

TIPS ON BUDGETING: OVERALL CLUB OPERATION

Control by the men who matter

Baltusrol, a club which has remained in the black since 1895, confines budget preparation to top club officials.

By CARL J. JEHLLEN

General Manager, Baltusrol Golf Club, Springfield, N. J.

Preparation of the operating budget for the fiscal period is meticulously defined in the Club's by-laws as a responsibility of the Executive Committee. To adequately emphasize the importance placed upon the need for decisive action, I have listed two pertinent sections of our by-laws relating to the budget:

Executive Committee

"Operation and management of the business affairs and property of the Club, subject however at all times to the direction and control of the Board of Governors, shall be vested in an Executive Committee consisting of the President, Vice-President, Secretary, Treasurer and four other members of the Board appointed by the President, subject to the approval of the Board. Such Committee shall have power to summarily suspend the privileges of any member and to employ and discharge any and all employees and to supervise all purchases required in connection with the maintenance, management and operation of the Club and its properties. Such Committee shall also prepare, as soon as possible after the beginning of each fiscal year, a budget of the estimated receipts and disbursements of the Club for such fiscal year, which budget shall be submitted to the Finance Committee before being presented to the Board for approval."

Finance Committee

"The Finance Committee shall consist

of four members: One shall be the Treasurer of the Club. The other three shall be appointed by the President from the membership of the Board of Governors, subject to the approval of the Board. Such Committee, under the direction of the Board, shall have the supervision of the financial affairs of the Club. Upon receiving from the Executive Committee the annual budget it shall be the duty of the Finance Committee to examine such budget and report same to the Board with its recommendations. All extraordinary expenditures shall be submitted to the Finance Committee for consideration and report before being undertaken."

Here you can see how adroitly the framers of the Club's by-laws made a policy determination, that left little to chance. The appointment of the four other members from the Board of Governors, in addition to the club officers, to serve on the Executive Committee has been sagaciously confined to the chairmen of each of the major operating committees—House, Golf, Greens and Admissions. These men are all vitally involved in the control of expenditures for material, personnel and services, as well as revenue, in the operation of their respective departments. It should also be apparent that by this procedure, ample opportunity is afforded each member of the Executive Committee to compare the weight and effect of his anticipated

operational needs to those of other departments. The final result can only be a mutually acceptable budget, contrived with advanced recognition of the overall well-being of the club.

As shown above in the by-laws excerpts, the budget is sent to the Finance Committee for comment and recommendation; either for approval by the Board or for a review of some specific item. Following final approval by the Board the budget then becomes the guide and measuring stick of the Club's operation during the ensuing year.

There are several facets that enter into the deliberations for estimating potential income and expenses. Initially, the basis for any projection is a revised estimate of the results of the immediate past fiscal period, adjusted to reflect current prevailing conditions, and anticipated future changes that may take place. To expect income to remain static, or to increase in

proportion to the accelerating cost of operation, is a fallacy that cannot be tolerated. One must face the facts and be practical, permitting neither optimism nor pessimism to dominate the atmosphere during budget preparation.

Most essential to the preparation are the known factors of past experience and performance, but also having a great bearing on the subject, and of utmost importance, are such intangibles as policy determination, demands for increased services, inflation, governmental regulations, taxes, increased cost to maintain previously expanded facilities, drought conditions and the increased cost of capital expenditures for replacements that are reflected in a higher depreciation write off.

Most insidious is the inevitable change in the structure of the membership—an effect which is not always obvious. With each succeeding year pressures are apt

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View shows Baltusrol's venerable clubhouse at head of fairway. The club will be host to 1967 U. S. Open in June, and management is now busy making preparations for the big event.

MEN WHO MATTER

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to build up for the expansion of facilities and services, which, while costly in themselves, in an inflationary economy they become a great luxury that a vanishing labor market and accelerating cost of materials and equipment do not always justify.

I recently made a comparative analysis of operating expenses for the current fiscal period as against that of ten years ago, and found it forceably points up the escalation that has taken place in the cost of operating the Club. A 57% increase in operating expense has occurred; however, in making an intensive study of the various departments it was surprising to note the marked differences in percentage of increase. In the restaurant and bar the increase amounted to 28% and 40% respectively, while house expense had increased 47%, general expense 107%, golf 14%, greens 57%, depreciation 68%, and real estate taxes were 80% up over that of ten years ago.

In checking further into individual items making up the expenses in each department, it was discovered that pay-

roll and employee benefits, including payroll taxes, accounted for 62% of the total increase in operating expenses. Of the remaining 38%, depreciation and real estate taxes accounted for 20%, thus leaving only 18% for all other additional materials and equipment or services needed to operate the Club. All of this only serves to point up most emphatically the need for astute Club Officials who will plan ahead for the Club's well-being.

Fortunately, at Baltusrol with a long history of solvency going back to its founding in 1895, there is a great advantage to be had in projecting future club operation. But for all the advantage this affords, any failure to recognize the potential pitfalls that await the unwary committee that does not take every significant factor into consideration, will result in a year-end operating assessment. In addition to being highly unpalatable, it is an acknowledgement of an inadequacy in the preparation of the annual budget. If the proof were in the pudding, then let me say with pardonable pride, that this has not come to pass at Baltusrol.

As the television commercial goes, we must be doing something right. •

Club facilities vary greatly

Clubhouse facilities for the nation's golf courses vary greatly according to the type of operation, according to a survey by the National Golf Foundation. Survey figures are based on replies from 6,772 or 90% of the 7,443 regulation-length golf courses at the end of 1965.

As would be expected, more than

three times as many private country clubs have dining rooms as municipal golf courses, and the ratio of bars is even higher. However, in one category—pro shops—private, semi-private and municipal operations run almost neck and neck.

Answers to nine questions about facilities are in the accompanying chart:

QUESTION	Private Country Clubs % saying yes	Semi-Private Operations % saying yes	Municipal Golf Courses % saying yes
Do you have a dining room	77%	41%	22%
Do you have a snack bar	63%	27%	70%
Do you have a bar	75%	45%	13%
Do you serve liquor	62%	36%	9%
Do you serve beer (only)	22%	28%	30%
Do you provide setups (only)	16%	11%	5%
Do you have a pro shop	85%	85%	84%
Do you provide showers	86%	60%	62%
Do you provide locker rooms	86%	60%	64%
Total Courses Replying	3161	2610	1001

Note: Par-3 type golf facilities are not included in this study.

Spell out what you need

After working out the various budget items, it's a good plan to add a brief explanation to anticipate questions.

By **ROBERT M. WILLIAMS**

Superintendent, Bob O'Link Golf Club, Highland Park, Ill.

Budgeting processes can vary from one organization to another, but by and large we find most superintendents develop a rather similar approach to budgets.

The grounds and greens budget might be defined as "an overall plan, expressed in financial terms, which is used as a guideline for an operating program for a specific period of time."

The responsibility for its preparation is that of the course superintendent, who in turn submits it to his Green Committee for consideration, with final approval coming from the Board of Governors. Once the Board approves it, it is usual for the superintendent to carry it out.

The starting point for grounds budget preparation is a review of club and department objectives. A written statement by the Green Committee—one that includes the course maintenance goals—gives the superintendent a solid basis upon which he can evaluate the necessary priorities for various expenditures.

The next step is a complete re-evaluation of practices and techniques, with an eye on possible improvement in the efficiency of the operation. We should consider our past accomplishments, the time schedule relative to our long-range plan, membership satisfaction, the economic trend, the general labor picture and the amount of help we expect to have available.

I find it helpful to make out an annual plan of operation with approximate target dates. A fill-in calendar makes it easy to note the practical timing of the individual operations and turfgrass treatment. Top dressing, re-sanding of traps, planting new tees and rebuilding tees are typical examples of items that would be included. This Annual Plan Chart aids in estimating total amounts of the various materials needed from time to time.

We are now ready to put the budget together. The form I've found most effective tabulates the actual expenditures for all items over the past four or five years. This serves as a yardstick for the club officials in arriving at budget decisions which they will have to stand behind. The club accounting department usually has a fairly uniform system for itemizing these anticipated expenditures. Often, the superintendent can be helpful in working with the comptroller to arrive at these items, which include salaries, supplies, repairs, etc.

Exceptional care must be taken with labor cost estimates, as these expenditures account for about 65 to 75 per cent of the total grounds maintenance budget. To effect the desired accuracy, I use an annual employment graph. This shows the comparative monthly manpower used over the past several years. Antic-

ipated adjustments are projected for the year ahead to correspond to the general overall plan. This produces a close estimate of total labor requirements.

Estimating supplies is no great problem after we have decided what materials we wish to use, how much of each is to be allotted for each application and how many applications we expect to use over the season. Price fluctuations, of course, call for estimates with built-in flexibility.

Repairs are difficult to estimate as one cannot foresee mechanical breakdowns very well. But surprisingly enough, the annual expense figure seems to remain consistent if equipment is given a general off-season overhaul.

Utility expenditures are quite uniform except for the variable of irrigation, which uses both power and water. Sometimes a dry season can add considerably to the costs.

The capital budget comes next. This is usually made up of only a few items, such as new equipment, landscape plantings, and probably new construction or renovation.

After developing the figures for the various budget items, I write a brief explanation of all the entries. In this way

many questions can be answered as to what is included and why the expenditure is necessary.

In addition to these two budgets (operating and capital), I usually submit a list of additional items for consideration. This is a list of holdovers that are desirable but probably not practical or appropriate at this particular time. This keeps the club officials alerted to certain projects and shows that the superintendent and the committee are aware of future possibilities.

Now that we have prepared the overall budget, we place the six or seven page budget* in a binder which is mailed to the Committee members with an announcement of the next meeting, which will be for the purpose of considering the presentation. After approval or revision by the Green Committee, we then send copies to the club Governors for their perusal prior to the next board meeting. We have found that by giving the club officials a complete insight into our operation and ample time to digest the budget requests, that we seldom experience anything but complete confidence, approval and satisfaction from the Board. •

* Copies of this complete budget proposal are available from GOLFDOM on written request.

FIGURE 1
BOB O'LINK GOLF CLUB
GROUNDS AND GREENS DEPARTMENT
OPERATIONAL BUDGET

Code	Account	Actual 1962	Actual 1963	Actual 1964	Proposed 1965	Final 1965
3220A	Salaries & Wages	\$53,349	\$55,869	\$57,181	\$57,000	
3220B	Expense Allowance	300	300	270	300	
3220C	Sublet Services	1,311	47	1,530	500	
3221	Employee Board	330	330	330	330	
3222	Heating Fuel	399	348	388	350	
3225	Light & Power	1,430	1,520	1,111	1,100	
3227	Water	762	698	5,128	5,000	
3228	Printing	123	213	116	100	
3229	Laundry	238	127	56	75	
3231	Telephone	383	360	384	300	
3236	Payroll Taxes	2,301	2,787	2,889	2,900	
3237	Expendable Supplies	1,601	1,952	1,468	1,400	
3238	Gas, Oil, etc.	1,501	1,534	1,943	1,500	
3239	Materials, Chemicals	10,733	10,778	7,884	9,500	
3240	Landscape Plantings	904	1,615	*	*	
3241	Tree Conservation	—	145	*	*	
3242	Maintenance Repairs	2,977	1,774	2,845	2,500	
3244	Irrigation & Drainage	1,161	1,078	1,170	700	
3246	Committee Meetings	102	80	103	100	
3248	Miscellaneous	140	121	244	125	
	Extra Appropriations	—	200	—	—	
	TOTALS	\$80,045	\$81,876	\$85,040	\$83,780	

*Note: Transferred to Landscape Budget.

Four ways to boost shop sales

Successful budget depends on knowing what to buy and how you can earn enough to pay for it.

By HARRY OBITZ and DICK FARLEY

GOLFDOM Merchandising Consultants

How do you use budgeting in the golf shop? You just have to know 1) total merchandise you will buy; 2) total expenses you will incur; 3) when you will spend these amounts; 4) how much income you will take in—and when. With these figures you are well on your way to working out a budget.

Step One: merchandise you will buy. Examine last year's records and find the total amounts purchased and sold in each department. Establish definite quotas for buying in these departments. Find the time of year these sales were made—spring, summer, fall—and plan

your orders to fill this need.

If a certain item, for instance, sold heavily in the summer but very lightly in the spring and fall, budget your buying to have this item delivered lightly in spring with the bulk of the order arriving for the summer trade. This will save dollars in the spring to be used on an item that will sell in the spring. For example, instead of buying \$3,000 worth of lightweight shirts in April, buy \$300 in April and \$2,700 for delivery June 1 for your summer trade.

Here's an example of poor budgeting: If you did \$1,000 in ladies' cash-

FIGURE 1
DETAILED BUYING BUDGET BY DEPARTMENTS
GOLF SHOP

		Order for April-May Pay—June 1	Order for June Pay—July 1	Order for July-Aug. Pay—Sept. 1
EQUIPMENT				
Golf Balls	\$10,000	\$ 2,500	\$ 5,500	
Clubs	8,000	4,000	4,000	
Bags	3,000	1,500	1,500	
Gloves	2,000	1,000	1,000	
Other	1,000	400	350	250
MENS WEAR				
Shirts	7,500	1,000	5,000	1,500
Sweaters	5,000	1,500		3,500
Slacks & Bermudas	2,000	1,500		500
Jackets	500	300		200
Hats & Caps	2,000	750	1,000	250
Shoes	2,000	1,500	500	
Rainwear	500	250		250
Misc.	500	200	200	100
LADIES WEAR				
Blouses	3,500	1,000	2,000	500
Sweaters	3,500	1,000		2,500
Bermudas—Skirts	4,000	1,000	2,500	500
Jackets	300	200		100
Hats	2,500	1,250	1,000	250
Shoes	1,500	1,000	500	
Rainwear	200	100		100
Misc.	500	150	200	150
TOTALS	\$60,000	\$22,100	\$25,250	\$12,650

mere sweaters for the year and \$900 of this was in the fall, it would be foolish to spend \$1,000 for ladies' cashmeres on April 1. Buying your merchandise *the way you sell it* will mean more active dollars working for you, less potential profit sitting on the shelf for long periods.

Another example of bad budgeting would be to spend \$10,000 on golf clubs when your last year's total golf club sales were only \$5,000. It's easy to get carried away when the salesman shows you something new that looks great. But remember, without a budget, this oftentimes results in over-buying, and over-buying results in mark-downs at the end of the season in an effort to liquidate inventory.

You must stay within definite guidelines established for each department so as not to have your inventory out of balance. The old saying, that even cashmere sweaters won't taste good if you have to eat them at the end of the season, is still true. *Nothing is a good buy if you can't sell it.* Figure 1 shows a typical buying budget.

Step Two: list your total expenses--how much it will cost for equipment and supplies to operate your business; how much in salaries, taxes, auditing fees, etc., (Figure 2). Remember that administrative expenses of \$1,500 per month will take merchandise sales of \$3,750 (at an average markup of 40%) just to stay even. Always estimate your expenses slightly higher to allow for the unexpected.

You also must project an anticipated income based on last year's figures plus

FIGURE 2	
INCOME:	
Merchandise	\$95,000
Teaching	6,000
Rentals	5,500
Other	7,500
TOTAL INCOME	\$114,000
EXPENSE:	
Cost of Merchandise	
Sold	\$60,000
Salaries	21,000
Taxes and Insurance	1,500
Supplies and Equipment	2,500
Telephone	700
Travel and Entertainment	2,500
Advertising and Promotion	1,500
Tournament Expenses	1,500
Miscellaneous	2,900
TOTAL EXPENSES	\$94,100
PROFIT FOR SEASON	\$19,900

a realistic appraisal of possible income from all sources (Figure 2).

Step Three: break down items in Figures 1 and 2 to determine when you must spend this money, and how much each month. You should know how much money will be coming back in the form of sales each month, which--along with your original investment--will help pay these monthly totals. Figure 3 is a monthly breakdown of general budget.

Note that expenses are much higher in June, July and September, due to the large amounts paid for merchandise to suppliers. You will also see that these merchandise payments do not start until June. Most golf suppliers will give you this extended credit time as they realize that your business is slow during the early part of the season. If you must

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FIGURE 3								
	Apr.	May	June	July	Aug.	Sept.	Oct.	Total
INCOME:								
Merchandise	\$5,000	\$10,000	\$16,000	\$22,000	\$22,000	\$15,000	\$5,000	\$ 95,000
Teaching	200	500	1,000	2,000	2,000	300	—	6,000
Rental	200	500	1,000	2,000	1,500	200	100	5,500
Other	300	500	1,500	2,000	2,000	1,000	200	7,500
	\$5,700	\$11,500	\$19,500	\$28,000	\$27,500	\$16,500	\$5,300	\$114,000
EXPENSE:								
Cost of Merchandise			\$22,100	\$25,250		\$12,650		\$60,000
Salaries	\$3,000	\$3,000	3,000	3,000	\$3,000	3,000	\$3,000	21,000
Tax & Insurance		500		500		500		1,500
Supplies & Equip.		1,000	1,000	500				2,500
Telephone	100	100	100	100	100	100	100	700
Travel & Entertainment	300	300	400	400	400	400	300	2,500
Advertising & Promotion	300	300	200	200	200	200	100	1,500
Tournament Expenses	—	400	500	—	—	500	100	1,500
Miscellaneous	200	400	500	500	500	500	300	2,900
Payable Amount	Apr.	May	June	July	Aug.	Sept.	Oct.	Total
	\$3,900	\$6,000	\$27,800	\$30,450	\$4,200	\$17,850	\$3,900	\$94,100

BOOST SHOP SALES

Continued from preceding page

pay some of these suppliers before June, you would have in net profit \$1,800 by the end of April and another \$5,500 by May 31 to do so. If you need additional capital, a short-term loan from your local bank could be arranged.

Let's see how an original investment of only \$3,500 would enable you to operate this business. With a total gross income of \$114,000 and total expenses of \$94,100, you would realize a year-end profit of nearly \$20,000.

Step Four: study it month by month to see how. Figure 4 shows how the monthly income and expense totals from Figure 3 stack up.

By the end of April you show an \$1,800 profit, and by May 31 it's up to \$7,300. But hold on—don't let money burn a hole in your pocket—the big expenses are about to come! In June you take in \$19,500 but you must pay out \$27,800 for a deficit of \$8,300. This wipes out the \$7,300 you had accumulated, and along with it \$1,000 of your original investment of \$3,500. During July your income is \$28,000—the best month of the season—but you must pay for the merchandise you bought and the expenses of \$30,450 leave you with another deficit.

This time it's a minus \$2,450, leaving your original investment of \$3,500 down to a precarious \$50. Cheer up! The tide has turned, and the profit will soon start to flow in. In August you take in \$27,500, your expenses are only \$4,200, and you have a whopping profit of \$23,300. Now you're on your way. September expenses of \$17,850 against income of only \$16,500 leave you with only a \$1,350 loss for the month.

You're still in good shape as no more large expenses are forecast. October

Etonic Offers Pros Course in Selling

The Charles A. Eaton Co., Brockton, Mass., has announced a new "Golf Professional Course in Soft Goods Merchandising," a correspondence course in six lessons now open for enrollment to all pros, shop managers and assistants.

The course covers all phases of soft goods merchandising: publicity, promotion, advertising, selling techniques, information on textiles and leathers, apparel and shoe construction, shop management principles, and public relations.

A tuition fee of \$25 per student will be refunded as a credit toward purchase of Etonic merchandise, upon successful completion of the course. Graduates will also receive a diploma suitable for wall mounting. Registration forms are available from Etonic salesmen, or from Charles A. Eaton Co., Brockton, Mass.

The student may send a check for the tuition with his registration form, or ask Eaton to bill his account. By return mail he will receive a leatherette binder containing Lesson One and a Test Page consisting of 25 true-or-false and multiple choice questions.

profit of \$1,400 wipes out the small September loss and you are home free with \$19,900 in the bank for the season, along with your original \$3,500 investment.

You did not have to touch your original investment of \$3,500 until the end of June when you had to spend \$1,000 of it. The next and final draw from this nest egg came on July 31 and was \$2,450. After using this money for only two months your entire original investment of \$3,500 is recovered and you are in the black to stay.

These figures should prove that it makes sense to budget for bigger profits. •

FIGURE 4

	Apr.	May	June	July	Aug.	Sept.	Oct.
Income	\$5,700	\$11,500	\$19,500	\$28,000	\$27,500	\$16,500	\$5,300
Expense	3,900	6,000	27,800	30,450	4,200	17,850	3,900
Monthly—Profit-Loss	+1,800	+5,500	-8,300	-2,450	+23,300	-1,350	+1,400
Accumulated Total	+1,800	+7,300	-1,000	-3,450	+19,850	+18,500	+19,900

Stay close to the operation

Monthly analysis of income and expenses enables this manager to project budget after nine months of fiscal year.

By L. J. GRIFFIS, JR.

General Manager, Vestavia Country Club, Birmingham, Ala.

The manager's method of handling the club budget varies from club to club. In my case I stay close enough to the operation so that I can present facts and figures to the proper committee for approval.

Figure 1 includes a projected form that is used when the fiscal year is 75% complete. I study the nine months of actual figures to project the additional three months. After completing my projection for the current year, it is a simple matter to make suggestions for next year's budget.

This form gives profit or loss figures for the various departments of the club. Six departments are shown under both income and expenses. Each departmental income figure indicates the net result, which in four of six (parentheses) represents a loss. Estimated expense figures represent actual expenses of operating departments from which no particular income is derived.

In the general income column incomes are classified by area so that we can determine actual fees received by various departments.

In this projected form for proposal of budget there are four columns. The most important is the second column, showing the actual financial statement, by departments, for a nine-month period.

It is obvious that there are highs and lows in departments and it is important that a projection for the 12-month period, in most cases, should represent a simple one-third of the nine-month actual

figures added to the nine-month figures, to arrive at the 12-month projection. There are exceptions. A perfect example is the swimming pool, which is a three-month operation. Therefore, in the twelve-month projection it cannot be considered under this same formula.

Upon the manager's determination of the twelve-month projected figure and suggestions in column four for the budget requests, it is important that he then sit down with the various committee chairmen. They must discuss the individual breakdown of the departments by income and expense to arrive at a projected budget for the year ahead.

After consultation with department chairmen, and agreement on projected budget requests, I present these in typewritten form to the Finance Committee.

Each department is itemized in detail, with an overall figure for consideration and approval. This analysis form is presented at the board meeting one month prior to the conclusion of the fiscal year. We make a policy of setting the deadline that all proposals and requests be presented to the Finance Committee by the 11th month. This committee then has an opportunity to study all requests, along with the overall budget, and sets up a meeting sometime during the 12th month, approximately two weeks before the board meeting. Interested committees are given a chance to justify their budget requests.

The Finance Committee then agrees on a proposed budget and presents it at the

board meeting for final approval. Therefore, upon starting of the first month of the new fiscal year your proposed budget has been studied, discussed, and finally approved. This formula is relatively simple, but has proved highly satisfactory.

The General Manager of any club, large or small, could follow this proposal and be extremely helpful to the committees concerned and the Board of Governors. Regardless of whether the manager has the responsibility of working with the budget, I am confident he can be a great asset to his club by presenting his ideas and suggestions to be incorporated into the budget.

Meetings of various committees with the manager to agree upon a proposed budget are very helpful to the Finance Committee and board in making their final decision on the budget. It represents the thinking of all groups, and our club's Finance Committee is confident that in most cases, the figures as presented have been given serious study and are factual.

You will note that there are 22 items

listed in the operational budget request. Let's discuss these particular items briefly.

You will note that regular dues in the 1965-66 approved budget, as shown in Items 1 and 2, along with capital improvement dues and tax savings, represent all dues income for that budget year. For two months of the fiscal year there was a capital improvement allocation of tax savings as authorized. As of January 1, 1966, the tax dollar of club dues has been deleted and is not included as Item 2 in the budget. Therefore, regular dues for the '66-'67 budget are included as one figure in Item 1. (Our fiscal year ends October 31.)

Items 3, 4, 5 and 6 are self-explanatory as shown.

Item 7 indicates various types of miscellaneous income such as club rental for weddings, etc.

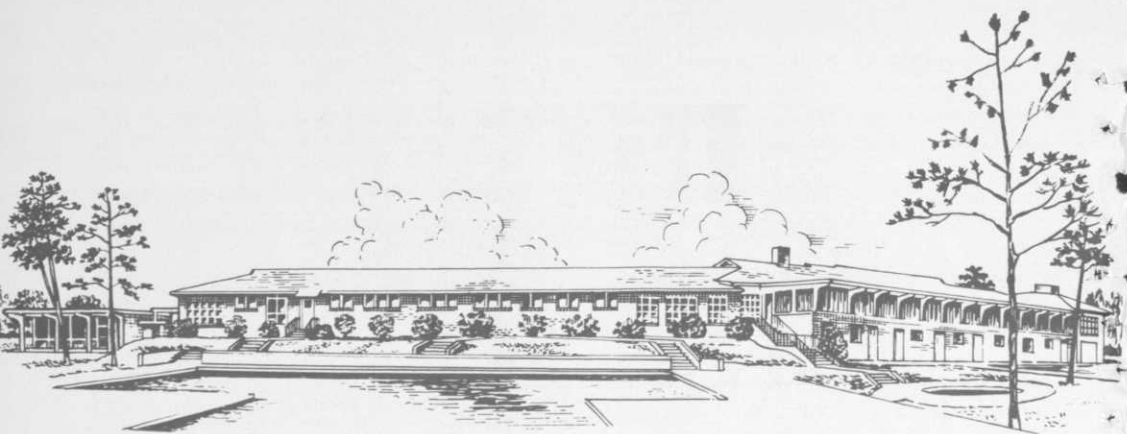
Under departmental income, Item 8 is the kitchen operation, for which we project a \$10,000 loss.

Items 9 and 10 are self-explanatory; both cabana and bar make a profit.

Items 11 and 12, locker room and
Continued on next page

FIGURE 1
VESTAVIA COUNTRY CLUB
1966-1967 OPERATIONAL BUDGET REQUEST

	1965-66 Approved Budget	1965-66 9 Month Actual	1965-66 12 Month Projected	1966-67 Budget Request
GENERAL INCOME:				
1. Regular Dues	250,000	185,500	245,000	280,000
2. Cap. Imp. Dues & Tax Savings	25,000	18,750	25,000	—
3. Green Fees	10,000	7,750	10,500	10,000
4. Golf Cart Income	10,000	7,250	9,500	10,000
5. Tennis Fees	100	50	75	100
6. Swim Fees	1,000	825	1,025	1,100
7. Misc. Income	1,000	725	840	800
TOTAL GEN. INCOME	297,100	220,850	291,940	302,000
DEPARTMENTAL INCOME:				
8. Dining Room	(10,000)	(7,100)	(9,800)	(10,000)
9. Cabana	2,000	1,460	1,800	2,000
10. Bar	25,000	18,700	24,500	25,000
11. Locker Rooms	(7,000)	(5,100)	(6,800)	(7,000)
12. Stables	(7,000)	(5,200)	(7,100)	(6,000)
13. Swimming	(7,000)	(4,750)	(6,300)	(6,000)
TOTAL DEPT. INCOME	(4,000)	(1,990)	(3,700)	(2,000)
TOTAL INCOME	293,100	218,860	288,240	300,000
DEPARTMENTAL EXPENSES:				
14. Club House	50,000	39,200	54,200	55,000
15. Club Grounds & Teen Room	10,000	7,100	9,100	9,500
16. Golf Course Maintenance	60,000	43,000	58,000	58,000
17. Golf Course Operation	15,000	8,400	11,200	12,000
18. Tennis	6,000	4,600	6,300	6,500
19. General & Adm.	100,000	73,200	97,500	98,000
TOTAL DEPT. EXPENSE	241,000	175,500	236,300	239,000
Net Operating Income	52,100	43,360	51,940	61,000
20. Prov. for Repairs, Replacements & Improvements	15,000	3,750	17,000	20,000
21. Prov. for Capital Improvements	25,000	18,750	25,000	20,000
22. NET INCOME	12,100	20,860	9,940	21,000



Vestavia's handsome new clubhouse overlooks swimming pool on the side of Shades Mountain near Birmingham. Club income includes figures for golf, swimming, tennis and stables.

CLOSE TO OPERATION

Continued from preceding page

stables, project a cost of operation, less income from locker rental in Item 11, and rental fees, etc., from the stable operation in Item 12.

Item 13, you will note, represents actual cost. Swim fees appear under general income in Item 6, for the reason that fees in these departments should be budgeted and shown on financial statements so that management always can be informed on income items.

Under departmental expense, Item 14 is self-explanatory.

Item 15 includes the preparation and work with the club grounds plus the teen-age room, which is located in that area, and comes under the grounds chairman for supervision.

Item 16 is self-explanatory. I might indicate that Item 16 is "golf course maintenance operation" and is confined to the golf course itself.

Item 17, golf operation, includes caddy master, transportation for caddies, caddy training programs, etc.

Item 18 is actual expense of operation of the club. Tennis income is shown under general income, Item 5.

Item 19 is self-explanatory.

Total departmental expenses are the additions of Item 14 through 19. Net operating income is the difference be-

tween total income and total departmental expenses.

Item 20 covers depreciation. It has been the policy of our club to set up certain funds into a "provision for repairs, replacements and improvements." Anytime that we replace, repair, or improve our facilities such as the air conditioning equipment, rugs, furniture, etc., it is charged to this account and deducted from the net operating income.

Column one of Item 21 indicates that the same amount of money under Item 2 set aside from dues prior to January 1, was deducted for use in the capital improvement account.

This year we propose certain capital improvements that you will note in Item 1, Column 4. As mentioned before, there is no allocation for capital improvement dues but it is combined into the overall income of dues since there is no tax involved.

Item 22 indicates the club's net income or operational profit.

All figures in this article and the accompanying charts are hypothetical, but I believe the formula is realistic. I believe that all club managers should assist in budget planning. In order to do so, it is essential that they familiarize themselves with all phases of club operation. The uphappy alternative is to be on the defensive to all questions. •