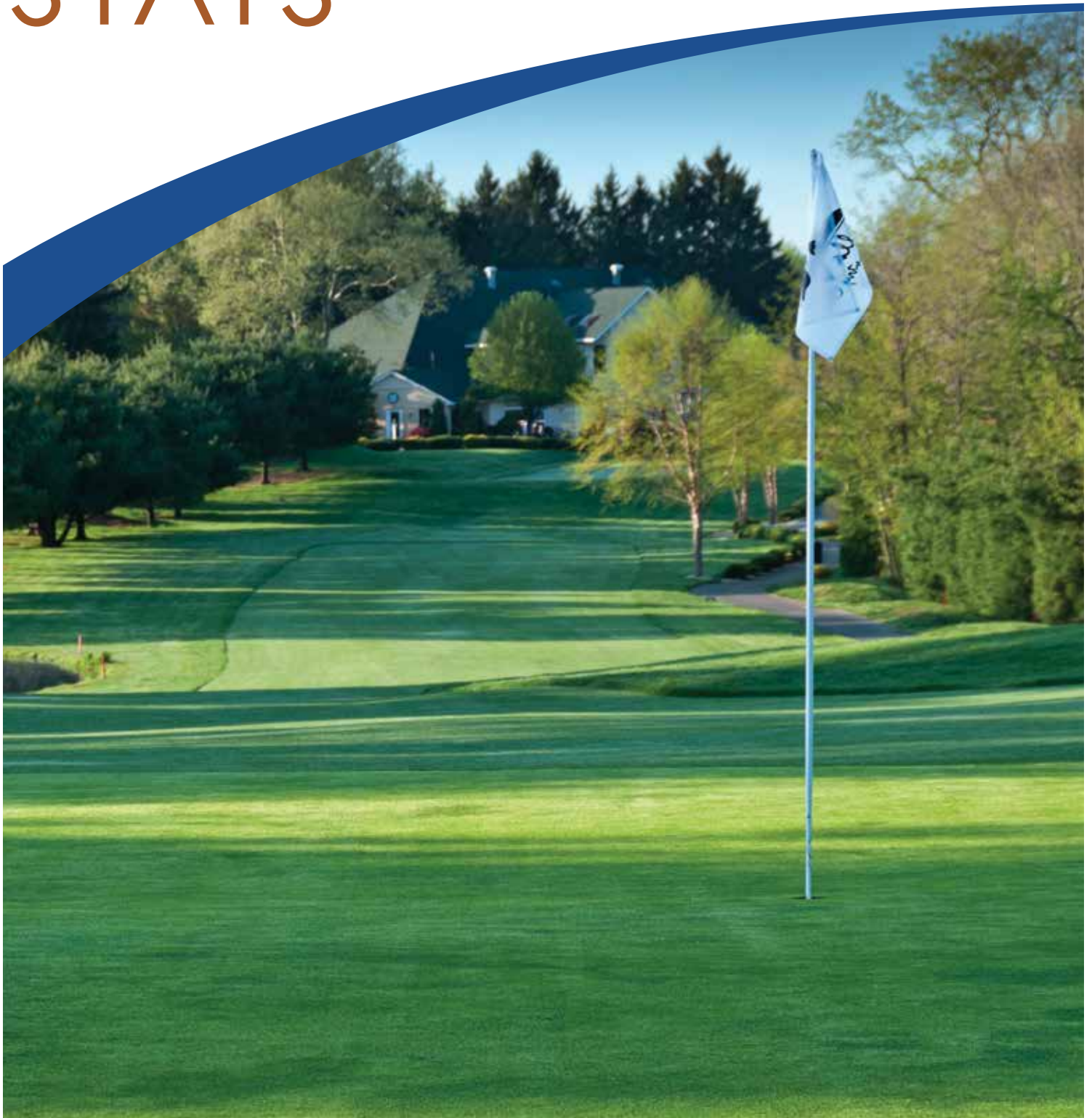




PRIVATE CLUB STATS

'12

A Publication of RubinBrown LLP



Welcome

RubinBrown is pleased to present the 2012 Private Club Statistical Analysis, our annual survey of area private clubs' operational and financial information.

Our survey results represent responses from St. Louis Metropolitan area clubs with fiscal year ends between September 30, 2011 and March 31, 2012.

If you have questions or comments about this publication, please contact us.

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Executive Summary

General Industry Economic Update

Clubs continue the battle to maintain membership levels. For years ending between September 2011 to March 2012, clubs averaged 15 regular member resignations, which led to a net loss of 1 regular member during the year. It appears that social and other classifications of membership have followed suit with an average net loss of 2 social members during the year. Social and other membership classifications typically do not have as strong of a connection to the club as regular members, which has made it difficult to retain these members during the current economic state.

Although attrition has subsided from its peak in 2008-2009 (an average net loss of 14 regular members during that period), the membership base for most clubs continues to be below the levels necessary to maintain a "balanced budget" without continued cost reductions and reduction of headcount.

Clubs continue to aggressively battle to increase membership at all levels and increase utilization of the club facilities by the members and guests.

Dues rates increased by an average of 4.5% and were often accompanied by an operating assessment to fund deficits incurred during the past year.

Golf Operations

Total rounds of golf remained consistent with the previous year, with the annual average number of rounds per 18-hole equivalents of approximately 15,900.

Average golf course maintenance expenses increased from the previous year as a result of extreme temperatures accompanied by a severe drought during the summer months. The average golf course maintenance costs on a per hole basis increased from \$49,600 to approximately \$57,800.

Pro Shop Operations

Gross profit margins on merchandise remained comparable to the previous year with an average of 17.4%.

Food and Beverage Operations

Food and beverage revenues remained comparable to the previous year with food and beverage profit margins holding stable at 58.1% and 65.3%, respectively.

Increasing food and beverage labor costs accompanied with stagnant revenue drove the total food and beverage labor and fringe benefits as a percentage of total food and beverage revenues upward to an average of 75% from the prior year of approximately 69.3%.



Clubs reported an average net loss (after all direct costs and labor) from food and beverage operations of approximately \$165,000 for years ending between September 2011 and March 2012. This average loss increased approximately 125% over the prior reporting period.

Industry Economic Rebound

In order for the club marketplace to rebound, substantial help from the economy and continued focus by club management and boards is needed in the following areas:

- Actively and continuously rebuilding membership at all levels
- Building a family atmosphere for the next generation
- Increasing membership utilization of services in all areas
- Aggressively controlling costs and expenses
- Managing cash flow for debt service, capital improvements and operations
- Retaining quality employees and providing excellent service
- Complying with increasingly complex government and tax regulations

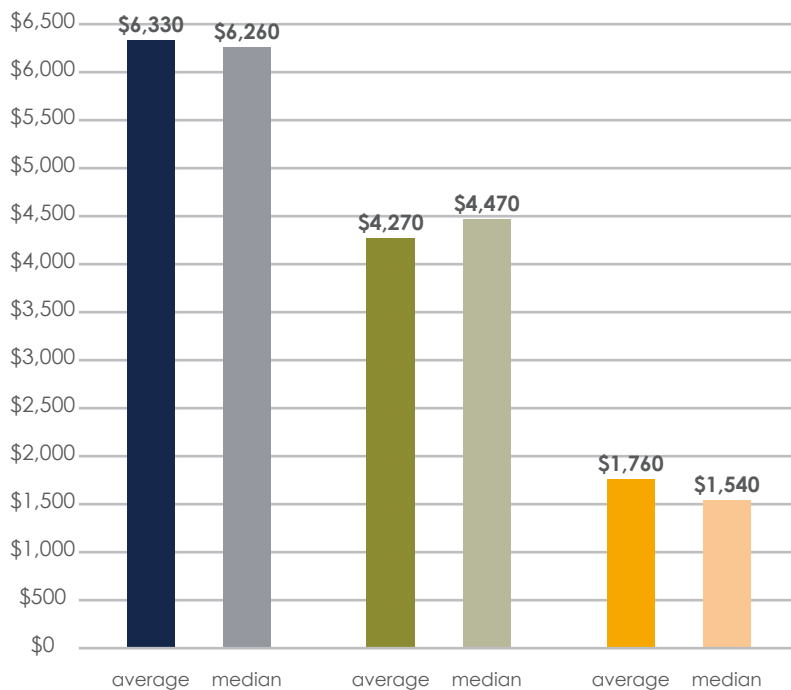
Thanks to the many area club controllers and general managers who participated in our annual survey, RubinBrown advisors encourage club managers, controllers, board members and others to use these statistics as one of many tools in evaluating their clubs' operations.

Please keep in mind the wide range in size and diversity in club operations throughout the St. Louis metropolitan area when comparing your financial and operating results to averages contained herein.

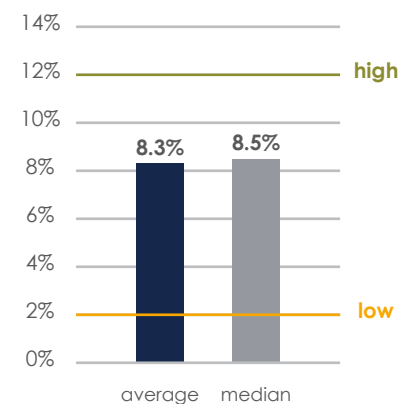
General Club and Membership Information

	Average
1. Maximum number of regular club members allowed	435
2. A. Current number of regular club members	320
B. Current number of junior/intermediate members	35
C. Current number of senior members	49
D. Current number of social members	67
E. Current number of other classifications (excluding nonresidents)	38
F. Current number of total members (excluding nonresidents)	509
3. A. Number of new members added during the year:	
Regular	14
Social	6
B. Number of members lost during the year:	
Regular	15
Social	8
C. Net loss in regular members from the prior year	-1

Annual Revenue Per Member



Percentage of Total Revenue Generated from Outside Events for Not-for-Profit Clubs



- annual dues & assessment revenue*
- annual food & beverage revenue (including service charges)*
- annual sports activities revenue†

* Total members include all categories of membership (excludes nonresidents).

† Sports activities include greens fees, cart rental, locker fees, tennis and swimming (excludes pro shop merchandise sales). Sports activity revenue is divided by total regular members.

Operational Information

	Average Revenue Per Member	Median Revenue Per Member
1. Operating revenues per member (all members, excluding nonresidents) during the past fiscal year:		
Dues	\$5,407	\$5,456
Initiation fees	\$656	\$389
Capital assessments	\$730	\$559
Operating assessments	\$686	\$514
Greens fees	\$531	\$529
Cart rental	\$499	\$491
Locker fees	\$100	\$86
Tennis and swimming fees	\$35	\$29
Pro shop merchandise sales	\$684	\$603
Food revenues	\$2,676	\$2,723
Beverage revenues	\$882	\$873
Service charges	\$821	\$791
All other income	\$540	\$445
	\$14,247	\$13,488

2. Operating expenses per member (all members, excluding nonresidents) during the past fiscal year:		
Food and beverage	\$4,383	\$4,647
Golf course and grounds	\$2,444	\$2,300
Clubhouse	\$1,156	\$956
Pro shop	\$1,174	\$1,168
General and administrative	\$1,398	\$1,333
Depreciation	\$1,554	\$1,467
Real estate taxes	\$297	\$298
Insurance	\$352	\$261
Interest	\$267	\$231
Utilities	\$541	\$568
Other	\$579	\$608
	\$14,145	\$13,838

3. A. Average monthly dues, assessments and charges (regular members):		
Average monthly membership dues and operating assessments		\$555
Average monthly capital assessments		\$68
Average monthly food & beverage minimum		\$100
Average monthly service charge		\$65
B. Average total monthly charges		\$788
C. Average increase in dues for regular members over prior year		4.5%

4. Initiation fees:	Average	Median
A. Initiation fee for regular membership	\$28,400	\$12,000
B. Refundable portion of regular member initiation fee	\$2,670	\$1,000
C. Initiation fee for social membership	\$1,210	\$700

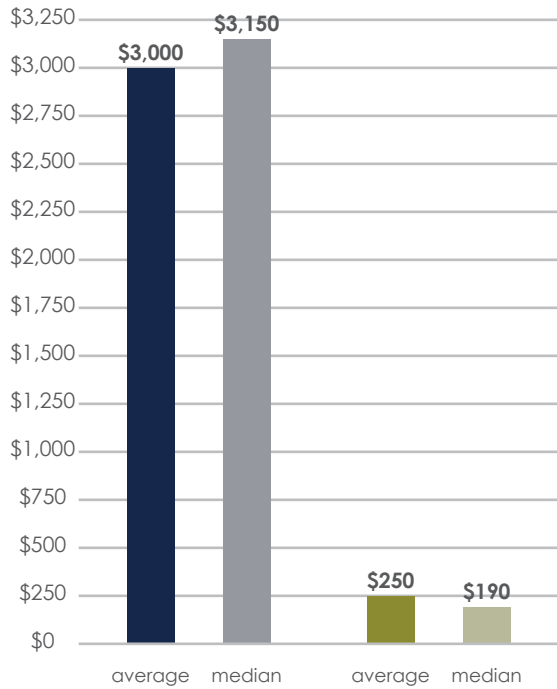
5. Average percentage of total revenue derived from outside events (not-for-profit clubs only)	8.3%
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6. Club borrowings and leverage:		
A. Average bank debt per member (excluding nonresidents)		\$5,255
B. Average total bank debt (total dollars)		\$2,364,000
C. Average bank debt to membership equity		1 to 1
D. Average effective borrowing rate		4.2%

Golf Operations

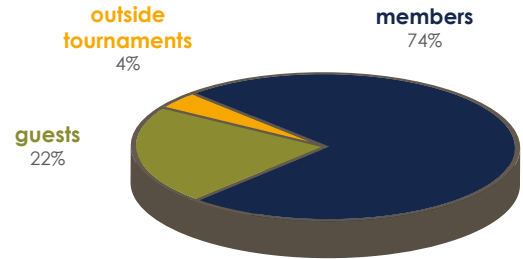
	Peak Season	
1. A. Average guest greens fees for 18 holes:		
Weekdays		\$66
Weekends		\$74
B. Average golf cart rental rates for two people playing 18 holes		\$34
	Average	
2. A. Maintenance expenses associated with the "golf course" for the most recent fiscal year (per 18-hole equivalent):		
Payroll		\$505,000
Payroll taxes and employee benefits		\$93,000
Fertilizer, chemicals, etc.		\$86,000
Fuel		\$32,000
Repairs and maintenance		\$56,000
Sand, seed, sod, etc.		\$21,000
Supplies		\$20,000
Water (those without water sources)		\$121,000
Trees and landscaping		\$22,000
All other golf course expenses		\$55,000
		<u>\$1,011,000</u>
B. Average water cost per 18 holes for those with some existing water source		\$26,000
3. A. Average number of rounds of golf (18-hole equivalents) played within the past fiscal year		15,900
B. Average number of outside tournaments held by club		15
	Per Hole	
4. Average amount spent on capital improvements for the "golf course" during the past fiscal year		\$3,700
5. Average amount spent for golf course equipment during the past fiscal year		\$67,000
6. A. Average annual lease cost per cart (for clubs that lease carts)		\$800
B. Average purchase price per cart (for clubs that purchase carts)		\$4,000
7. Percentage of clubs who own the pro shop		75%
8. A. Gross profit margin on merchandise for those clubs that own the pro shop	Average	Median
	17.4%	18.7%
B. Average pro shop inventory levels:	Total	Inventory Per Regular Member
Peak season	\$156,000	\$505
Off season	\$126,000	\$408
C. Average pro shop inventory turnover per year		1.5 times

Golf Course Maintenance and Capital Improvements

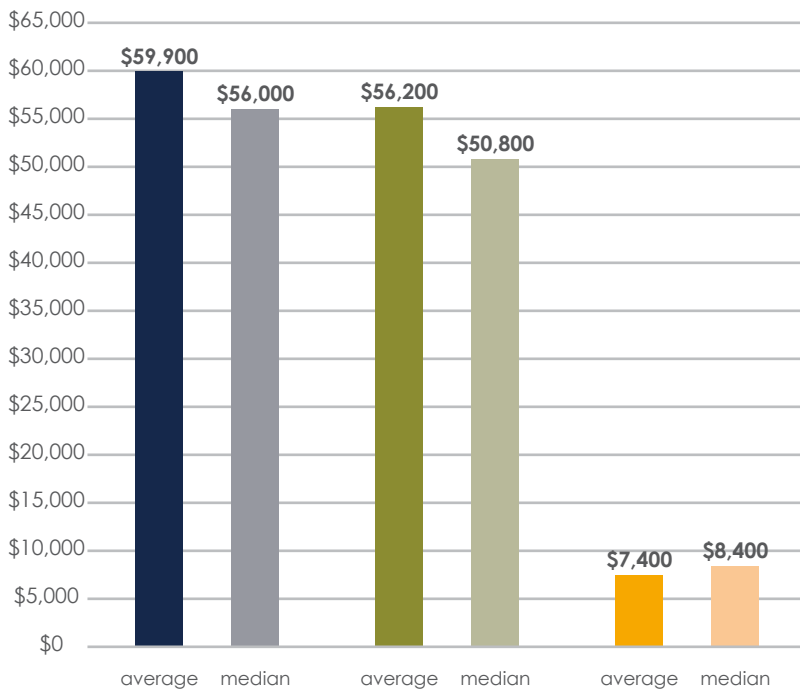


- total golf course maintenance per regular member
- total golf course capital improvements per regular member

Composition of Total Rounds of Golf



Annual Golf Course Maintenance

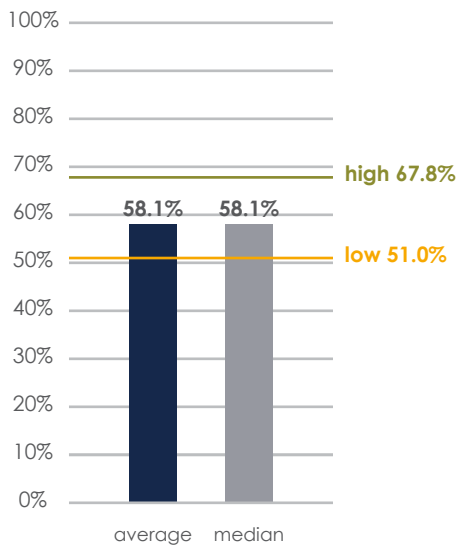


- maintenance combined with capital improvements per hole
- maintenance only per hole
- maintenance per "mowable" acre

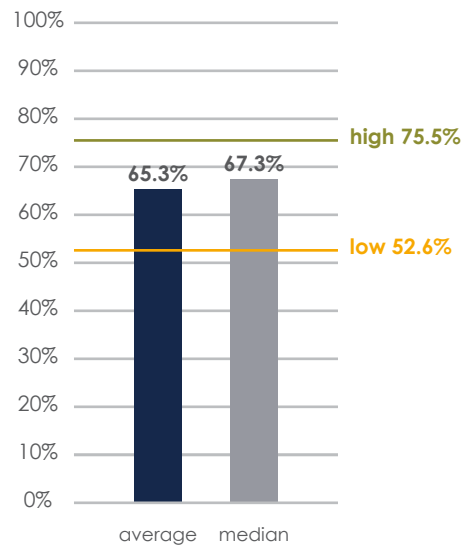
Food and Beverage Operations

	Average	Median	High	Low
1. Gross profit margin on food sales (excluding service charge income and mandatory gratuity income)	58.1%	58.1%	67.8%	51.0%
2. Gross profit margin on beverage sales (excluding service charge income and mandatory gratuity income)	65.3%	67.3%	75.5%	52.6%
3. A. Percentage of food & beverage payroll & fringe benefits to total food & beverage revenues (excluding service charge income and mandatory gratuity income)	75.0%	68.7%		
B. Percentage of food & beverage payroll & fringe benefits to total food revenues only (excluding service charge income and mandatory gratuity income)	97.5%	100.8%		
4. Average service charge on food & beverage:				
A. Percentage	19.6%			
B. Flat monthly charge	\$59			
5. Average employee meal allowances as a percentage of total food & beverage revenues	3.0%			
6. Average menu pricing increase for the past fiscal year	2.3%			
7. A. Average percentage of a la carte food sales to total food sales	51.1%			
B. Average annual a la carte food sales per member (total members, excluding nonresidents)	\$1,311			
8. A. Average food & beverage inventory levels:				
Peak Season	\$96,000			
Off Season	\$82,000			
B. Average food & beverage inventory per member (total members, excluding nonresidents):				
Peak Season	\$190			
Off Season	\$163			
9. Average net loss from food & beverage operations (net of all food and beverage expenses including payroll)	<\$165,000>	<\$158,000>		

Food Sales Gross Profit Margin

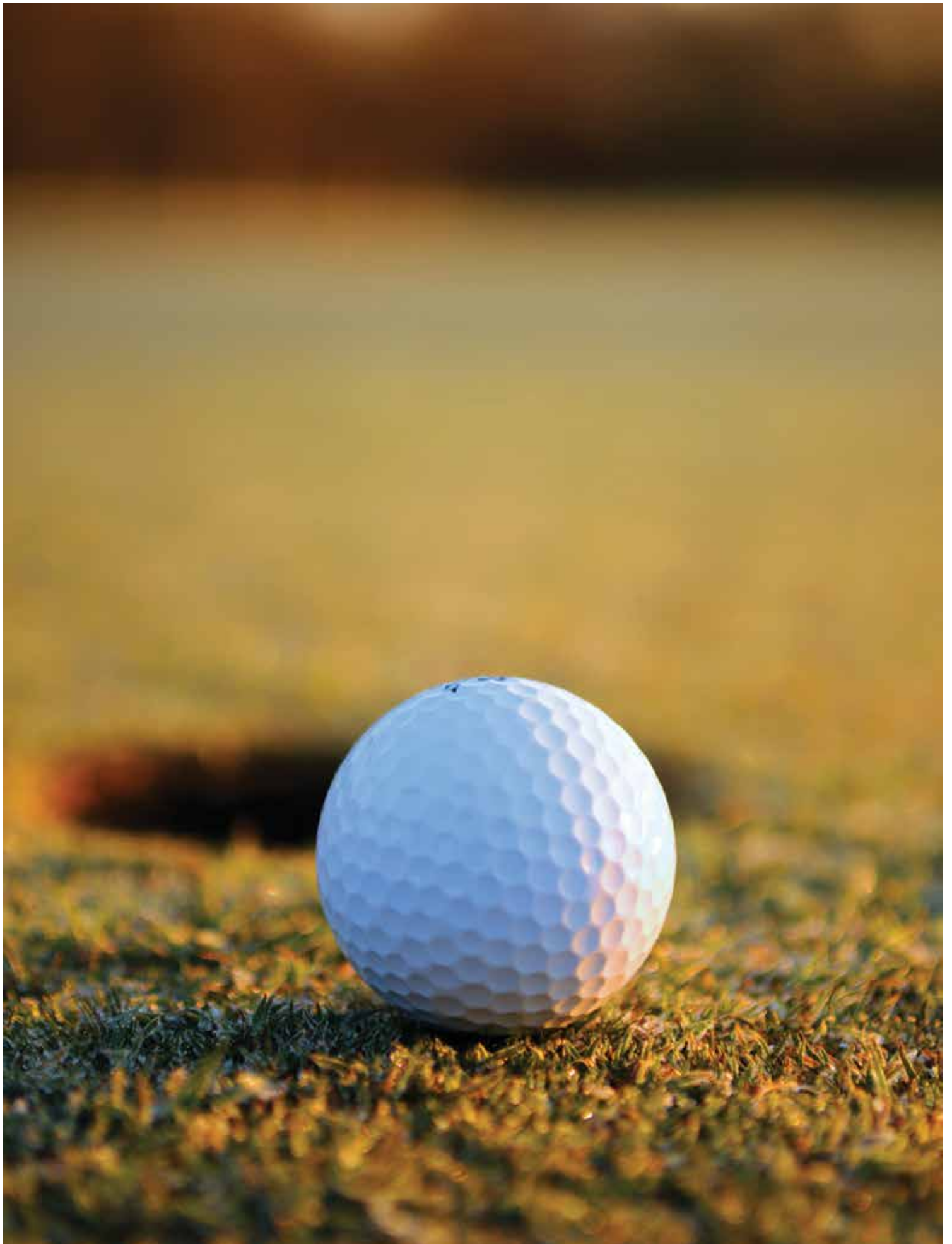


Beverage Sales Gross Profit Margin



Personnel and Other Information

	Average	Median
1. Annual base salaries for the following positions:		
Course and Grounds Superintendent	\$121,000	\$131,000
Executive Chef	\$105,000	\$111,000
Food and Beverage Manager	\$69,000	\$65,000
Controller	\$78,000	\$82,000
Office Manager	\$53,000	\$49,000
Maitre D'	\$50,000	\$45,000
Membership Marketing Director	\$42,000	\$40,000
2. Base salary of golf pro before additional compensation		
	\$94,000	\$93,000
3. Health insurance costs:		
A. Average percentage of health insurance premiums and costs to total salaries and wages		8%
B. Average increase in health premium cost over previous fiscal year		8%
C. Average percentage of premiums paid by club on behalf of employees (percentage of the total premium covered by the club)		84%
D. Average percentage of premiums paid by club on behalf of employees' dependents (percentage of the total premium covered by the club)		73%
4. Average number of employees utilized in the following areas:		
	Peak Season	Off Season
Golf course and grounds	20	11
Restaurant and bar (non-kitchen)	35	19
Kitchen	19	15
Clubhouse	10	6
Office and administration	6	5
Pro shop	19	6
Other	14	2
Total employees	123	64
5. Employee productivity and utilization		
	Average	
A. Average employee total hours worked		
Kitchen/restaurant and bar	65,100	
Golf course and grounds	29,500	
Pro shop	14,900	
B. Average annual hours worked per employee		
Kitchen/restaurant and bar	1,360	
Golf course and grounds	1,680	
Pro shop	1,190	
C. Average payroll and benefits cost per hour worked		
Kitchen/restaurant and bar	\$19	
Golf course and grounds	\$21	



RubinBrown Private Club Services Group

Experience and Expertise

Our Private Club Services Group is staffed by team members who have obtained in-depth knowledge of the private club industry and have the tools that are essential to serve private clubs, consisting of both tax-exempt and tax paying clubs.

We have particular expertise in the food and beverage and golf operations of private clubs. We perform profitability and statistical comparisons for all of our clubs' food and beverage and golf operations. We have significant knowledge of the various internal control procedures and practices that are critical to a club's operations.

Services

Beyond the traditional assurance and tax services, we have significant experience in assisting our private club clients with the following:

- Preparation of forms 990 and 990 – T
- Audit, review and compilations of financial statements
- Comprehensive *ViewPoints* reports including insights and historical comparisons
- State sales and use tax compliance
- Financial forecasts, projections and budgeting assistance
- Cash flow analysis and cash management
- Profit improvement and statistical comparison analysis

- Operational reviews
- Inventory controls and procedures analysis
- Property tax appeals
- Lease vs. purchase analysis
- Capital asset cost segregation analysis
- Strategic planning
- Financing analysis and assistance
- Member and employee surveys
- Board election and club by-law voting tabulation and reporting

Thought Leadership

Our firm is a member of:

- Club Tax Network
- National Club Association (NCA)
- Hospitality Financial and Technology Professionals (HFTP)

In addition, our Private Club Services Group periodically sponsors and provides education for the Club Managers Association of America (CMAA), HFTP and local controller groups dealing with current topics affecting the club industry.

We also publish a variety of newsletters for your benefit and contribute articles to leading industry publications such as, *Bottomline Magazine*, *Golf Business* and *McMahon Club Trends*.



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