



# PGA

Metropolitan Section

## 2020 PGA of America and Metropolitan PGA Membership Dues

### Where PGA Dues Go

Total fees paid to the PGA of America in 2020 will be \$161. This is comprised of National Dues (\$100), Life Insurance (\$44), Liability Insurance (\$12) and Member Assistance Program (\$5). The deadline to pay has been extended to October 31, 2020 without penalty or late fee. National Dues have not been raised from \$100 since 1982 and Members in certain retired classifications pay only \$25 in National Dues.

Total fees paid to the Metropolitan Section make up the balance of the dues. This amount varies by classification, but in almost all cases is significantly more substantial than the amount retained by National. Member Dues represent approximately 20% of the Metropolitan Section's total annual income, exceeded only by total sponsorship dollars and tournament entry fees.

### Inurement

In order to maintain its status as a 501c6 organization, no part of the net earnings of the PGA of America (or any Section) may go directly to the benefit of any private individual. If the IRS determined that this restriction was violated, the PGA of America (or any Section) would lose its federal income tax exemption. Inurement includes direct payments to members. In fact in 1972, the IRS made an aggressive but unsuccessful attempt to remove the PGA of America's tax status and collect back taxes through 1929 due to a group life insurance program.

### "ADP"-Association Development Program

ADP is the vehicle in which the PGA of America distributes significant operational funding to its sections and places fourth on the aforementioned list of revenue items for the Met PGA. In 2000, the PGA of America obtained a "Private Letter Ruling" from the IRS confirming that the ADP Funding program would be permissible in light of the absolute prohibition on inurement. This letter provided the PGA of America the ability to distribute money to the Section offices for operations and programming.

### Dues Collection During Unprecedented Cultural and Economic Times

The Private Letter Ruling explained above also expressly stated that the PGA of America could not "reduce or rebate the dues of the members" without jeopardizing its tax status. Neither the PGA of America, nor the Metropolitan Section are pleased to be collecting dues from members during a historically unprecedented and economically challenging times but must in order to preserve the 501c6 tax exempt status. In an attempt to ease the burden on members, it was easy for the PGA of America to elect to postpone the deadline for collection of National dues to October 31<sup>st</sup>. The approach to the Section portion of dues was more difficult because of the varying levels of reliance the individual Sections have on the dues income, resulting in the July 31<sup>st</sup> deadline for Section dues. The Metropolitan PGA recently worked with the PGA of America to delay the Section dues to correspond with the new National dues deadline on October 31<sup>st</sup>. We hope that the additional three months is at least a step in the right direction in terms of flexibility to collect member dues for the section, and we plan to utilize our reserve fund as a cash flow bridge for minimal fixed operation expenses should there be a deficit due to this timing. As always dues payments will be accepted immediately upon billing and early payments are encouraged and appreciated.

### Summary

This document is intended to answer some anticipated questions or at least help mitigate some very understandable concerns regarding PGA Member Dues billing and collection. At minimum, we hope this helps to increase the awareness and understanding about where percentages of dues end up and why the associations are legally required to collect them. The Metropolitan PGA is ultra-sensitive to the health and well-being of its members and as always, will continue to work to increase the values and benefits of membership in the Section. We look forward to coming out of this very difficult time stronger than before as an association of the leaders in the great game of golf.