

Golfdom

THE BUSINESS JOURNAL OF GOLF

FEBRUARY, 1927

Model Club Started on \$3,700

By AUGUSTUS P. HAUSS
President New Albany Country Club

YOU have heard about the fellow who started in business on a shoestring. Down in New Albany, Indiana, on the Ohio, there is a real honest-to-goodness country club which was organized less than five years ago on a total investment of \$3700.00. Today its depreciated assets are more than \$30,000.00. It has never had an assessment, and its dues are much lower than the majority of country clubs. Not a single member has ever paid more than \$100.00 in membership fees and stock, and there are no bonds.

The achievement of the New Albany Country Club is a typical example of what can be done in a small community and is proof that golf does not have to be a rich man's game. New Albany is a prosperous and growing city but is not a wealthy community. There were no "big butter and eggheads" to pay for the club house or build the greens. All the inhabitants are still waiting to make "their first million."

When the club was first organized there were less than a dozen sets of golf clubs in town and about six men who could really play golf. Its successful development is not the result of any Ponzi financing or the magic touch of an Aladdin's lamp, but is a result of the principle of "Pay as you go and go as far as you can."

In 1922 there were five young men in New Albany (one of them a golfer) who were really in earnest about the formation of a country club. They were mainly interested from a civic standpoint and wanted to do something for the community. There were others who thought a

country club would be a good thing if some one else would start it. These five young men sold the idea to five others and the New Albany Country Club Company was started with ten incorporators. They took a thirty day purchase option on a small bungalow and seven acres of ground and a tentative lease on an adjoining cow pasture of seventy acres. The company was capitalized at \$10,000.00, divided into 100 shares of a par value of \$100.

Then, this stock was offered to the public at \$50.00 per share. The people were not enthusiastic about golf and only seventy-four shares of stock were sold.

Financing Is Cautious

With this \$3700.00, the club paid cash for the bungalow, took a five year's lease on the cow pasture and the New Albany Country club was formally opened. A \$15.00 membership fee was charged each stockholder and with this money the club bought its first furniture and golf course equipment. A temporary course was laid out and in less than one month golf bags ceased to be a curiosity in the city.

Soon after the club was under way, the Board of Directors voted to borrow a total of \$6000.00 for immediate permanent improvements on the club house and golf course. It was fairly easy to borrow the money; but, it was also considered necessary to find a definite method for paying of the indebtedness. To this end the sinking fund was created and is made up of the active membership fees of all incoming members. Thus the membership

fees of the club are never used for operating expenses, but are kept in a separate bank account for the retirement of capital expenditures.

The sinking fund was originated in November, 1923. The membership in the club is limited to two hundred and twenty-five active members. At the time the sinking fund was created, the number of vacancies in the active membership made up an estimated revenue into this fund of over \$6000.00, or enough to take care of the total capital indebtedness. This sum has been entirely paid off. Due to the natural turnover in memberships on account of members moving away, resigning or becoming suspended, and to the increased price in membership fees, this fund originally estimated at \$6000.00 is now estimated to reach a total of \$12,000.00, for the simple reason that every time a vacancy is created in the active membership, it means an additional membership fee for the sinking fund. A total of \$12,000.00 has been borrowed for permanent improvements, \$6000.00 has already been retired, and the fund is automatically functioning so well that it will eventually provide means for several thousand dollars' worth of additional improvements.

A replacement fund has been created to provide for club house furniture, equipment and replacements. This fund is similar to the sinking fund in that it receives all the associate (women), army, clergy and junior membership fees. This fund is adequately taking care of the furnishing of the club house.

Works Close to Budget

The general fund is made up of dues, green fees and miscellaneous receipts, and the club operates on the theory that this fund should take care of the regular maintenance cost. A six months' budget is made up on the first of January and July and includes all operative costs and expenses for golf, house and grounds, general expenses, construction and golf equipment. The available receipts for each six months are estimated. Doubtful accounts are not considered. This estimate is then apportioned among the various departments. By close attention to operative costs, the club has shown but one maintenance deficit and last year came within thirty-one cents of the budget estimate made six months previous.

The equipment used on a golf course is an expensive item. It is subject to much wear and tear and replacement; therefore,

a fixed charge of fifty dollars a month is carried in the golf budget for new equipment and the golf department is always able to finance the cost of all new implements.

The club is particular about employing intelligent men on the golf course and each employee is required to keep a daily written record and time card for his work. These cards are recapitulated by the greens keeper and an accurate cost record of every maintenance operation is made.

The accurate cost record and the fact that the club does not allow any member to become more than thirty days delinquent, makes it fairly simple for it to operate under the budget system.

In addition to the usual country club facilities, many forms of free entertainment are provided for the members. The social calendar includes dinner dances, musicales, bridge parties, motion pictures, stag banquets, Christmas and anniversary celebrations, Fourth of July fire works, etc. The expenses of all these free entertainments are defrayed from the profits of the dance committee. This fund is derived from a series of subscription dances to which a limited number of non-members are invited.

The club operates a complete commissary department twelve months of the year and does it at a profit.

The golf shop concession is not given to a pro, but is handled by the club. This year they erected one of the finest and most modern golf shops and caddy houses in the middle west and will be able to pay for it from the profits of the shop in two years.

The by-laws and club rules have been made as near fool-proof as possible and are enforced without fear or favor.

It has been the policy of the New Albany Country club since its very beginning to eventually develop the organization until it could offer to its members every advantage of club life. To this end a definite policy of development and improvements has been adopted, and at least one major project has been realized each year.

Most of the money thus far has been used in the development of the golf course. It is not one of the ordinary layouts usually found in the smaller cities, but is a real golf course and would be a credit to any metropolitan district. It has a standard length of over 3200 yards for nine holes, wonderful bent greens and blue

grass fairways. The course is laid out in accordance with the latest principles of golf architecture.

The club house is no longer a small bungalow, but is now a modern building with over 10,000 square feet of floor space and provides all the requirements of a country club. As each unit has been added, it has been in accordance with a definite architectural plan and practically no money has been wasted on temporary or misfit improvements.

The lease on the golf course expires May 1st, and the club will purchase it at the lease option price of \$15,000.00. This sum is included in a development program for 1927 which calls for an expenditure of \$27,600.00.

The capital stock has been increased and 276 shares of common stock are being offered for sale at par to the members. The stock is going like wild fire, and the entire issue will be voluntarily subscribed and every member will be a stockholder and have an equity in the property. An

interesting and well written booklet is one of the features of this new membership campaign.

The club has no preferred stock or bonds and is free from the usual interest burdens. By the end of this year the replacement value of the property will exceed \$75,000, and all this will have been done on an original investment of \$3700.00.

A story of the club would not be complete without mentioning *The Pink Sheet*, a by-weekly mimeographed newspaper, issued by the club. It gives out all the club news and events, and continually boosts the various club policies and projects.

There is wonderful club spirit and co-operation, and it is absolutely free from faction or friction. You find the members using the club, rain or shine, three-hundred and sixty-five days in the year.

Oh yes, I forgot to tell you that the annual dues for active members are only \$24.00 without golf and \$60.00 with golf.



Mixture of *Poa bulbosa* and Bermuda (dark plot) contrasted with Bermuda in winter

Poa Bulbosa, Winter Grass, Now Available

POA BULBOSA, a grass that, so far as is known, is the only true grass to grow from bulbs, now is available in a limited quantity for use in the United States. This grass is especially suited for winter fairways in the south as it remains a lively green during the time the Bermuda grass is brown. It is recommended by its suppliers for use in combination with Bermuda for year-round turf. *Poa Bulbosa* dies down when the days begin to lengthen in the spring and the bulbs,

which are about the size of a grain of wheat, remain dormant during the summer. There usually is a short break of approximately two weeks between the time the *Poa Bulbosa* dies back and when the Bermuda grass starts growing. There may be a similar period of about the same duration in the fall if there is an early frost to kill the Bermuda.

Ice and snow may cover *Poa Bulbosa* for weeks without injury to its appearance. Planting *Poa Bulbosa* is simple.