

2008

ECONOMIC IMPACT REPORT



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I. Introduction

The purpose of this survey report is to measure the impact of CMAA members in the local, regional and national economy. The survey was conducted as part of the biannual 2008 Club Operations and Financial Data Survey. The survey was developed by CMAA national staff in consultation with Market Connections, Inc., a market research firm. A total of 828 CMAA members participated in the survey, representing a response rate of 36 percent.

The results of the report were cross-tabulated across the domestic clubs managed by CMAA members. The results were analyzed by club type, region, club size and 2007 gross revenue. The projected numbers are the sum of averages, and as such, the projected totals are not the sum of the constituent parts.

NOTE: Due to a change in the method used to project the findings of the 2008 Club Operations and Financial Data Survey across all CMAA member-managed clubs, the 2008 projections cannot be directly compared to the economic impact projections from previous years. A detailed explanation of the methodological approach used to calculate the projections is included in Section XI of this report. Also, for all regional references, please refer to the Appendix on page 15 for a regional breakdown by state.

II. Club Membership

CMAA member-managed clubs serve 1.8 million members nationwide, with the highest number of club members in the South (576,071) and in the Northeast (358,343).

Country clubs, which are the largest club type among CMAA member clubs, represent approximately half (52 percent) of the members in CMAA member-managed clubs.

Other clubs, which include tennis, athletic, university/faculty and resort clubs, constitute one-fifth (21 percent) of the projected national membership, with 388,361 members.

Table 1 shows the projected national membership of CMAA member-managed clubs by region and club type.

Table 1: Projected National Membership by Region and Club Type

Region	Projected Number of Members
Mid-Atlantic	149,815
Midwest	294,798
Northeast	358,343
South	576,071
Southwest	123,107
West	281,335
Club Type	
Club Type	Projected Number of Members
City	166,284
Country	933,924
Golf	177,329
Yacht	145,875
Other	388,861
Total	1,812,273

III. Club Employment

Facilities managed by CMAA members employed at least 290,749 employees, which is a conservative estimate based on only the core functions within the clubs. Since not all clubs offered all the facilities included in the survey, the national employment projection is based only on the staff within the clubs' core functions: club administration, food and beverage operations, and for golf and country clubs, golf operations.

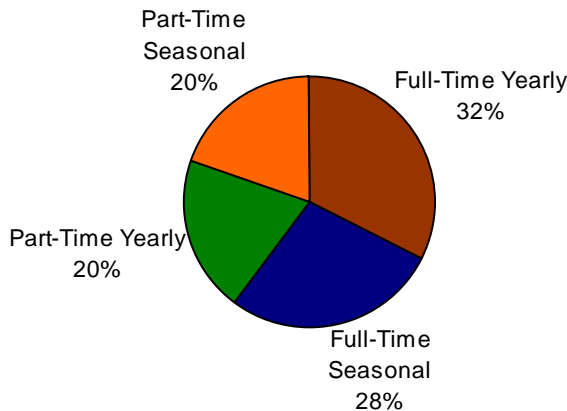
Table 2 shows the projected national employment at CMAA member-managed clubs within each of the club departments.

Table 2: Projected National Employees by Department

Department	Full-Time Yearly	Full-Time Seasonal	Part-Time Yearly	Part-Time Seasonal
Administration	12,960	6,366	4,739	3,640
Food & Beverage	48,547	42,680	36,522	32,001
Golf	24,015	23,649	12,888	16,238
Tennis	7,331	7,353	7,395	7,533
Fitness	9,112	10,948	11,859	9,346
Swimming	5,062	17,288	14,353	21,720
Other	23,925	26,186	13,814	24,693
Total	139,240	142,633	106,019	120,775

On average, each CMAA member-managed club employed 126 staff within its core functions. As Figure 1 shows, 60 percent of the staff are employed full-time, with one-third (32 percent) being full-time yearly employees. Part-time seasonal and part-time yearly employees each represent 20 percent of the employees at the clubs.

Figure 1: Proportion of Employees by Employee Type



At the regional level, clubs in the South were the largest employers, with an estimated 117,976 staff in their core functions. Clubs in the Midwest and West were the second- and third-largest employers respectively. Table 3 shows the projected number of core employees by region.

Table 3: Projected National Core Employees by Region

Region	National Projection
West	47,813
Midwest	48,840
Northeast	44,735
Southwest	32,870
South	117,976
Mid-Atlantic	20,048

IV. Club Revenues

Based on the survey findings, the gross revenue earned by all CMAA member-managed clubs reached almost \$13 billion. Clubs in the South had the highest projected total gross revenue, \$3.8 billion, which was driven by per-club average revenues that were higher than in other clubs, and by the greater number of clubs in the South than in any other region. Club in the Northeast, the region with the second largest concentration of CMAA member-managed clubs, had the second highest gross revenues totaling just over \$3 billion.

Table 4: Projected Total Revenues by Club Type

Region	Projected Total Revenues
Mid-Atlantic	\$960,081,507
Midwest	\$1,900,111,166
South	\$3,796,437,978
Southwest	\$802,977,448
Northeast	\$3,045,188,331
West	\$1,705,238,480
Total	\$12,709,123,617

The average club earned gross revenues of \$5.5 million with a median gross revenue of \$4.3 million. Country clubs had the highest average gross revenues of any club type, reaching \$5.7 million, which was significantly higher than golf clubs (\$5.1 million), yacht clubs (\$4 million) and city clubs (\$3.1 million). Due to the variability in gross revenues driven by large clubs with revenues in excess of \$10 million, it is important to consider both the mean and median revenues as displayed in Table 5. The impact of the highest

earning clubs is most notable for country clubs, where the median revenue was lower than the average revenue by more than \$1.2 million.

Table 5: Average and Median Gross Revenues by Club Type

Club Type	Average Gross Revenue	Median Gross Revenues
Golf	\$5,080,643	\$4,532,173
Country	\$5,744,278	\$4,510,000
City	\$3,351,822	\$2,298,283
Yacht	\$4,025,559	\$3,800,000
Total	\$5,489,902	\$4,342,503

Food and beverage operations continue to be a significant contributor to club revenues, and driver of economic activity. Overall, clubs generated \$3.8 billion in food and beverage revenue, with clubs in the South leading with total projected revenues of \$1.2 billion. Clubs in the Northeast had the second-highest food and beverage revenues, totaling \$767 million.

Yacht clubs had the highest average food and beverage revenue (\$1.8 million), followed by country clubs (\$1.7 million). However, country clubs accounted for approximately 60 percent of the total food and revenue income generated by all CMAA member-managed clubs, totaling \$2.3 billion. Table 6 shows the average and total food and beverage revenue generated by club type and region.

Table 6: Average and Total Projected Food and Beverage Revenue

Region	Average Food and Beverage Revenue Per Club	Projected Total Food and Beverage Revenue
Mid-Atlantic	\$1,792,755	\$340,623,523
Midwest	\$1,513,717	\$591,863,221
Northeast	\$1,735,491	\$767,087,180
South	\$1,699,712	\$1,245,889,144
Southwest	\$1,642,478	\$315,355,827
West	\$1,505,570	\$546,521,887
Club Type	Average Food and Beverage Revenue Per Club	Projected Total Food and Beverage Revenue
Golf	\$1,113,973	\$426,651,690
Country	\$1,716,502	\$2,296,679,511
City	\$1,410,543	\$210,170,947
Yacht	\$1,823,124	\$227,890,456
Total	\$1,642,830	\$3,801,509,367

V. Club Payrolls

Total payroll for all clubs was \$5.3 billion. Clubs in the South had the highest payroll, at \$1.9 billion, following by clubs in the Northeast and West which both had payrolls exceeding \$800 million. With payrolls of approximately \$3 billion, country clubs had significantly higher payrolls than other types of clubs, which is in part a reflection of the higher number of country clubs that are managed by CMAA members.

Table 7 shows the total projected payroll by national region and by club type.

Table 7: Projected National Payroll by Region and Club Type

Region	Projected Payroll
West	\$806,541,331
Midwest	\$707,198,936
Northeast	\$860,841,485
Southwest	\$498,580,189
South	\$1,906,143,576
Mid-Atlantic	\$443,067,328
Club Type	Projected Payroll
Golf	\$778,974,185
Country	\$3,049,652,667
City	\$239,018,064
Yacht	\$170,629,057
Other	\$819,929,018
Total	\$5,258,022,405

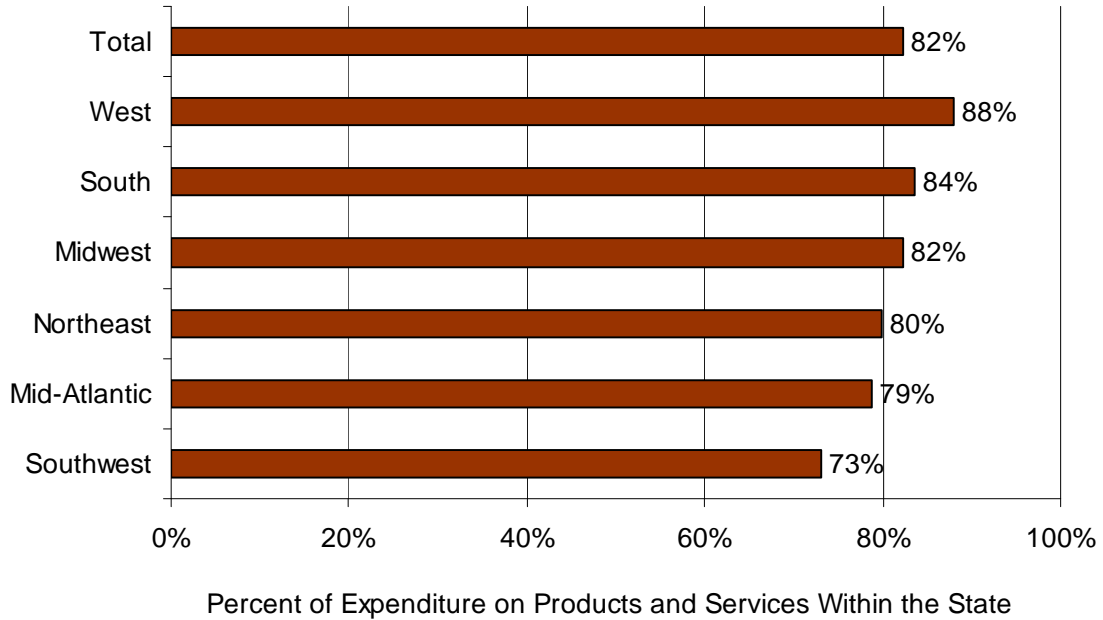
VI. Impact on Local Communities

In addition to the impact of club payrolls on local communities, CMAA member-managed clubs also serve as significant economic engines in their local and regional communities, with clubs spending almost \$5.7 billion within the states where they are based, representing approximately 82 percent of all their product and service purchases. More specifically, clubs spent \$2.7 billion on products and services within their local communities, and an additional \$3 billion within their state.

Clubs in the West were, on average, spending more within their state (88 percent) than clubs in other regions. However, even clubs in the Southwest which had the lowest comparative in-state expenditure, were still making close to three-quarters (73 percent) of their product and service purchases within the state.

Figure 2 shows the percentage of in-state spending on products and services by clubs within each region.

Figure 2: Percent of Total Product and Service Purchases Made Within the Club's State



Clubs in the South purchased more than \$1 billion worth of products and services from merchants in their local communities, and a similar amount (\$1.1 billion) on purchases outside their local communities but within the state. Clubs in the West (\$510 million) and Midwest (\$455 million) had the second- and third-highest expenditures within their local communities.

Table 8 shows the total projected expenditures by region and club type based on purchases made within the local community, in-state and to out-of-state vendors.

Table 8: Total Projected Expenditure Within the Local Community, Within the State and Out of State

Region	Within the Local Community	Within the State	Outside the State
West	\$510,612,153	\$558,193,360	\$147,311,692
Midwest	\$455,293,571	\$401,241,554	\$183,866,451
Northeast	\$297,374,156	\$452,372,267	\$190,094,531
Southwest	\$212,953,361	\$252,421,062	\$172,139,271
South	\$1,025,693,321	\$1,096,970,177	\$413,434,931
Mid-Atlantic	\$216,337,594	\$207,719,058	\$113,820,556

Club Type	Within the Local Community	Within the State	Outside the State
City	\$165,236,439	\$192,640,068	\$59,359,944
Country	\$1,660,735,056	\$1,740,922,405	\$763,064,739
Golf	\$334,563,267	\$226,953,544	\$113,996,468
Yacht	\$103,677,118	\$172,319,444	\$26,350,962
Other	\$405,544,618	\$483,026,404	\$221,252,081
Total	\$2,719,406,234	\$2,950,077,324	\$1,218,601,254

VII. Taxes Paid by Private Clubs

CMAA member-managed clubs paid approximately \$141 million in income taxes in 2007, with the average club paying \$60,596 in income tax, with the highest total income taxes paid in the South (\$47 million) and in the Northeast (\$31 million). Table 9 shows the total projected corporate income tax paid by the clubs within each region.

Table 9: Projected Total Corporate Income Tax Paid by Region

Region	Total Projected Corporate Income Tax Paid
West	\$21,643,570
Midwest	\$21,210,745
Northeast	\$31,549,418
Southwest	--
South	\$47,322,885
Mid-Atlantic	\$14,163,972
Total	\$141,113,390

--Insufficient data for statistically valid projection

City clubs generally paid higher corporate income taxes than other club types, averaging \$68,855, compared to the average of \$60,956 paid by all clubs.

Table 10 show the average income tax paid by each club based on club type.

Table 10: Average Corporate Income Tax Paid by Club Type

Club Type	Average Corporate Income Tax Paid
Golf	\$64,313
Country	\$58,480
City	\$68,855
Yacht	\$45,065
Total	\$60,956

Clubs also form a significant tax base in the communities in which they operate, paying a wide variety of taxes including property, sales, liquor and food and land use taxes. Clubs paid a projected \$351 million in real-estate taxes, \$708 million in payroll taxes, \$528 million in sales tax and \$218 million in other taxes (i.e., liquor, excise taxes, occupancy and school).

Table 11: Total Projected Real-Estate, Payroll, Sales and Other Taxes Paid by Club Type and Region

Region	Real-Estate	Payroll	Sales	Other
West	\$29,425,118	\$117,042,393	\$34,209,681	\$39,709,205
Midwest	\$54,678,975	\$97,194,902	\$70,470,908	\$9,840,558
Northeast	\$114,503,553	\$77,440,021	\$98,154,602	\$42,670,205
Southwest	\$20,748,429	\$57,398,208	\$41,867,760	\$27,199,200
South	\$113,279,380	\$176,669,630	\$222,978,923	\$65,661,909
Mid-Atlantic	\$20,939,537	\$252,820,270	\$41,311,193	\$16,489,286
Club Type	Real-Estate	Payroll	Sales	Other
Golf	\$62,846,700	\$96,769,929	\$78,199,887	\$16,900,143
Country	\$203,505,578	\$460,888,563	\$320,869,233	\$153,003,618
City	\$12,617,942	\$12,653,676	\$22,753,716	\$6,251,171
Yacht	\$12,377,500	\$14,205,958	\$13,384,719	\$7,912,625
Other	\$80,703,491	--	\$85,615,825	\$24,824,660
Total	\$351,193,526	\$708,461,975	\$518,952,960	\$218,646,568

--Insufficient data for statistically valid projection

VIII. Charity Fundraising

Just over half the clubs surveyed sponsor or host charity or fundraising events in support of more than 150 different community and national organizations. Some of the more commonly supported causes included fundraising for breast cancer, local hospitals and hospice care providers, children’s charities such as the Make-A-Wish Foundation, local schools and support of military troops and their families.

Overall, clubs raised a projected \$385 million for charitable causes. Clubs in the Southwest had the highest per-club average for charity funds raised (\$340,000) which was significantly higher than the average of all clubs (\$166,650). However, clubs in the South had the highest total charity funds raised, reaching nearly \$135 million. Table 12 shows the total funds for charity raised by the clubs in each region.

Table 12: Average and Total Projected Charitable Funds Raised by Region

Region	Average Charitable Contributions	Total Projected Charitable Contributions
West	\$145,000	\$52,635,000
Mid-Atlantic	--	--
Midwest	\$85,673	\$14,235,000
Northeast	\$78,000	\$34,476,000
Southwest	\$340,000	\$65,280,000
South	\$183,000	\$134,798,700
Total	\$166,650	\$385,794,750

--Insufficient data for statistically valid projection

IX. Internships and Scholarships Funded

Fourteen percent of CMAA member-managed clubs offer educational scholarships, distributing a total of \$7.6 million worth of scholarships each year. Clubs in the Northeast and Midwest had the highest scholarship disbursements, totaling approximately \$2.6 million each year.

Of the clubs with scholarships, 71 percent are available to children of non-members, thereby making approximately \$5.4 million in scholarships available to students in the club’s community. Table 13 shows the projected amount of scholarship funds annually distributed by the clubs in each region.

Table 13: Projected Annual Scholarship Disbursement by Region

Region	Projected Annual Scholarship Disbursements
West	\$869,224
Midwest	\$2,623,291
Northeast	\$2,688,214
Southwest	\$316,364
South	\$933,426
Mid-Atlantic	\$78,830
Total	\$7,650,338

Yacht clubs had the highest average annual scholarship funds (\$28,333) followed by country clubs (\$20,455). Table 14 shows the per-club average scholarship fund by club type.

Table 14: Average Annual Scholarship Fund by Club Type

Club Type	Average Scholarship Disbursement
Golf	\$17,954
Country	\$20,455
City	\$18,333
Yacht	\$28,333
Total	\$22,808

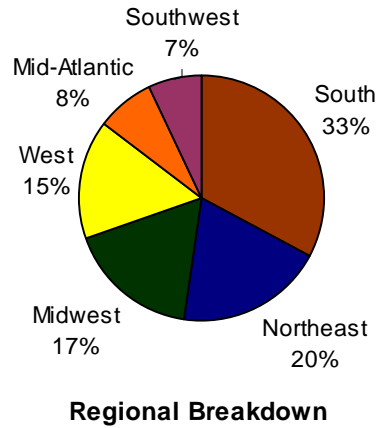
X. Survey Returns

As noted in the introduction, the Economic Impact Report was generated from results of the broader 2008 Club Operations and Financial Data Survey, which was distributed to all CMAA member-managed clubs.

Survey respondents were segmented by three demographic variables: total membership, geographic region and club type. One third of the survey returns (33 percent) were from clubs in the South, while 20 percent were from the Northeast, 17 percent from the Midwest and 15 percent from the West. Club in the Mid-Atlantic (8 percent) and Southwest (7 percent) formed the smallest group of regional returns.

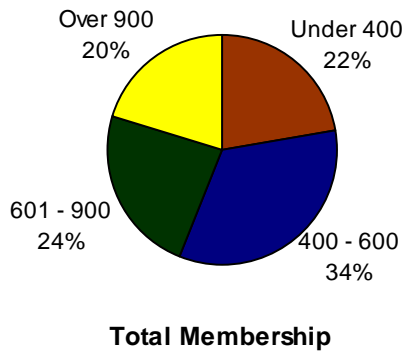
Figure 3 shows the regional breakdown of the survey respondents.

Figure 3: Survey Respondents by Region



There was an even distribution among clubs of different sizes. Clubs with 400 to 600 members (34 percent) were the largest subsegment among the clubs of different sizes. Figure 4 shows the distribution of club size among the survey respondents.

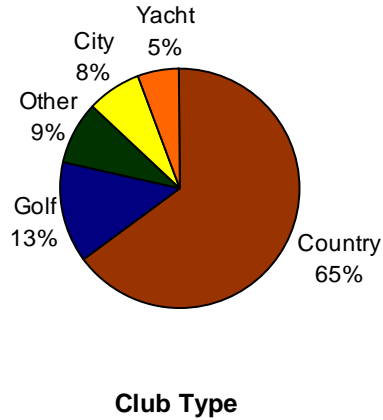
Figure 4: Survey Respondents by Total Membership



Country clubs, which form the largest proportion of CMAA members, accounted for 65 percent of the survey returns. Golf clubs (13 percent), city clubs (8 percent) and yacht clubs (5 percent) were the other club types from which sufficient responses were received to provide statistically valid reporting and projections.

Figure 5 shows the breakdown of respondents by club type.

Figure 5: Survey Respondents by Club Type



XI. Economic Impact Projection Methodology

The results of the 2008 Club Operations and Financial Data survey were cross-tabulated by region and club type. Statistical weights were then applied to project the findings against the overall population of CMAA member-managed clubs. For example, the average number for any given data point such as average revenues at golf clubs, was multiplied against the total number of CMAA member-managed golf clubs to obtain the baseline projection figure. Further adjustments were made to the projection model to ensure that clubs whose individual results deviated so extensively from the mean that they over- or under-inflated the projections did not skew the projections.

XII. APPENDIX

Appendix I shows the regional areas into which states were grouped for analysis in this report. This information is for reporting, survey and statistical information only.

Appendix I: Regional Breakdown of the Country by State

Region	State	Region	State	Region	State
WEST	Alaska Arizona California Hawaii Nevada Oregon Utah Washington	MIDWEST	Idaho Illinois Indiana Iowa Michigan Minnesota Montana Nebraska North Dakota Ohio South Dakota Wisconsin Wyoming	NORTHEAST	Connecticut Maine Massachusetts New Hampshire New Jersey New York Rhode Island Vermont
Region	State	Region	State	Region	State
SOUTHWEST	Arkansas Colorado Kansas New Mexico Oklahoma Texas	SOUTH	Alabama Florida Georgia Kentucky Louisiana Mississippi Missouri North Carolina South Carolina Tennessee Virginia West Virginia	MID-ATLANTIC	Delaware Maryland Pennsylvania Washington D.C.