

Large Clubs Reduced Costs in 1963 But Others Lagged

Large country clubs (dues income from \$200,000 to \$500,000 yearly) were the only ones to have any dues available for members' equity in 1963. Small clubs (membership dues under \$125,000) and medium-size country clubs (dues income between \$125,000 and \$200,000), however, did show an increase in total income—total sales and other income plus dues—along with large clubs in 1963.

This and other information was gathered by Horwath & Horwath, accountants and auditors, of New York in a study of 52 clubs located in 37 principal cities. Entitled "Country Club Operations in 1963," the report gives a summary of average operations of large, medium and small clubs expressed in

Golf Course and Grounds Expenses

	COST PER HOLE					
	14 Small Country Clubs (Dues under \$125M)		17 Medium Country Clubs (Dues of \$125M to \$200M)		19 Large Country Clubs (Dues of \$200M to \$500M)	
	1963	1962	1963	1962	1963	1962
Greens and grounds maintenance						
Payroll	\$1462	\$1403	\$2364	\$2299	\$2620	\$2502
Supplies and contracts	428	443	564	516	625	601
Repairs to equipment, course buildings, fences, bridges, etc.	175	176	273	241	308	285
Water, electricity and other expenses	85	66	235	222	263	235
Total maintenance exclusive of fixed charges	2150	2088	3436	3278	3816	3623
Golf shop, caddy and tournament expenses	144	260	305	387	277	327
Total	2294	2348	3741	3665	4093	3950
Deduct greens fees	516	493	1193	1126	914	824
Net golf course and grounds expense exclusive of fixed charges	\$1778	\$1855	\$2548	\$2539	\$3179	\$3126

Horwath & Horwath

relation to dues and assessment income for both 1963 and 1962.

Large clubs were the only group to show a reduction from 1962 in total cost of operations. Increased sales were responsible for this. Only, however, in large clubs did better departmental profits result in a decrease in ratio of the net clubhouse cost to total dues. Large clubs also recorded decreases in the ratio of the total cost of outside activities to dues. Thus they were the only group to show an improvement over 1962 in dues available for depreciation.

One of Four Increased Dues

Thirteen clubs of the 52 surveyed raised the annual dues per regular member by amounts ranging from \$5 to \$168 in 1963. Four clubs reported increases of \$40 to \$1,200 in the initiation and entrance fees charged to regular members.

In all three groups payroll totals were higher than in 1962. Large clubs had an 8 per cent rise in total income as compared to a 6 per cent payroll increase. Medium-size clubs' total income rose almost 1 per cent and payroll was up 1.5 per cent. In small clubs total income was up 4 per cent, but payroll rose 5 per cent.

Maintenance Cost

Gross maintenance cost of golf course and grounds was higher in all three groups of clubs. The 1963 gross maintenance cost per hole averaged \$3,816 for large clubs, up \$193; \$3,436 per hole, up \$158, for medium-size clubs; and for small clubs was \$2,150, up \$62.

In ratio to total dues income, all three groups recorded reduction from 1962 in the net cost of golf and grounds after the addition of golf shop, caddy and tournament expenses and deduction of greens fees and other income. In the net cost per golf course, only small clubs showed a decrease, down \$77 to \$1,778 in 1963. Net cost of golf and grounds was up \$9 per hole in medium-size clubs, to \$2,548. That of larger clubs rose \$53, to \$3,179 per hole.

Club Sponsored Leagues Subject to Dues Tax

According to the CMAA Report, club managers and officers should be advised that as a result of a recent trial the Internal Revenue Service will probably maintain that where a club sponsors a bowling league, or similar athletic competitions that involve participation on more than six occasions, any charges paid by club members to participate in the competition are subject to the club dues tax. In some cases this might be interpreted as covering various types of golf activities.

- The IRS must show that charges paid by members entitle them to participate on more than six occasions. The CMAA Report suggests that to defeat this argument, clubs should charge their members for each occasion of actual participation and not use a one-time, or overall, charge. To avoid having separate charges considered as being an overall charge paid in installments, it is advisable that members in signing up for the bowling league not be required to participate on a specific number of occasions. Thus, when a particular member bowls, he will have to be on his honor to be present for the competition.

Another and perhaps better approach

would be to have interested members rather than the club sponsor a bowling league and other types of athletic activities. If several interested members sponsor the league and if the charges are not accounted for by the members to the club, then the club dues tax should not apply. To be club dues, the charges must be paid to a social club.

Ben Chlevin Becomes GCSA's Executive Director

Ben J. Chlevin, former assistant to the publisher of GOLFDOM, has succeeded Dr. Gene C. Nutter as executive director

of the GCSA. Nutter resigned his GCSA post last fall. Chlevin was raised and educated in Chicago where he attended Northwestern University. During World War II he served with the anti-aircraft artillery in the Antilles as a second lieutenant.

Chlevin served eight years with the Chicago Park District publicity staff, covering such assignments as city-wide golf tournaments, golf school promotions and various other local park activities.

In 1954 he joined the National Golf Foundation as public relations director. In the following years he developed many promotional programs designed to stimulate interest in golf activity and golf course development. This included writing such informational manuals as *The Golf Operators' Handbook*, *Golf For Industry* and *Golf Events*.

Joining GOLFDOM and GOLFING in 1960, Chlevin's duties included responsibility for marketing, production, sales promotion, public relations and circulation promotion for the two magazines.



Chlevin

Southern Turf Conference

The annual conference of the Southern Turfgrass Association will be held in the Hotel Peabody in Memphis, Feb. 22-23. Reg Perry is the conference chairman.