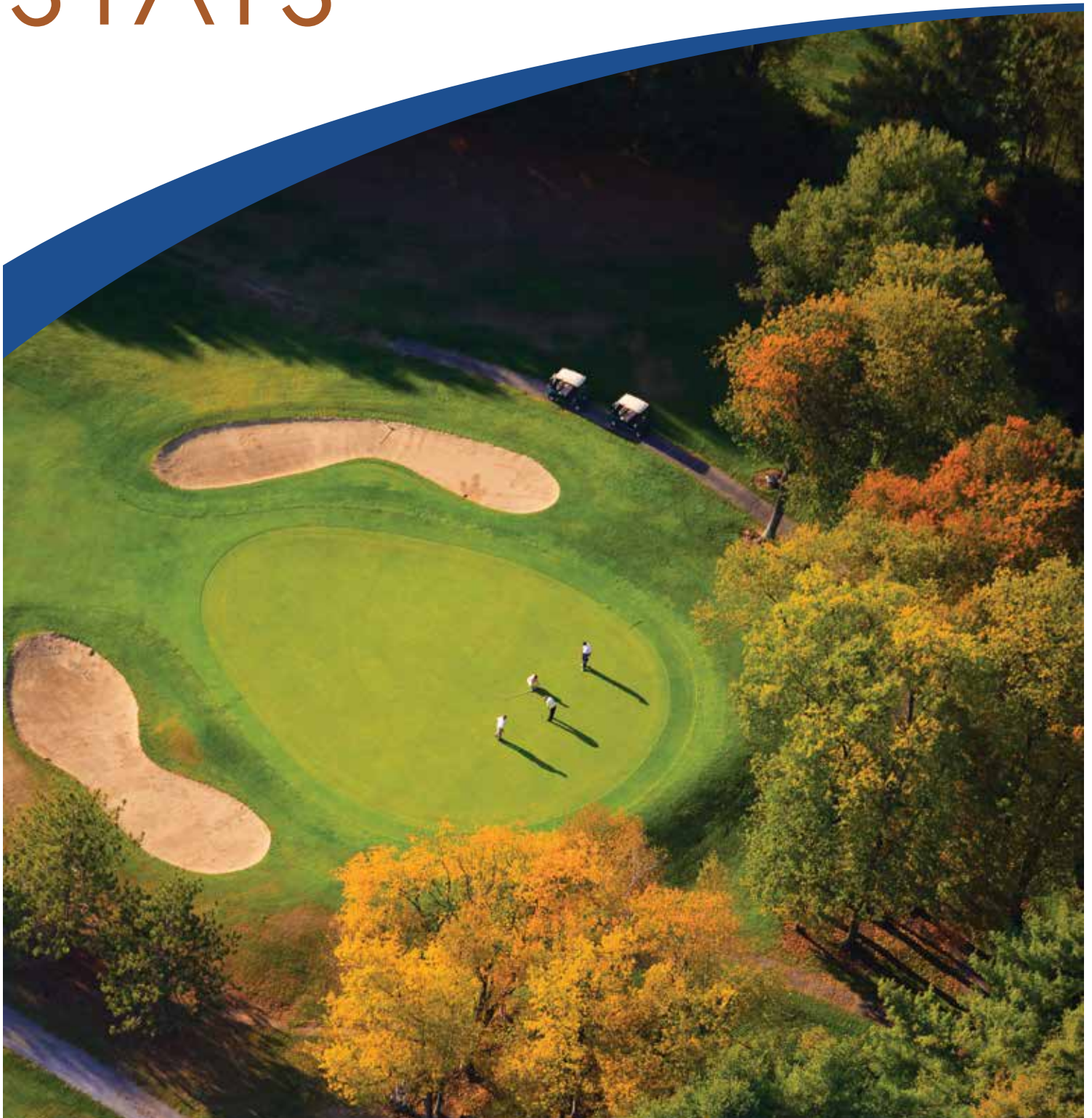




PRIVATE CLUB STATS

'13

A Publication of RubinBrown LLP



Welcome

RubinBrown is pleased to present the 2013 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, 2012 and March 31, 2013.

If you have questions or comments about this publication, please contact us (see page 9 for contact information).



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Executive Summary

General Industry Economic Update

Over the past few years, clubs have experienced constant pressure to enhance membership levels. Due to continued focus on marketing and new member incentives, clubs added an average of 27 new regular members for years ending between September 2012 through March 2013. The successful recruiting of new members was diluted by an average of 21 regular member resignations resulting in a **net gain of 6 regular members**.

Typically, social members do not have as strong of an investment in a club as regular members, which was evident in the retention rates of these members during the current economic state. During the same time frame, **clubs experienced an average net loss of 5 members in social and other membership classifications**.

Membership dues rates increased by an average of 2.5 percent and were often accompanied by an operating assessment to fund deficits incurred during the current or previous years.

Due to increased operating costs, modest increases in membership levels and minimal dues increases over the past few years, club leaders have been challenged to enhance club revenues and minimize significant assessments to its membership. Revenue generated from nonmember usage over the past year **increased to an average of 10.5% of total revenue** as compared to 8.3% for the years ending September 2011 through March 2012.

Golf Operations

The total rounds of golf increased 2%, with the annual average number of rounds per 18 hole equivalents of approximately 16,200.

Due to another summer of extreme temperatures accompanied by severe drought, the average golf course maintenance and related capital improvement expenses increased. **The average golf course maintenance and capital improvement costs on a per hole basis increased from \$59,900 to approximately \$62,600.**

Food and Beverage Operations

Food and beverage revenues were comparable to the previous year with food and beverage profit margins remaining consistent at 57.0% and 65.2%, respectively.

Clubs reported an average net loss (after all direct costs and labor) from food and beverage operations of approximately \$57,000 for years ending between September 2012 and March 2013. This reflects a substantial improvement attributable primarily to increased member utilization of the clubs and increased banquet activity.

Pro Shop Operations

Gross profit margins on pro shop merchandise improved nearly 3 percentage points over the previous year to an average of 20.1%.



Industry Economic Rebound

Facing continued economic challenges, many clubs are focused on building a family atmosphere and targeting the next generation of members. This focus has improved growth in membership levels. Club management and boards also continue to focus efforts in the following areas:

- Aggressively and continuously rebuilding membership at all levels
- Enhancing membership utilization of services in all areas
- Aggressively controlling expenses
- Generating cash flow for debt service and capital improvements
- Providing excellent service and retaining key employees
- Complying with increasingly complex government and tax regulations
- Strategic planning

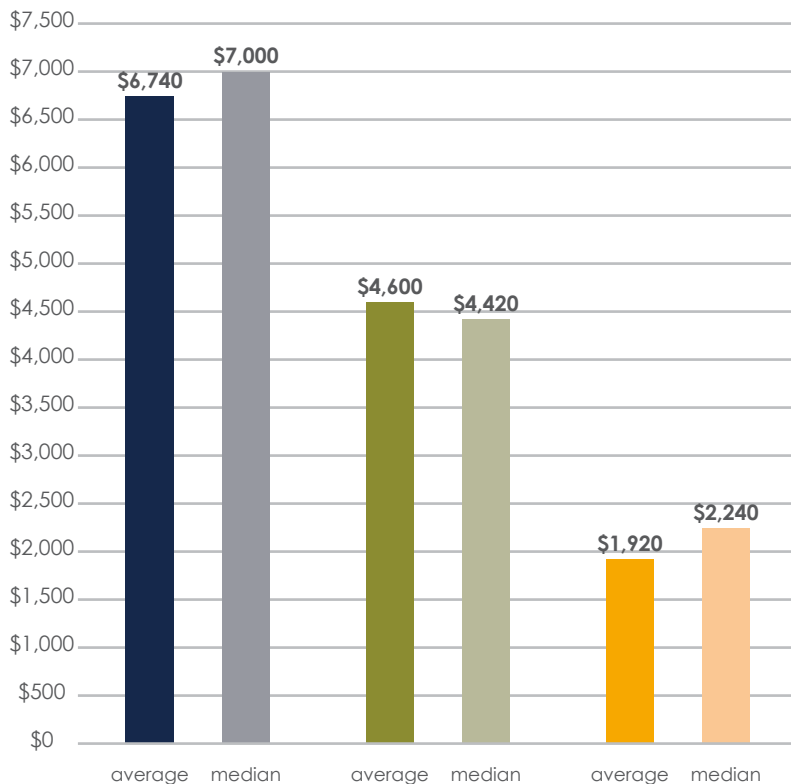
Use of the Study

Thank you to the many area club controllers and general managers who participated in our annual survey. We encourage club managers, controllers, board members and others to use this information as one of many tools in evaluating their club's 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.

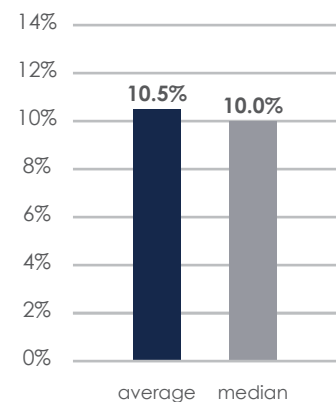
General Club and Membership Information

| | Average |
|---|---------|
| 1. Maximum number of regular club members allowed | 446 |
| 2. A. Current number of regular club members | 301 |
| B. Current number of junior/intermediate members | 35 |
| C. Current number of senior members | 44 |
| D. Current number of social members | 73 |
| E. Current number of other classifications (excluding nonresidents) | 35 |
| F. Current number of total members (excluding nonresidents) | 488 |
| 3. A. Number of new members added during the year: | |
| Regular | 27 |
| Social | 12 |
| B. Number of members lost during the year: | |
| Regular | 21 |
| Social | 17 |
| C. Net gain in regular members from the prior year | 6 |

Annual Revenue Per Member



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



- annual dues & assesment 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 | \$5,727 | \$5,994 |
| Initiation fees | \$468 | \$289 |
| Capital assessments | \$647 | \$585 |
| Operating assessments | \$747 | \$537 |
| Greens fees | \$495 | \$569 |
| Cart rental | \$561 | \$553 |
| Locker fees | \$103 | \$95 |
| Tennis and swimming fees | \$37 | \$35 |
| Pro shop merchandise sales | \$875 | \$665 |
| Food revenues | \$2,868 | \$2,680 |
| Beverage revenues | \$901 | \$1,011 |
| Service charges | \$898 | \$809 |
| All other income | \$651 | \$452 |
| | \$14,978 | \$14,274 |

| | | |
|--|----------|----------|
| 2. Operating expenses per member (all members, excluding nonresidents) during the past fiscal year: | | |
| Food and beverage | \$4,700 | \$4,707 |
| Golf course and grounds | \$2,688 | \$2,737 |
| Clubhouse | \$1,059 | \$939 |
| Pro shop | \$1,424 | \$1,496 |
| General and administrative | \$1,479 | \$1,505 |
| Depreciation | \$1,520 | \$1,464 |
| Real estate taxes | \$322 | \$317 |
| Insurance | \$347 | \$269 |
| Interest | \$314 | \$194 |
| Utilities | \$551 | \$547 |
| Other | \$673 | \$679 |
| | \$15,077 | \$14,854 |

| | | |
|---|--|--------------|
| 3. A. Average monthly dues, assessments and charges (regular members): | | |
| Average monthly membership dues and operating assessments | | \$595 |
| Average monthly capital assessments | | \$73 |
| Average monthly food & beverage minimum | | \$106 |
| Average monthly service charge | | \$71 |
| B. Average total monthly charges | | \$845 |
| C. Average increase in dues for regular members over prior year | | 2.5% |

| 4. Initiation fees: | Average | Median |
|--|----------------|---------------|
| A. Initiation fee for regular membership | \$26,000 | \$12,000 |
| B. Refundable portion of regular member initiation fee | \$680 | \$750 |
| C. Initiation fee for social membership | \$670 | \$750 |

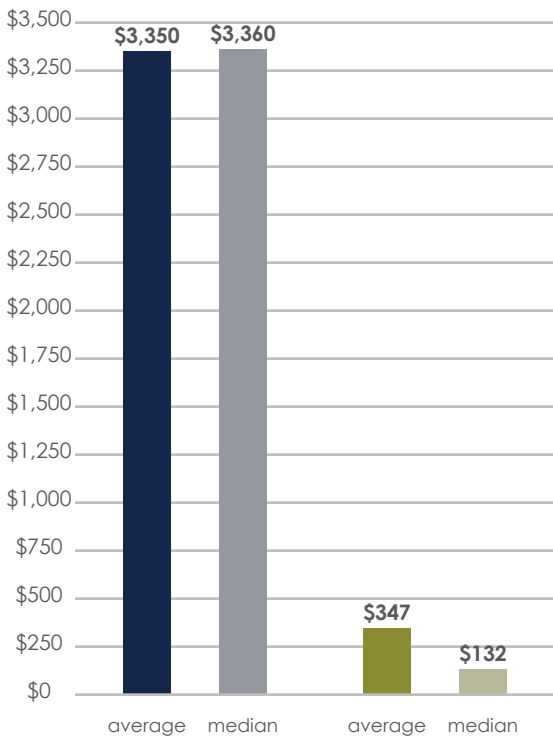
| | |
|---|-------|
| 5. Average percentage of total revenue derived from outside events (not-for-profit clubs only) | 10.5% |
|---|-------|

| | | |
|--|--|-------------|
| 6. Club borrowings and leverage: | | |
| A. Average bank debt per member (excluding nonresidents) | | \$6,726 |
| B. Average total bank debt (total dollars) | | \$2,965,000 |
| C. Average bank debt to membership equity | | 1 to 1 |
| D. Average effective borrowing rate | | 4.2% |

Golf Operations

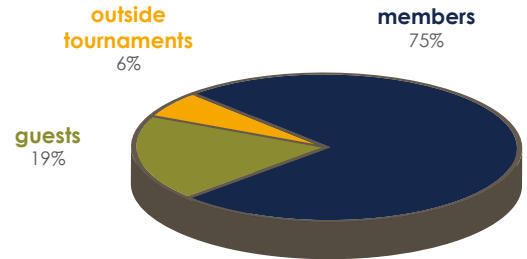
| | Peak Season | |
|---|-------------|------------------------------------|
| 1. A. Average guest greens fees for 18 holes: | | |
| Weekdays | | \$71 |
| Weekends | | \$77 |
| B. Average golf cart rental rates for two people playing 18 holes | | \$38 |
| | Average | |
| 2. A. Maintenance expenses associated with the "golf course" for the most recent fiscal year (per 18-hole equivalent): | | |
| Payroll | | \$513,000 |
| Payroll taxes and employee benefits | | \$87,000 |
| Fertilizer, chemicals, etc. | | \$92,000 |
| Fuel | | \$34,000 |
| Repairs and maintenance | | \$48,000 |
| Sand, seed, sod, etc. | | \$22,000 |
| Supplies | | \$17,000 |
| Water (those without water sources) | | \$160,000 |
| Trees and landscaping | | \$24,000 |
| All other golf course expenses | | \$51,000 |
| | | \$1,048,000 |
| B. Average water cost per 18 holes for those with some existing water source | | \$41,000 |
| 3. A. Average number of rounds of golf (18-hole equivalents) played within the past fiscal year | | 16,200 |
| B. Average number of outside tournaments held by club | | 17 |
| | Per Hole | |
| 4. Average amount spent on capital improvements for the "golf course" during the past fiscal year | | \$4,400 |
| 5. Average amount spent for golf course equipment during the past fiscal year | | \$108,000 |
| 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% |
| | Average | Median |
| 8. A. Gross profit margin on merchandise for those clubs that own the pro shop | 20.1% | 19.9% |
| | Total | Inventory Per Regular Member |
| B. Average pro shop inventory levels: | | |
| Peak season | \$164,000 | \$553 |
| Off season | \$112,000 | \$392 |
| C. Average pro shop inventory turnover per year | | 2.1 times |

Golf Course Maintenance and Capital Improvements

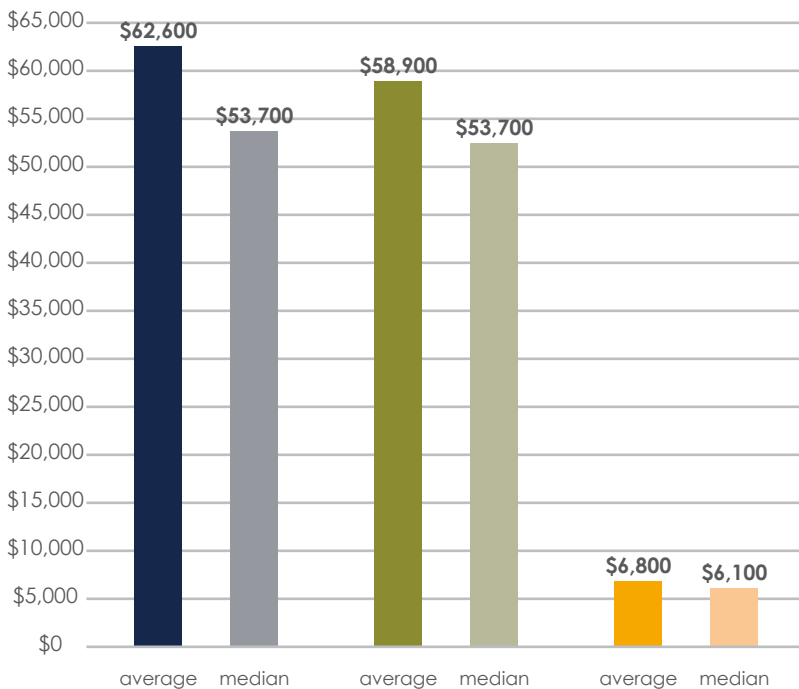


- total golf course maintenance per regular member
- total golf course capital improvements per regular member

Composition of Total Rounds of Golf



Annual Golf Course Maintenance

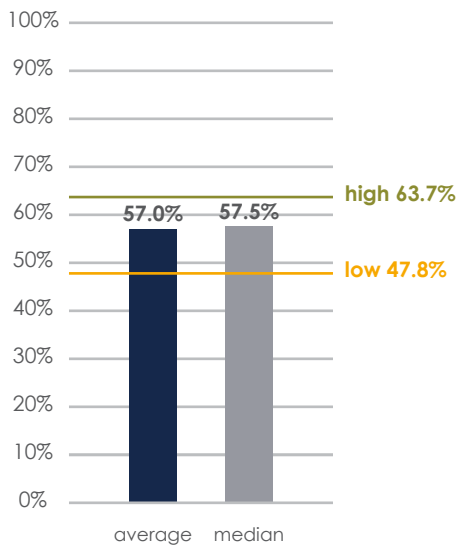


- maintenance combined with capital improvements per hole
- maintenance only per hole
- maintenance per "mowable" acre

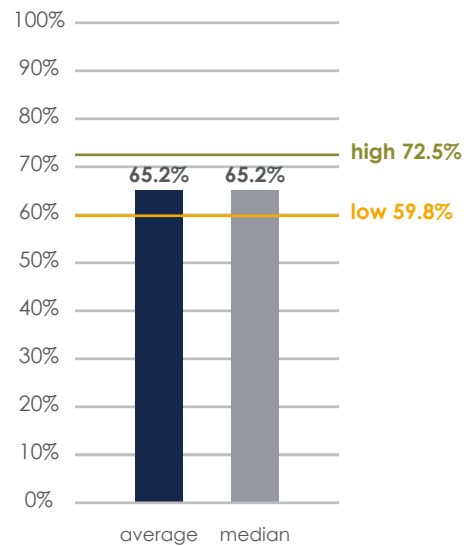
Food and Beverage Operations

| | Average | Median | High | Low |
|--|------------|------------|-------|-------|
| 1. Gross profit margin on food sales (excluding service charge income and mandatory gratuity income) | 57.0% | 57.5% | 63.7% | 47.8% |
| 2. Gross profit margin on beverage sales (excluding service charge income and mandatory gratuity income) | 65.2% | 65.2% | 72.5% | 59.8% |
| 3. A. Percentage of food & beverage payroll & fringe benefits to total food & beverage revenues (excluding service charge income and mandatory gratuity income) | 68.6% | 67.9% | | |
| B. Percentage of food & beverage payroll & fringe benefits to total food revenues only (excluding service charge income and mandatory gratuity income) | 91.7% | 92.1% | | |
| 4. Average service charge on food & beverage: | | | | |
| A. Percentage | 19.3% | | | |
| B. Flat monthly charge | \$54 | | | |
| 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 | 4.6% | | | |
| 7. A. Average percentage of a la carte food sales to total food sales | 49.7% | | | |
| B. Average annual a la carte food sales per member (total members, excluding nonresidents) | \$1,355 | | | |
| 8. A. Average food & beverage inventory levels: | | | | |
| Peak Season | \$101,000 | | | |
| Off Season | \$86,000 | | | |
| B. Average food & beverage inventory per member (total members, excluding nonresidents): | | | | |
| Peak Season | \$217 | | | |
| Off Season | \$188 | | | |
| 9. Average net loss from food & beverage operations (net of all food and beverage expenses including payroll) | <\$57,000> | <\$50,500> | | |

Food Sales Gross Profit Margin

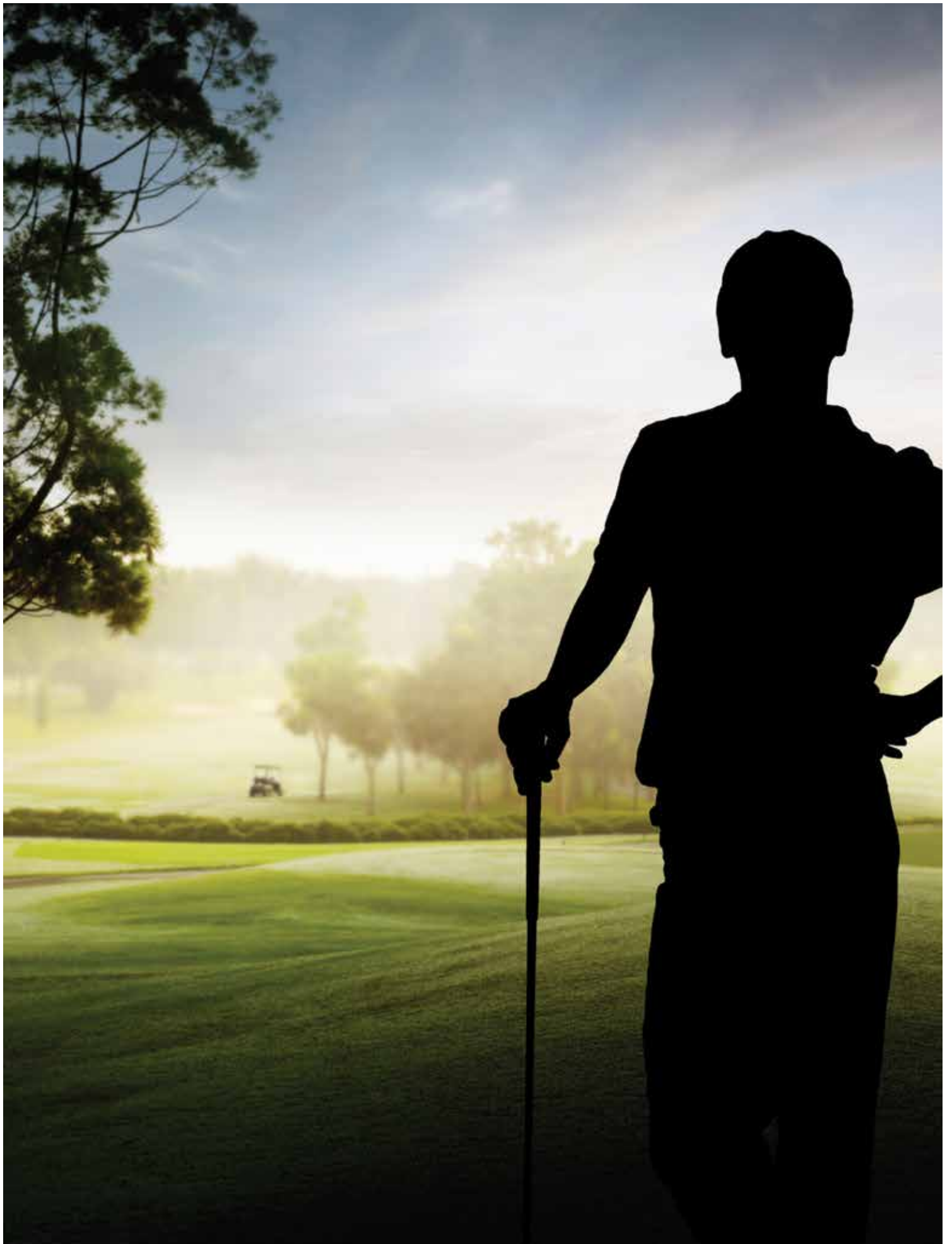


Beverage Sales Gross Profit Margin



Personnel and Other Information

| | Average | Median |
|--|-------------|------------|
| 1. Annual base salaries for the following positions: | | |
| Course and Grounds Superintendent | \$123,000 | \$128,000 |
| Executive Chef | \$98,000 | \$101,000 |
| Food and Beverage Manager | \$67,000 | \$57,000 |
| Controller | \$85,000 | \$87,000 |
| Office Manager | \$45,000 | \$45,000 |
| Maitre D' | \$56,000 | \$56,000 |
| Membership Marketing Director | \$44,000 | \$42,000 |
| 2. Base salary of golf pro before additional compensation | | |
| | \$98,000 | \$98,000 |
| 3. Health insurance costs: | | |
| A. Average percentage of health insurance premiums and costs to total salaries and wages | | 7% |
| B. Average increase in health premium cost over previous fiscal year | | 6% |
| C. Average percentage of premiums paid by club on behalf of employees (percentage of the total premium covered by the club) | | 78% |
| D. Average percentage of premiums paid by club on behalf of employees' dependents (percentage of the total premium covered by the club) | | 58% |
| 4. Average number of employees utilized in the following areas: | | |
| | Peak Season | Off Season |
| Golf course and grounds | 21 | 11 |
| Restaurant and bar (non-kitchen) | 29 | 16 |
| Kitchen | 16 | 12 |
| Clubhouse | 6 | 5 |
| Office and administration | 6 | 6 |
| Pro shop | 13 | 6 |
| Other | 12 | 1 |
| Total employees | 103 | 57 |
| 5. Employee productivity and utilization | | |
| | Average | |
| A. Average annual hours worked per employee | | |
| Kitchen/restaurant and bar | | 1,695 |
| Golf course and grounds | | 1,766 |
| Pro shop | | 1,508 |
| B. Average payroll and benefits cost per hour worked | | |
| Kitchen/restaurant and bar | | \$16 |
| Golf course and grounds | | \$22 |



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
- 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 *Club Management Magazine*, *Bottomline Magazine* and *Golf Business*.



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