

CMAA 2014 Finance and Operations Report

Contents

Section I – List of Tables and Figures.....	4
Tables	4
Figures	4
Statistical Icons	5
Section II – Comments on Survey and Report Methodology.....	8
Section III – Introduction to Club Benchmarking	11
Section IV – Executive Summary.....	12
Section V – The Available Cash Model.....	14
Section VI – Club and Financial Summary.....	27
Club Summary	27
Finance Summary	29
Balance Sheet and Capital.....	31
Funding of Capital Investment.....	33
Uniform Income Statement.....	34
Capital Income	41
Section VII – Membership.....	42
Membership Statistics	42
Membership Turnover Statistics.....	45
Age of Membership Statistics.....	46
Cost of Membership	46
Initiation Fees.....	47
Membership Dues and Recurring Fees.....	48
Section VIII – Food and Beverage	50
Overview.....	50
Impact of F&B on Club Finances.....	50
Market Basket	55
Cost of Food and Beverage	56
Service Charge Rates	58
Annual Minimum Spending Requirement	58
Section IX – General and Administrative	61
Section X – Facilities and Recreation	64
Clubhouse and Buildings	64

CMAA 2014 Finance and Operations Report

Guest Rooms	66
Recreation.....	67
Tennis	68
Aquatics	69
Fitness	71
Section XI – Course Maintenance	73
Course Maintenance Budget Breakpoints	73
Analyzing Course Maintenance Budget Drivers	74
Course Maintenance Labor Distribution	76
Non-Labor Expense Distribution Breakdown.....	79
Course Characteristics	85
Section XII – Golf Operations and Golf Shop.....	88
Golf Shop Revenue and Gross Margin.....	88
Golf Operations Revenue and the Available Cash Model.....	90
Golf Operations Labor	90
Sundry Golf Operations Items	92
Golf Cars.....	93
Section XIV – Appendix – State Grouping in Regions	95

CMAA 2014 Finance and Operations Report

Section I – List of Tables and Figures

Tables

Table 1 – Available Cash Calculation	16
Table 2 – Uses of Available Cash	17
Table 3 – Regional Analysis – Key Available Cash (AC) Metrics	24
Table 4 – Club Industry Market Segmentation	30
Table 5 – Distribution of Membership Age	46
Table 6 – Recurring Fees at Clubs With Golf by Revenue Market Segment	48
Table 7 – Recurring Fees by Club Type	49
Table 8 – Market Basket Prices – Median Across All Respondents	55
Table 9 – Key F&B Cost of Goods Sold Ratios – 2013 vs. 2014	57
Table 10 – Key Annual F&B Minimum Spending Statistics	60
Table 11 – General and Administrative	61
Table 12 – Overview of Buildings and Maintenance	64
Table 13 – Guest Room Penetration by Revenue Market Segment	66
Table 14 – Clubs With Given Recreational Amenity by Revenue Market Segment	67
Table 15 – Clubs With Given Recreational Amenity by Club Type	67
Table 16 – Key Tennis Metrics Grouped by Number of Courts	68
Table 17 – Key Aquatic Operation Metrics Grouped by Total Aquatic Expense	69
Table 18 – Key Fitness Operation Metrics Grouped by Total Fitness Expense	71
Table 19 – Golf Operations Season by Revenue Segment	73
Table 20 – Course Maintenance Spending Analysis	74
Table 21 – Distribution of Pro Shop Ownership	88
Table 22 – Golf Shop Revenue and Gross Margin by Club Revenue Segment	89
Table 23 – Key Golf Operations Metrics	90
Table 24 – Sundry Golf Operations Items	92

Figures

Figure 1 – Uses of Available Cash – Clubs Under \$6 Million With Golf	18
Figure 2 – Uses of Available Cash – Clubs Exceeding \$6 Million With Golf	19
Figure 3 – Sources of Available Cash – Clubs Under \$6 Million With Golf	19
Figure 4 – Sources of Available Cash – Clubs Exceeding \$6 Million With Golf	20
Figure 5 – Uses of Available Cash – Clubs Under \$6 Million and No Golf	21
Figure 6 – Uses of Available Cash – Clubs Exceeding \$6 Million and No Golf	22
Figure 7 – Sources of Available Cash – Clubs Under \$6 Million and No Golf	22
Figure 8 – Sources of Available Cash – Clubs Exceeding \$6 Million and No Golf	23
Figure 9 – Available Cash and Net Available Cash	25
Figure 10 – F&B Net as a Percentage of Available Cash	26
Figure 11 – Responding Clubs by Type	27
Figure 12 – Responding Clubs by Tax Status	28
Figure 13 – Club Operations Overseen By	29
Figure 14 – Cash and Cash Equivalents on Hand as a Percent of Operating Revenue	32

CMAA 2014 Finance and Operations Report

Figure 15 – Total Debt to Operating Revenue Ratio	33
Figure 16 – Capital Improvement Fund Balance.....	34
Figure 17 – Sources of Cash – Clubs With Golf.....	35
Figure 18 – Uses of Cash – Clubs With Golf	36
Figure 19 – Sources of Cash – City Clubs	37
Figure 20 – Uses of Cash – City Clubs	38
Figure 21 – Sources of Cash – Yacht Clubs	39
Figure 22 – Uses of Cash – Yacht Clubs	40
Figure 23 – Year-Over-Year Change in Member Count.....	43
Figure 24 – Distribution of Total Revenue Per Full Member Equivalent – All Respondents	45
Figure 25 – Percent Change in Initiation Fee at Clubs Responding in 2014 and 2013	48
Figure 26 – Distribution of F&B Bottom Line as a Proportion of Available Cash – All Respondents	51
Figure 27 – Distribution of F&B Revenue and Net Income – All Respondents.....	52
Figure 28 – Distribution of F&B as a Percentage of Total Club Operating Revenue – All Respondents	54
Figure 29 – F&B Cost of Goods Sold – Distribution Across All Respondents	56
Figure 30 – Distribution of F&B Labor to F&B Revenue - All Respondents.....	57
Figure 31 – Distribution of F&B Minimum Spend Requirement – Family Membership – All Respondents	59
Figure 32 – Distribution of F&B Unspent Minimum Income – All Respondents.....	60
Figure 33 – Distribution of Maintained Acreage for 18-Hole Courses With Less Than \$1.1 Million Maintenance Expense	75
Figure 34 – Distribution of Maintained Acreage for 18-Hole Courses With Less Than \$1.1 Million Maintenance Expense	76
Figure 35 – Course Maintenance Summary Labor vs. Non-Labor	78
Figure 36 – Course Maintenance FTEs Per 18-Hole Course.....	79
Figure 37 – Average Distribution of Non-Labor CM Expenses – West Region	80
Figure 38 – Average Distribution of Non-Labor CM Expenses – Southwest Region.....	81
Figure 39 – Average Distribution of Non-Labor CM Expenses – Midwest Region	82
Figure 40 – Average Distribution of Non-Labor CM Expenses – Southeast Region	83
Figure 41 – Average Distribution of Non-Labor CM Expenses – Northeast Region.....	84
Figure 42 – Square Feet of Greens Per 18 Holes.....	85
Figure 43 – Acres of Fairway Per 18 Holes	86
Figure 44 – Number of Bunkers Per 18 Holes	87
Figure 45 – Golf Operations Full Time Equivalents Employees	91
Figure 46 – Manner of Golf Car Purchase	94

Statistical Icons

SI 1 – Distribution of Revenue of Responding Clubs	30
SI 2 – Total Debt – All Clubs (End Fiscal 2013).....	31
SI 3 – Cash and Cash Equivalents – All Clubs	31
SI 4 – Initiation Fee Income	41
SI 5 – Investment Income.....	41

CMAA 2014 Finance and Operations Report

SI 6 – Capital Dues and Assessment Income.....	41
SI 7 – Total Member Count.....	42
SI 8 – Full Member Equivalents (FME)	43
SI 9 – Full Member Equivalents – Clubs With Golf	44
SI 10 – Full Member Equivalents – Clubs Without Golf	44
SI 11 – Unrestricted Membership Turnover Percentage	45
SI 12 – Number of Relinquished Unrestricted Memberships.....	46
SI 13 – Number of New Unrestricted Membership Activations.....	46
SI 14 – Initiation Fees – Clubs With Golf	47
SI 15 – Initiation Fees – Clubs Without Golf	47
SI 16 – F&B Income/Loss - Less Than \$3.5M Club Revenue	53
SI 17 – F&B Income/Loss - \$3.5M - \$6M Club Revenue	53
SI 18 – F&B Income/Loss - \$6M-\$9M Club Revenue	53
SI 19 – F&B Income/Loss - Greater Than \$9M Club Revenue	53
SI 20 – Member Dining – All Clubs	58
SI 21 – Member Parties – All Clubs	58
SI 22 – Sponsored Parties – All Clubs.....	58
SI 23 – Audit/Review Fees	61
SI 24 – Legal and Professional Fees	61
SI 25 – Salary and Wages for G&A Employees.....	62
SI 26 – Payroll Taxes and Benefits for G&A Employees.....	62
SI 27 – Total Membership and Marketing Expenses.....	62
SI 28 – Total Other G&A Expenses	62
SI 29 – Full Time Equivalent G&A Employees.....	62
SI 30 – Total Club Healthcare Premium Expense.....	63
SI 31 – Total Club Workmen's Comp Premium Expense.....	63
SI 32 – Total Club Information Technology (IT) Expense	63
SI 33 – In-House Cleaning/Maintenance Payroll Expenses.....	64
SI 34 – Energy and Utilities Expenses.....	64
SI 35 – All Other Building Operation and Maintenance Expenses	65
SI 36 – Locker Room Supplies and Operation Expenses	65
SI 37 – Main Clubhouse Age	65
SI 38 – Main Clubhouse Size – Square Feet.....	65
SI 39 – Square Footage of all Maintained Buildings	65
SI 40 – Guest Room Revenue	66
SI 41 – Guest Room Expense	66
SI 42 – Number of Guest Rooms.....	67
SI 43 – Weekend Guest Fee for Pool Use.....	69
SI 44 – Salary and Wages for Aquatics	69
SI 45 – Payroll Taxes and Benefits for Aquatics	70
SI 46 – Full Time Equivalent Employees for Aquatics.....	70
SI 47 – Pool Maintenance and Equipment Expenses	70
SI 48 – Other Aquatic Expenses.....	70
SI 49 – Salary and Wages for Fitness.....	72
SI 50 – Payroll Taxes and Benefits for Fitness	72

CMAA 2014 Finance and Operations Report

SI 51 – Fitness Maintenance and Equipment	72
SI 52 – Other Fitness Expenses	72
SI 53 – Salary and Wages – Less Than \$800K Budget	76
SI 54 – Payroll Taxes and Benefits – Less Than \$800K Budget.....	77
SI 55 – Salary and Wages – \$800K - \$1.2M Budget.....	77
SI 56 – Payroll Taxes and Benefits – \$800K - \$1.2M Budget	77
SI 57 – Salary and Wages – \$1.2M - \$1.7M Budget.....	77
SI 58 – Payroll Taxes and Benefits – \$1.2M - \$1.7M Budget.....	77
SI 59 – Salary and Wages – More Than \$1.7M Budget.....	78
SI 60 – Payroll Taxes and Benefits – More Than \$1.7M Budget.....	78
SI 61 – Golf Shop Revenue – \$0M - \$3.5M Club Revenue.....	88
SI 62 – Golf Shop Revenue – \$3.5M - \$6M Club Revenue.....	89
SI 63 – Golf Shop Revenue – \$6M - \$9M Club Revenue.....	89
SI 64 – Golf Shop Revenue – More Than \$9M Club Revenue.....	89
SI 65 – Number of PGA Professionals on Staff	90
SI 66 – Salary and Wages for Golf Operations and Shop Staff All Respondents	91
SI 67 – Payroll Taxes and Benefits for Golf Operations and Shop Staff – All Respondents	91
SI 68 – Annual Locker Fees	92
SI 69 – Annual Bag Storage Fees	92
SI 70 – Annual Driving Range Fees.....	93
SI 71 – Annual Handicap Fees	93
SI 72 – Number of Golf Cars.....	93
SI 73 – Total Golf Car/Trail Fee Revenue.....	93
SI 74 – Golf Car Maintenance and Operation Expense	93