

Club Operating Figures Compared!

Analysis of financial operations of 27 country clubs completed by Horwath & Horwath; marks the first official cost comparison.

AN interesting analysis of the financial operations of 27 country clubs in 1941 was made by Horwath and Horwath, club and hotel accountants, for the Club Managers Assn. of America.

This is the first time an attempt has been made to compare operating figures of country clubs in various localities. Several of the questionnaires returned could not be used because of incomplete returns or doubtful figures. Horwath and Horwath analysis of the usable returns are shown in accompanying tables.

The accounting firm, which has had extensive and successful experience in recommending club and hotel operating methods from the basis of study of revealing financial data, comments on the analysis:

"It was originally intended to use the total dues and fees as the base for calculating the ratios, but it was found that quite a number of the clubs had considerable departmental business from which there was a sizeable profit and, of course, this meant that expenses, other than those of the revenue department, were higher than they would otherwise have been. It was therefore deemed advisable to use as the base total dues, fees and to add departmental profits or to deduct losses. About one-third of the 27 clubs showed losses from the revenue departments.

Show Only Operating Expenses

"The figures show only operating expenses and do not take into account depreciation, interest on bonded indebtedness, assessments, and extraordinary charges and credits.

"It will be noted that the median method has been used in determining the average ratios rather than the arithmetical average. Most statisticians favor the former method as it tends to minimize the effect of unusually high or low ratios on the group as a whole. The median figure is arrived at by listing the individual ratios in order from the highest to the lowest and selecting the middle figure.

"The division into two classes of those clubs with over and less than \$75,000 income is interesting. Those with over \$75,000 income are the clubs with the largest number of members and the highest dues and show considerably lower ratios of expenses than those in the below \$75,000 class. In examining the individual groups of expenses, you will note that in only a few cases is there any great variation from the average. There are one or two which show consistently high ratios all along the line apparently because of a low rate of dues.

Grounds, Greens Lumped Together

"It was the intention to show grounds and greens expenses separately, but the majority of the clubs reporting combined them. Caddie and golf expenses are fairly uniform as are those for heat, light and power and fire and windstorm insurance. Real estate taxes show considerable differences as was to be expected, since local conditions govern this item. Repairs and maintenance is another expense which varies considerably because of the current requirements of each club. The differences in clubhouse and administrative and general expenses are probably due to the individual methods of distributing these expenses. This condition would be remedied if the operating expenses were distributed on the basis of the uniform system of accounts for country clubs.

"Many of the Food Department questionnaires could not be used because the results for this department were combined with those for the Beverage Department. Although twelve of the clubs show a loss in this department, most of those showing a profit did considerable business.

"In addition to those clubs which could not be included because food and beverage expenses were combined, there were others which had to be disregarded because they indicated bottle sales only and still others which gave incomplete information.

Analysis of the 27 clubs' operations is shown on tables on following two pages.

COUNTRY CLUB OPERATIONS IN 1941

FOOD DEPARTMENT ANALYSIS OF 19 CLUBS

(The Percentages Are to Total Sales to Members)

Club	Cost of Food Consumed	Cost of Employees Meals	Cost of Food Sold	Gross Profit	Salaries and Wages	Other Departmental Expenses	Departmental Profit or Loss †
1	55.84%	6.76%	49.08%	50.92%	34.72%	14.40%	1.80%
2	67.38	19.85	47.53	52.47	42.71	21.78	12.02 †
3	75.32	23.12	52.20	47.80	44.44	16.63	13.27 †
4	54.37	.....	54.37	45.63	24.39	22.32	1.08 †
5	47.13	.....	47.13	52.87	43.09	47.31	37.53 †
6	75.48	18.36	57.12	42.88	43.60	11.98	12.70 †
7	77.68	9.11	68.59	31.41	43.39	11.99	23.97 †
8	56.49	22.88	33.61	66.39	36.58	11.03	18.78
9	79.62	40.95	38.67	61.33	63.33	29.94	31.94 †
10	67.88	26.35	41.53	58.47	36.11	23.61	1.25 †
11	55.35	.....	55.35	44.65	29.99	10.86	3.80
12	71.77	16.94	54.83	45.17	29.06	11.41	4.70
13	52.68	.....	52.68	47.32	31.91	19.10	3.69 †
14	51.32	8.68	42.64	57.36	27.60	17.47	12.29
15	54.88	19.96	34.92	65.08	39.87	14.24	10.97
16	77.89	24.61	53.28	46.72	33.64	19.13	6.05 †
17	49.27	.....	49.27	50.73	39.59	22.07	10.93 †
18	75.11	17.59	57.52	42.48	37.30	29.20	24.02 †
19	48.56	14.28	34.28	65.72	27.88	15.58	22.26
Medians	56.49	19.85	49.27	50.73	36.58	17.47	3.69 †

(Compiled by Horwath & Horwath)

COUNTRY CLUB OPERATIONS IN 1941

BEVERAGE DEPARTMENT ANALYSIS OF 15 CLUBS

(The Percentages Are to Total Sales to Members)

Club	Cost of Beverages Sold	Gross Profit	Salaries and Wages	Other Departmental Expenses	Departmental Profit
1	37.36%	62.64%	11.57%	4.07%	47.00%
2	46.65	53.35	28.55	8.34	16.46
3	50.01	49.99	9.86	7.00	33.13
4	42.02	57.98	15.06	5.21	37.71
5	36.08	63.92	12.20	19.27	32.45
6	53.94	46.06	10.02	2.18	33.86
7	55.94	44.06	11.20	5.36	27.50
8	49.70	50.30	15.15	1.10	34.05
9	50.95	49.05	11.44	5.65	31.96
10	45.25	54.75	12.25	9.45	33.05
11	37.50	62.50	18.24	24.79	19.47
12	44.77	55.23	12.95	15.43	26.85
13	38.08	61.92	13.45	12.25	36.22
14	42.58	57.42	8.66	6.37	42.39
15	60.75	39.25	6.55	4.61	28.09
Medians	45.25	54.75	12.20	6.37	33.05

(Compiled by Horwath & Horwath)

COUNTRY CLUB OPERATIONS IN 1941

ANALYSIS OF 27 CLUBS

(The Ratios Are to Total Dues, Fees, and Departmental Profits or Losses)

	Number of Regular Resident Members	Rate of Regular Annual Dues	Grounds and Greens Expenses	Caddie and Golf Expenses	Club House Expenses	Entertainment Expenses	Swimming Pool Expenses	Sports and Pastimes Expenses	Tennis Expenses	Employees Quarters Expenses	Heat, Light and Power Expenses	Repairs and Maintenance Expenses	Administrative and General Expenses	Insurance, Fire and Windstorm	Real Estate Taxes
1	210	\$133	30.07%	4.55%	29.87%	5.65%	—	—	—	4.84%	9.27%	9.27%	24.97%	4.01%	6.18%
2	659	120	24.23	—	27.24	1.91	—	—	—	—	5.05	11.92	10.76	3.27	—
3	875	185	14.44	4.36	19.98	1.88	—	—	4.23%	—	6.81	9.74	14.92	2.56	10.47
4	275	155	31.77	6.33	14.57	3.78	3.27%	—	—	1.96	7.02	1.56	6.49	2.66	8.91
5	—	—	22.43	6.97	10.67	2.40	1.60	—	2.36	—	5.05	.57	20.39	2.66	8.91
6	414	180	25.85	2.95	6.40	2.48	—	1.35	—	1.14	9.50	12.52	15.43	3.54	19.61
7	345	275	25.21	2.71	22.67	2.37	—	2.97	1.70	2.58	7.17	1.92	16.48	3.73	4.13
8	—	—	20.04	—	34.29	3.47	3.44	—	6.19	—	8.37	3.36	6.64	1.48	4.45
9	175	300	20.60	3.37	12.35	2.82	4.90	6.63	1.60	—	5.02	—	13.20	3.70	5.62
10	260	195	27.46	9.53	17.63	6.88	—	1.88	—	3.03	10.35	5.10	31.92	3.05	3.65
11	380	285	26.67	3.66	16.81	2.20	2.21	1.88	.36	3.03	12.22	15.01	32.59	2.30	3.11
12	208	350	18.03	4.35	5.02	4.17	2.00	.65	2.81	.91	6.81	4.16	23.98	3.20	16.60
13	300	250	21.97	2.02	10.76	5.14	3.12	10.14	3.57	1.37	8.96	1.65	20.75	3.54	5.78
14	400	150	33.20	5.06	22.68	2.55	2.46	—	1.16	1.75	7.67	1.00	11.66	2.98	11.21
15	375	100	31.34	27.52	32.21	3.00	—	17.83	—	1.82	8.27	4.87	23.32	3.32	6.16
16	267	200	23.93	3.14	8.66	2.58	—	3.88	—	—	7.22	5.77	17.82	4.28	5.50
17	225	175	31.42	15.13	35.39	7.82	10.28	10.40	—	.79	6.61	12.98	16.12	3.81	7.53
18	580	250	20.69	3.48	20.78	4.58	—	3.97	3.24	3.62	10.51	11.52	23.37	2.15	20.86
19	—	—	18.58	—	18.85	5.19	1.39	—	4.04	.62	5.12	5.54	13.46	1.84	11.76
20	292	240	21.06	2.68	11.80	.67	—	5.20	3.90	—	6.01	5.40	12.43	1.97	15.56
21	350	175	29.90	3.92	11.45	2.97	—	2.86	—	—	7.06	3.43	9.07	3.44	6.10
22	—	—	22.06	2.68	12.30	1.67	—	1.09	3.90	.62	6.44	2.47	12.43	1.97	15.56
23	270	180	38.17	3.29	29.76	4.13	—	5.16	1.64	1.59	9.54	4.14	29.76	2.68	7.82
24	314	150	39.65	3.56	16.12	3.18	5.49	1.39	—	—	10.30	7.74	18.84	3.02	19.75
25	280	240	25.10	3.46	15.53	3.26	—	1.69	—	—	6.30	2.39	17.47	3.21	6.78
26	470	180	24.27	5.17	22.48	1.76	2.48	—	1.15	—	3.69	5.84	16.67	.97	4.70
27	255	300	21.68	3.62	13.98	2.17	1.12	—	5.92	.65	8.88	10.62	18.09	3.26	6.90
Medians	375	\$185	24.27%	3.64%	16.81%	2.97%	2.48%	3.88%	3.02%	1.59%	7.17%	5.25%	16.67%	3.21%	6.90%
Medians of Clubs (10) with over \$75,000 income	347	\$245	24.27%	3.48%	13.98%	2.48%	2.21%	2.86%	2.81%	1.25%	6.81%	4.78%	16.48%	3.21%	6.90%
Medians of Clubs (17) with less than \$75,000 income	270	\$175	30.70%	4.55%	24.87%	3.63%	4.31%	4.96%	4.23%	1.82%	8.32%	5.44%	18.33%	3.03%	6.85%

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