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Belle Meade's Financial Wisdom Permits Profitable Operation

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Any club that has come through the past season or two in top-notch financial shape can thank the soundness of its governing officials during prior years. Here is the story of Belle Meade C. C. (Nashville) during the twelve years of its existence, a period marked by intelligent financial foresight that has permitted safe expansion without risk, and without burdening its members with future indebtednesses they might find difficulty in meeting.

BELLE MEADE, at Nashville, has generally been considered a successful country club. We own a beautiful colonial clubhouse and an 18-hole championship golf course, located on 200 acres of rolling land at the foot of Harpeth Hills. For the past twelve years there has been no mortgage on the property and operations have shown a profit, each year, during this period.

The club is organized on the membership certificate plan, 575 of which were sold to members at \$200 each, in 1921. With the proceeds from this sale, the entire indebtedness of the club was liquidated. Since then we have purchased and retired 45 of these certificates, leaving 530 outstanding, which, of course, limits the membership accordingly.

Our initiation fee is \$100 and dues are \$7.50 per month, exclusive of federal tax. Both amounts have been the same since organization, and while much less than other clubs during the past years, they have always given ample operating margin. Since we failed to increase dues in

boom times, we feel that it will be unnecessary to reduce them now.

In January, 1930, Belle Meade had \$35,000 cash in the savings bank, drawing 4 per cent interest, our property had been kept in perfect condition and outside of purchasing some additional land for \$20,000, no money had been spent to increase plant account. We had always expected to build a swimming pool with this money whenever an adequate water supply should become available, but this seemed years away.

Expansion Begins in 1930

After the bubble of 1929 had broken, building costs became reasonable, so we decided to spend some money. The Board of Directors authorized \$12,000 for the addition to the clubhouse, of a much needed men's tap room and \$4,000 for a concrete dam to back up 1,000,000 gallons of water on the golf course. This water was to serve two purposes, the most important of which was to furnish a supply for greens during the hot summer months, but besides, it would greatly improve three of



The colonial clubhouse at Belle Meade is a home of traditional southern hospitality.

our golf holes. Both of these projects have more than justified their cost.

Now comes June, 1931, with bright prospects for a new water main, but the cost of \$20,000 to the club seemed prohibitive. A membership meeting decided that water, in abundance, was cheap at any price, so a contract was let and our bank balance dwindled. Then we realized that 100 lbs. of water pressure put into the old, antiquated golf course pipes would blow them to pieces, so a modern trunk line system was necessary if we were to avail ourselves of the new water supply on the greens. Two years previously such a water system had been priced to us at \$20,000, but after taking new bids (the low one was \$12,500) our green-chairman suggested that we lay the pipes ourselves and save the contractor's profit for the club.

No sooner said than done, for under the supervision of our club professional, George Livingstone, the system was completed in 60 days at a total cost of \$9,000 and Belle Meade can now water all of its greens and fairways at the same time.

Bank Loan Paid Off

In order to pay for these improvements in full, it was necessary to borrow \$7,500 in October, our first bank loan in twelve years, and prospects for 1932 did not look any too good for country clubs. The club officials responsible for these expenditures began to feel slightly uneasy and wondered if the "bite was too big to chew," but we tightened up the belt a notch or so, watched expenses carefully and by April, 1932, the last of this indebtedness was paid off.

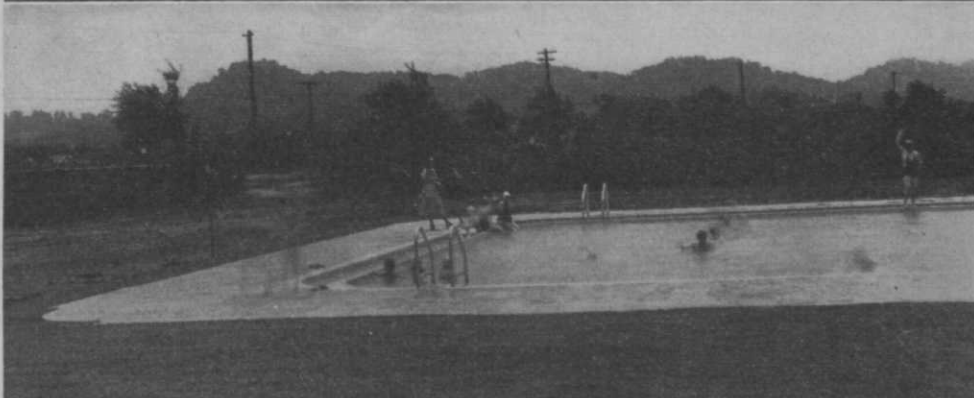
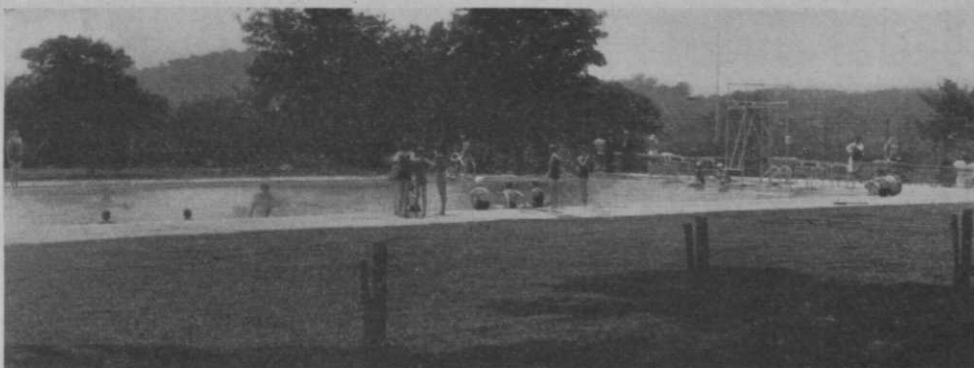
Our total income was off 7 per cent in 1930 from 1929 and showed a 17 per cent decline in 1931 from 1930. Thus it was evident that the club needed some new

attraction and we agreed that a swimming pool was the thing. But how to build it was a different matter. The directors were not willing to assume the responsibility for a bank loan, to pay for a pool. We had investigated the cost once before in 1929, and the estimate was \$50,000. This was a lot of money even then, and certainly the project seemed hopeless now, even though we realized it could be built much cheaper than the previous bid. Several plans of financing were considered and the entire membership agreed that we should have a swimming pool, but how to do it was the question.

Swimming Pool Is Built

It was finally decided to canvass the membership for subscriptions, payable in twelve equal monthly installments, beginning April 1st, 1932, such subscriptions to be in effect swimming fees paid in advance. In other words, a 25c admission charge was to be made for using the pool, and to every member who made an advance subscription would be given a bonus of 10 per cent in swimming tickets. The subscriptions were entirely voluntary and no pressure was brought to bear on members not inclined to sign up.

Thanks to the efforts of our president, Mr. E. W. Craig, and to a committee composed of Messrs. B. O. Currey and W. T. Cheek, the plan went over with a bang and netted \$17,000. With this start, bids were asked for, and the contract let in April, and the pool was completed on June 18, 1932. The cost was \$28,000 for a tiled pool 45 by 105 feet, with the best filtration and purification equipment to be had. The entire capacity of the pool is turned over every eight hours and the water tests much purer than the city supply.



Belle Meade financed this fine pool through sale to members of advance swim tickets. Even so, cash business more than covers pool operating costs.

Pool Profitable from First

Just how much the pool did for Belle Meade we cannot say; the fact remains, however, that our gross income was off only 2 per cent in 1932 compared with 1931 and net profits were the best in history. The operation of the pool itself showed a profit of about \$1,900 before depreciation. The club membership was off only one for the fiscal year ending Oct. 1, 1932. Of the total amount charged for pool admissions, only about 50 per cent was credited to those members who had paid subscriptions in advance, the balance came in cash from members who had not signed up, and was more than enough to pay for all the operating expenses of the pool itself.

Now a word as to how our financing plan has worked out. By using current operating profits of the club to pay on the pool, bank loans did not exceed \$16,000 at the peak, and are now only \$5,000. We still have due on unpaid pool subscriptions

\$3,300, which will be paid in full by April 1st, so it looks as though by the time our second swimming season begins, the project will be paid for in full.

In addition to the amounts mentioned before, about \$7,000 has been spent in smaller sums since Jan. 1, 1930, on various improvements, not including every day repairs and replacements. This makes a total of some \$80,000 in three years, and since there was only \$35,000 in cash to start with, and since our bank loan will soon be paid off, it would seem to leave some \$45,000 unaccounted for, and it is this item that we show on our books as profit and loss, as the case may be.

What 1933 holds in store for us we do not know. We are confident, however, that if there is black ink in the business, we will have our share. Our gross income last year was \$115,000 and we charged off all the bad debts on our books—exactly \$45.57. It looks like we might survive the depression and still be a successful country club.