

#11 *Budgeting – Statement of Assumptions*

Teachable Moments

Managers preparing budgets should state their assumptions when calculating their major revenues and expense items, particularly payroll. By building data entry cells into your budget spreadsheets that allow you to calculate revenues based upon volume indicators (such as rounds of golf, meals served, etc.) and average sale (such as golf fees per round, average meal check, etc.) you can quickly calculate revenues while allowing reviewers to easily understand how you came up with your projection. See example below for golf revenues based upon projected rounds and average fees per round.

The same concept applies to forecasting payroll costs since overall payroll cost is the result of the number of payroll hours (volume) times the average hourly wage. Again, use a spreadsheet that allows you to enter these two key pieces of data to quickly calculate your payroll projections for future periods.

Club Resources International has designed budget spreadsheets with such data entry cells for both revenues and payroll.

Other assumptions in your budget may require a “notes” column or you may attach an “assumptions” page to your budget spreadsheet.

| OAK HILL COUNTRY CLUB | | GOLF OPERATIONS | | | | | | | | | | | |
|--------------------------|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Member Rounds | 20,400 | 1,000 | 1,200 | 1,400 | 1,500 | 2,000 | 2,100 | 2,000 | 1,900 | 2,000 | 2,200 | 1,900 | 1,200 |
| Guest Rounds | 3,050 | 100 | 150 | 200 | 250 | 350 | 350 | 320 | 280 | 300 | 350 | 300 | 100 |
| Total Rounds | 23,450 | 1,100 | 1,350 | 1,600 | 1,750 | 2,350 | 2,450 | 2,320 | 2,180 | 2,300 | 2,550 | 2,200 | 1,300 |
| Green Fees/Guest Rd | | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 |
| Cart Fees per Round | | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| Merchandise Sales/Rd | | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| INCOME | Annual | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Cart Fees | 375,200 | 17,600 | 21,600 | 25,600 | 28,000 | 37,600 | 39,200 | 37,120 | 34,880 | 36,800 | 40,800 | 35,200 | 20,800 |
| Guest Fees | 228,750 | 7,500 | 11,250 | 15,000 | 18,750 | 26,250 | 26,250 | 24,000 | 21,000 | 22,500 | 26,250 | 22,500 | 7,500 |
| Golf Merchandise | 281,400 | 13,200 | 16,200 | 19,200 | 21,000 | 28,200 | 29,400 | 27,840 | 26,160 | 27,600 | 30,600 | 26,400 | 15,600 |
| Club Repair Income | 4,550 | 100 | 100 | 1,200 | 1,200 | 300 | 300 | 250 | | | | | 100 |
| Handicap Income | 4,060 | 2,500 | 1,200 | 180 | 180 | | | | | | | | |
| Club Rental Income | 2,100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | | | | | 100 |
| Lessons | 10,450 | 500 | 500 | 750 | 1,000 | 1,200 | 1,200 | 1,000 | | | | | 500 |
| Total Golf Income | 906,510 | 41,500 | 50,950 | 62,030 | 70,230 | 93,650 | 96,450 | 90,310 | | | | | 6,600 |

Data entry cells. By multiplying fees per round by number of rounds, you automatically get revenue projections.

Take Away: By building data entry cells in a spreadsheet and basing your revenue projections on the volume and average member spend, you not only automatically calculate revenues, but reviewers can easily see the basis for your revenue assumptions.