

# Golfdom

THE BUSINESS JOURNAL OF GOLF

DECEMBER, 1927

## Evanston Has Budget That Works!

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USUALLY, the only time the average playing member in a golf club is concerned about the financial condition of the club is at the end of the year when the annual report is submitted, and then only when that report discloses that the operations for the year resulted in a deficit which must be made up by assessment. In some cases the news comes as quite a surprise and for a while some thought is given to the causes and also to methods whereby the deficit may be avoided or reduced to a minimum.

It may be truly stated that the membership in country clubs today consists for the most part of successful business men. However, it is also true that when business men leave their offices to seek recreation and amusement they frequently forget the business methods to which their success may be attributed. The most successful clubs today are those which have benefited by the introduction and application of sound business principles to the organization, operation and financing of the club by those members who take an actual interest in the welfare of the club. As a result of this interest, we see the application of modern methods, and preparation of monthly financial statements which are supplemented by financial forecasts or budget estimates.

The Evanston Golf Club is fortunate in having in its membership, men who are willing to devote their time and efforts to the end that the club will afford to its membership every facility that could be desired in a golf club. Through the co-ordinated efforts of the various committees with the finance committee, a policy has

been adopted of operating on the basis of the regular dues with no assessments, except for capital expenditures.

To carry out a policy of this kind is no small task and it requires the whole-hearted co-operation of the entire membership and especially of the various committee chairmen in whose direction is placed the disbursement of funds.

The desired result is accomplished through a comprehensive budget, carefully and thoroughly planned and diligently enforced.

### Income Budget Computed

In working out the budget, the income for the ensuing year is approximated; 90 per cent thereof represents regular dues which is definitely known; the remaining 10 per cent represents green-fees, other dues and miscellaneous items. The expected income from green-fees is determined by taking the average income from this source for the past three years, allowing for any changes in rules affecting guests.

The income budget is prepared by the finance committee, and the aggregate revenue determines the amount which may be expended during the ensuing year for club operations.

The budgeting of expenditures is the phase which requires considerable attention. The method used is based upon the following principle:

The individuals responsible for the performance of the estimates are the ones who originate it, because:

(a) These individuals should be best able to make the estimates.

(b) They will obtain the most value from making it.

(c) If they are required to make the estimate, they will feel more responsible for its enforcement.

Accordingly, the estimated expenditures are prepared by the committee chairmen as follows:

Expense	Committee
Administration } Clubhouse } Help's quarters } Water supply } Transportation }	House
Entertainment } Golf course } Grounds other than golf }	Entertainment Grounds
Golf Committee } Professional } Women's Golf }	Golf
Caddy's expense	Caddy

The finance committee prepares the budget estimates for the following items:

#### Operating Expense:

- Interest on—
- Bonds
- Bank Loans
- Assessments for Local Impr.
- Taxes
- Insurance

#### Capital Expenditures:

- Bond Retirement
- Repayment of other Loans
- Assessments—Water, Sewer, etc.
- Improvements or additions to Club buildings, etc.

### Finance Committee Must Okh Budgets

These estimates of the several committees are submitted to the finance committee. If any exceptions are taken to the original estimates, the recommendations of the finance committee are referred to the respective committees; the original estimates are revised accordingly and, after the approval of the finance committee, become the standard for the year. It is then the duty of each committee chairman to so plan his program that the financial requirement will not exceed the amount provided in the budget.

### Individual Budgets Itemized

To illustrate the nature and extent of the data from which the estimates are derived an outline of the more important budget estimates are submitted herewith:

### Estimate of Administrative Expenses, Fiscal Year Ending October 31, 1928.

Item	Amount
1. Wages .....	\$.....
2. Board .....	.....
3. Printing & Stationery.....	.....
4. Telephone .....	.....
5. Postage .....	.....
6. Auditing .....	.....
7. Golf Association Dues.....	.....
8. Transportation .....	.....
9. Office Supplies .....	.....
10. Miscellaneous .....	.....
Total .....	\$.....

Supporting each item listed in the above tabulation is submitted complete data as to the composition of the total expense as follows:

#### ITEM 1. WAGES—

Manager's salary, November to April in full.....	\$.....
Manager's salary, ½, May to October, inclusive .....	.....
<i>(One-half of the manager's salary from May 1 to October 31 is charged to Restaurant.)</i>	
Auditor's salary, full time....	.....
Bookkeeper, April to December .....	.....
Stenographer, April to October .....	.....
Telephone operators, 2, May to December .....	.....
<i>(One-half of one operator's time is charged to Cigar Counter.)</i>	

Total .....

#### ITEM 2. BOARD—

<i>(Board is charged at a fixed monthly charge per employe and the Restaurant credited therewith.)</i> .....	\$.....
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#### ITEM 3. PRINTING & STATIONERY—

Year-Book .....	\$.....
Annual Report .....	.....
Notices of elections and meetings (average based on the last three years).....	.....

\$.....

ITEM 5. POSTAGE—

Monthly Statements (2c per member per month).....	.....
Returning Tickets to Members (4c per member per month) .....	.....
Special announcements (3 per year) .....	.....

\$.....  
 \_\_\_\_\_  
 \_\_\_\_\_

Data supporting each of the other items falling under Administrative Expense are prepared in a similar manner.

Attention is called particularly to the fact that the committee chairmen are not permitted to exceed an aggregate amount. In preparing the budget, each chairman must submit detailed estimates for each event he plans to have in his program, together with the itemized cost thereof, rather than to base his estimate on the *total expended* for the previous year without any detail. The detail information supporting the estimates is referred to during the year, especially if it appears that the expenditures may exceed the budget, so that revisions can be made accurately and intelligently.

*Estimate of Golf Course Maintenance,  
 Fiscal Year Ending October 31, 1928*

Item	Amount
1. Wages—Foreman .....	\$.....
Groundsmen .....	.....
2. Seed, sand and fertilizer.....	.....
3. Drainage .....	.....
4. Repairs and maintenance, tractors and equipment.....	.....
5. Gas and oil.....	.....
6. Transportation of employes..	.....
7. Miscellaneous .....	.....
 Total .....	 \$.....

Supporting each item is a detailed description of its composition. The payroll is, of course, the largest item of expense and, naturally, the condition of the course will reflect the efficiency of the groundsmen and justify the expenditure. If extensive seeding or fertilizing is contemplated, the preceding year may not be a fair criterion for the expenditure of the ensuing year. The condition of equipment and whether or not additional equipment will be required must be considered in making the estimate for the following year.

The same procedure is followed by the respective committees for each item of expense.

The Final Budget Estimate

After approving the various budget estimates the finance committee assembles the estimates and prepares the *Final Budget Estimate* which would contain the following data:

INCOME BUDGET—

Dues, Regular .....	\$.....
Non-Res. ....	.....
Members' Sons .....	.....
Green Fees (average of past 3 years) .....	.....
Transfer Fees (average of past 3 years) .....	.....
Dance and Card Guests.....	.....
Water Sales .....	.....
	_____
	\$.....
	_____

EXPENSE BUDGET—

Administration .....	\$.....
Club House .....	.....
Entertainment .....	.....
Help's Quarters .....	.....
Water Supply .....	.....
Golf Course .....	.....
Grounds (other than golf).....	.....
Women's Golf Committee.....	.....
Golf Committee .....	.....
Caddy Committee .....	.....
Professional .....	.....
Country Club Sports.....	.....
Transportation .....	.....
Taxes .....	.....
Insurance .....	.....
Interest on—	
Bonds .....	.....
Loans .....	.....
Special Improvement Assessments .....	.....
Departmental Operations—Restaurant, Lockers, Cigars, Sodas, Candy, etc. (net).....	.....
Surplus or Deficit.....	.....
	_____
	\$.....
	_____

BUDGET ESTIMATE OF CAPITAL

EXPENDITURES—	
Bond Retirement Sinking Fund .....	\$.....
Special Improvement Assessments .....	.....

Additions to Buildings or Equipment .....	.....
Total to be financed through additional loans or capital assessment .....	\$.....

Operation of the restaurant, locker-room, soda fountain, cigars and candy should be self-sustaining and, therefore, should not affect the budget estimate. A budget should be prepared for the restaurant, showing the minimum revenue which must be derived to cover the expense of operating the restaurant, and the membership should be informed of the extent to which their patronage is necessary in order to maintain the operation of restaurant on an economic basis.

Thus far the procedure relates to the preparation of the estimates.

To check up the actual performance with the budget estimate, the monthly operating statement shows, in columnar form, the following information:

- Particulars.
- Previous Total.
- This Month.
- Total to Date—
- This Year.
- Last Year.
- Annual Budget.

Under the particular captions are listed the various sources of income and classification of expenses.

It will be noted that the statement gives considerable data to the finance committee:

- a. Total income and expenses to the beginning of the month.
- b. Results for the current month.
- c. Results for the current year to date.
- d. Corresponding data for the same period of the preceding year.
- e. The annual budget.

### Budgets Limit Expenditures

All vouchers for expenses are approved by the chairman of the committee incurring the expense, and in this way the respective chairmen are familiar with the nature and amount of all expenditures charged against their committees, and from the monthly report they know how the total to date compares with the budget estimate for the year.

When the budget amount has been reached, no further expenditures can be incurred without the specific approval of

the Board of Directors. This seldom occurs, because when 90 per cent of the budget total is reached the committee chairman is so advised and must curtail expenditures in order to remain within the budget.

### Keeping a Finger on Expenditures

A more satisfactory method might be to follow the plan of spreading the budget estimates by months throughout the year and in the preparation of the monthly statement show the comparison of the budget estimate for the month and year to date with the actual result for the corresponding periods. However, this method involves considerably more clerical detail than is usually available for this purpose.

Under the budget plan, the finance committee knows at the end of each month just how the actual results compare with the budget estimate, and if the expenses are exceeding the normal amount, steps are taken to check the expense before the danger point is reached. In this way, the results for the year do not come as a shock to the membership after it is too late to do anything but levy an assessment. The results are forecast long in advance, and at the end of the year the comparison of actual results with the estimate reflects only insignificant differences. The actual results of the Evanston Golf Club for the year ended October 31, 1926, showed a difference of less than \$500.00 for the budget.

Space will not permit a more detailed elaboration of the procedure; neither is it anticipated that the method outlined above is a "cure all" for golf club financial difficulties, but it does represent a thoroughly practical method applied in a particular case with very satisfactory results. Conditions in other clubs may not be exactly the same, but the general principles hold true. The budget is fast becoming the most effective weapon possessed by the industrial financial executive; and it is likewise becoming the compass by which to direct the financial policies of every other form of organization where a satisfactory control over expenditures is required.

As stated above, a comprehensive budget, carefully and thoroughly planned and diligently enforced, enables the finance committee to know at all times the financial condition of the club and the trend of operations compared with the previous period and with the budget estimate for the current period.