The Professional Golfers' Association of America

Combined Financial Statements
March 31, 2019

The Professional Golfers' Association of America
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March 31, 2019

Report of Independent Auditors

To the Board of Directors of the Professional Golfers' Association of America

We have audited the accompanying combined financial statements of the Professional Golfers' Association of America (the "Association"), which comprise the combined statement of financial position as of March 31, 2019, and the related statements of activities, of changes in net assets and of cash flows for the nine month period then ended.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Professional Golfers' Association of America as of March 31, 2019, and the changes in its net assets and its cash flows for the nine month period then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

August 9, 2019

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The Professional Golfers' Association of America
Combined Statement of Financial Position
March 31, 2019 (000's Omitted)

Assets		
Current assets		
Cash and cash equivalents	$	1,330
Short-term investments		151
Accounts receivable, net		7,993
Inventories		915
Prepaid expenses and other current assets		27,605
Total current assets		37,994
Designated investments		217,765
Property and equipment, net		5,251
Golf course property and equipment, net		30,118
Deferred tax assets, net		10,773
Other assets		11,401
Total assets	$	313,302
Current liabilities		
Accounts payable and accrued expenses	$	30,302
Dues payable to sections		18
Current portion of deferred revenues		61,877
Loans payable to sections		2,648
Line of credit		1,500
Total current liabilities		96,345
Deferred revenues		11,926
Deferred compensation		9,015
Other liabilities		1,619
Total liabilities		118,905
Net assets without donor restrictions		
Undesignated		(11,936)
Designated		
Reserve fund		200,296
Disaster relief fund		627
Charitable funds		5,410
Total designated		206,333
Total net assets without donor restrictions		194,397
Total liabilities and net assets without donor restrictions	$	313,302

The accompanying notes are an integral part of these combined financial statements.

The Professional Golfers' Association of America
Combined Statement of Activities
Nine Months Ended March 31, 2019 (000's Omitted)

	Revenue	Expense	Increase (Decrease)
Revenue producing activities			
Championships	$ 143,187	$ 84,537	$ 58,650
Partnership development	15,153	7,966	7,187
Member dues	1,780	26	1,754
Golf course operations	13,444	15,425	(1,981)
Total revenue producing activities	173,564	107,954	
Net assets without donor restrictions available for support			65,610
General and administrative costs			
Corporate services	67	32,545	(32,478)
Board, officers, past presidents	-	1,782	(1,782)
Depreciation	-	524	(524)
Total general and administrative costs	67	34,851	
	173,631	142,805	
Net assets without donor restrictions available for program support			30,826
Program activities			
Marketing and communications	78	12,405	(12,327)
Global	203	1,258	(1,055)
Education	5,187	4,795	392
Awards	-	626	(626)
Member benefit programs	8,957	8,416	541
Membership meetings	-	2,414	(2,414)
Membership program administration	525	993	(468)
Member communications	100	396	(296)
Career services	72	2,474	(2,402)
Section affairs	608	10,654	(10,046)
Member championships	2,186	1,971	215
Amateur tournaments	-	655	(655)
Player development	521	3,987	(3,466)
PGA REACH	2,926	4,676	(1,750)
Total program activities	21,363	55,720	
Income tax provision	-	2,159	(2,159)
	194,994	200,684	
Decrease in net assets before investments			(5,690)
Investment income	3,676	832	2,844
	$ 198,670	$ 201,516	
Decrease in net assets without donor restrictions			$ (2,846)

The accompanying notes are an integral part of these combined financial statements.

The Professional Golfers' Association of America
Combined Statement of Changes in Net Assets
Nine Months Ended March 31, 2019 (000's Omitted)

	Designated	Undesignated
Net assets without donor restrictions - beginning of year	$ 229,104	$ (31,861)
Decrease in net assets without donor restrictions		(2,846)
Designated Fund Activities		
Reserve fund	(21,284)	21,284
Disaster relief fund	(5)	5
Charitable funds	(1,482)	1,482
Change in net assets without donor restrictions	(22,771)	19,925
Net assets without donor restrictions - end of year	$ 206,333	$ (11,936)

The accompanying notes are an integral part of these combined financial statements.

The Professional Golfers’ Association of America
Combined Statement of Cash Flows
Nine Months Ended March 31, 2019 (000’s Omitted)

Cash flows from operating activities	
Decrease in net assets without donor restrictions	$ (2,846)
Adjustments to reconcile decrease in net assets without donor restrictions to net cash used in operating activities	
Depreciation and amortization	2,861
Loss on disposal of property and equipment	147
Net unrealized loss on investments	3,180
Deferred income taxes	(840)
Changes in net assets	
Increase in accounts receivable	(139)
Increase in inventories	(104)
Increase in prepaid expenses and other assets	(5,312)
Decrease in accounts payable and accrued expenses	(4,948)
Decrease in dues payable to sections	(1,833)
Decrease in deferred revenues	(7,288)
Decrease in other liabilities	(1,085)
Decrease in deferred compensation	(159)
Net cash used in operating activities	(18,366)
Cash flows from investing activities	
Proceeds from sales of short-term investments	805
Purchases of short-term investments	(127)
Proceeds from sales of designated investments	57,615
Purchases of designated investments	(44,737)
Additions to property and equipment	(516)
Additions to golf course property and equipment	(896)
Net cash provided by investing activities	12,144
Cash flows from financing activities	
Loan proceeds received from sections	295
Repayment of loans payable to sections	(575)
Loan proceeds received from line of credit	24,665
Repayment of line of credit	(23,165)
Payment of contingent consideration	(1,500)
Net cash used in financing activities	(280)
Net decrease in cash and cash equivalents	(6,502)
Cash and cash equivalents	
Beginning of year	7,832
End of year	$ 1,330
Supplemental disclosure of cash flow information	
Interest paid	$ 176
Taxes paid	941

The accompanying notes are an integral part of these combined financial statements.

1. Significant Accounting Policies

Principles of Consolidation and Combination, and Basis of Presentation
The combined financial statements include the financial statements of The Professional Golfers' Association of America (the "PGA of America"), a 501(c)(6) tax-exempt organization, and its wholly-owned for-profit subsidiaries, partnerships, and the following affiliates: PGA Foundation, Inc., PGA Financial Assistance Fund, Inc. and PGA Disaster Relief Fund, Inc. All intercompany transactions and balances have been eliminated. Effective for the period ended March 31, 2019, the Association changed its fiscal year-end from June 30 to March 31, and therefore these statements are presented for the nine month period from July 1, 2018 to March 31, 2019.

PGA Foundation, Inc., PGA Financial Assistance Fund, Inc. and PGA Disaster Relief Fund, Inc., together with the PGA of America and its subsidiaries, which are affiliated through common boards of directors' representation, management or otherwise, are collectively referred to as the "Association." The Association conducts activities and programs to promote the golf profession and participation in the game of golf.

Forty-one entities, or Sections, represent the Association in different geographic areas of the United States. These Sections, which are chartered by the Board of Directors of the Association, have adopted a constitution and bylaws that are consistent with the mission of the Association, its rules, regulations and policies. At the same time, the Sections are independent legal entities that have elected their own Boards of Directors to govern and direct the affairs and finances of their respective Sections. Accordingly, the financial statements of the Sections are not included in the accompanying combined financial statements.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition
Revenue from tournaments is recognized upon completion of the event. Revenue from member dues is recognized during the year to which it relates. Revenue from private golf club memberships is recognized over the average expected life of the membership. Revenue from all other activities is recognized at the time the goods or services are provided.

The Association entered into a significant agreement to license the exhibition rights of the Ryder Cup and Senior PGA Championship to a customer. The agreement also extended the existing terms of the customer's Golf Channel agreement as well as granted access rights to the PGA Film Library. The term of the agreement is January 1, 2015 through December 31, 2030. The deliverables identified in the agreement were accounted for as separate units of accounting, and arrangement consideration was allocated based on relative selling price.

The amount allocable to a delivered unit is limited to that amount that is not contingent upon the delivery of additional units or meeting other specified performance conditions. The revenue recognized in the period from each deliverable is the lesser of the revenue allocated based on the relative selling price or the cash received, in aggregate. Event revenue is recognized upon completion of each event. Broadcast revenue related to the Golf Channel agreement is recognized on a straight-line basis over the term of the agreement, subject to contingent revenue cap. For the nine month period ended March 31, 2019, total revenue recognized from the agreement was $38,130.

Cash, Cash Equivalents and Short-term Investments
Cash and cash equivalents include cash on hand and on deposit. The Association deposits cash and cash equivalents with financial institutions which management believes are of high credit quality.

The Association considers investments purchased with a maturity, when acquired, of three months or less to be cash equivalents. Investments purchased with a maturity of more than three months, but less than twelve months, are classified as short-term. Short-term investments of the Association consist principally of certificates of deposit and money market accounts. Short-term investments are stated at their estimated fair value.

Accounts Receivable
The Association records receivables for licensing and sponsorship agreements, broadcasting rights fees, member dues and initiation fees, corporate merchandise sales, hospitality sales, event entry fees and Junior League team registrations. Accounts receivable are carried at the original invoice amount less an allowance for doubtful accounts based upon the Association's assessment of various factors, including historical experience and other factors that may affect the customers' ability to pay. Accounts receivable are written off when deemed uncollectible and recoveries of accounts receivable previously written off are recorded when received. As of March 31, 2019, the reserve for bad debt was $264.

Inventories
Inventories consist of materials used in the Association's education programs, uniforms for Junior League Golf participants and items held for resale in the Association's golf shops. Inventories are valued at the lower of cost or market, with cost determined on a first-in, first-out basis.

Designated Investments
Designated investments consist of investments from the Reserve Fund, the Section Loan program, the PGA Foundation, Inc., the PGA Financial Assistance Fund, Inc., and various deferred compensation plans. The investments are segregated in custodial accounts managed by independent money managers. The monies associated with these investments may only be used in accordance with the individual guidelines for the specific investments. Investments are stated at fair value.

The Association utilizes a practical expedient to categorize fair value of investments for which fair value is measured using the Net Asset Value ("NAV") per share.

Property and Equipment
Property and equipment are stated at cost, less accumulated depreciation. Depreciation of property and equipment is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	30–40 years
Furniture, fixtures and equipment	5–15 years
Computer equipment	3–5 years

The costs of significant renewals and betterments are capitalized, whereas expenditures for maintenance and repairs which do not extend the lives of assets are charged to operations as incurred.

Golf Course Property and Equipment
Golf course property and equipment consists of the Association's ownership of golf and country clubs. Golf course property and equipment are stated at cost, less accumulated depreciation. Depreciation of golf course property and equipment is recorded using the straight-line or double-declining balance method over the estimated useful lives of the assets as follows:

Land improvements	7–39 years
Buildings	30–40 years
Furniture, fixtures and equipment	5–15 years
Computer equipment	3–5 years

The costs of significant renewals and betterments are capitalized, and expenditures for maintenance and repairs that do not extend the lives of assets are charged to operations as incurred.

Goodwill
Goodwill represents the excess of consideration transferred over the fair value of tangible net assets and identifiable intangible assets of businesses acquired. Goodwill is not amortized, but is subject to impairment testing annually, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares the assets' carrying values to fair values and, when appropriate, the carrying value of these assets is reduced to their fair value. The Association recorded goodwill following its acquisition of League Golf LLC. The Association performed an impairment test at March 31, 2019, and no impairment charges were recorded.

Intangible Assets
Intangible assets are stated at cost less accumulated amortization. Amortization of intangible assets is recorded using the straight-line method over the estimated useful lives of the assets. The Association recorded identified intangible assets following its acquisition of League Golf LLC. Intangible assets with determinable lives consist of customer relationships and a covenant not to compete. The estimated useful lives of customer relationships and the covenant not to compete are 8 years and 7 years, respectively.

Impairment of long-lived assets
Long-lived assets, such as property and equipment, golf course property and equipment, and intangible assets with determinable lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset in conjunction with other assets at the lowest level of separately identifiable cash flows. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset or asset group exceeds its fair value.

Deferred Revenue and Prepaid Expenses
Revenue received in advance is deferred until such time as the event takes place or services are rendered. Costs incurred relating to such events are similarly recorded as prepaid expenses and

later recognized with the related revenues. Revenues received and costs incurred for events that are scheduled to occur after March 31, 2020 are classified as noncurrent.

Income Taxes
The PGA of America, PGA Foundation, Inc. and PGA Financial Assistance Fund, Inc. are exempt from federal and state income tax for activities related to their respective tax-exempt purposes. Provision for unrelated business income tax, when applicable, is made for income that is unrelated to the stated tax-exempt purposes of the entities.

PGA Corporation (the "Corporation"), a wholly owned subsidiary of PGA of America, owns the Association's for-profit legal entities. The Corporation and its subsidiaries file consolidated federal and state income tax returns.

The Corporation records deferred income taxes using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences, using statutory federal and state income tax rates, of temporary differences between the financial statement and income tax bases of the Corporation's assets and liabilities. An allowance is recorded, based upon currently available information, when it is more likely than not that any or all of a deferred tax asset will not be realized. The provision for income taxes includes taxes currently payable, if any, plus the net change during the period in deferred tax assets and liabilities recorded by the Corporation.

General and Administrative Expenses
The Association allocates a portion of its general and administrative costs to the various program services using allocation methodologies that reasonably estimate the actual costs incurred by each program service. All unallocated costs are reflected in the accompanying financial statements as general and administrative costs.

Artifacts
Artifacts consisting of golf clubs, pictures, paintings and assorted memorabilia that have been donated to the Association are included in the accompanying statement of financial position in other assets.

New Accounting Pronouncements
In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this Update make several changes to current reporting requirements of not-for-profit entities, including certain presentation matters and enhanced disclosures. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. As such, the Association has adopted the amendment in the current period.

2. Fair Value of Financial Instruments

The Association records certain assets and liabilities at their estimated fair value. Fair value is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchical framework has been established that classifies assets, based on the market observability of the inputs used to determine fair value, into the following three categories:

Level 1 Quoted prices for identical instruments in active markets to which the Association has access at the date of measurement.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets in markets that are not active; and model-derived valuations in which all significant inputs are directly or indirectly observable.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques for determining fair value and may include price information, market transaction data, investment liquidity and other factors. An investment's level within the fair value hierarchy is based on the lowest level input that is significant to the fair value. Transfers between levels are recognized on the date they occur.

Mutual Funds
Investments in mutual funds are valued at the net asset value of each fund determined as of the close of the New York Stock Exchange on the valuation date. These investments are considered Level 1 investments due to readily available, quotable prices.

Portfolio Securities
Listed equity investments valued using observable inputs that reflect quoted prices (unadjusted) in active markets are categorized as Level 1.

Money Market Mutual Funds
Money market mutual funds are valued as net asset value per share. These investments are considered Level 1 investments.

Hedge Funds and Commingled Funds
Investments in hedge funds are generally valued using the capital balance reported by the Underlying Fund's manager as the primary input; however, adjustments to the reported capital balance may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations and any restrictions or illiquidity on such interest, and the fair value of such fund's investment portfolio or other assets and liabilities.

Commingled Funds consist of assets from multiple accounts that are pooled together to create economies of scale.

Private Equity Funds
The capital balance reported by the Underlying Fund's manager is used as the primary input to its valuation; however, adjustments to the reported capital balance may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, and any restrictions or illiquidity on such interests, and the fair value of such fund's investment portfolio or other assets and liabilities.

March 31, 2019 (000's Omitted)

The following tables set forth the Association's investments by level within the fair value hierarchy as of March 31, 2019.

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Certificates of deposit	$ 151	$ -	$ -	$ 151
Common stocks	24,249	-	-	24,249
Mutual funds	45,638	-	-	45,638
Money market mutual funds	3,681	-	-	3,681
Total investments, at fair value	$ 73,719	$ -	$ -	$ 73,719

Management has used NAV as a practical expedient to measure the fair value of $48,570 of underlying hedge funds, $19,964 of underling private equity funds, and $70,832 of underlying commingled funds, which are not included in the table above.

3. Prepaid Expenses and Other Assets

Prepaid expenses and other assets include the following as of March 31, 2019:

PGA Championships	$ 17,609
PGA Senior Championships	4,371
Intangible assets, net, acquired with League Golf purchase	3,280
Womens PGA Championships	2,026
Ryder Cup Matches	1,970
Junior League Golf uniform deposit	1,805
Goodwill acquired with League Golf purchase	1,740
PGA Professional Championships	1,692
Prepaid licenses, maintenance and services	1,088
Prepaid insurance	959
Prepaid broadcasting consulting services	500
Other	1,966
	39,006
Less: Current portion	(27,605)
Long-term portion	$ 11,401

March 31, 2019 (000's Omitted)

4. Property and Equipment

Property and equipment consists of the following as of March 31, 2019:

Land	$	947
Buildings		10,967
Furniture, fixtures and equipment		4,541
Computer equipment		9,099
		25,554
Less: Accumulated depreciation		(20,303)
	$	5,251

Depreciation expense related to these assets for the nine month period ended March 31, 2019 was $702.

5. Intangible Assets

Intangible assets, which are recorded in other assets on the statement of financial position, consist of the following as of March 31, 2019:

Subject to amortization		
Golf facilities relationships	$	3,270
Covenant not-to-compete		10
		3,280
Less: Accumulated amortization		(1,675)
	$	1,605

Amortization expense of $308 was recorded in the combined statement of activities for the nine month period ended March 31, 2019.

The future estimated aggregate amortization expense on the intangible assets as of March 31, 2019 is as follows:

2020	$	410
2021		410
2022		410
2023		375
	$	1,605

March 31, 2019 (000's Omitted)

6. Golf Course Property and Equipment

Golf course property and equipment consists of the following as of March 31, 2019:

PGA Golf Club	$	10,667
Valhalla Golf Club		17,141
PGA Center for Golf Learning and Performance		1,982
PGA Golf Development		328
	$	30,118

In total, these funds have been invested in the following asset categories as of March 31, 2019:

Golf courses, land and land improvements	$	31,876
Buildings		14,418
Furniture, fixtures and equipment		7,198
Leased equipment under capital lease		2,856
Construction in progress		767
		57,115
Less: Accumulated depreciation		(26,997)
	$	30,118

Depreciation expense related to these assets for the nine month period ended March 31, 2019 was $1,851.

March 31, 2019 (000's Omitted)

7. Deferred Revenues

Deferred revenues consist of the following as of March 31, 2019:

Championships		
PGA Championships	$	33,045
Ryder Cup Matches		7,252
Womens PGA Championship		6,048
Senior PGA Championship		2,414
Licensing		12,015
Golf course operations		
Golf course licensing		2,735
Golf course membership dues		1,988
Golf course initiation fees		3,016
Membership activities		
Association member dues		572
Member championships		1,559
Junior League Golf registration fees		1,675
Other		1,484
		73,803
Less: Current portion		(61,877)
Long-term portion	$	11,926

The deferred revenue balances for PGA Championships and Ryder Cup Matches primarily consist of ticket revenue, hospitality revenue and television rights fees collected in advance of future events.

8. Deferred Compensation

The Association has four deferred compensation plans. Three of the plans were implemented in fiscal year 1995 for senior management. The fourth plan was implemented in fiscal year 1997 for individuals employed by host clubs of the Association's tournaments. These plans provide selected individuals with deferred compensation benefits payable in the future provided the individuals meet varying service requirements. The total liability under these plans was $9,015 at March 31, 2019. The PGA terminated contributions to these plans effective July 1, 2014. Investments in support of these liabilities are classified as designated investments at March 31, 2019.

9. Loans Payable to Sections

The Association has borrowed funds from various Sections on a short-term basis. Interest on these loans accrues at a fixed rate that is adjusted quarterly by the Association (1.5% at March 31, 2019). The loans can be called in whole or in part by the Sections on the first day of each calendar quarter. At March 31, 2019, the Association's outstanding obligations under these loans totaled $2,648. During the nine month period ended March 31, 2019, the total interest expense incurred on these loans was $23.

The Association has invested the funds borrowed in fixed income securities and money market funds, which are recorded as designated investments in the statement of financial position. The spread between the interest rate paid to the Sections and the returns earned on invested funds can vary and all risk of this spread is borne by the Association.

10. Line of Credit

The Association entered into a revolving line of credit agreement with Bank of America for $10,000 on February 6, 2018. The agreement was amended on November 18, 2018 to increase the line of credit to $20,000, which matures on December 1, 2019. The line bears interest at an interest rate equal to LIBOR plus 1%. The balance on the line of credit as of March 31, 2019 is $1,500.

11. Retirement and Savings Programs

The Association has a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code (the "IRC") for which all employees are eligible to participate. An employee may elect to contribute up to seventy-five percent of his or her compensation to a trust established under this plan subject to IRC maximum limitations. This plan also provides for the Association to contribute an amount equal to the employee's contributions up to five percent of his or her compensation for all employees meeting minimum age and service requirements. Employer contributions become vested to employees immediately. Contributions to this plan are not taxable to the participants until such amounts are withdrawn from the plan. Contributions to this plan by the Association amounted to $1,284 for the nine month period ended March 31, 2019.

Effective January 1, 1994, the Association implemented a tax qualified money purchase plan for all employees meeting minimum age and service requirements. The Association contributes five percent of eligible participants' annual compensation to this plan, provided the employee is employed by the Association on December 31 of the given year. Employer contributions become vested after three years of service. Contributions to this plan are not taxable to the participants until such amounts are withdrawn from the plan. Contributions to this plan by the Association amounted to $1,334 for the nine month period ended March 31, 2019.

12. Contingent Consideration

The Association acquired League Golf LLC in 2015. A portion of the consideration for the acquired business was contingent. During fiscal year 2017, the Association amended the agreement to pay contingent consideration based on the greater of the number of program participants in calendar years 2017 or 2018. The Association determined by evaluating the results of the past three seasons that the maximum contingent consideration of $2,500 is the most likely outcome. Payments of $1,000 and $1,500 were made in January 2018 and January 2019, respectively. The contingent consideration balance at March 31, 2019 was $0.

March 31, 2019 (000's Omitted)

13. Income Taxes

As discussed in Note 1, The PGA of America, PGA Foundation, Inc. and the PGA Financial Assistance Fund, Inc. are exempt from federal and state income taxes. PGA Corporation and its subsidiaries (collectively "PGA Corporation"), for-profit taxable entities, had net taxable income of $11,671 for the nine month period ended March 31, 2019. This taxable income was offset by general business credits and resulted in income tax provisions as of March 31, 2019 summarized below:

Current income taxes		
Federal	$	(2,153)
State		(845)
		(2,998)
Deferred income taxes		
Federal		680
State		159
		839
Total tax provision	$	(2,159)

The effective income tax rate for the period ended March 31, 2019 differed from the statutory rate due to permanent differences.

Various items of income and expense are recognized in different periods for book and tax purposes. These temporary differences generated a net deferred tax asset of $10,773. The primary temporary differences for PGA Corporation arise from deferred revenue, accrued expenses, deferred compensation and asset impairment recognized for book purposes which are not currently deductible for tax purposes, and for depreciation expense deducted for tax in excess of book expense.

At March 31, 2019, the PGA Corporation has no uncertain tax positions. The PGA Corporation reasonably estimates that the uncertain tax position status will not change significantly in the next twelve months.

14. Board-Designated Net Assets

The Association's governing board has designated, from net assets without donor restrictions of $194,397, net assets for the purposes and amounts described in the statement of financial position. Amounts designated for the Reserve fund are to be utilized for purposes of providing a stable source of liquidity and financial support for the mission of the Association. Amounts designated for the Disaster relief fund are to be utilized for purposes of providing financial assistance to professionals who are faced with temporary financial problems due to serious medical emergencies or the impact of natural disasters. Amounts designated for Charitable funds are to be utilized for purposes of supporting the mission of The PGA Foundation, Inc. as well as providing college scholarships to children and grandchildren of PGA Members based on evidence of academic achievement during high school or college.

15. Related Party Transactions

The Association provides financial support to the Sections for operational and developmental initiatives. Section Affairs' expenditures consist primarily of direct monetary support for various activities throughout the year, including Section ADP Funding, Section technology support, Section accounting services, Section staff training, Section communication, annual executive directors' conference, the Section loan program, the Section insurance program and other administrative costs. For the nine month period ended March 31, 2019, the Association incurred $10,046 in net Section support costs.

March 31, 2019 (000's Omitted)

16. Nonmonetary Exchanges

The Association has entered into various agreements whereby goods and services (e.g., broadcast television airtime, golf apparel, merchandise, courtesy cars, etc.) are accepted in exchange for granting a third party the right to use the PGA name and logo or to receive tournament admission and hospitality services. The Association records nonmonetary exchanges at the estimated fair value of the goods or services exchanged or received. For the nine month period ended March 31, 2019, the Association recorded nonmonetary revenues and expenses valued at approximately $9,532. The Association records nonmonetary revenues and expenses based on the terms of the underlying agreements. During the nine month period ended March 31, 2019, nonmonetary revenues and expenses were recorded as follows:

	Revenues	Expenses
Broadcast television airtime		
Championships	$ 8,668	$ 360
Marketing and communications	-	8,308
	8,668	8,668
Products and other services		
Partnership development	457	-
Championships	407	756
Member awards	-	27
Amateur tournaments	-	61
Member championships	-	16
Junior League Golf	-	4
	864	864
Total trade revenues and expenses	$ 9,532	$ 9,532

17. Commitments and Contingencies

Litigation and Settlements

The Association is involved in litigation from time to time in the ordinary course of its business. Based on information available at the time Association's 2019 financial statements were issued, in the opinion of management and legal counsel, the ultimate resolution of these matters will not have a material impact on the Association's combined financial position or results of activities or cash flows.

March 31, 2019 (000's Omitted)

Leases

The Association leases office and golf course equipment under leases expiring at various dates. Rent expense for the nine month period ended March 31, 2019 was $1,140. Minimum future rental payments on noncancelable operating leases with remaining terms in excess of one year are as follows as of March 31, 2019:

2020	$	1,423
2021		930
2022		6
	$	2,359

18. Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 9, 2019, the date the financial statements were available for issuance, and determined that no additional items required disclosure.