

COUNTRY CLUB OPERATIONS IN 1958

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The large country clubs were again the only group to have dues available for members' equity in 1958, according to our tenth annual study of country club operations. Not only did the small and medium-sized clubs show deficiencies in the dues available for members' equity but these deficiencies were greater than in 1957. On the other hand, the large clubs fared better than in the preceding year. The clubs supplying operating data for this study are divided into the following groups:

- 16 small country clubs, each with membership dues income of under \$100,000 (including a regular assessment in one of the clubs);
- 23 medium-sized country clubs, each with membership dues income of between \$100,000 and \$200,000 (including regular assessments in five clubs);
- 11 large country clubs, each with membership dues income of between \$200,000 and \$300,000 (including regular assessments in four clubs); and

This study is similar in scope to those of the four preceding years and is based on all but two of the clubs included in "Country Club Operations of 1957." However, there has been some rearrangement of the clubs according to total dues and assessments. Since dues are the principal source of club income, they are the most common, acceptable basis for comparing operating data. Income from regular, or recurring assessments has been added to dues because it is similar in nature to dues. Only assessments which for all practical purposes are dues have been included.

On page 20 is a summary of the average operations of the three groups expressed in relation to dues and assessment income for both 1958 and 1957.

Operating Costs Increase

The small and medium-sized clubs showed sharp decreases, in both amount

and ratio to total dues income, in the dues available for depreciation in 1958, compared with 1957. In the small clubs the net costs of the clubhouse operations and outside activities were higher than in 1957 in spite of increases in total sales and other income.

There were also rises in the net cost of clubhouse operations and outside activities in the medium-sized clubs, which were only partially due to the decline in total sales and other income recorded by the group. The small clubs showed a slight decrease in fixed charges from the preceding year, while the medium-sized clubs showed an increase. The large clubs had more dues available for depreciation in 1958, but, as the increase over 1957 was proportionately the same as the increase in total dues and assessment income, there was no change in the ratio to dues.

Although the total sales and other income of the large clubs were 2 per cent higher than in the preceding year, there were rises in the costs of clubhouse operations and outside activities. The increase in total dues and assessment income, however, effected decreases in the ratios of these expenses to dues, but these apparent reductions were offset by the rise in fixed charges.

Depreciation and Rehabilitation

The average depreciation charges were higher than in 1957 in all three groups of country clubs, but in the large clubs the ratio to dues showed a decrease. Rehabilitation expenditures and/or reserves were down sharply from the preceding year in the large clubs. The small clubs also recorded a decrease, while the medium-sized country clubs showed a decrease only in the ratio to dues. However, the averages were distorted by heavy improvement and rehabilitation programs in several of the clubs. The funds for such heavy expenditures came from special gifts, assessments, initiation and

SUMMARY OF OPERATIONS, 1958 AND 1957

	16 Small Country Clubs (Dues* under \$100m)		23 Medium Country Clubs (Dues* of \$100m to \$200m)		11 Large Country Clubs (Dues* of \$200m to \$300m)	
	1958	1957	1958	1957	1958	1957
Membership dues.....	\$ 77M	\$ 75M	\$ 137M	\$ 129M	\$ 239M	\$ 225M
Assessments.....	20 ^b	20 ^b	37 ^b	41 ^b	52 ^b	40 ^b
Total.....	\$ 78M	\$ 76M	\$ 145M	\$ 138M	\$ 258M	\$ 240M
SUMMARY OF OPERATIONS						
Income from dues and assessments.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Deduct cost of operations (Bold type represents net income)						
Clubhouse (detail below).....	34.8	33.5	43.7	40.7	41.5	41.6
Golf and grounds—net.....	41.2	39.1	29.5	31.3	24.5	25.0
Swimming pool—net.....	1.9 ^b	2.1 ^b	1.4 ^b	1.3 ^b	.8 ^b	.7 ^b
Tennis—net.....	1.4 ^b	1.1 ^b	2.6 ^b	2.4 ^b	1.9 ^b	1.9 ^b
Other outside activities—net.....	1.9 ^b	.3 ^b	.4 ^b	.3 ^b	.5 ^b	.5 ^b
Total.....	78.4	74.7	75.3	74.0	68.5	68.8
Net before fixed charges.....	21.6	25.3	24.7	26.0	31.5	31.2
Fixed charges						
Rent.....	23.3 ^b	26.0 ^b	16.8 ^b	14.9 ^b	5.5 ^b	5.7 ^b
Taxes and insurance.....	7.0	7.2	12.6 ^b	11.9 ^b	12.2	12.1
Interest.....	7.2 ^b	5.8 ^b	4.4 ^b	4.5 ^b	5.4 ^b	6.3 ^b
Total.....	19.7	20.4	17.2	16.6	16.8	16.5
Dues* available for depreciation.....	1.9	4.9	7.5	9.4	14.7	14.7
Depreciation and/or rehabilitation expenditures or reserves						
Depreciation.....	16.5 ^b	15.3 ^b	18.9 ^b	18.0 ^b	10.9 ^b	11.3 ^b
Rehabilitation.....	7.3 ^b	7.6 ^b	12.5 ^b	12.7 ^b	11.9 ^b	13.9 ^b
Total.....	14.8 ^b	14.0 ^b	17.0 ^b	17.5 ^b	13.4	13.7
Dues* available for members' equity.....	r11.4%	r7.6%	r8.9%	r7.6%	1.3%	1.0%
CLUBHOUSE OPERATION						
Departmental profit or loss (r)						
Food.....	5.2 ^{b,c} %	5.6 ^{b,c} %	r.8 ^{b,c} %	r.9 ^{b,c} %	.8 ^{b,c} %	1.3 ^{b,c} %
Beverages.....	31.0 ^b	32.6 ^b	23.7 ^b	25.3 ^b	14.0 ^b	15.6 ^b
Total.....	35.2	36.7	22.3	23.9	13.9	14.2
Rooms.....	4.9 ^b	5.3 ^b	10.4 ^b	12.6 ^b	3.3 ^b	4.7 ^b
Locker rooms.....	r2.1 ^b	r2.3 ^b	r.9 ^b	r1.2 ^b	r1.3 ^b	r1.9 ^b
Other sources of income ^c	4.5 ^b	4.6 ^b	4.3	5.0	5.4	5.9
Total.....	39.1	40.8	28.3	30.9	19.1	19.8
Undistributed operating expenses						
Clubrooms.....	11.9	12.1	16.0	15.6	13.9	14.0
Entertainment—net.....	3.9	4.4	3.9	3.6	3.3 ^b	3.2 ^b
Administrative and general.....	39.6	38.5	34.0	34.0	29.3	29.9
Heat, light and power.....	9.8	10.7	8.8	9.3	7.4	8.0
Repairs and maintenance.....	8.7	8.6	9.3	9.1	7.3	6.9
Total.....	73.9	74.3	72.0	71.6	60.6	61.4
Net clubhouse cost.....	34.8%	33.5%	43.7%	40.7%	41.5%	41.6%
FOOD AND BEVERAGE STATISTICS						
Cost per dollar sale						
Food (before credit for employees' meals).....	56.8¢	56.6¢	57.4¢	57.5¢	55.2¢	55.7¢
Beverages (exclusive of bottle sales).....	35.6	35.1	33.2	33.8	34.8 ^b	35.4 ^b
Ratios to food and beverage sales						
Payroll.....	27.2%	27.2%	31.1%	30.6%	33.7%	33.8%
Departmental profit.....	19.7	20.1	15.8	15.9	11.5	11.2
GROSS MAINTENANCE COST OF GOLF COURSE AND GROUNDS^d						
Per golf course hole.....	\$1858	\$1764	\$2678	\$2679	\$2822	\$2684
Ratio to membership dues ^a	42.9%	40.5%	36.3%	38.0%	25.0%	25.6%

m—thousands. *—All ratios are to membership dues (dues plus assessments in Clubs 10, 22, 26, 29, 31, 33, 42, 46, 47, and 49).
^b—Average only of those clubs reporting this item. ^c—Income from initiation or entrance and transfer fees is excluded.
^d—Does not include greens fee income nor costs for golf shop, caddies, fixed assets and fixed charges (see explanatory text).
 Three clubs have 36-hole courses; four have 27-hole courses; and the remainder, 18, r—red figures.

transfer fees and other sources, all of which are excluded from our study as they do not pertain to regular club operations. In order to show more equitable average ratios for rehabilitation and consequently for dues available for members' equity, we have limited to 20 per cent of dues income the individual amounts of rehabilitation included in the

computation of the averages shown on page 20.

Payroll Rose Faster than Income

The rise in total club payroll over 1957, however, was even greater than the increase in total income, including dues and assessments, in all three groups of country clubs. The restaurant departmental payroll was also higher than in the pre-

ceding year in all three groups, but only in the medium-sized clubs was the increase evident in the ratio to total food and beverage sales. The restaurant departmental profit of the medium-sized clubs reflected the rise in payroll in spite of decreases in the food and beverage costs per dollar sale. The ratio of the departmental payroll to total food and beverage sales showed no change from 1957 in the small clubs, but the ratio of the departmental profit to sales was down as both the food and beverage costs per dollar sale showed rises. Only in the large clubs did the restaurant departmental profit show an improvement, but this improvement, due to cuts in the food and beverage costs per dollar sale, was less than the increase in total dues and assessment income.

Golf Course and Grounds Costs

Only the small clubs showed an increase in the gross maintenance cost of the golf course and grounds, as measured by the average ratios to dues, although the total gross maintenance cost of the large clubs also rose 5 per cent over 1957. While the total gross maintenance cost of the medium-sized clubs was practically the same as in the preceding year, there was a decrease of 1.7 points in the average ratio to dues and a reduction of one dollar in the average cost per golf course hole. These expenses increased \$94 per golf course hole in the small clubs and

\$138 per hole in the large clubs. The table at the bottom of page 00, which summarizes the operating costs per hole of the golf course and grounds, emphasizes the continued advances in these expenses in 1958 in both the small and the large country clubs.

The greens and grounds maintenance payroll, which constitutes approximately 70 per cent of the gross maintenance costs, rose 10 per cent in the large clubs, 8 per cent in the small clubs and 2 per cent in the medium-sized clubs, compared with 1957. We wish to point out, however, that these golf and grounds costs do not include any fixed costs (improvements, additions, replacements or depreciation) nor any fixed charges, such as real estate taxes, property insurance or interest on borrowed capital. The net cost of golf and grounds, after the addition of golf shop, caddie and tournament expenses and the deduction of greens fees and other golf income, was \$1,783 per hole in the small clubs, an increase of 5 per cent over 1957 and one of 2.1 points in the ratio to dues. In the medium-sized clubs, the net cost of golf and grounds was \$2,190 per hole in 1958, a decrease of 1 per cent from the preceding year and one of 1.8 points in the ratio to dues. The net cost per hole in the large clubs was \$2,769, an increase of 6 per cent over 1957 but a decrease of .5 of a point in the ratio to dues since total dues and assessments increased at an even faster pace.

GOLF COURSE AND GROUNDS EXPENSES

COST PER HOLE

	16 Small Country Clubs (Dues under \$100,000)		23 Medium Country Clubs (Dues of \$100,000 to \$200,000)		11 Large Country Clubs (Dues of \$200,000 to \$300,000)	
	1958	1957	1958	1957	1958	1957
Greens and grounds maintenance						
Payroll	\$1289	\$1229	\$1871	\$1827	\$2001	\$1818
Supplies and contracts	385	322	500	493	390	393
Repairs to equipment, course buildings fences, bridges, etc.	130	143	174	203	254	305
Water, electricity and other expenses	54	70	133	156	177	168
Total maintenance exclusive of fixed charges ..	1858	1764	2678	2679	2822	2684
Golf shop, caddie and tourna- ment expenses	273	268	309	321	433	428
Total	2131	2032	2987	3000	3255	3112
Deduct green fees	348	333	797	779	486	494
Net golf course and grounds expense exclusive of fixed charges	\$1783	\$1699	\$2190	\$2221	\$2769	\$2618