

Board Brief



**CLUB
MANAGEMENT
ASSOCIATION
OF AMERICA**

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Designed for Club Board of Directors

By the Numbers: Financial Position, Budgeting, & Forecasting

Clubs leaders are optimistic about their club's general financial position, according to the more than 500 Club Leaders responding to the 2021 Club Leader's Perspective Survey, administered by GGA Partners in collaboration with CMAA. This report was designed to gauge the impact of the ongoing coronavirus pandemic on club operations and its ripple effects into 2021 and beyond, and the research results will help club managers and their boards better prepare for the next normal. Continuing this series, we'll look at data from the Financial Position, Budgeting, and Forecasting section in this edition.

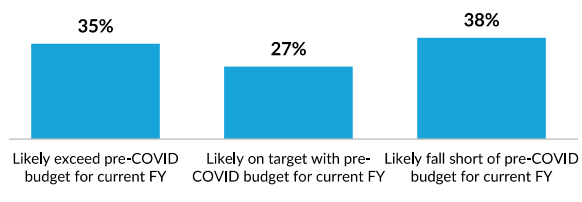
Based on current forecasts, 62 percent of leaders believe their club's net income will meet or exceed pre-COVID budgets. Club leaders reported their expectations of net income performance relative to their "pre-COVID" fiscal year

budgets. Approximately 35 percent of survey respondents believe their net-income will likely exceed their pre-COVID budget, whereas 38 percent expect it to fall short and 27 percent anticipate being on target. Based on survey data, the median anticipated difference between actual net income and pre-COVID budgeted income for the current fiscal year is approximately \$20,000.

Club leaders expect their club's general financial position to improve over the next two years, an outlook driven by several key data points. The 57 percent of survey respondents who are bullish about an improved financial position point primarily to increased membership sales—and dues—as well as increased operating revenue and joining fees. However, not everyone expects to be in such a positive

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Current Net Income Forecast Relative to Pre-COVID Budget for Fiscal Year



Expected Change in Financial Position

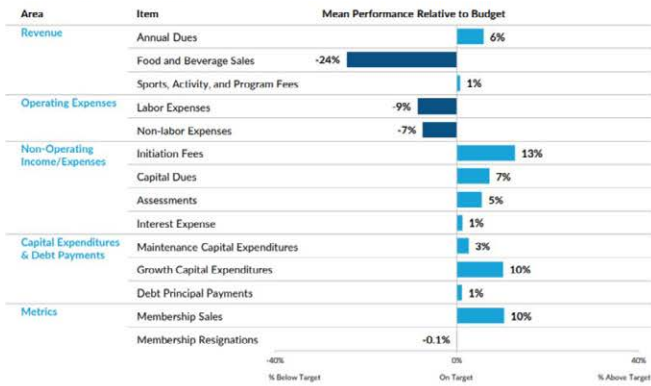
Reasons for Improvement



Reasons for Decline



Budget Performance Forecast Relative to Pre-COVID Budget for Fiscal Year



position with 7 percent of respondents citing declining food and beverage sales, less operating revenue, and member resignations as reasons for a decline in financial position.

Based on current forecasts, the above chart summarizes how club leaders anticipate actual results in each area to vary compared to their pre-COVID fiscal year budgets. The top areas expected to fall short of expected budget performance include food and beverage sales and operating expenses. Club leaders expect to land on target in budget areas relating to sports, activity, and program fees; interest expense; debt principal payments, and membership resignations. The areas where respondents expected to exceed budgets are initiation fees, growth capital expenditures, and membership sales.

As the COVID-19 pandemic continues and its impact on clubs evolves, time will tell what the lasting impacts will be for the industry.

Source: Access the complete research results and key insights found in A Club Leader's Perspective: Emerging Trends & Challenges at link. Club leaders weighed-in on emerging trends and challenges across five primary areas: 1) industry outlooks and the ripple effects of COVID-19, 2) human resources and workforce demands, 3) the membership experience, value proposition, and programming, 4) capital planning and long-range improvement strategies, and 5) financial position, budgeting, and forecasting. Access at ggapartners.com/wp-content/uploads/2021/06/A-Club-Leaders-Perspective-Emerging-Trends-Challenges_GGAPartners_2021-Research.pdf.



Best Practices: Reviewing Board Roles & Responsibilities

It's a New Year and a great time to review your roles and responsibilities as a Board member. In today's chaotic environment, the responsibilities of a board of directors have never been greater— managing fiduciary and legal responsibilities, while keeping an eye on the future to prepare now for tomorrow's opportunities.

Clear roles and responsibilities for board members as well as the general manager/chief operating officer (GM/COO) are key. What are the key responsibilities in the Board's job description?

Board Member Roles and Responsibilities. The Board will approach its task in a manner that focuses on strategic vision rather than on operational issues while encouraging diversity of perspective and observing a clear distinction of Board and staff roles in a proactive manner. As such, the Board will:

1. Enforce upon the Board and its members whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect for individual roles, communicating with management and the membership in a unified manner and self policing of any tendency to stray from the governance structure and processes adopted in these Board policies.
2. Be accountable to club members for competent, conscientious, and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the Board to usurp this role or hinder this commitment.

3. Monitor and regularly provide training and orientation to the Board, seeking to ensure the continuity of governance functions and evaluate the same.
4. Be an initiator of policy, not merely a reactor to staff initiatives.

Board Member Job Description. The job of the Board is to lead the club toward the desired performance and ensure that that performance occurs. The Board's specific contributions are unique to its trusteeship role and necessary for proper governance and management.

Board members act in the role as directors only during board meetings and while acting on board matters. At all other times, board members are club members with no more authority than other club members, whether board members are serving on a committee or serving as advisers to the General Manager or a staff member.

Consistent with the powers granted the Board in the Bylaws, the Board shall:

1. Determine the strategies, and major goals/ outcomes (strategic initiatives), and hold the GM/ COO accountable for developing a strategic plan based on these policies.
2. Determine the limitations or parameters within which the GM/COO is expected to achieve the goals/outcomes.
3. Monitor the performance of the organization relative to the achievement of the goals/outcomes within the executive parameters.
4. Maintain and constantly improve all ongoing policies of the Board in the Board Policy Manual.
5. Ensure financial solvency and integrity through policies and behavior.
6. Require periodic financial and other external audits to ensure compliance with the law and with good practices.
7. Evaluate and constantly improve the Board's performance and set expectations for Board members' involvement as volunteers.
8. Communicate regularly through the President with club members regarding the status of club affairs.

Excerpted from CMAA's Board Policy Manual.



Legal, Legislative, & Regulatory Update

OSHA's Vaccination & Testing ETS Moves Ahead as Court Ends Stay

On December 17, the Sixth Circuit US Court of Appeals ended the stay of the Occupational Safety & Health Administration (OSHA) COVID-19 Vaccination and Testing Emergency Temporary Standard (ETS). The ETS was stayed by the Fifth Circuit Court of Appeals in November.

With the lifting of the stay, OSHA has announced its intent to move forward with the full implementation with slight changes to the enforcement dates. On its website, OSHA has noted that it plans exercise enforcement discretion. It will not issue citations for noncompliance with the ETS requirements before January 10, 2022, and will not issue citations for the testing requirements prior to February 9, 2022, if the "employer is exercising reasonable, good faith efforts."

The litigation to challenge the ETS will now move to the Supreme Court where multiple challenges have been filed since the Sixth Circuit's decision. The Supreme Court has fast tracked the oral arguments in the appeal and is scheduled to meet January 7.

Meanwhile, clubs with 100 or more employees as of November 4, 2021, should be moving forward with their compliance plans.



CMAA News & Announcements

The World Conference & Club Business Expo Now Includes a Virtual Option

CMAA's World Conference and Club Business Expo returns to San Diego, CA, February 19-23, 2022. The industry's largest annual gathering provides a multitude of opportunities for club management professionals. Based on the success of the 2021 hybrid event, CMAA has designed a virtual option specifically for club management professionals who cannot attend in-person. The Virtual registration category provides access to six, live education sessions including:

- Saturday, February 19, 2:15–3:15 p.m. PT, General Education with Featured Speaker Jeff Havens
- Sunday, February 20, 8:00–10:00 a.m. PT, Opening Business Session with Featured Speaker Robyn Benincasa
- Sunday, February 20, 4:00–5:00 p.m. PT, General Education Session featuring Ginny Clarke
- Monday, February 21, 8:00–9:30 a.m. PT, CMAA Member & Chapter Awards Breakfast with Featured Speaker Bill Walton
- Tuesday, February 22, 8:30–9:30 a.m. PT, General Education with Featured Speaker Nichol Bradford
- Wednesday, February 23, 1:45–3:30 p.m. PT, Closing Business Session with Featured Speaker Dustin Garis

Virtual registrants who attend all live sessions will satisfy their Conference requirement and earn credits towards their certification. All times are Pacific Time (PT). Recordings will not be available.

Learn more about this offering and register today at cmaa.org/conference.

The Board Brief is a publication of the Club Management Association of America. Founded in 1927, the Club Management Association of America (CMAA) is the largest professional association for managers of membership clubs with 6,800 members throughout the US and internationally. Our members contribute to the success of more than 2,500 country, golf, athletic, city, faculty, military, town, and yacht clubs. The objectives of the Association are to promote relationships between club management professionals and other similar professions; to encourage the education and advancement of members; and to provide the resources needed for efficient and successful club operations. Under the covenants of professionalism, education, leadership, and community, CMAA continues to extend its reach as the leader in the club management practice. CMAA is headquartered in Alexandria, VA, with more than 40 professional chapters and more than 40 student chapters and colonies. Learn more at cmaa.org.