

The gain in total revenue and dues income was limited to 20 per cent and, as a result, there was a reduction of 39 per cent in the balance for capital charges.

Country clubs recorded increases of 49 per cent in payroll and related costs, 32 per cent in other operating expenses and 39 per cent in total operating costs.

Total revenue and dues improved by 36 per cent over the 1953-54 base period but the balance available for interest, depreciation and amortization charges decreased by more than 50 per cent.

According to the survey, the trend from 1961-62 to 1962-63 for city clubs showed a decrease of less than one percent in gross revenue and dues income. However, operating costs and expenses increased by one percent and the balance available for capital charges was 23.7 per cent lower.

Country clubs improved their gross revenue and dues by 2.5 per cent; operating costs and expenses rose 3.0 per cent and the balance available for debt service, capital improvements and other capital charges, was down by 32 per cent.

The 50 city clubs included in the survey had a total membership of 96,611 during the past year and their gross revenue and dues totaled \$50.9 million, of which 96.3 per cent was required to cover operating costs and expenses.

In the 50 country clubs, membership totalled 29,407, and gross revenue and dues amounted to \$26.8 million. Operating costs and expenses absorbed 98.9 per cent of this total.

The major expense of a private club, whether in town or country, is the payroll. The 1962-63 payroll and related costs comprised 69.9 per cent of the city clubs' operating revenue of 35.8 million dollars (exclusive of dues) with 60 per cent representing cash payrolls and 9.9 per cent payroll taxes and fringe benefits.

Country clubs required 71.3 per cent of their operating revenue of 17.4 million dollars to meet these costs. The ratio for cash payrolls was 61.8 per cent and for payroll taxes and related costs 9.5 per cent.

Annual dues per regular member in city clubs averaged \$209 during the past year, an advance of two per cent over 1961-62.

The average of \$388 per regular member in country clubs was 3.5 per cent higher.

In addition to dues, the average city club member spent about \$371 during

Caplin Further Clarifies Business Expense Deductions

In an attempt to clarify Internal Revenue Service rules on business expenses, Mortimer M. Caplin, IRS commissioner, recently told the National Restaurant Assn. that the regulations are aimed at eliminating abuses and not curbing legitimate spending for entertainment.

Basically, said Caplin, the new rules do not require any more detailed expense accounting than previously called for except for receipts for expenditures of \$25 or more. The IRS commissioner said the new regulations have two aims: To deny deductions based on mere estimations and unsubstantiated reports, and to deny deductions not closely related to income producing activities. At the same time, he added, the new law is virtually the same as the old in allowing for food and beverage costs in entertaining business guests.

1962-63 for goods and services furnished by his club. These expenditures included \$185 for food, \$89 for beverages, \$45 for room rentals, and \$52 for incidentals.

The typical country club member's expenditures averaged \$593 with \$266 representing food purchases, \$171 for beverages, \$58 for sports activities, and \$98 for all other purchases.

A country club has one big factor of expense not encountered by a city club — the maintenance of a course. For 50 clubs with a total of 1,044 holes of golf, the current year's maintenance costs per hole averaged \$3,394. Of this, \$2,156 represented cash payrolls and \$204 related costs. Over the past ten years, golf course maintenance costs per hole have increased from \$2,369 to \$3,394, or 43 per cent.

It's Big Business

A survey taken recently by the National Club Assn., with assistance of CMAA members, shows that private clubs in the U.S., including both country and city, are a \$1.9 billion industry. Approximately 4½ per cent of the population is connected with the 4,000 clubs through membership or employment. Nearly 3.7 million members are claimed and more than 300,000 persons work for the clubs. The clubs meet an annual payroll of \$750,000,000 and their federal, state and local tax bills run to \$164,000,000 every year.