

Golfdom

The Business Journal of Golf
REG. U. S. PATENT OFFICE

Vol. 6

MARCH, 1932

No. 3

Accounting Reform Needed to Put Clubs on Business Basis

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IMAGINE A championship match involving from \$100,000 up and nobody knowing what the score was even after the last putt had been holed.

Goofey? Well, that's about the parallel that comes to mind after examining the annual statements of 93 18-or-more-hole golf clubs picked at random from GOLF-DOM's files of this material.

The annual income from all sources of these 93 clubs is more than \$16,000,000. After going over these statements with certified public accountants and experienced golf club officials and department heads, no one can get the true picture of the clubs' positions or operations except in 5 or 6 cases.

And one of the sad parts about this illuminating instance is that the majority of the clubs whose statements we examined are the better run clubs. The clubs where sharp losses in operation were shown obviously were reluctant to release figures. Maybe they thought the figures were better off kept a secret. Chances are that their financial statements would still preserve the accurate picture of the operations as a dark and complete mystery.

In no instance of the 93 statements examined were the books kept on the same system as that employed by any other club. Comparisons were impossible. There's lots of talk about no two golf club conditions being the same, but the variables of character of membership, location, etc., could fairly well be taken into consideration if

the figures were presented uniformly. The way it is now, most of the clubs are hopelessly in the dark in checking their operations and finances against those of other clubs and, sorry to say, many of them are in the dark about their own standing.

The result is that there is unnecessary passing of the buck from one administration to its successor until times of financial stress arrive and the club and its members are wholly unprepared for judgment day.

Department Heads Need Light

Talking with one of the smartest business men pros in the game recently, we got an earful of this:

"Any pro, or manager or greenkeeper who doesn't know a lot more about his club's financial operations than all of the average members and most of the officials, can't say he is handling his job right.

"A lot of these salary cuts the last 12 months have come to the department heads because they didn't beat the suggestion of the cuts by studying the statements and advising where money could be saved, or where financial status of the club called for some foresighted hunches the officials would appreciate."

The remarks hit us because we have been pounding away at pro bookkeeping and greens maintenance bookkeeping, while the general accounting of the clubs is in unfathomable form usually, and not worth much as a control factor.

Of course, club members in most cases learn something about the club finances at

the end of each year when it is too late to do much good. That is not the distressing thing it might be since in the larger part of the clubs the members couldn't tell "what it's all about" if they saw monthly statements. Incidentally we have wondered why more clubs didn't follow the practice of posting the monthly financial statement on the bulletin boards.

Work for the U. S. G. A.

The work the U. S. G. A. has done for golf clubs through the green section, is impressive and valuable. It seems to us that the U. S. G. A. has the answer to the present unsatisfactory status of golf club accounting. A committee of the U. S. G. A. could handle this affair so a standardized accounting method could be devised to give each club a precise picture of its present operation and its future financing necessities.

Some work already has been done along these lines in various sections. The Westchester greenkeeping accounting forms are being widely used, although even some of its users admit there is room for improvement. The Club Managers association plans to release a standard form for golf clubhouse accounting, but that has been hanging fire for a year.

Regardless of what the greenkeepers' and managers' organizations do in standardizing, the forms will probably be used only where the club officials jolly well please. With the U. S. G. A. standing sponsor for a system the chances are its adoption would be fairly general.

Hide and Seek Systems

Examination of the representative forms before us reveals as one glaring error for which some golf clubs will suffer later tortures is the omission of sinking funds. In the cases that we happen to know fairly well, the reason for the neglect to provide this fund is that each administration hopes to defer this expense so the successors will have to struggle with it; and the poor devils who fall heir to the misery will take a whipping on account of their predecessors' vanity. This vanity is a hollow asset, as the false security which neglects sinking fund charges doesn't last long. When it is miserably exposed the damning that the guilty ones get makes up for lost time.

Hidden in some of the statements are assessments and trick switching of charges which are amazing. Pet departments get

favorable breaks that ultimately result in serious damage.

One of the highly important details of the annual statements that is usually omitted is that of status of the membership. The annual reports of Decatur (Ill.) C. C. and of Del Paso C. C., Sacramento, Calif., are excellent in showing how this situation stands.

Out of the bunch of statements casually picked up and examined there are four that stand out as good models. They are those of the Bala G. C., Denver C. C., Bryn Mawr C. C., and Ridgemoor C. C. Incidentally all of these clubs are in excellent financial shape. Whether their accounting systems are cause or effect, we leave to you to decide.

Bala's statement is a gem of clarity and accuracy. The club even goes to the extent to itemizing "duck food." That may be carrying things rather far for folks who emphasize simplicity as a merit of a practical system for clubs, but it certainly is a tip-off that Bala's income and outgo is being closely watched. An increase in the club's 1931 income over expenses for 1931 as compared with the excess in 1930, is significant.

It is astounding to see how incomplete the detailed income figures of most clubs are. The dope may be hidden somewhere but its discovery has baffled a half dozen experts who have hunted for it.

Where Money Comes

Let's consider the major items of golf club income. They are: Dues—initiation fees—transfer fees—green fees—restaurant income—tobacco and candy—beverages—locker-room. How it is possible to get even a glimpse of the club's operating picture without that data, is beyond us, but a number of the statements examined don't present the information.

In considering how detailed a statement of club income should be to show accurately the club's operating activities and finances, we will give some of the items that appeared, in addition to the above major sources of income—on the statements inspected.

Several types of membership were segregated. Total income from associate and junior memberships was considerable. Read the rest of the list and get an idea that a business as big as golf needs first class accounting.

Rooms—telephone and telegraph—interest earned—discounts—entertainment income — assessments — swimming pool—



Some day one of these Autogiros will make a safe landing in a telephone booth, and then what will their press agents do? But at present the Autogiro's trickiest achievement has been made by Pilot Guy Miller who flew to Locust Grove C. C. in New Jersey and then played around flying his Kellelt Autogiro from stroke to stroke. Honest now; on somebody's word of honor as a press agent! Doesn't the picture prove it? Anyway, these flying fans are great stunts and sure to play a prominent part in country club development right soon.

dance guest fees—pro shop—service charges—caddies—cancellation of checks outstanding more than a year—tennis courts—tennis equipment sales—bowling green—clubhouse rent—locker-room towel books—real estate sales—employees' Christmas fund—food store room sales—winter sports—cash sales—lawn maintenance for members—

Vistors cards—news-stand—laundry commissions—gasoline and oil—ball room rent—private dining room rent—contributions—billiards—club magazine—caddie concession—refreshment stand concessions—cottage rents—gain on forfeited memberships—

Trapshooting—masseur dept.—invitation tournaments—club cleaning—exhibition matches—squash courts—barber shop—flower sales—bus—leasehold rental—valet—bowling alley—stables—garage—bridge party guest fees.

Those 60 items run the scales on most clubs' income, but in addition to the all embracing "miscellaneous" department, there are several other items that have

some importance. One of them, playing card sales, is a substantial amount at a number of clubs. At one club the annual net profit from playing card sales is \$610.75. One club has a fair little income from space on its announcement board sold for announcements of members. Another one inserts an item concerning sales of fertilizer and garden tools. One segregates the sale of sandals for its locker-room and pool. Still another one has a big gross income from a Boy Scout camp. At one club the annual sale of grapes from a vineyard on the club property is \$359.19, and at an eastern club there is a good sign on the club books in an income item "milk"...\$.47 indicating that the club is keeping a cow in its books, instead of the bull that a lot of other club books show is present.

In future issues we shall go further into this matter of club accounting in the belief that members, officials and department heads should know exactly where the club stands.

It is a free-for-all; comments welcomed.