

# Clubs hard pressed for cash as prices continue rise

*Deficiency of dues for members' equity rises again  
for small and medium clubs during 1965.*

The popularity of country clubs as measured by membership totals made further gains in 1965, but also rising for the small and medium-sized clubs were the deficiencies of dues available for members' equity, according to the 17th annual country club study prepared by Horwath & Horwath, accountants and auditors, New York, N.Y.

The study of the operating results of 52 clubs located near 40 principal cities indicated that not only did country clubs in 1965 again fail to have any dues income available for members' equity, most of them fared much worse than in the preceding year. Of the clubs included in the study, only the large clubs were able to show even a slight decrease in the

deficiency of dues available for their members' equity.

Thus, the deficiency of dues available for members' equity in the small clubs, at 17.2 per cent of dues in 1965, was 4.5 points greater than in 1964 and that of the medium-sized clubs, at 19.4 per cent of dues, was up 5.4 points. The large country clubs, on the other hand, had a deficiency of 9.2 per cent of dues available for members' equity in 1965, compared with a 9.3 per cent deficiency in the preceding year.

Those deficiencies came about because rises in payroll and other expenses more than offset increases in both total dues income and total sales and other income, but the principal factor in the poor showing of country clubs in 1965 was the drop in the food and beverage departmental profits, which, in turn, was due chiefly to the curtailment of outside banquet business in conformity with Government regulations on clubs.

The clubs supplying operating data for this study were divided into the following groups: 17 small country clubs, each with membership dues income of under \$150,000 (including regular assessments in two clubs); 18 medium-sized country clubs, each with membership dues income of between \$150,000 and \$250,000 (including regular assessment in five clubs); 15 large country clubs, each with mem-

## DUES, ENTRANCE FEES

### SMALL CLUBS

Annual Dues Per Regular Member		Entrance Fee Per Regular Member	
Under \$250	4	\$250 and under	5
\$250-\$300	5	\$300-\$500	5
\$350-\$500	5	\$600-\$800	4
Over \$500	3	\$1,000 and over	3
Total	17	Total	17

### MEDIUM CLUBS

\$325 and under	3	\$500 and under	2
\$400-\$425	5	\$600	4
\$450-\$500	5	\$750-\$1,000	5
\$600-\$700	2	\$1,800-\$2,200	4
Over \$700	3	Over \$3,500	3
Total	18	Total	18

### LARGE CLUBS

\$375 and under	4	Under \$250	2
\$450-\$500	3	\$500-\$900	4
\$575-\$600	4	\$1,000-\$1,500	3
\$700-\$800	4	\$1,750-\$3,000	4
Over \$800	2	\$6,000 and over	4
Total	17	Total	17

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GOLFDOM

## CLUBS HARD PRESSED

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bership dues income of between \$250,000 and \$500,000 (including a regular assessment in one club); two very large country clubs, each with membership dues of over \$500,000 (including a regular assessment in one of the clubs).

Eighteen country clubs raised the annual dues per regular member by

amounts ranging from \$11 to \$200 in 1965, while eight of the clubs reported increases of \$30 to \$2,00 over 1964 in the initiation or entrance fees charged to regular members. Many of these clubs made additional increases in dues early in 1966 which equaled part of all of the tax saving resulting from repeal as of January 1, 1966, of the 20 per cent Federal tax on dues and fees. •

### SUMMARY OF OPERATIONS, 1965 AND 1964

	17 Small Country Clubs (Dues* under \$150m)		18 Medium Country Clubs (Dues* of \$150m to \$250m)		15 Large Country Clubs (Dues* of \$250m to \$500m)	
	1965	1964	1965	1964	1965	1964
Membership dues	\$109M	\$101M	\$189M	\$184M	\$312M	\$296M
Assessments	17 <sup>b</sup>	27 <sup>b</sup>	35 <sup>b</sup>	27 <sup>b</sup>	170 <sup>b</sup>	96 <sup>b</sup>
Total	\$111M	\$104M	\$199M	\$192M	\$323M	\$309M
<b>SUMMARY OF OPERATIONS</b>						
Income from dues and assessments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Deduct cost of operations (Bold type represents net income)						
Clubhouse (detail below)	45.0	38.6	49.0	44.8	50.1	48.7
Golf and grounds — net	31.5	33.7	27.5	28.4	23.6	25.6
Swimming pool — net	3.9 <sup>b</sup>	3.6 <sup>b</sup>	2.1 <sup>b</sup>	1.9 <sup>b</sup>	1.5 <sup>b</sup>	1.6 <sup>b</sup>
Tennis — net	2.2 <sup>b</sup>	2.4 <sup>b</sup>	2.4 <sup>b</sup>	2.0 <sup>b</sup>	2.5 <sup>b</sup>	2.1 <sup>b</sup>
Other outside activities — net	<b>r18.8<sup>b</sup></b>	<b>r1.3<sup>b</sup></b>	<b>r.7<sup>b</sup></b>	<b>rN<sup>b</sup></b>	<b>1.3<sup>b</sup></b>	<b>.7<sup>b</sup></b>
Total	79.9	75.5	79.6	76.0	76.8	77.2
Net before fixed charges	20.1	24.5	20.4	24.0	23.2	22.8
Fixed charges						
Rent	17.9 <sup>b</sup>	18.1 <sup>b</sup>	3.6 <sup>b</sup>	4.5 <sup>b</sup>		
Taxes and insurance	9.4 <sup>b</sup>	9.7 <sup>b</sup>	14.6	14.6	15.2	14.6
Interest	6.2 <sup>b</sup>	7.5 <sup>b</sup>	2.9 <sup>b</sup>	3.2 <sup>b</sup>	7.0 <sup>b</sup>	7.3 <sup>b</sup>
Total	18.4	18.8	17.6	18.0	19.8	19.5
Dues* available for depreciation	1.7	5.7	2.8	6.0	3.4	3.3
Depreciation and/or rehabilitation expenditures or reserves						
Depreciation	22.1 <sup>b</sup>	20.0 <sup>b</sup>	23.3 <sup>b</sup>	22.5 <sup>b</sup>	13.1 <sup>b</sup>	12.6 <sup>b</sup>
Rehabilitation	16.3 <sup>b</sup>	13.0 <sup>b</sup>	14.5 <sup>b</sup>	9.9 <sup>b</sup>	5.5 <sup>b</sup>	8.2 <sup>b</sup>
Total	22.0 <sup>b</sup>	19.8 <sup>b</sup>	22.2	20.0	12.6	12.6
Dues* available for members' equity	<b>r17.2%</b>	<b>r12.7%</b>	<b>r19.4%</b>	<b>r14.0%</b>	<b>r9.2%</b>	<b>r9.3%</b>
<b>CLUBHOUSE OPERATIONS</b>						
Departmental profit or loss (r)						
Food	2.6 <sup>b</sup> %	7.7 <sup>b</sup> %	r1.4 <sup>b</sup> %	r.2 <sup>b</sup> %	r.9 <sup>b</sup> %	.4 <sup>b</sup> %
Beverages	26.1 <sup>b</sup>	28.3 <sup>b</sup>	16.9 <sup>b</sup>	16.9 <sup>b</sup>	15.3 <sup>b</sup>	16.4 <sup>b</sup>
Total	27.8	33.8	16.4	17.4	12.3	13.6
Rooms	4.7 <sup>b</sup>	2.9 <sup>b</sup>	6.6 <sup>b</sup>	6.5 <sup>b</sup>	2.2 <sup>b</sup>	1.9 <sup>b</sup>
Locker rooms	<b>r1.3<sup>b</sup></b>	<b>r1.2<sup>b</sup></b>	<b>r2.7<sup>b</sup></b>	<b>r2.5<sup>b</sup></b>	<b>r1.8<sup>b</sup></b>	<b>r2.0<sup>b</sup></b>
Other sources of income <sup>c</sup>	5.5	5.5	3.3	4.6	4.1	4.6
Total	32.9	38.8	19.3	21.8	15.4	17.0
Undistributed operating expenses						
Clubrooms	10.4	10.6	10.0	10.2	14.1	15.1
Entertainment — net	3.6	3.3	3.5	3.5	2.6	2.6 <sup>b</sup>
Administrative and general	43.1	43.1	37.3	36.2	36.1	34.7
Heat, light and power	10.4	10.8	8.9	8.9	7.0	7.2
Repairs and maintenance	10.4	9.6	8.6	7.8	5.7	6.3
Total	77.9	77.4	68.3	66.6	65.5	65.7
Net clubhouse cost	45.0%	38.6%	49.0%	44.8%	50.1%	48.7%
<b>FOOD AND BEVERAGE STATISTICS</b>						
Cost per dollar sale						
Food (before credit for employees' meals)	55.9¢	53.5¢	55.6¢	55.3¢	53.1¢	52.6¢
Beverages (exclusive of bottle sales)	36.9	35.8	33.4 <sup>a</sup>	34.6 <sup>a</sup>	35.1	34.7
Ratios to food and beverage sales						
Payroll	30.0%	29.4%	35.5%	35.0%	39.2%	38.1%
Departmental profit	16.2	19.1	13.3	14.5	11.2	12.4
<b>GROSS MAINTENANCE COST OF GOLF COURSE AND GROUNDS<sup>d</sup></b>						
Per golf course hole	\$2517	\$2446	\$3863	\$3819	\$4111	\$4063
Ratio to membership dues <sup>e</sup>	41.0%	42.2%	35.0%	35.9%	31.3%	32.4%

M—Thousands. <sup>a</sup>—All ratios are to membership dues (dues plus assessments in Clubs 8, 9, 18, 23, 25, 26, 27 and 38).

<sup>b</sup>—Average only of those clubs reporting this item. <sup>c</sup>—Income from initiation or entrance and transfer fees is excluded.

<sup>d</sup>—Does not include greens fee income nor costs for golf carts, golf shop, caddies, tournaments, fixed assets and fixed charges (see explanatory text). One club has a 45-hole course; 3 have 36-hole courses; 2 have 27-hole courses; and the remainder, 18.

r—Red figures. N—Negligible.