reserves or expenditures .....	11.4	12.9	278,160	<b>r17,198</b>	<b>5.8</b>
Dues* available for members' equity.....	<b>r.4%</b>	<b>.3%</b>	<b>\$ r9,615</b>	<b>\$ r17,631</b>	<b>r219.9%</b>
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Detail of clubhouse operation					
Food and beverage net departmental profit .....	15.1%	16.9%	\$ 369,954	\$ <b>r17,453</b>	<b>r4.5%</b>
Rooms, locker rooms and other sources of income—net .....	5.1	6.6	125,568	<b>r26,574</b>	<b>r17.5</b>
<b>Total .....</b>	<b>20.2</b>	<b>23.5</b>	<b>495,522</b>	<b>r44,027</b>	<b>r8.2</b>
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Undistributed operating expenses					
Clubrooms .....	15.0	15.2	366,623	16,596	4.7
Entertainment .....	2.5	2.5	60,751	4,333	7.7
Administrative and general .....	29.7	29.7	727,675	45,390	6.7
Heat, light and power .....	7.8	8.1	191,577	6,540	3.5
Repairs and Maintenance .....	7.1	6.9	172,681	13,227	8.3
<b>Total .....</b>	<b>62.1</b>	<b>62.4</b>	<b>1,519,307</b>	<b>86,086</b>	<b>6.0</b>
Net clubhouse cost—above .....	<b>41.9%</b>	<b>38.9%</b>	<b>\$1,023,785</b>	<b>\$ 130,113</b>	<b>14.6%</b>
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Restaurant sales					
Food .....			\$2,017,882	\$ 37,957	1.9%
Beverages .....			1,129,106	36,384	3.3
<b>Total .....</b>			<b>\$3,146,988</b>	<b>\$ 74,341</b>	<b>2.4%</b>
Total sales and other income†.....			<b>\$3,911,698</b>	<b>\$ 82,573</b>	<b>2.2%</b>
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Payroll					
Restaurant .....			\$1,071,105	\$ 35,039	3.4%
Total club .....			2,591,543	112,188	4.5%

M—thousands.

r—red figure.

\* Dues plus assessments in eight clubs.

† Excluding income from dues and initiation and transfer fees.

# Summary of Operations, 1954 and 1953

## 18 Small Country Clubs

(Dues under \$150M)

	<i>Ratios to Dues and Assessments</i>		<i>Amounts</i>	<i>Increase or Decrease from 1953</i>	
	1954	1953		<i>Amount</i>	<i>Percentage</i>
Membership dues .....	88.5%	90.5%	\$1,314,886	\$ 45,824	3.6%
Assessments .....	11.5	9.5	170,116	36,389	27.2
<b>Total .....</b>	<b>100.0</b>	<b>100.0</b>	<b>1,485,002</b>	<b>82,213</b>	<b>5.9</b>
Deduct net cost of operations					
Clubhouse (detail below) .....	30.5	35.5	453,069	<b>r44,133</b>	<b>r8.9</b>
Golf, grounds and outside activities.....	37.3	35.5	553,473	55,286	11.1
<b>Total .....</b>	<b>67.8</b>	<b>71.0</b>	<b>1,006,542</b>	<b>11,153</b>	<b>1.1</b>
Net before fixed charges .....	32.2	29.0	478,460	71,060	17.4
Rent, taxes and insurance, and interest.....	16.2	16.7	241,580	7,074	3.0
Dues* available for depreciation .....	16.0	12.3	236,880	63,986	37.0
Depreciation and/or rehabilitation reserves or expenditures .....	25.6	17.0	379,904	141,756	59.5
<b>Dues* available for members' equity.....</b>	<b>r9.6%</b>	<b>r4.7%</b>	<b>\$r143,024</b>	<b>\$ r77,770</b>	<b>r119.2%</b>
Detail of clubhouse operation					
Food and beverage net departmental profit .....	30.0%	25.3%	\$ 445,830	\$ 91,604	25.9%
Rooms, locker rooms and other sources of income—net .....	6.6	6.2	97,456	9,821	11.2
<b>Total .....</b>	<b>36.6</b>	<b>31.5</b>	<b>543,286</b>	<b>101,425</b>	<b>23.0</b>
Undistributed operating expenses					
Clubrooms .....	13.4	14.0	199,100	2,479	1.3
Entertainment .....	2.9	3.8	42,913	<b>r9,591</b>	<b>r18.3</b>
Administrative and general .....	31.4	31.6	466,121	23,253	5.3
Heat, light and power .....	9.9	9.4	146,693	14,560	11.0
Repairs and Maintenance .....	9.5	8.2	141,528	26,591	23.1
<b>Total .....</b>	<b>67.1</b>	<b>67.0</b>	<b>996,355</b>	<b>57,292</b>	<b>6.1</b>
<b>Net clubhouse cost—above .....</b>	<b>30.5%</b>	<b>35.5%</b>	<b>\$ 453,069</b>	<b>\$ r44,133</b>	<b>r8.9%</b>
Restaurant sales					
Food .....			\$1,498,220	\$ 128,236	9.4%
Beverages .....			1,000,608	72,198	7.8
<b>Total .....</b>			<b>\$2,498,828</b>	<b>\$ 200,434</b>	<b>8.7%</b>
<b>Total sales and other income† .....</b>			<b>\$3,130,477</b>	<b>\$ 278,399</b>	<b>9.8%</b>
Payroll					
Restaurant .....			\$ 717,367	\$ 62,719	9.6%
Total club .....			1,676,318	143,569	9.4

M—thousands.

\* Dues plus assessments in eight clubs.

r—red figure.

† Excluding income from dues and initiation and transfer fees.