

CLUBS

IN TOWN & COUNTRY



IN GOLF, AS IN LIFE,
IT IS THE FOLLOW
THROUGH THAT MAKES
THE DIFFERENCE.

Anonymous

CLUBS

IN TOWN & COUNTRY

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Clubs in Town & Country is a statistical review incorporating operating and financial data on private clubs. Data for year ending in 2020 was submitted by approximately 600 clubs. To participate in the survey for year ending 2021, please contact Kevin Reilly at kreilly@pbmares.com.

We were pleased to tie in with Club Benchmarking (www.clubbenchmarking.com) again this year to produce our statistics. Their platform makes it easier to input the information, and the results were easier to generate. We hope to continue our partnership and be able to develop even more valuable information for clubs. You may notice a few changes to the publication. This is as a result of the COVID-19 virus which shrunk the number of participating clubs.

This publication is designed as a reference and management or operational aid for private clubs. It should not be construed as setting standards on policies or actions for any private club or their professional managers. Readers are advised that PBMares does not represent the data contained herein to be definitive or all-inclusive. PBMares believes the information to be reliable, but is not responsible for errors in expenditure figures or in other reported source information.



CLUBS

IN TOWN & COUNTRY

This 66th edition of CLUBS IN TOWN & COUNTRY incorporates operating results from private clubs from across the United States & Canada. We hope that club managers and officers find CLUBS IN TOWN & COUNTRY to be the useful analytical tool it was designed to be.

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Trends in Country Club Membership

R. Todd Swisher, CPA, Partner, Hospitality Team Leader, PBMares, LLP



The first half of 2020 was brimming with uncertainty. No one knew how we would react to COVID. Around March 15, COVID-19 was declared a national emergency. States went into lockdowns in varying degrees and the economy came to a grinding halt. Hospitality was one of the most directly impacted industries. From restaurants being forced to close and hotels and airlines being impacted by a lack of travel, no one was spared. Closures devastated clubs for a while. However, what started out as a year with much reservation, ended up as a year of opportunity for country clubs.

As the pandemic progressed, the practice of social distancing and restrictions on indoor activities created a resurgence in the interest in golf and tennis. Golf and tennis were seen as relatively safe escapes. The National Golf Foundation reported 24.8 million golfers in 2020, a 500,000 increase over 2019 and the most in 17 years. Golf Datatech reported that play at private clubs was up 19.9% year over year. What is interesting is that this occurred in spite of the fact that many private clubs closed their golf courses to guests. In addition, a report by the Physical Activity Council reported 21.6 million played tennis in 2020, a 22% increase; 6.7 million of those being either new to the sport or returning after having been away for a while.

When we published 2019's edition of *Clubs in Town and Country*, we thought 2020's numbers would not look anything like 2019. Little did we know the pleasant surprise we were in for. Membership continued to grow, albeit at a very slow pace. Spending per member was also up, and back to pre-recession levels.

Our survey of overall club membership for country clubs continues to show a stagnant membership base. The membership in country clubs stayed relatively consistent during 2020, increasing by 0.6%.

Country clubs receive around half of their revenue from dues. This source of funds remained consistent during the shutdowns and reduced service. While every state was

different, a number of states did allow golf and other outdoor activities. It was easier, although not easy, for country clubs to establish remote methods of serving their members. This included everything from food to go to online bridge clubs to remote committee meetings. They did, however, lose all banquet and nonmember business. While nonexistent in 2020, it has started to come back during 2021. The benefits of the increased golf usage, as well as banquets and golf tournaments, will not be reflected in these numbers, but will be to a limited extent when you look at 2021 next year.

As the summer progressed and clubs were given more flexibility, many became a haven for their members. A number of clubs operated summer camps and many of the spa classes moved outside. For 2021, summer activities were close to back to normal. Clubs continued with food to go and added outside dining. Members, while more willing to eat indoors in 2021, were unwilling in 2020 to take the chance. However, clubs invested in heaters for the winter and fans for the summer and extended the outdoor dining season.

The picture of the club industry continues to evolve. Today, as in the past, the talk is about the importance of a club remaining relevant to its members. While in the past members had many choices for their entertainment dollars, the club looks like it is receiving a greater percentage of them during 2021.

The National Golf Foundation has indicated that the number of females, juniors and other young adults playing golf has remained consistent over the last five years. While the category of young adults is the largest age segment in golf, more than 40% of this group are only off-course participants. What can the industry offer to bring these young adults into the club community? Generally, the successful clubs are those that address this issue creatively. Clubs have become more family friendly over the years and realize they must continue to evolve and change if they are to be successful. Again, with potential members travelling less, it could be an opportunity for a club to expand its base. ■

20-Year Trend of Income and Expenses

R. Todd Swisher, CPA, Partner, Hospitality Team Leader, PBMares, LLP

Income and expenses per member increased in 2020 which is a surprise considering COVID -19. However, many of the clubs in our survey have fiscal years that started in 2019 so the impact to the bottom line is spread over two years. Total revenue per member increased by \$496, but is still 7% less than the peak in 2007. Expenses per member are also substantially less than in 2007. This means it's not a controlling of the costs issue, but rather a revenue issue. Clubs need to get members to spend more of their discretionary dollars at the club when they come back in full force. While amounts have increased substantially over 20 years, many of the numbers are only back to 2004 levels. Total country club revenue increased 43% from 2001 to 2020. Membership dues increased by 75%, followed by a rise of 32% in food and beverage income and an increase in all other sales and income of less than 1%. During the same period, total costs and expenses rose 41%, with payroll and related costs increasing 83% and all other operating expenses increasing 5%.

From 2011 to 2020, both revenue and expenses per member increased. Total revenue per member increased by 21%. Membership dues increased 15% with food and beverage increasing by 33%.

Meanwhile, total costs and expenses increased by approximately 17%. This was driven by a payroll and related cost increase of 30%. All other operating expenses increased by a mere 3%. On a positive note, for the eleventh year in a row, operating income exceeded operating expenses.

While quite a bit of a club's revenue continues to come from nonmember use of club facilities, this was dramatically reduced in 2020 and continues in 2021. Approximately 84% of the respondents were tax-exempt. In spite of this, more than 95% of this amount have at least some nonmember use although the average amount has dropped below 10% due to the lack of outings and banquets. ■



COUNTRY CLUBS

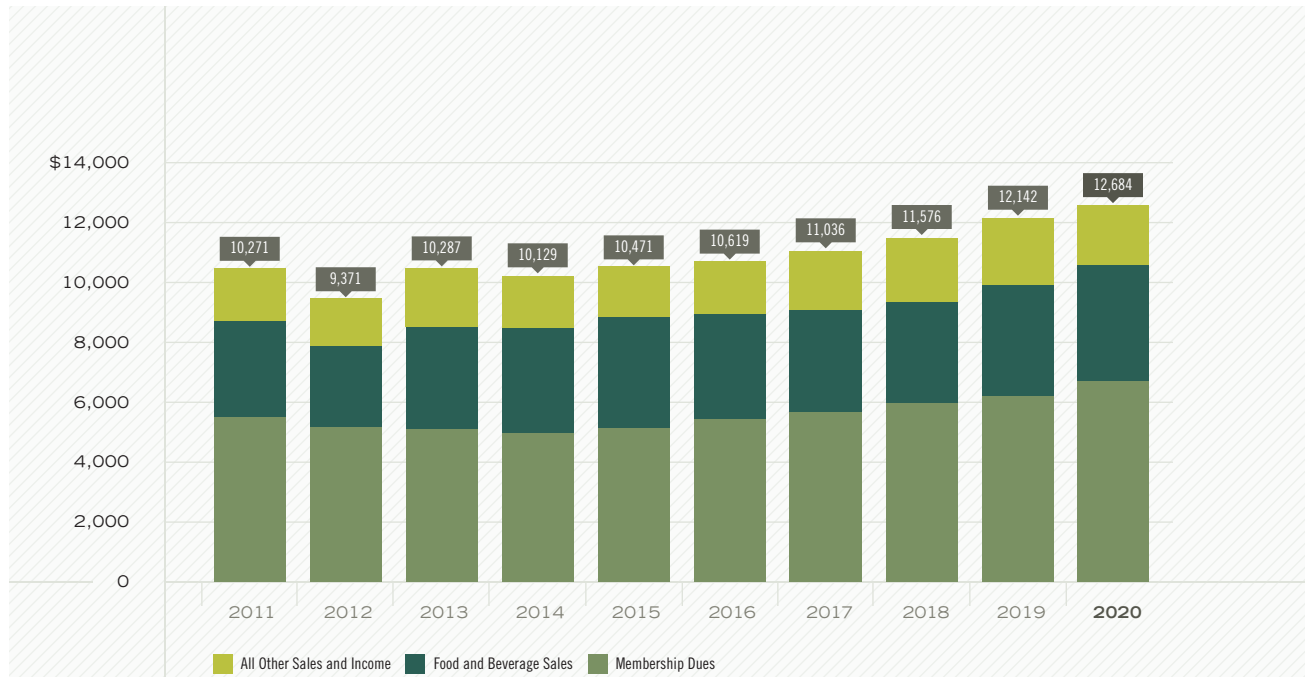
SOURCE OF INCOME PER MEMBER

YEAR	Membership Dues	Food and Beverage Sales	All Other Sales and Income	Total Revenue
2001	\$3,787	\$2,784	\$2,104	\$8,675
2002	\$4,429	\$3,043	\$1,895	\$9,368
2003	\$5,116	\$2,970	\$2,255	\$10,341
2004	\$5,830	\$3,366	\$2,559	\$11,755
2005	\$6,182	\$3,535	\$3,023	\$12,740
2006	\$6,394	\$3,459	\$3,090	\$12,943
2007	\$6,613	\$3,708	\$3,051	\$13,371
2008	\$6,032	\$3,700	\$2,849	\$12,581
2009	\$6,656	\$3,491	\$2,553	\$12,700
2010	\$6,658	\$3,542	\$2,097	\$12,297
2011	\$5,744	\$2,760	\$1,767	\$10,271
2012	\$5,244	\$2,560	\$1,567	\$9,371
2013	\$5,224	\$3,166	\$1,897	\$10,287
2014	\$5,140	\$3,087	\$1,902	\$10,129
2015	\$5,351	\$3,309	\$1,811	\$10,471
2016	\$5,474	\$3,233	\$1,912	\$10,619
2017	\$5,662	\$3,399	\$1,975	\$11,036
2018	\$5,998	\$3,390	\$2,188	\$11,576
2019	\$6,348	\$3,606	\$2,003	\$11,957
2020	\$6,651	\$3,694	\$2,108	\$12,453

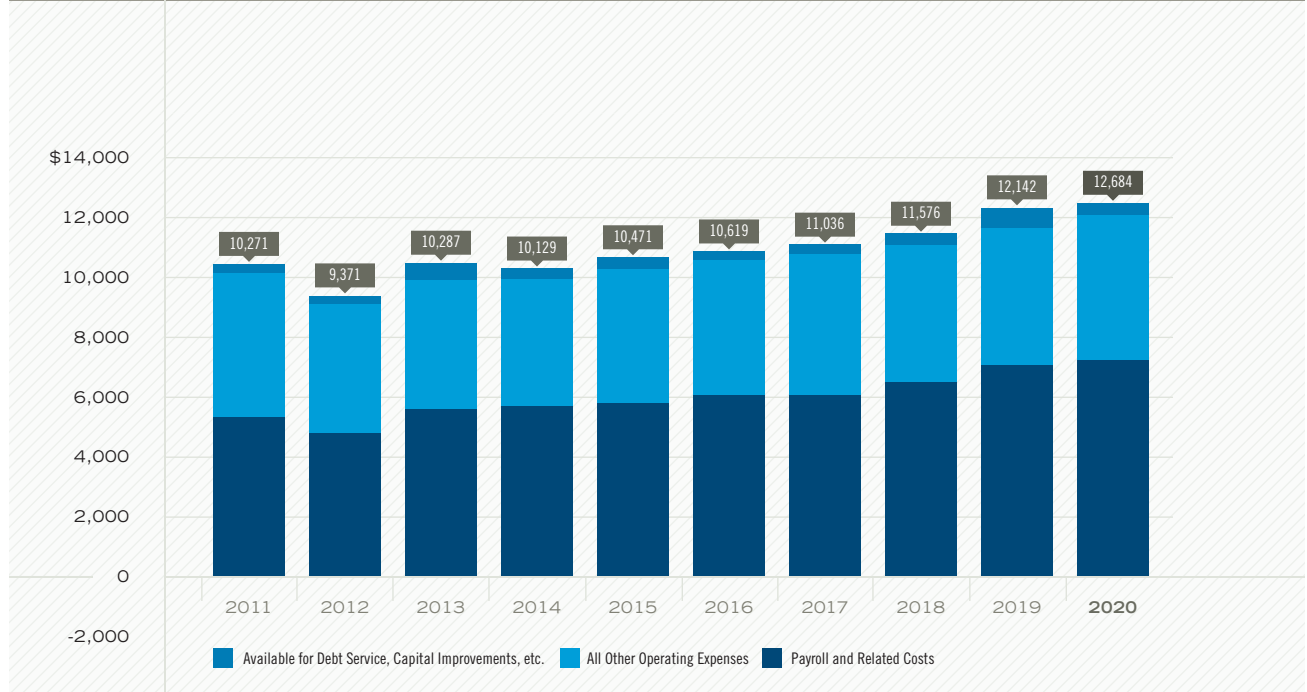
DISPOSITION OF INCOME PER MEMBER

YEAR	Payroll and Related Costs	All Other Operating Expenses	Total Costs and Expenses	Available for Debt Service, Capital Improvements, etc.
2001	\$3,937	\$4,523	\$8,460	\$215
2002	\$5,373	\$4,621	\$9,994	-\$626
2003	\$5,740	\$5,043	\$10,784	-\$442
2004	\$6,566	\$5,672	\$12,238	-\$483
2005	\$6,978	\$5,922	\$12,900	-\$160
2006	\$6,943	\$6,310	\$13,253	-\$309
2007	\$7,093	\$6,405	\$13,498	-\$127
2008	\$6,195	\$6,228	\$12,423	\$158
2009	\$6,795	\$6,282	\$13,077	-\$377
2010	\$6,028	\$5,628	\$11,656	\$641
2011	\$5,547	\$4,606	\$10,153	\$118
2012	\$4,947	\$4,306	\$9,253	\$118
2013	\$5,694	\$4,071	\$9,765	\$522
2014	\$5,667	\$4,109	\$9,776	\$353
2015	\$5,976	\$4,229	\$10,205	\$266
2016	\$6,098	\$4,367	\$10,465	\$154
2017	\$6,172	\$4,748	\$10,920	\$116
2018	\$6,474	\$4,711	\$11,185	\$391
2019	\$7,008	\$4,224	\$11,232	\$725
2020	\$7,213	\$4,747	\$11,960	\$493

COUNTRY CLUBS



INCOME PER MEMBER OPERATING COST PER MEMBER 2020



COUNTRY CLUBS

RESULTS OF OPERATIONS BY SIZE

	SIZE (MEMBERSHIPS)				Your Country Club
	All Country Clubs	Less than 500	500 to 700	More than 700	
RATIO TO TOTAL INCOME					
SALES AND INCOME					
Operating Membership Dues	53.4%	54.5%	54.8%	52.9%	
Food and Beverage	29.7%	26.2%	30.0%	30.6%	
Golf	13.5%	16.5%	12.4%	11.4%	
Sports	1.6%	0.7%	1.3%	3.2%	
Other	1.8%	2.1%	1.5%	1.9%	
→ Total Income	100.0%	100.0%	100.0%	100.0%	
DEPARTMENTAL EXPENSES					
Food and Beverage	33.8%	30.6%	34.4%	34.6%	
Golf	29.1%	33.8%	29.0%	25.8%	
Sports	4.9%	2.2%	4.4%	7.1%	
→ Total Departmental Expenses	67.8%	66.5%	67.8%	67.5%	
LESS UNAPPORTIONED EXPENSES					
General and Administrative	12.6%	14.0%	12.9%	11.6%	
Buildings	10.5%	9.6%	10.6%	11.0%	
Real Estate, Property Taxes and Insurance	5.2%	6.0%	5.8%	4.6%	
→ Total Unapportioned Expenses	28.3%	29.6%	29.3%	27.2%	
→ Total Expenses	96.1%	96.1%	97.1%	94.7%	
→ Balance	3.9%	-0.4%	2.8%	5.3%	

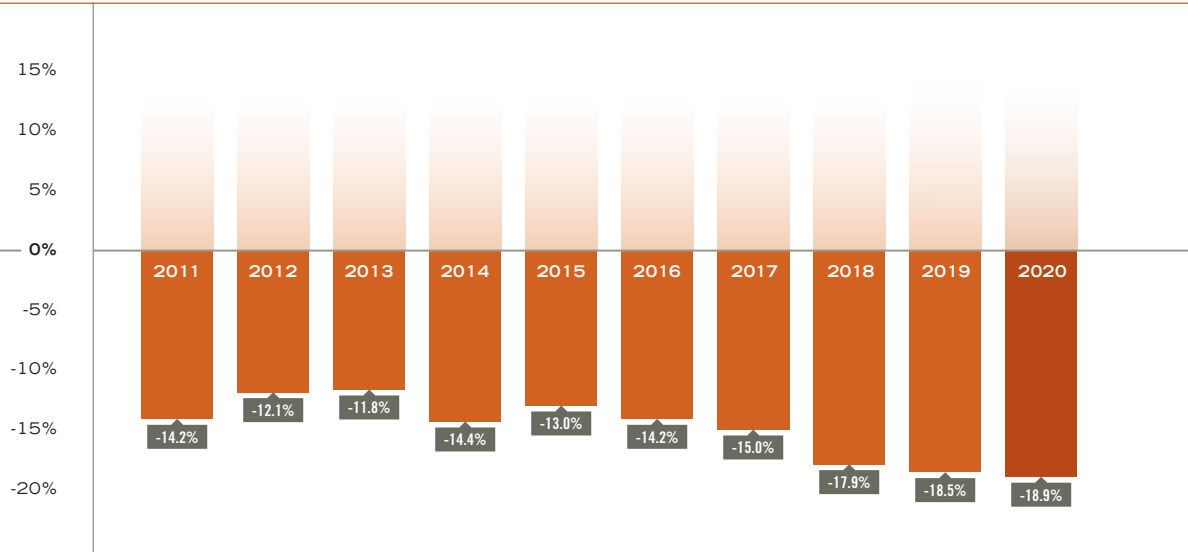


COUNTRY CLUBS

RESTAURANT OPERATIONS BY SIZE

	SIZE (MEMBERSHIPS)				Your Country Club
	All Country Clubs	Less than 500	500 to 700	More than 700	
FOOD AND BEVERAGE DEPARTMENT					
Food Sales	100.0%	100.0%	100.0%	100.0%	
Food Costs	42.1%	42.9%	42.1%	42.0%	
→ Food Gross Profit	57.9%	57.1%	57.9%	58.0%	
<hr/>					
Beverage Sales	100.0%	100.0%	100.0%	100.0%	
Beverage Costs	34.1%	35.0%	34.3%	34.0%	
→ Beverage Gross Profit	65.9%	65.0%	65.7%	66.0%	
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Total Food and Beverage Sales	100.0%	100.0%	100.0%	100.0%	
Total Cost of Food and Beverage Sales	39.5%	40.0%	40.1%	39.0%	
→ Total Food and Beverage Gross Profit	60.5%	60.0%	59.9%	61.0%	
<hr/>					
Payroll (Salary and Wages)	57.2%	59.0%	57.9%	56.9%	
Payroll Taxes and Benefits	12.0%	12.2%	12.0%	12.0%	
Other Expenses	10.2%	11.0%	10.6%	10.0%	
→ Total Expenses	79.4%	82.2%	80.5%	78.9%	
→ Net Income (Loss)	(18.9)%	(22.2)%	(20.6)%	(17.9)%	

FOOD & BEVERAGE PROFITABILITY



COUNTRY CLUBS

MEMBERSHIP DATA AND PAYROLL STATISTICS BY SIZE

	SIZE (MEMBERSHIPS)				Your Country Club
	All Country Clubs	Fewer than 500	500 to 700	More than 700	
MEMBERSHIP DATA					
Full Membership Turnover Percentage	5.8%	6.4%	6.1%	4.5%	
Variation in Membership	0.6%	0.2%	0.7%	0.6%	
Average Annual Dues Rate					
Current Year	\$9,444	\$11,460	\$9,750	\$8,961	
Prior Year (from prior Trends report)	\$8,899	\$10,100	\$9,120	\$8,603	
PAYROLL STATISTICS					
Payroll Statistics per All Operating Revenue Excluding Dues					
Food and Beverage	34.2%	32.1%	34.9%	34.1%	
Golf Operations	29.9%	37.1%	30.2%	26.3%	
Sports	5.8%	3.1%	4.8%	8.7%	
→ SubTotal	69.9%	72.3%	69.9%	69.1%	
→ All Other Departments	23.9%	23.7%	23.1%	23.9%	
→ Total Club Payroll	93.8%	96.0%	93.0%	93.0%	
Total Payroll Tax and Benefits	19.9%	19.1%	20.8%	19.3%	
→ Total Payroll and Related Costs	113.7%	115.1%	113.8%	112.3%	

ANNUAL OPERATING COST PER MEMBER BY SIZE

	SIZE (MEMBERSHIPS)				Your Country Club
	All Country Clubs	Fewer than 500	500 to 700	More than 700	
INCOME AND EXPENSES PER MEMBER					
SALES AND INCOME					
Operating Membership Dues	\$6,651	\$7,739	\$6,927	\$6,273	
Food and Beverage	\$3,694	\$3,723	\$3,793	\$3,637	
Golf	\$1,684	\$2,338	\$1,563	\$1,351	
Sports	\$204	\$103	\$169	\$387	
Other	\$220	\$293	\$187	\$221	
→ Total Income	\$12,453	\$14,196	\$12,639	\$11,869	
DEPARTMENTAL EXPENSES					
Food and Beverage	\$4,216	\$4,355	\$4,362	\$4,101	
Golf	\$3,619	\$4,794	\$3,662	\$3,066	
Sports	\$606	\$307	\$550	\$840	
→ Total Departmental Expenses	\$8,441	\$9,456	\$8,574	\$8,007	
LESS UNAPPORTIONED EXPENSES					
General and Administrative	\$1,563	\$2,005	\$1,633	\$1,380	
Buildings	\$1,308	\$1,356	\$1,345	\$1,305	
Real Estate, Property Taxes and Insurance	\$648	\$847	\$727	\$548	
→ Total Unapportioned Expenses	\$3,519	\$4,208	\$3,705	\$3,233	
→ Total Expenses	\$11,960	\$13,664	\$12,279	\$11,240	
→ Balance	\$493	\$532	\$360	\$629	

Results of Operations

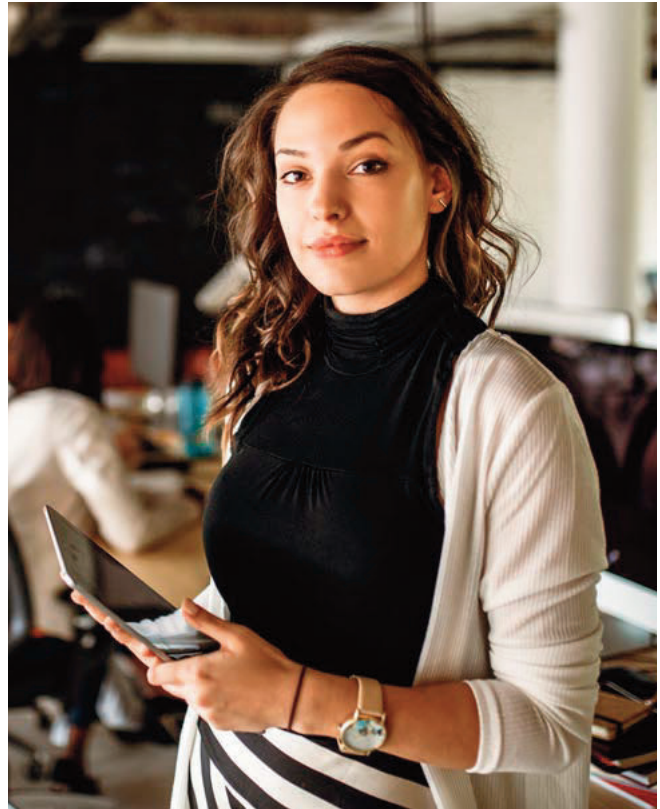
Edward T. Yoder, CPA, MSA, Partner, PBMares, LLP

While COVID has had an impact, country club revenue has continued to grow over the past five years. Overall spending per member has increased on average 3.9% over the last five years. Per member spending increased 6.1% in 2020, the highest increase since 2013. Clubs continue to raise dues to cover increasing operation costs.

The percentage of revenues that were generated from member dues increased by 4.8%. Golf revenues increased by 5.7% as a result of increased golf rounds during the COVID-19 global pandemic. Food and beverage revenues also increased 2.4% during the 2020 reporting period.

In 2020, for every dollar of operating income received by a club, it spent 96 cents, leaving 4 cents to reduce debt. While membership dues are increasing, clubs need to attract new members to cover rising costs. The additional costs include competition for employees in a tight labor market, a rise in the minimum wage in many states and the cost of enhanced amenities.

Full member turnover percentage increased to 5.8% in 2020 from 5.2% in 2019. This means that a 500 member club must replace 29 members before the benefit of any additional dues comes into play. Retaining members remains a challenge for country clubs.



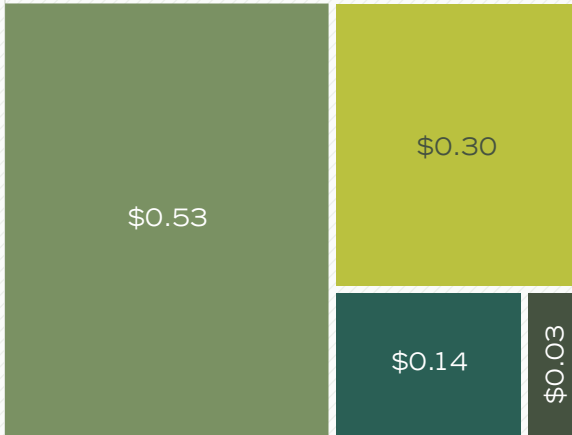
Clubs continue make capital investments. Many clubs have recently completed major renovations, are currently in the process of renovating, or are planning renovations in the near future. Unlike in the past, not all of the renovations are on the golf course. Clubs are renovating pools, recreational areas and food service venues. In response to the COVID-19 global pandemic, clubs are creating or expanding out-door dining options.

To fund capital improvements, clubs use a combination of debt, initiation fees and income generated from operations. While approximately 65% of the clubs surveyed have a policy to isolate initiation fees for capital improvements, not all clubs follow the policy. In addition, certain clubs have broadened the definition of what constitutes a capital improvement and what can be paid for with initiation fees. Items that in the past would have been repairs are now deemed a capital item. Almost all clubs use at least some debt in financing improvements and a third of those clubs use initiation fees to pay the debt. ■

COUNTRY CLUBS

2020 INCOME \$

(TOTAL = \$1.00)



2019 INCOME \$

(TOTAL = \$1.00)



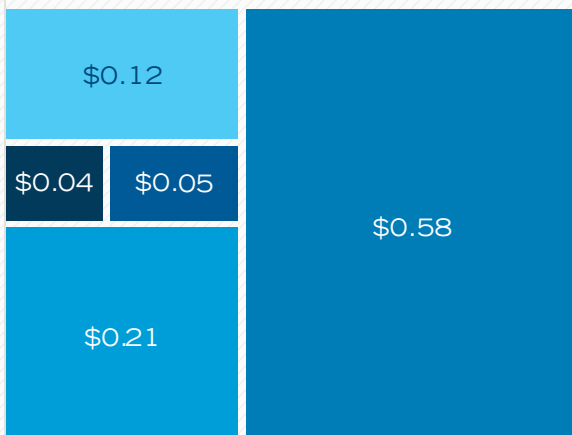
- Dues
- Food and Beverage
- Golf
- Other Sports and Income

COUNTRY CLUB INCOME AND WHERE IT WENT

2020

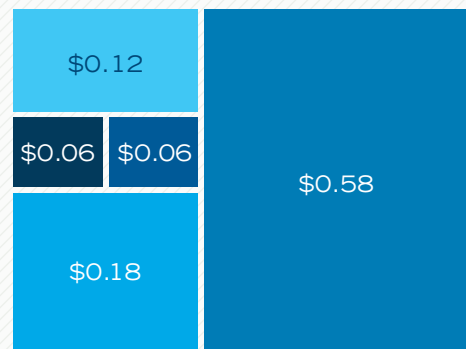
2020 EXPENSES \$

(TOTAL = \$1.00)



2019 EXPENSES \$

(TOTAL = \$1.00)



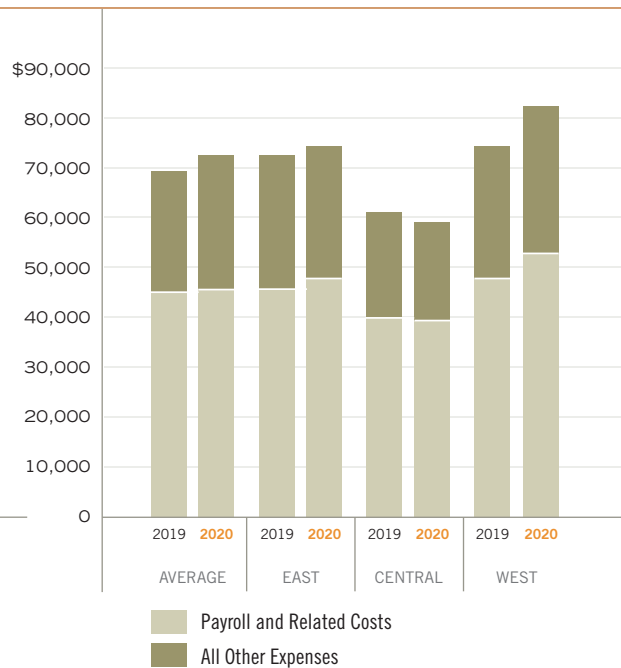
- Payroll and Related Costs
- Food and Beverage
- Other Operating Expenses
- Real Estate Taxes and Insurance
- Amount Available for Debt Service

COUNTRY CLUBS

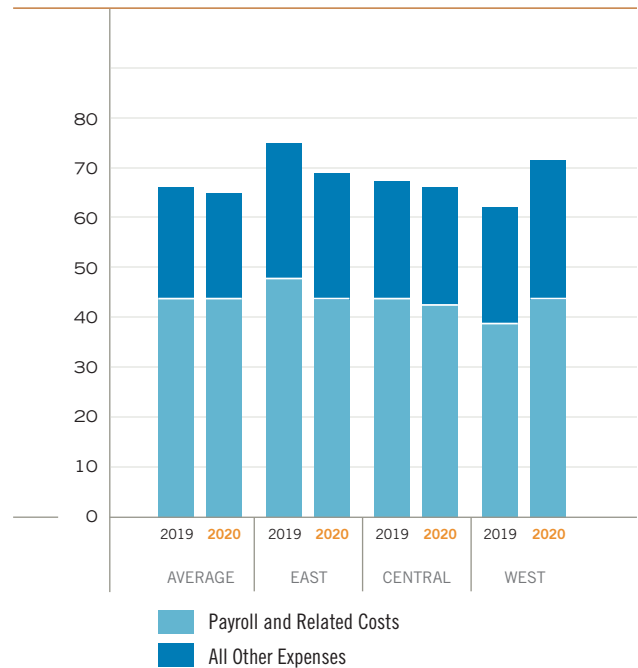
GOLF COURSE EXPENSES BY SIZE

	SIZE (MEMBERSHIPS)				Your Country Club
	All Country Clubs	Fewer than 500	500 to 700	More than 700	
COURSE MAINTENANCE					
AVERAGE COST PER HOLE					
Salary and Wages	\$38,450	\$38,026	\$35,482	\$42,658	
Payroll Taxes and Benefits	\$7,738	\$7,015	\$7,213	\$8,640	
Supplies and Contracts	\$15,834	\$15,416	\$15,600	\$17,393	
Other Expenses	\$9,862	\$9,181	\$8,565	\$11,076	
→ Total Expenses	\$71,884	\$69,638	\$66,860	\$79,767	
AVERAGE COST PER ROUND					
Salary and Wages	\$36	\$48	\$34	\$35	
Payroll Taxes and Benefits	\$7	\$9	\$7	\$7	
Supplies and Contracts	\$15	\$20	\$15	\$14	
Other Expenses	\$9	\$12	\$8	\$9	
→ Total Expenses	\$68	\$88	\$64	\$66	
Average Rounds per 18 holes	19,045	14,174	18,942	21,647	
Rounds Played in 2019	21,022	15,347	18,923	26,011	
Rounds Played in 2018	21,300 (1%)	15,540 (1%)	19,500 (3%)	26,014 0%	

AVERAGE COST PER HOLE



AVERAGE COST PER ROUND



COUNTRY CLUBS

Golf Course Expenses

Helaine S. Weissman, CPA, CHAE, PBMares, LLP

The recovery process is in full swing (pun intended). Golf seems to be the glue that has been holding things together for country clubs.

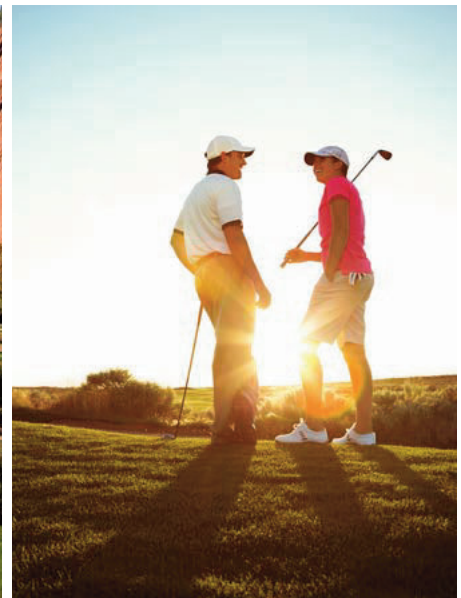
Total golf course expenses in 2020 were approximately 6 percent higher than in 2019. The average cost was just under \$72,000 per hole with clubs with having more than 700 members just under \$80,000. The largest increase in average costs, over \$6,000, goes to clubs with fewer than 500 members. Clubs with 500 to 700 members saw a drop in average cost of just under \$1,000.

Golf Datatech shows play was up almost 23% through June 2021 compared to the same period in 2020 and up a little under 10% compared to 2019. However, when comparing the month June 2021 to 2020, rounds were virtually static. It would seem that the huge surge in rounds that we saw in 2020 has begun to slow down.

The demand for golf remains very strong as restrictions have been lifted and most clubs are seeing a return to normal operations. How have clubs been impacted by the pandemic and the high demand for golf over the last year?

- Additional stress on golf courses and maintenance programs
- Possible change in timetable of planned capital projects to improve the courses
- Finding and retaining labor

Clubs, once again, have to pivot to satisfy membership. There is more concern surrounding regulatory issues and the cost of capital projects. Just a short time ago clubs were grappling with less interest in golf and competing priorities for leisure time for members. While the pandemic has had a negative impact on the overall economy, clubs are seeing the economy having far less impact on the overall health of their golf facilities than in prior years.



Chris Davis, Director, Club Benchmarking

THE KEY TO Sustainable Financial Success

Not-for-Profit is a tax status, not a business model.



Clubs are interesting businesses. Most are member owned and operated as not-for-profits. The saying, not-for-profit is a tax status, not a business model applies quite appropriately for clubs. Clearly even a not-for-profit must generate the money necessary to operate in accordance with its mission. In terms of mission – clubs spend much money and time creating and reviewing mission statements. Club Benchmarking has reviewed the mission and vision statements of hundreds of clubs. A good place to start considering the key to sustainable financial success is right there – the mission statement.

There is a link between the mission of a club and its financial outcomes. One can consider the following two statements as a “generic” mission statement to which every club must be committed.

1 We must create, nurture and evolve a Membership Experience that is SO COMPELLING we have enough members to properly fund our club (and we charge them the necessary amount) and ideally, we have a wait list. We also must be able to retain and attract the professional staff to manage the delivery of the Member Experience.

2 We need to consistently generate enough Obligatory Capital (Maintenance) to be able to re-invest in our assets so that they are always “fresh and up-to-date” and enough Aspirational Capital (Growth) to add the new services and amenities necessary to keep pace with an ever-changing society and the needs and wants of the 42-year-old prospective member.

Every club has two ledgers – so to speak. The Operating Ledger and the Capital Ledger. Club Benchmarking’s

research has clarified the financial purpose of each of those ledgers as well as the driver of financial success over time.

continued

COUNTRY & CITY CLUBS



The Drivers of Financial Success

OPERATING LEDGER

CAPITAL LEDGER

Understanding the purpose of each ledger as well as the driver of financial success illuminates the key to sustainable financial success over time.

In today's dollars (2021), at the average club (combining all clubs – country clubs, yacht clubs and city clubs) the average operating dues are \$8,200 and the average ancillary fees for services (mostly food and beverage) are \$5,500 per year. In addition, a member can expect to pay \$30,000 for the initiation fee to join and a weighted average of \$924 per year for additional capital dues and assessments per year. All totaled, over the average twenty-year life cycle of membership, a member can expect to spend \$322,000 to enjoy their club. That money divides into 85% being spent on operating dues and fees and 15% being spent on the initiation fee and annual capital dues and fees.

Ninety percent of clubs in the industry set the operating ledger – essentially the income statement excluding depreciation expense and all capital income – to break-even. Club Benchmarking's data shows clearly that clubs hover around break-even operating the club. Going one step further, independent of data, money used to “operate” a club, by definition, is consumed operating the club. Money for staff payroll, cost of goods, utilities, real estate taxes, insurance, etc. is exhausted operating the club – it does not produce a financial outcome. The purpose of the operating ledger – in EVERY club – is clear – it is the vehicle for delivering services and amenities to the membership. It is consumed year-in and year-out by members enjoying the club. It does not drive the club forward financially. Back to the two statements above, the financial purpose of the operating ledger is to deliver a compelling member experience. That experience must be so compelling that the given club has no problem attracting enough members to properly operate. So, 85% of a member's spend is aimed at receiving an experience they enjoy.

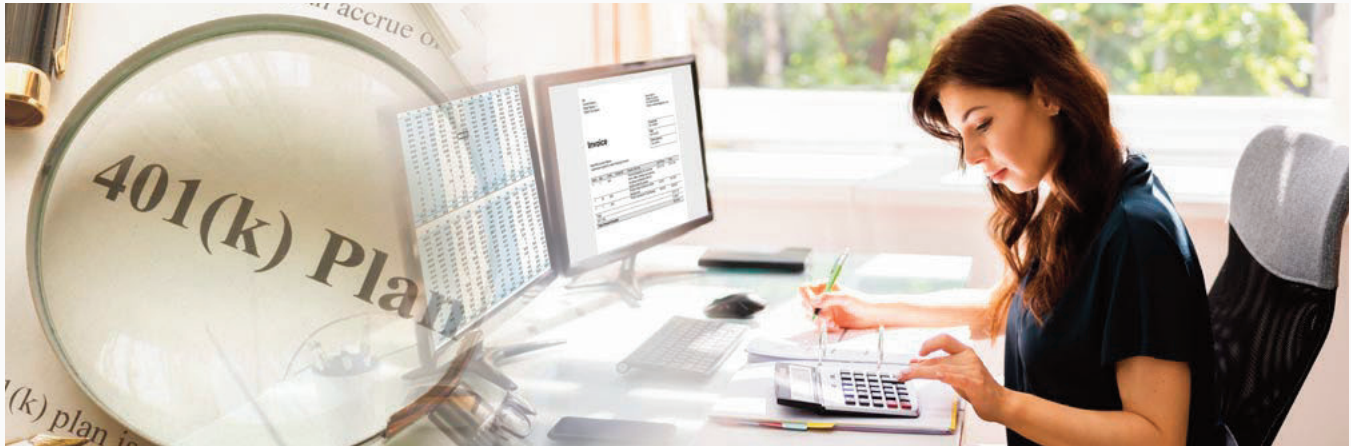
Private clubs have simple balance sheets – 80% of the assets manifest on the line item – Net Book Value of Property, Plant & Equipment (PP&E). Add one more line item – cash, and you get to 90% of the assets. The money that funds PP&E in a club comes from the 15% of the money a member

spends over time – the capital infusion the member makes via initiation fee and ongoing capital dues and assessments. It is the capital ledger that provides the “free cash” to drive sustainable financial success over time. Club Benchmarking's research shows that ideally a club is set such that the member's spend on capital is 20% of the spend on the operating ledger. Currently, the average club is falling short on capital by approximately \$1,000 per member per year – or another \$20,000 over the lifetime cycle of membership.

Clubs focus intensely on the operating ledger. Finance committees and boards spend significant time and energy scrutinizing line item after line item on the income statement thinking that there is “money” available on the operating ledger. That is fool's gold to use an old saying. Given the last step in every club's budgeting process is to set the level of dues a member pays (based on how many members there are, how much expense is projected and how much non-dues revenue is projected) the club will operate at break-even. Money of substance does not flow out of the operating ledger. In fact, cutting expenses on the operating ledger is akin to cutting the member experience. It is, literally, dangerous. The operating ledger is the key to the necessary compelling member experience – it is not the financial driver.

The financial driver, and the key to sustainable financial success, is the capital ledger. Club Benchmarking's data is clear – clubs must generate the capital necessary to meet the goals laid out in the second statement of the generic mission statement. Unfortunately, 75% of clubs are coming up short in this regard. That shortfall in capital income manifests in the following ways: deferred maintenance on physical assets, excess debt or the lack of new services and amenities that feed a compelling member experience, for example, fitness and wellness operations or upscale casual dining.

As a board or finance committee member reading this long-standing survey of the finances of private clubs, please consider the generic mission statement and the path to realizing that mission. The money to operate the club is not a financial driver; it is the vehicle to deliver the necessary compelling experience. The money (free cash) flowing from the capital ledger is the key to sustainable financial success. ■



Delegate and Automate Key 401(k) Plan Features to Meet a Changing Risk Environment

*Kurtis Johnson, CFP®, CPFA®, BFA™,
Wealth Advisor, PBMares Wealth Management*

CFOs of large clubs tend to have one thing in common: a lack of time. Finding time to effectively manage the club's 401(k) plan often gets a lower priority on a CFO's task list. While in the short-term this makes a kind of sense in that it allows them to address the most immediate demands on their time, it can end up costing the club and its employees in the long run. Finding solutions to delegate and automate 401(k) plan administration can help busy CFOs free up their time, protect plan participants, and avoid unnecessary risk.

WHAT TO DELEGATE, AND WHY

As benefit plan administration increasingly shifts to CFOs, they must be prepared for the associated and inherent risks. Understanding their own limits both in time and in expertise, many CFOs are approaching these challenges by enlisting outside help with increasing frequency. A good plan advisor can help a club CFO explore their delegation options. Some of the areas where increased delegation can be achieved include:

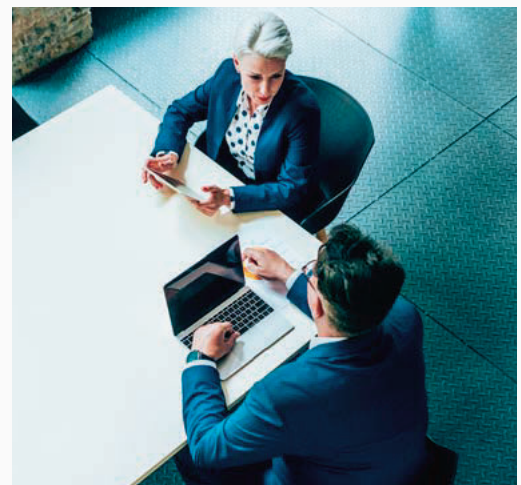
- Choosing and evaluating a record keeper who will be responsible for mailing annual disclosure documents or one who will provide virtual or in person and on-site education meetings with your employees to supplement your existing education program.
- Implementing enhanced cyber controls and/or hiring a cybersecurity expert.
- Hiring a 3(16) Fiduciary Administrator who can handle many of the day-to-day administrative tasks of 401(k) plan management, such as approval of employee withdrawal requests or payroll data issues.
- Hiring a 3(38) Fiduciary Advisor who can assume the responsibility of selecting, monitoring, changing the 401(k) plan menu, and documenting the prudent selection process used. This allows club CFOs to delegate these tasks to an expert while they assume the role they excel at: providing oversight.
- Redesigning and restructuring the benefit plan by working with a Third-Party Administrator who is knowledgeable and able to model several kinds of plan design and employer contribution options at once to make sure the plan is as efficient as possible in pursuit of the club's goals. A good Third-Party Administrator can also help make sure the annual compliance testing package and associated tax reporting gets taken care of, error free, the first time around.

[continued]

COUNTRY & CITY CLUBS



Finding solutions to delegate and automate 401(k) plan administration can help busy CFOs free up their time, protect plan participants, and avoid unnecessary risk.



BEST PRACTICES TO REDUCE 401(K) PLAN RISK

One of a CFO's charges within the role of plan administrator is to oversee the plan's cost. Costs are expected to be reasonable and prudent; this doesn't necessarily mean 'choose the least expensive plan provider.' While some of these resources may cost extra money per year, the returns for the plan and its participants are potentially very high. Considering the range of current risks, investment landscape, and the ongoing effects of COVID-19, CFOs are in a position to increase the security and value of their club's 401(k) plan while securing some peace of mind for themselves.

Benefit plan administration is truly one area where CFOs can deliver strategic leadership and performance management amid traditional cost control activities. The key is to know when and who to call for help.

Some responsibilities, like keeping track of participant changes or providing fiduciary oversight to all covered service providers, cannot be delegated; however, CFOs can – and should – lean into the experience of the plan advisor and other service providers for help. The plan advisor should be like the team captain; among the service providers, the advisor is likely the person closest to the plan itself, other than the CFO.

What's the result of working with outside consultants on plan management? Time savings is an obvious outcome. Cost savings is, too. There's also the benefit of limiting or offloading fiduciary liability and maximizing participant value. ■



*Antonina K. McAvooy, CISA,
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Cybersecurity Awareness Training Can Help Reduce Cyberattacks

Since COVID-19 pushed organizations to adopt work-from-home policies out of necessity and public events were limited, Internet usage soared. More businesses and people online also mean a higher likelihood for cyberattacks. Hackers target everything from emails to file downloads, network systems, and more, and many organizations don't have a comprehensive defense policy to meet the growing demand and evolving nature of cyber threats.

95%



of breaches are caused by human error.

While technical cybersecurity controls are a vital part of any organization's information security framework, they are not in and of themselves sufficient to secure all information assets. Effective information security also requires the awareness and proactive support of all employees to supplement and make full use of existing technical security controls. This is most obvious in cases of social engineering attacks and fraud schemes, which directly target vulnerable humans rather than Information Technology (IT) and network systems. This is becoming even more of a threat as bad actors use malicious bots to enhance their phishing campaigns.

THE GROUNDWORK FOR CYBERATTACKS

According to The Internet and Television Association's COVID-19 dashboard, since early March, downstream Internet usage (includes receiving emails and downloading files) has grown by 21.6% and upstream Internet usage (includes sending emails and uploading files) has seen a whopping growth of 40.9%.

Further, Microsoft recently reported an increase in nation-state actors who use spear-phishing attacks for credential theft by impersonating World Health Organization representatives. With artificial intelligence and advanced bots, sophisticated phishing emails use fear or urgency to prey on the unforgiving element of human error within an organization.

Ransomware attacks continue to surge in 2021 and have already shut down parts of major economic sectors, like the Colonial Pipeline attack, for example. Other industries suffering major cyberattacks have spanned insurance,

professional sports, agriculture, IT, and more.¹ It's estimated that in 2020, companies paid more than \$350 million in ransom payments to regain control of their systems, networks, and data.

Now, the U.S. government has made cybersecurity a national priority, and soon it will be a reality for private and public sector organizations to work together with the federal government to report and combat cybercrime.

HOW ARE CYBERATTACKS SO SUCCESSFUL?

95 percent of breaches are caused by human error.

Often, hackers use familiar companies to make potential victims feel comfortable or leverage believable stories to trick people. Examples include recent account activity or recent transactions that someone may have made.

Employees lacking adequate information security awareness are more likely to fail in recognizing or reacting appropriately to information security threats and incidents. They are also more likely to place information in danger through ignorance and carelessness.

After the Colonial Pipeline attack, the company's CEO admitted that multi-factor authentication wasn't being used to log-in. This is one simple step that companies can take to better secure their networks, and a very obvious vulnerability that was taken advantage of.

<https://nymag.com/intelligencer/article/ransomware-attacks-2021.html>



Since 2019, cyberattacks have increased exponentially. Most organizations still have a relatively weak cyber defense system in place, and need to step up their employee awareness training and internal controls.

Virtual currency plays a role, too. The rise of bitcoin and other virtual currencies make it relatively easy for hackers to demand ransom without being tied to a bank or financial institution.

PROTECTING AGAINST PHISHING ATTACKS

Phishing attacks, where hackers send fake emails designed to look like the real thing, are a common method of gaining access to a company's network. Most ransomware attacks begin as phishing emails because they're so simple to pull off.

Be aware that phishing emails will frequently have language that contains misspellings, or that seems out of place as well as use generic language such as "to our valued customers" or "dear sir/ma'am."

While employees are an organization's greatest asset, they can frequently be the weakest link in keeping the organization secure. Bad actors are specifically using breaking news stories about COVID-19 and vaccines to lure employees into clicking on malicious links or visiting illegitimate websites. Training employees and actively running phishing simulations for them to practice what they learned will help combat the heightened risk of a successful phishing attack from occurring.

Below are further guidelines to help protect organizations and employees from phishing attacks:

- Be cautious when clicking on links or opening attachments in emails, and don't click on any links from

senders who are unfamiliar.

- Do not provide personal or company information when contacted via email. Verify the email address or contact the sender directly to confirm the legitimacy of the request.
- Most importantly, if something seems suspicious, delete the request and try contacting the sender.

Although many organizations currently engage in some form of prescriptive information security training, this training is typically narrowly focused on one or a few specific topics and delivered at a single point in time. Awareness implies a basic level of understanding about a broad range of information security matters and is best achieved through multiple communication methods over time. Awareness provides the foundation level of knowledge and understanding for training to build upon.

Simulated employee phishing schemes can be an incredibly effective way to mitigate the risk of phishing attacks. In a mock scenario, companies can test their internal controls and cyber defense systems at the same time as delivering hands-on training and awareness. The most effective training should be industry-specific, ongoing, and with built-in benchmarking so the company can assess its progress and performance.

The risk of cyberattacks will only increase, especially as hackers deem phishing and ransomware attacks to be highly profitable. Every industry and every business is at risk. The best defense is a good offense ... and employee awareness. ■



Edward T. Yoder, CPA, MSA,
Partner, PBMares, LLP

New Regulations for UBTI Will Impact Private Clubs

How could a change in the tax law passed in 2017 have a substantial impact on clubs today? Given the recent business disruptions caused by the coronavirus, unrelated business income might not seem like a big deal. However, after the IRS issued final regulations on December 2, 2020, unrelated business taxable income (UBTI) will be computed differently and potentially generate unrelated business income tax. All clubs and tax-exempt organizations will need to re-evaluate their accounting and tax strategies moving forward.

NEW UBTI FOR CLUBS

There are two primary reasons why new regulations for unrelated business taxable income require the immediate attention of club owners and operators. First, because the changes may make more of the unrelated business income a club has taxable. And second, because the generally accepted interpretation of the regulations is that clubs and other exempt organizations may be expected to comply with final regulations quickly – the first year after they’re published. This means that clubs will need to be in compliance for tax years beginning after December 2, 2020.

The new regulations apply to all exempt organizations; however, clubs have a unique tax treatment. Under the proposed rules, unrelated business taxable income covers all gross income, except for exempt function income. Unlike other exempt organizations, clubs cannot exclude investment income such as dividends, interest, or rents and must include this income as UBTI. So for clubs, UBTI is essentially all gross income, minus deductions directly connected with producing that income, and except for exempt function income.

There is no de minimus rule, which means there is no threshold under which the new UBTI rules wouldn’t apply. During the initial commenting period, a de minimus rule was requested that would have exempted organizations from the new rules if their UBTI was less than \$100,000. This comment was disregarded because the IRS considered its other changes, such as switching to a 2-digit NAICS code instead of a 6-digit one, to be less burdensome on smaller organizations to implement.

The NAICS code is how UBTI will be categorized. The first two digits of the NAICS code for the specific trade or business are used to determine its classification. A potential troublesome spot in the regulations prohibit social clubs, such as golf courses and country clubs, to identify all its unrelated trades or businesses using the NAICS 2-digit code for arts, entertainment, and recreation 71.

Other businesses specifically mentioned in the regulations include merchandise sales, food and beverage services, and rental property. Food Services have a NAICS 2-digit code 72 while merchandise sales fall under code 45.

After the IRS issued final regulations on December 2, 2020, unrelated business taxable income (UBTI) will be computed differently and potentially generate unrelated business income tax.

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COUNTRY & CITY CLUBS



While clubs have always had to separate member and nonmember income, the new rules require a further breakdown. If a club has a nonmember outing, it will be required to break down the income and expenses between the amount related to the use of the course and the food and beverage at the end of the day.

HOW TO CALCULATE UBTI

Calculating unrelated business taxable income is not new; exempt organizations with different revenue streams are already accustomed to it. A big part of the change in the proposed regulations is how it's calculated, though. Starting in 2021, clubs and other exempt organizations will need to calculate UBTI separately with respect to each trade or business. They are no longer allowed to aggregate income and deductions from all unrelated activities or use net operating losses (NOLs) from one activity to offset the gains of another.



TO CALCULATE UBTI:

- For each unrelated trade or business, assign a two-digit NAICS code.
- Add all unrelated business income from each trade or business.
- This amount should be calculated without regard to any deductions, such as NOL or charitable contributions.
- The total UBTI is reduced by qualifying deductions, explained below.
- Additionally, taxable income from each trade or business cannot be less than \$0.

In the new regulations, unadjusted gross UBTI is specifically mentioned as not being a reasonable method to allocate indirect expenses because it is a revenue-based method that does not account for differences in the prices charged for an activity, such as higher pricing for non-members. See the 2020 edition of *Clubs in Town & Country* for a more detailed explanation of the rules changes as well as a specific example.

The new rules for unrelated business taxable income apply to all exempt organizations, but clubs were given a significant amount of attention in the rules. Club owners and operators need to be familiar with these rules and be prepared to implement them by the end of this year.

Although it may seem like another challenge on top of dealing with the financial fallout due to coronavirus, this is a good opportunity to plan for the future, both in terms of operational changes and taxable income modifications. PBMares is here to assist your club with these changes. The regulations can be complicated but advance planning is key to successfully incorporating new unrelated business taxable income guidelines. ■

The Role of Key Man Policies in Lowering a Club’s Risk Profile – and Raising Employee Retention

Bradley C. Wilks, LACP, Wealth Advisor, PBMares Wealth Management



Retaining top talent isn’t usually something that’s talked about in connection with insurance. Yet, if something were to suddenly happen to the general manager or head groundskeeper, a club’s operations and management would be substantially impacted. Especially in a competitive employment marketplace, protecting the club’s most valuable assets – its core people – becomes a topic for discussion in the context of insurance coverage.

Whether the club is large or small, it probably depends on one or two key people. Retaining them and protecting the club against unforeseen circumstances can be accomplished with the right insurance policy, which is often overlooked.

KEY MAN INSURANCE

Also called “key man” and “key person” insurance, this type of policy is a life insurance policy against one, two, or more key personnel. The club pays for the policy and is the beneficiary in case of the person’s sudden illness, injury, or death. The policy payouts, when triggered, provide a financial lifeline to clubs that find themselves abruptly without the key person.

There’s time to figure out next steps. Key man policies operate like business continuity coverage in the sense that if the unexpected happens, the club can get reimbursed for financial losses to sustain operations until normalcy resumes.

According to the National Association of Insurance Carriers (NAIC), 71% of businesses said they were very dependent on one or two key people; however, only 22% actually had key person life insurance policies.

There are a few situations where clubs would be wise to consider key man insurance, above and beyond relying on one or a few people for day-to-day operations.

- If the club’s reputation and financial stability are one in the same with the person’s name, reputation, or skillset.
- If the person’s sudden death would cause the club to close or suffer potentially irreparable financial harm.
- If a financial institution needs collateral for a business loan, sometimes there is an option to put a lien on a key person policy.

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COUNTRY & CITY CLUBS



The amount of key man insurance varies according to need and circumstance. Considerations like salary and benefits replacement, expected length of time to fill the position, and any financial effects from the person's sudden absence due to death, illness, or injury.¹

Key man policies are usually structured as term policies and are underwritten for a specific period, usually five to 25 years.

KEY MAN DISABILITY INSURANCE

Along the same lines as a key man life insurance policy, key man disability insurance protects the club if, say, the head groundskeeper becomes suddenly disabled and cannot perform his job. This is arguably the more important policy of the two, since it's estimated that 30% of people aged 35 to 65 will suffer a disability lasting longer than 90 days.

Like other disability policies, the key man disability policy has a waiting or elimination period and a benefit period. These policies are custom written to fit the club's needs, and carriers have different requirements for health history, age, location, and occupation, among other criteria. It's the club's responsibility to evaluate all options, though an advisor who's carrier-agnostic will help look at everything so the club can make the best decision.

Key man disability insurance is a financial lifeline to club employees if they must be off work due to an unexpected injury. This policy works the same as key man. The club pays the premiums, and the disability benefit is paid out either in a monthly amount to the club, or in a lump sum to the club. This is done to assist in operational continuity and is different than the policy type described below, which is a traditional Disability Income Insurance policy.

¹<https://www.allstate.com/tr/business-insurance/key-person-life-insurance.aspx>

WORKSITE LONG-TERM CARE INSURANCE

Finally, Whole Life Insurance with Long Term Care Hybrid insurance is an option to offer insurance coverage for rank-and-file club employees. It's underwritten as a group ancillary benefit, is no cost to the club, and can be 100% employee-paid through payroll deductions. This type of insurance is a permanent whole life product that is dividend eligible, builds cash value, and has an increasing death benefit. Level premiums won't increase, and employees can take the policy with them when they retire, or if they leave the club.

These types of policies typically come with a chronic care rider, that much like long-term care, allows employees to tap into the policy if they become unable to perform two out of six activities of daily living (ADLs). Typically, medical exams aren't required.

This type of program is another great option to offer an extra, tangible benefit to employees to foster loyalty and club morale. Recently, PBMares Wealth Management was involved with a small club that decided to offer worksite insurance to its employees. Forty-four percent of employees decided to participate, showing a strong desire for this type of benefit.

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Whether the club is large or small, it probably depends on one or two key people. Retaining them and protecting the club against unforeseen circumstances can be accomplished with the right insurance policy, which is often overlooked.

CASE STUDY: GROUP DISCOUNTS AVAILABLE FOR ALL EMPLOYEES

PBMares Wealth Management recently helped a Virginia private club implement key man insurance and key man disability insurance for its head golf pro. Following initial conversations, the club's general manager was also interested in their own disability policy to replace their income.

Knowing there were already two people interested, we introduced the option of a group discount for three individuals. Some carriers have this option, which is why working with an advisor is essential. On top of the disability income, we were also able to put a retirement contribution hedge in place.

After the third individual applied, the club saved 10% on annual premiums on a policy that is dividend-participating starting in year five. In essence, the group discount is saving the club and the individuals 10% in years one through five and 20% beyond that. Now, many other employees have shown interest in the Disability Income Insurance policy.

CONCLUSION

Clubs may not want to think about what could happen if a core team member were to suddenly become injured or die. In the insurance business, we like to say that 'emotion is the enemy of facts.' As improbable as it may seem, if something catastrophic befalls a central figure at the club, the impact to the club would be detrimental. Often, when people think they need life or disability insurance, it's too late. These policies need to be in place months before they're utilized.

As clubs normalize their operations and undergo strategic planning for next year, have a conversation about these scenarios. Is the club prepared? Could employees weather six weeks or more with an injury and without a paycheck? These types of situations present an opportunity for clubs to offer employee and executive benefits and peace of mind. ■

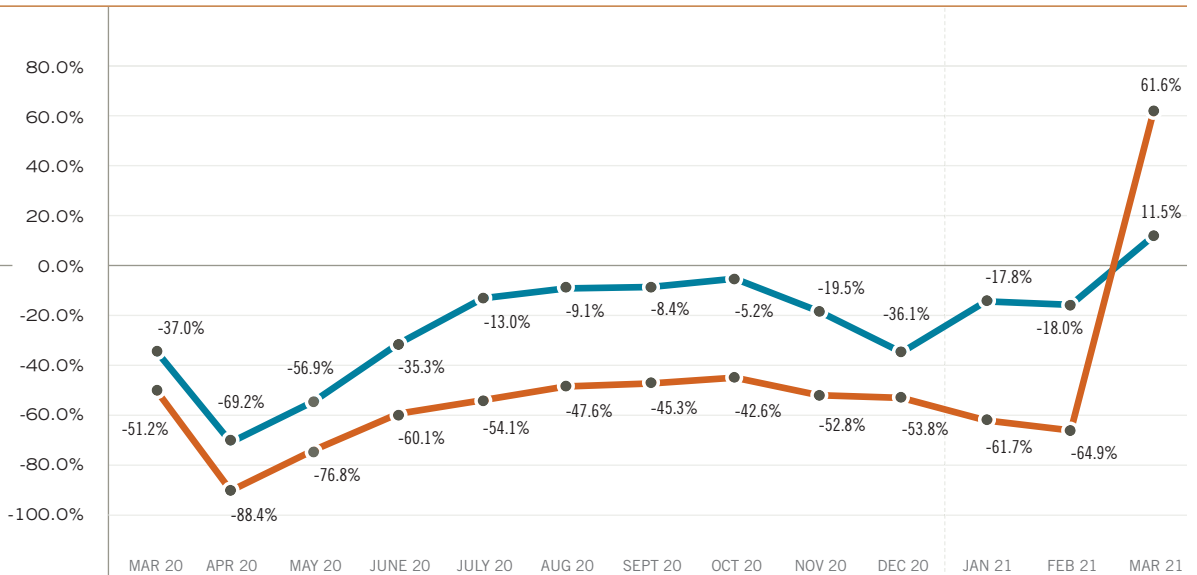
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YEAR-OVER-YEAR NON DUES REVENUE COMPARISON

	Fiscal Year 2020	Fiscal Year 2019
Operating Dues per Member	\$4,669.23	\$5,027.99
Non-Dues Revenue per Member	\$3,020.31	\$8,407.04
→ Total Revenue per Member	\$7,689.54	\$13,435.03
Median Annual Operating Dues Rate (Full Family)	\$4,416.00	\$4,341.00
Total Member Count – Median	856	873
Full Member Equivalents – Median	713	715
TOTAL MEMBER COUNT CHANGE – YEAR-OVER-YEAR (Median)		
All Clubs	-2.8%	
< 1,000 Members	-2.4%	
> 1,000 Members	-6.6%	
MEDIAN INITIATION FEE	\$31,000.00	\$31,000.00
Year-over-Year Initiation Fee Change		
No Change	73.6%	
Increase	21.1%	
Decrease	5.3%	
→ Total	100.0%	

YEAR-OVER-YEAR NON-DUES REVENUE COMPARISON

Country Clubs City / Athletic Clubs



Trends in City Clubs

Kevin F. Reilly, J.D., CPA, CGMA, PBMares, LLP

2019 was a good year for clubs. This included city clubs. Revenue per member was up, dues were increasing, membership was rising and then COVID broke loose. As a result, the numbers from 2020 were abysmal in most cases. This is why we are including the information from 2019 in the publication as well. 2020 was so out of the norm for city clubs, it's difficult to make any comparisons. Much more so than country clubs, city clubs were impacted by the forced closings around the country. Additionally, even when the country started to reopen, many city clubs do not have outdoor dining and members, when they did begin to venture out, would go to restaurants where they could eat outside.

Our sample size was substantially lower as a result. This is the main reason we are not providing the detailed analysis we have in the past. However, there are a couple of things to note. Membership dropped by more than 6% in the clubs with more than 1000 members and about 3% overall. Non-dues revenue per member in city clubs dropped by 36% and overall revenue dropped by 57%. We have commented in the past about the substantially lower percentage of income that comes from dues in a city club. That was not the case in 2020 as 65% of the revenue came from dues. Unfortunately, the base was substantially lower. Year over year non-dues revenue for city clubs showed it dropped by more than 85% when comparing April of 2020 to April of 2019. The charts showing income and expense per member show a bleak picture. For the first time in more than 10 years, city clubs overall lost money, even when including dues revenue. Clubs spent \$1.15 for every \$1.00 they took in.



One major problem with this is that many city clubs' balance sheets are not as strong as country clubs' so they may be less able to survive. However, this is not true in all cases. Many of the more prestigious city clubs were able to survive and did an excellent job of reaching out to all of their members, including nonresident.

While country clubs already are showing a recovery, it is taking longer for city clubs to rebound in many cases. Employers question the value of a membership when the staff is working remotely. Vaccinations were a blessing for the hospitality industry and there was a bump as more people started to venture out, but the health issues have been wrapped up in politics and not as many people as expected were vaccinated. In addition, the appearance of the Delta variant to the virus is causing many cities to again impose mask mandates on indoor activities which will hit city clubs the hardest. With labor costs sky rocketing, when you can even get employees, the road back for city clubs looks difficult. ■

CITY CLUBS

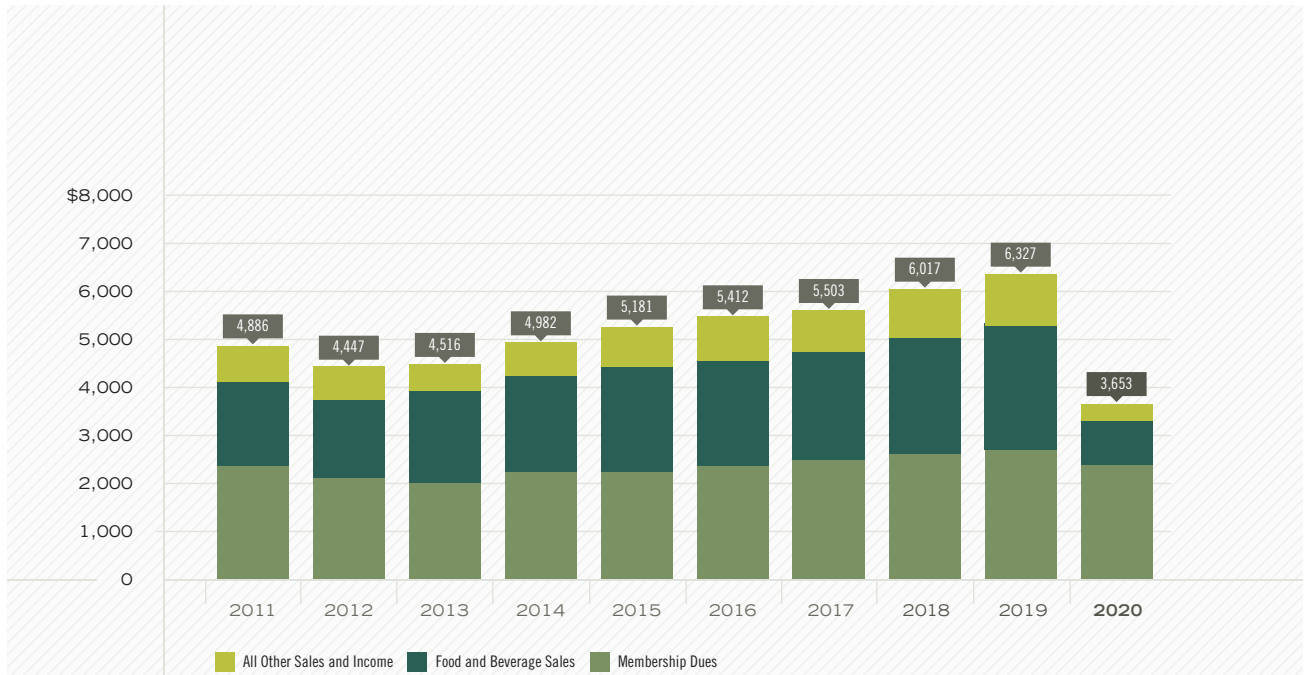
SOURCE OF INCOME PER MEMBER

YEAR	Membership Dues	Food and Beverage Sales	All Other Sales and Income	Total Revenue
2001	\$1,920	\$2,327	\$906	\$5,153
2002	\$1,678	\$2,048	\$1,006	\$4,731
2003	\$2,195	\$2,654	\$1,347	\$6,196
2004	\$2,244	\$2,477	\$1,402	\$6,122
2005	\$2,475	\$2,557	\$1,593	\$6,625
2006	\$2,525	\$2,355	\$1,625	\$6,505
2007	\$2,383	\$2,375	\$1,633	\$6,391
2008	\$2,752	\$2,818	\$1,585	\$7,155
2009	\$2,883	\$2,604	\$1,917	\$7,403
2010	\$2,723	\$2,384	\$940	\$6,047
2011	\$2,443	\$1,705	\$738	\$4,886
2012	\$1,996	\$1,707	\$744	\$4,447
2013	\$2,015	\$1,948	\$553	\$4,516
2014	\$2,065	\$2,199	\$718	\$4,982
2015	\$2,094	\$2,292	\$795	\$5,181
2016	\$2,251	\$2,202	\$959	\$5,412
2017	\$2,506	\$2,251	\$746	\$5,503
2018	\$2,602	\$2,483	\$932	\$6,017
2019	\$2,743	\$2,646	\$938	\$6,327
2020	\$2,370	\$965	\$318	\$3,653

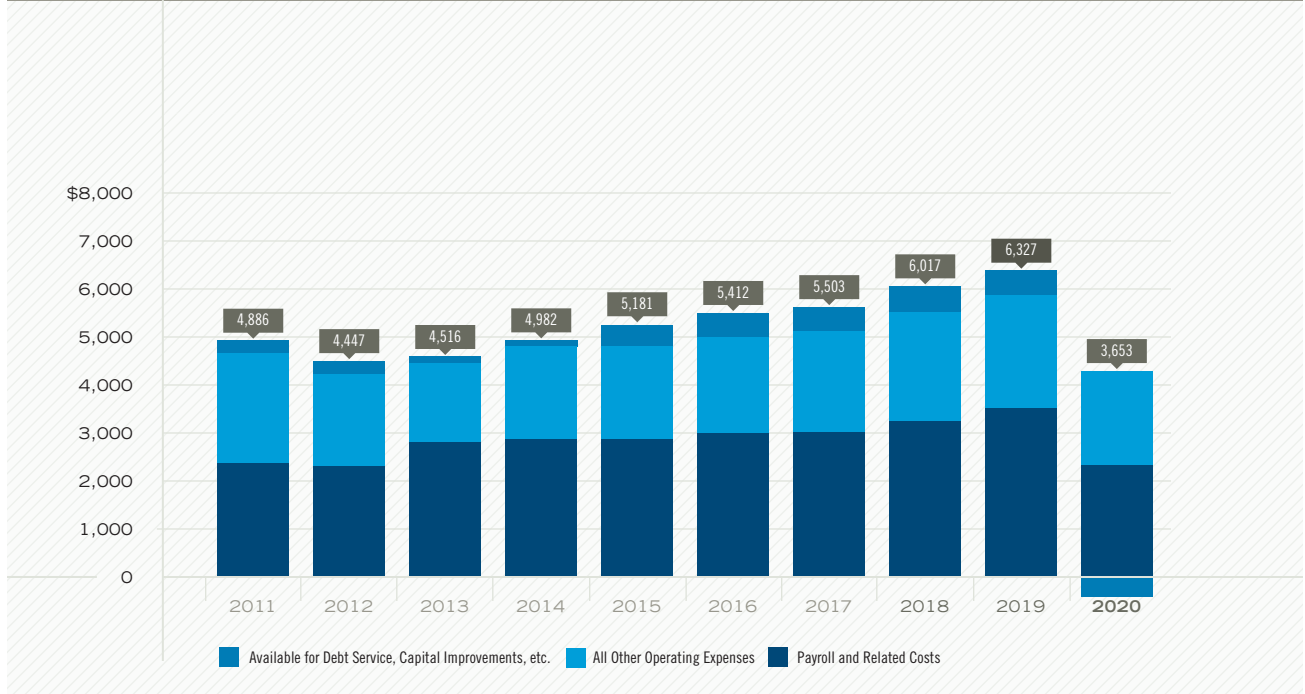
DISPOSITION OF INCOME PER MEMBER

YEAR	Payroll and Related Costs	All Other Operating Expenses	Total Costs and Expenses	Available for Debt Service, Capital Improvements, etc.
2001	\$1,570	\$3,310	\$4,880	\$273
2002	\$2,577	\$2,234	\$4,811	-\$80
2003	\$3,546	\$2,650	\$6,193	\$3
2004	\$3,498	\$2,541	\$6,039	\$83
2005	\$3,636	\$2,661	\$6,297	\$328
2006	\$3,651	\$2,597	\$6,248	\$257
2007	\$3,723	\$2,603	\$6,326	\$65
2008	\$3,747	\$3,404	\$7,151	\$4
2009	\$4,233	\$2,964	\$7,197	\$206
2010	\$2,680	\$3,229	\$5,909	\$138
2011	\$2,325	\$2,364	\$4,689	\$197
2012	\$2,285	\$1,957	\$4,242	\$205
2013	\$2,708	\$1,760	\$4,468	\$48
2014	\$2,952	\$1,989	\$4,941	\$41
2015	\$2,901	\$1,948	\$4,849	\$332
2016	\$2,952	\$2,062	\$5,052	\$360
2017	\$3,140	\$1,954	\$5,094	\$409
2018	\$3,307	\$2,036	\$5,343	\$674
2019	\$3,439	\$2,387	\$5,826	\$442
2020	\$2,238	\$1,988	\$4,226	-\$572

CITY CLUBS



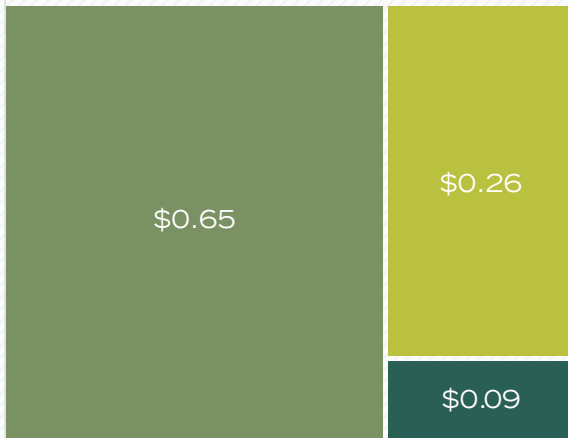
INCOME PER MEMBER OPERATING COST PER MEMBER 2020



CITY CLUBS

2020 INCOME \$

(TOTAL = \$1.00)



2019 INCOME \$

(TOTAL = \$1.00)

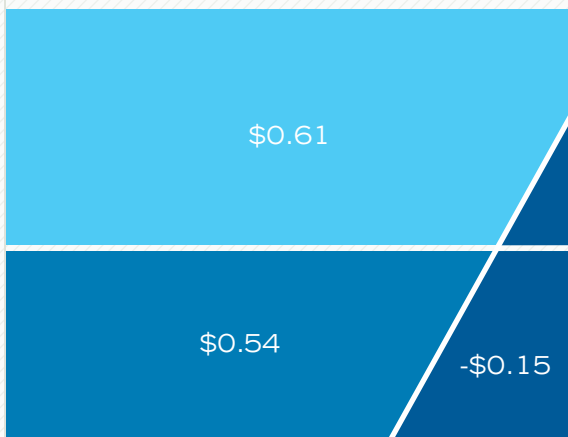


- Dues
- Food and Beverage
- Rooms
- Other Income

CITY CLUB INCOME AND WHERE IT WENT 2020

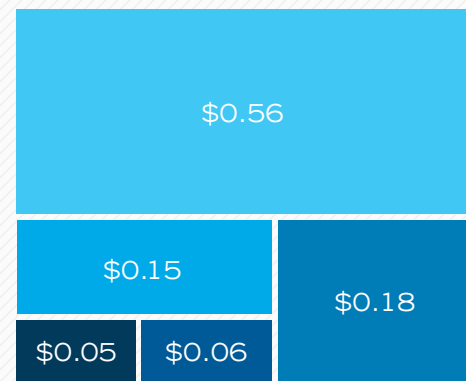
2020 EXPENSES \$

(TOTAL = \$1.15)



2019 EXPENSES \$

(TOTAL = \$1.00)



- Payroll and Related Costs
- Food and Beverage
- Other Operating Expenses
- Real Estate Taxes and Insurance
- Amount Available for Debt Service

CLUBS IN TOWN & COUNTRY

SERVICES BUILT AROUND YOUR CLUB'S UNIQUE PROFILE

The economy for private club membership should begin to rebound in the middle of 2021 for clubs that know how to recruit new members, take advantage of different revenue-generating opportunities and identify areas to increase efficiency and reduce costs. Private clubs occupy a unique niche within the hospitality industry and it isn't always easy to find the specialized answers you need. From different membership models and facility maintenance to rental units and restaurant operations, there are a lot of moving parts that make running these operations a special challenge.

PBMares has built an exceptional track record of helping private clubs, golf courses and other organizations manage costs and reach financial goals, while remaining in compliance with the multitude of regulations that govern them. Within the club segment, there are differences in operations and management for city clubs and country clubs. They have different amenities, a different member base and different approaches to expense management and capital improvements. PBMares has the experience to guide both types of clubs to success.

PBMares is a member of the Club Managers Association of America (CMAA), the National Club Association (NCA) and the Hospitality Financial and Technical Professionals (HFTP). Team members present at the annual CMAA conference, as well as local and national chapters of HFTP on topics ranging from governance, accounting updates, financial and lifestyle trends and labor issues.

Large and small, country or city, private clubs look to PBMares to deliver industry-leading expertise and support with a complete range of services, including:

AUDIT & ASSURANCE

- Accounting and Auditing
- Employee Benefit Plan Audits

CONSULTING

- Board Orientations
- Cybersecurity and Risk Control
- Fraud and Internal Controls
- Litigation Support
- Retirement Plan Design and Administration
- Privacy Issues Consulting
- Technology Solutions
- Turnover Management

TAX

- Tax Planning and Compliance
- Section 277 Assistance
- Unrelated Business Income Tax (UBIT)

Visit pbmares.com to learn more about the services we offer private clubs. Visit the PBMares Hospitality Blog for insights and commentary on timely topics affecting the industry.

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About PBMares Wealth Management

PBMares Wealth Management is an independent wealth management firm headquartered in Virginia with 12 offices stretching from Morehead City, North Carolina to Rockville, Maryland. Since 1999, we have been providing wealth management and investment advisory services to individuals, qualified retirement plans, trusts, and foundations.





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IN TOWN & COUNTRY