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Country Clubs Suffered from HCL in 1959

- Net Operating Costs Up
- Depreciation Write-Off Down
- Payroll Ratio Increased
- Maintenance Expenses Higher

The nation's country clubs are suffering from the high cost of living just as Mr. John Q. Public, who, in many instances, might like to belong to one of them if only he had a little more money left over at the end of each month. According to the 11th annual study of country club operations prepared by Horwath & Horwath, New York, accountants and consultants, only the large country clubs had dues available for members' equity in 1959 but, in comparison with 1958, only the small clubs showed an improvement in operating results.

The 52 clubs, located near 38 principal cities, that supplied operating data for the study were divided into the following groups:

11 small country clubs, each with membership dues income of under $100,000;

27 medium-sized country clubs, each with membership dues income of between $100,000 and $200,000 (including regular assessments in five clubs);

12 large country clubs, each with membership dues income of between $200,000 and $400,000 (including regular assessments in four clubs); and

2 very large country clubs, each with membership dues income of over $400,000.

Higher Operating Costs

Net operating costs were higher in 1959 in all three groups of clubs. Thus, both medium-sized and large country clubs had smaller amounts of dues available for depreciation as total fixed charges rose in the same proportion as total dues and assessment income in the medium-sized clubs, and in an even greater proportion in the large clubs. Only the small clubs had a decrease in fixed charges and thus made a better showing than in 1959. Nevertheless, the large country clubs had 13 per cent of dues available for depreciation in 1959, while the medium-sized clubs had only 4.8 per cent of dues available for depreciation, and the small clubs 4.4 per cent.

Rehabilitation Expenditures Decline

The average depreciation charges were higher than in 1958 in both the small and medium-sized clubs but lower in the large clubs. Rehabilitation expenditures and/or reserves were down sharply in all three groups of country clubs. However, after adjustment for the heavy rehabilitation and improvement programs in several clubs, only the small clubs showed a con-

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Golf Course and Grounds Expense

Prepared by Horwath & Horwath

	COST PER HOLE					
	11 *Small Country Clubs* (*Dues under* $100,000)		27 *Medium Country Clubs* (*Dues of* $100,000-$200,000)		12 *Large Country Clubs* (*Dues of* $200,000-$400,000)	
	1959	1958	1959	1958	1959	1958
Greens and ground maintenance						
Payroll	$1224	$1169	$1911	$1814	$2259	$2001
Supplies and contracts	419	372	510	487	462	390
Repairs to equipment, course buildings, fences, bridges, etc	154	141	200	172	296	255
Water, electricity & other expenses	64	65	130	117	209	176
Total maintenance exclusive of fixed charges	1861	1747	2751	2590	3226	2822
Golf Shop, caddy and tournament expenses	282	252	358	329	452	433
Total	2143	1999	3109	2919	3678	3255
Deduct greens fees	429	353	711	721	567	486
Net golf course and grounds expense exclusive of fixed charges	$1714	$1646	$2298	$2198	$3111	$2769

siderable drop in the average ratios to dues.

Dues and Entrance Fees

Thirteen clubs reported increases in the annual dues per regular member over the preceding year while ten of the clubs raised the initiation or entrance fees charged to regular members.

Payroll Ratio

In both large and the medium-sized clubs, total payroll rose in even greater proportion than total income, including dues and assessments. In the small clubs the increase in total income effected a decrease from 1958 in the average ratio of total club payroll to total income. Moreover, in 1959, payroll represented only 37.5 per cent of total income in the small country clubs, in contrast to 39.7 per cent in the medium-sized clubs and 40 per cent in the large clubs. The low payroll ratios of the small clubs resulted in the highest departmental profits and, consequently, in the lowest net cost of clubhouse operations.

Although the small clubs also had the highest restaurant profits, as measured both in ratio to total dues income and to total food and beverage sales, this group was the only one to record a decrease in restaurant profits from the preceding year. Increases in the beverage cost per dollar sale and the restaurant departmental payrolls over 1958 more than offset a reduction in the food cost per dollar sale in the small clubs. The restaurant departmental profits of the medium-sized clubs showed an improvement in ratio to dues but no change from 1958 in the ratio to total food and beverage sales. There were rises in both the food cost per dollar sale and the ratio of departmental payroll to sales but a reduction in the beverage cost per dollar sale of this group. The departmental profits of the large clubs were better in 1959 because of decreases in both food and beverage costs per dollar sale and the ratio of the departmental payroll to total food and beverage sales.

While in ratio to total dues income, the small clubs naturally had the highest food, beverage and total sales and other income, the medium-sized clubs had the highest average sales per member.

Course Maintenance Up

The gross maintenance cost of golf course and grounds was higher than in 1958 in all three groups of country clubs. In ratio to total dues income, the gross maintenance cost in 1959 was 43.9 per cent in the small clubs, 38 per cent in the medium-sized clubs and 26 per cent in the large clubs, compared with 43.4, 37.1 and 25.2 per cent, respectively, in the preceding year. Although the small clubs spent

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High Cost of Operating

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the biggest portion of their dues dollar on these expenses, the cost per hole was highest in the large clubs. The gross maintenance cost of the large clubs was $3,226 per hole, a rise of $404 or 14 per cent over 1958; the maintenance cost of the medium-sized clubs was $2,751 per hole, an increase of $161 or 6 per cent; and that of the small clubs was $1,861, up $114 or 7 per cent.

Greens and grounds maintenance payroll, which constitutes approximately 70 per cent of the gross maintenance costs, rose 5 per cent over 1958 in both the small and the medium-sized clubs and 9 per cent in the large clubs. It should be pointed out, however, that these golf and grounds costs do not include any fixed asset costs (improvements, additions, replacements or depreciation) nor any fixed charges, such as real estate taxes, property insurance or interest on borrowed capital. The net cost of golf and grounds per hole, after the addition of golf shop, caddy and tournament expenses and the deduction of greens fees and other golf income, rose $68 over 1958 to $1,714 in the small clubs, $100 to $2,298 in the medium-sized clubs and $342 to $3,111 in the large clubs. In 1959 the net cost of golf and grounds was 25 percent of dues in the large clubs and 31.7 per cent in the medium-sized clubs, compared with 24.2 and 31.5, respectively, in the preceding year. But in the small clubs the increase in total dues income effected a small decrease from 40.9 in 1958 to 40.4 per cent in 1959.

Riding vs. Walking

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out, "the golfers who walked lost an average of four to five pounds. Their blood pressure rose from 8 to as much as 20 points. Blood pressure of those who rode went down slightly. They suffered no appreciable weight loss.

"With regard to pulse, that of the riders either decreased or remained the same while the number of heart beats of those who walked jumped an average of 16 per minute," the doctor said.

"From my observations of the 12 golfers, it appears that playing the course via car rather than walking is indeed more beneficial," Menachof said. This statement refers to all golfers whether they go out three days a week or once a year, according to the doctor.