

Board Brief

Designed for Club Board of Directors



CLUB MANAGEMENT ASSOCIATION OF AMERICA

November/December 2024

By the Numbers: Key Takeaways from the 2024 Club Leader’s Perspective

GGA Partners has again teamed up with the CMAA Research Committee to administer a research survey for members of the Association. The survey—Club Leader’s Perspective Report—serves as a contemporary update on the pressing needs of CMAA managers and looks at emerging trends and challenges from the perspective of those in club management.

This report was initially designed to gauge the impact of the coronavirus pandemic on club operations and has evolved to review its ripple effects into 2024 and beyond. The research results will help club managers and their boards better prepare for the next normal. We’ll look at

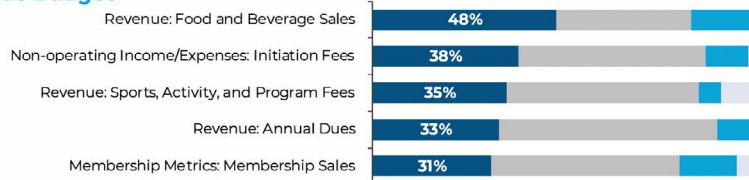
data regarding Operations in this edition—but you can find more data in the full report.

Despite the operational challenges that Club Leaders face, the overwhelming sentiment is positive. More than 9 out of 10 club leaders indicated a score of 8 out of 10, with 15 percent of their club’s performance a perfect 10 out of 10. This positive feedback indicates the clubs’ strong operational performance. Managers can also take heart in the fact that there is a deceleration of both payroll and non-payroll expenses across operations.

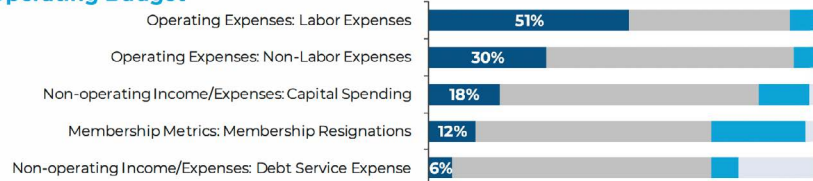
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Revenue Successes and Operating Challenges

Revenue Budget



Operating Budget



■ Exceed Budget ■ On Target ■ Less than Budget ■ N/A

Note: Respondents could select either exceed budget, on target, less than budget, or not applicable for each budget item. Source: CCA Partners' Club Leader's Perspectives Report, August 2024.



Overall Club Performance

8.11

was the average score (out of 10) when leaders were asked to rate their Club's performance over the past year.

16-20 years of management experience



<2 years of management experience



City/Athletic Club



<\$3.5 Million in revenue



>250 Employees



Note: Rating scale for agreement on overall club performance with 1 = Strongly Disagree; 10 = Strongly Agree.
Source: GGA Partners' Club Leader's Perspectives Report, August 2024.

CLUB LEADER'S PERSPECTIVES

While smaller clubs face more headwinds than their larger counterparts, budgeting for all clubs revealed a mix of successes and challenges. Operating expense budgets were also relatively on target. However, more than half of the respondents indicated labor exceeded their expected budget.

Perceptions of season performance varied as female leaders were less positive, and seasonal clubs perceived higher success than year-round.

The size of the club's operation also influenced perceptions of operations as clubs with fewer than 75 total employees were below average (7.7) and clubs with larger staff counts exceeded the average performance evaluation score (8.11).

Club leaders are finding challenges and successes in meeting both operating and revenue budgets. According to the data, food and beverage revenue was most often noted for simultaneously exceeding and falling short of revenue budgets, while labor continues to be challenging, as more than half of leaders spent more than expected.

Takeaway: As many clubs continue to operate at capacity, budgets surrounding membership continue to challenge some operators. Resignations and membership sales are coming in below budget for some clubs as members are retaining their memberships.

CMAA members may access their complimentary copy of the full report through [CMAA Connect](#) in the [Best Practices Exchange Community Library](#) in the [CMAA Annual Reports](#) folder.



Best Practices: Understanding Your Club's Articles of Incorporation

The Articles of Incorporation (Articles) are the club's formation documents, written and filed according to state law. They contain basic information such as:

- The formal name of the club and its purpose.
- Its duration (almost always "perpetual").
- Exemption requirements (to comply with Internal Revenue Service (IRS) requirements).
- Dissolution (disposition of assets upon dissolution of the club).
- Membership (whether the organization will have members).
- Address (the physical address of the club).
- Registered agent (the name and address of the contact within the state).

- Incorporator (the person who completes, signs, and dates the Articles).

It is important that the Articles are developed by a competent attorney. Properly prepared Articles protect the club and club leaders from liability and clarify how the club will be structured and governed. Once established, a club's Articles are rarely changed.

That said, it's important to know what they require, especially when making changes to the bylaws, because the bylaws must abide by the provisions of the Articles.

Source: Private Club Governance: A Handbook of Principles and Best Practices, published by CMAA and the National Club Association, August 2023.

Legal, Legislative, & Regulatory Update

On the Horizon: 2025 Tax Showdown Holds Potential Impact for Non-Profits

Congress's major priority for 2025 will be addressing expiring tax cuts and other considerations. As they consider offsetting these tax cuts for the future, they will be seeking new avenues for revenue. One of the areas for new sources identified to offset deficits is new taxation for non-profits (across the 501c spectrum).

Think tanks like the Tax Foundation have already identified the need to address the non-profit sector. According to estimates, the non-profit sector represents 15 percent of the Gross Domestic Product in the US. In its recent report, *Reining in America's \$3.3 Trillion Tax-Exempt Economy*, it noted that the "majority of tax-exempt organizations today are business-like in form and function, including credit unions, hospitals, utilities, insurance companies,

universities, professional athletic associations, golf clubs, and consulting firms, to name a few."

It also mentions the "social and recreation clubs represented in the 501(c)(7) classification may consist of some of the most exclusive golf, athletic, and social clubs in the United States" and that "golf courses dominate the 501(c)(7) category of nonprofit organizations, including some of the most iconic and exclusive golf clubs in America."

What could change look like? Clubs and other non-profits could face projected 21 percent tax rates on all net revenue (excluding charitable contributions). Approximately 75 to 80 percent of CMAA member-managed clubs are classified as 501(c)(7).

While Congress has yet to explore any definite proposals, CMAA is working to prepare for this possible challenge in the coming year.



CMAA News & Announcements

The 2025 CMAA World Conference & Club Business Expo: A Winning Opportunity for Your Club Management Professionals

Club management professionals from around the world will gather February 4–8, 2025, at the Tampa Convention Center in Tampa, FL, at the CMAA World Conference and Club Business Expo. The industry's largest annual gathering offers a multitude of educational opportunities for club management professionals as well as the Club Business Expo offering the latest in club solutions. Is your management team planning to attend?

Recruit new club talent.

CMAA's on-site career resources offer clubs the opportunity to post club openings at no cost and engage directly with attendees seeking new positions. Further, attendees can participate in the Career Opportunities & Networking Showcase to highlight their club and meet directly with CMAA Student attendees from more than 40 hospitality programs around the country. Connect with individuals seeking internship and entry-level positions.

Gain new insights and ideas.

With more than 65 educational offerings across all areas of club operations, attendees can learn directly

from industry experts and key practitioners. Attendees can also create their own think tanks with Open Space and tap into the wisdom of fellow managers. Additionally, the Idea Fair spotlights hundreds of club-tested solutions for event programming, staff recruitment and retention, communications, and more.

Discover new treasures and solutions at the Club Business Expo.

The Club Business Expo, February 7–8, offers a two-day window to explore the offerings of more than 250 companies. Virtually every product and service essential for your club is on display at the Expo, presenting a prime opportunity for face-to-face discussions about potential purchases and a thorough exploration of a wide array of possibilities.

Back by popular demand, CMAA will be showcasing the latest in exhibitor products and services in the New Product Showcase. New this year, CMAA will be launching its Apparel Mart powered by Tee Commerce and offering new interactive features with a state-of-the-art portable padel court, as well as an AI racquet component.

Early registration discounts apply through December 11. Learn more at cmaa.org/conference.

The Board Brief is a publication of the Club Management Association of America. Founded in 1927, CMAA is the largest professional association for managers of membership clubs with more than 7,800 members throughout the US and internationally. Our members contribute to the success of more than 2,600 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 40 professional chapters and 40 current and prospective student chapters. Learn more at cmaa.org.