GCSAA Financial Update

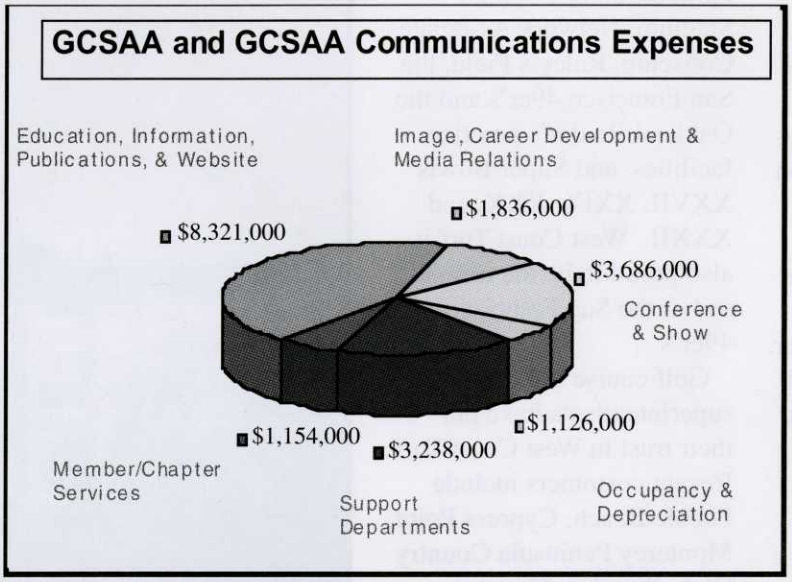
By: Michael Wallace, CGCS, GCSAA Secretary/Treasurer

At the September 2000 Chapter Delegates Meeting recently held in Lawrence, Kansas, the annual Secretary/ Treasurer's financial update was presented. It was suggested that this article be authored to share the information presented with other chapter members.

Three Companies in the GCSAA Family

GCSAA is the flagship organization and is a 501(c)(6) tax-exempt professional association. GCSAA Communications is a for-profit subsidiary that houses the activities that compete in the marketplace with other for-profit companies, and would thus pay taxes on any net taxable earnings. Those activities, at this point, are primarily advertising and bookstore operations. The GCSAA Foundation is the charitable, fundraising arm of the family. It is governed by a separate Board, and GCSAA's President, Vice-President, and Secretary/ Treasurer, as well as the Chief Executive Officer, are among the eleven Trustees. Their financial results are reported separately, and are not discussed in this article.

GCSAA and GCSAA Communications Consolidated June 30, 2000 Financial Results

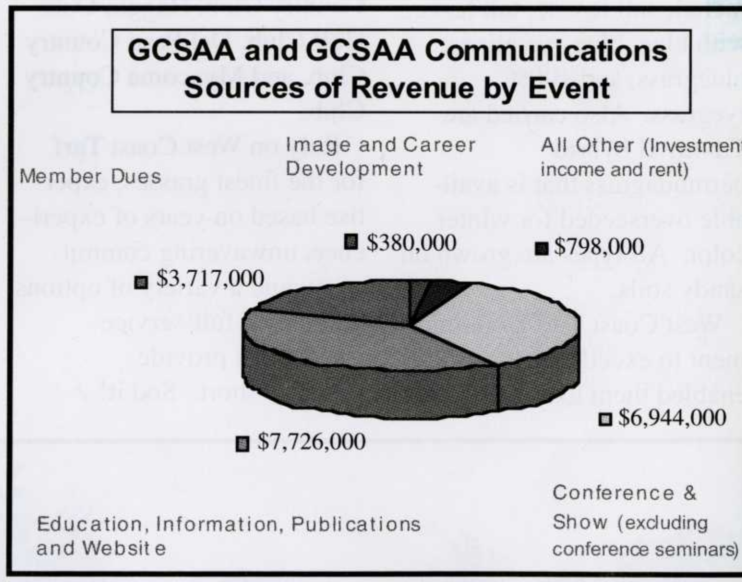


The financial results of GCSAA and GCSAA Communications are consolidated for financial reporting purposes. The combined entity will report revenues of $19.5 million and a $204,000 bottom line (or 1.1% of total revenue). These bottom line earnings provide funds for the retirement of debt and the purchase of capital equipment (i.e., computers, building improvements, furniture). In response to GCSAA's overall mission, we continue to budget and run the organization with a thin bottom-line objective (1 to 2%) and to thus reinvest 98% of our resources into programs and services.

Sources of Revenue by Event

Member dues were 19% of total revenue for the year, as they were the year before. The average over the last ten years is 21%.

The most significant event by far is the Conference & Show. It generated $6.9 million in gross revenues ($3.3 million net of expenses) that are used to fund the many programs and initiatives that do not pay for themselves, such as career development and image efforts, media relations efforts and government



Recycled Water Bill Signed by Davis

California: S.B. 2095 — a bill to require cities and counties to make findings regarding the availability of recycled water for proposed residential, commercial or industrial subdivisions prior to approving the development project — has been signed by the governor.

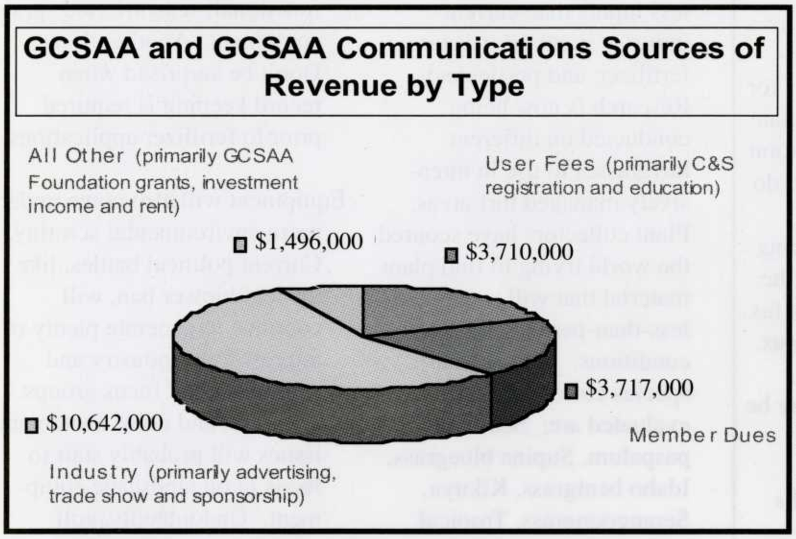
Orinda Oops!

We missed thanking Mike Farmen of Farmload Distributors for his sponsorship at the Orinda Scholarship Research Tournament. Mike generously sponsored a "Closest to the Pin" hole.

Thanks Mike!

relations efforts. GCSAA has grown to rely on this income stream for program enhancement and growth.

Sources of Revenue by Type



GCSAA and GCSAA Communications Sources of Revenue by Type

Sliced yet another way, over $10 million, or 54% of the organization's total revenues, is provided by industry, primarily in the form of advertising, exhibit fees, and sponsorships. $3.7 million, or 19%, come from program and service user fees (including Conference & Show registration, seminar registration, bookstore, etc.) and, as I stated before, $3.7 million, or 19% of revenues, come from member dues. The remaining 8% of revenues are derived from GCSAA Foundation grants, rent and investment income.

Membership Dues

The belief that member dues cover the cost of a majority of the organization's products and services is incorrect, as was noted earlier. If member dues were required to entirely cover the program and service costs of the organization, dues levels would have to be increased to $1,270 instead of the current $250 level, in place since July 1, 1997. The organization spends over five times the amount of money that member dues generate.

Program Expenditures

On the program expenditure side, over $8.3 million was spent on education, information, publications, and the web site. This includes Golf Course Management magazine and Newsline, the information center, government relations, the web site, research and related offerings. Included in those totals, $400,000 was spent during the year to further competency-based education improvements and $100,000 was spent to fund MSRG meetings, needed cross-committee meetings and chapter communication outreach efforts related to the proposed member classification changes.

Approximately $1.8 million was spent on image efforts, career development, and media relations; $3.6 million was spent on the Conference & Show to generate $6.9 million in revenues; and $1.1 million was spent on member chapter services and the service center. Finally, $3.2 million was spent in support of the program areas, which included production, accounting, executive management, human resources and management information systems. In summary, the organization is financially strong; however, two key challenges remain—sustaining the positive momentum in our image, professional development and Internet development efforts; and growing and protecting our revenue generating assets, especially our Conference & Show and *Golf Course Management*, in the midst of increasing competition.

Future Trends

By: Mike McCullough

At the recent Southern California Turf Expo, Dr. James Beard, the author of the turf bible Turfgrass: Science and Culture, made a presentation about the future trends in turfgrass management.

During my short speech at Arrowcreek, I also highlighted several things I thought would be future issues. Ironically, there were several ideas that overlapped with Dr. Beard's points.

1. The highest priority to turf managers in the future is lack of water. More emphasis will be placed on knowing exactly how much water the turf needs on a daily basis. Evapotranspiration models and atmospheric measurement devices will become more sophisticated and probably mandatory in the near future. Improving irrigation designs, techniques and distribution is imperative when local water officials start looking around for wasted water or faulty systems. An interesting point Dr. Beard made was that local water officials rarely discuss the amount of leakage their systems encounter on a yearly basis. He claims these entities are frequently the biggest wasters of water, yet nobody checks their efficiency records.
2. Energy conservation. Everybody is upset with the high cost of gasoline, yet rarely do consumers consider the rising costs associated with petroleum by-products (i.e. plastic containers and petroleum based consumer goods). Superintendents definitely know about petroleum by-products such as motor oil, solvents, lubricants as well as a variety of irrigation parts. The costs of producing those products will be rising and a person can bet the farm the maintenance budget will reflect these rising prices.

Other ways to conserve energy inputs on the golf course will be to reduce mowing frequency, use equipment that is fossil fuel-less and developing turfgrass species that require

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