

# Board Brief

2023



CLUB  
MANAGEMENT  
ASSOCIATION  
OF AMERICA

July/August 2023

## By the Numbers: Membership Trends

This year, GGA Partners has again teamed up with the CMAA Research Committee to administer a research survey for members of the Association. The survey – A Club Leader’s Perspective: Emerging Trends & Challenges – 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 designed to gauge the impact of the coronavirus pandemic on club operations and its ripple effects into 2023 and beyond, and the research results will help club managers and their boards better prepare for the next normal. We’ll look at data regarding club membership trends in this edition of Board Brief – but you can find more data in the full report.

### Membership Growth Remains Consistent

Membership growth trends continued in 2022, and clubs appear to be more effectively managing capacities. The high demand for club membership continued, with 63 percent of clubs reporting an increased membership count, on top of the 75 percent that reported an increase a year ago. Despite the increasing membership trend, the distribution of clubs at, over, or approaching overall membership capacity remains consistent with last year’s results. This may suggest clubs have improved in their ability to balance and optimize member usage, enabling an increase in member capacity.

*“Clubs that measure capacity based on an adjustable philosophy (based on usage and activity) were far more likely to indicate that their club still has member capacity available.”*

*continued on next page*

## Waitlists Persist

More than half (52 percent) of club leaders measure their membership capacity based on predetermined bylaws, with approximately one-third (34 percent) indicating that their capacity is flexible based on activity access and utilization. Nearly half (46 percent) of respondents indicated that their waitlist grew in 2022. Overall, 62 percent of club leaders surveyed shared that their club currently has a waitlist.

## Capacity Questions Remain

Only half of club leaders surveyed believe that their current capacity is the correct target for membership levels. While 52 percent believe their current capacity remains the right target, the minority is balanced between a desire to increase or decrease their member capacity. Additionally, those clubs that measure

capacity based on an adjustable philosophy were more likely to indicate that their new capacity should be higher than it is currently. This audience maintains more flexibility to optimize the balance of member capacity with ever-evolving usage at the club.

Overall, respondents indicated greater concern about amenities being over capacity this year compared to last year, except for Swimming Pool, Outdoor Dining, and Golf Simulators. Other golf amenities and Paddle/Pickleball facilities are where club leaders are most concerned with over capacity moving forward.

Given the continually evolving landscape of the COVID-19 pandemic and its changing impact on the workplace, time will tell what the lasting impacts will be for clubs.

*Source: GGA Partners 2022/2023 Club Leaders' Perspective Report. Access at <https://ggapartners.com/2023/02/a-club-leaders-perspective-2022-2023/>.*

---

## Best Practices: Understanding the Requirements of 501c7 Social Clubs



Many clubs may qualify for federal tax-exemption under the Internal Revenue Code as a §501(c)(7) social and recreational club. What are the

requirements for a club to qualify for exemption from federal income tax?

As defined by the Internal Revenue Service (IRS), the basic exemption requirements are:

- The club must be organized for exempt purposes (i.e., A social club must be organized for pleasure, recreation, and other similar purposes.)
- The club must provide an opportunity for personal contact among members and membership must be limited.
- The club must be supported by membership fees, dues, and assessments.
- The organization's net earnings may not inure to the benefit of any person having a personal and private interest in its activities.

- If the club exceeds safe harbor guidelines for non-member (limited to no more than 15 percent of gross receipts) and investment income (up to 35 percent total, including non-member income of gross receipts), the facts and circumstances must show that it is organized substantially for exempt purposes.
- The club may receive de minimis income from nontraditional sources.
- The club's governing instrument may not contain a provision that provides for discrimination against any person on the basis of race, color, or religion.

Once approved for exemption, clubs must also adhere to ongoing recordkeeping and annual reporting requirements. Clubs that do not adhere to the requirements and fail to meet these obligations may lose its tax-exempt status.

Tax-exempt status should not be confused with Private Club Status. While both offer certain benefits to clubs, they are distinct designations with different legal requirements and implications. Private Club Status will be covered in our next Best Practices column.

Read more: <https://www.irs.gov/charities-non-profits/other-non-profits/social-clubs>



## Legal, Legislative, & Regulatory Update

### Modernizing the Tax Code for Golf and Country Clubs

In early May, legislation was introduced to address an issue that first galvanized the club and golf industry back in 2005. Following the devastation of Hurricane Katrina, golf and country clubs were excluded from the ability to access disaster relief funds. In following years, this exclusionary language was copy and pasted into other disaster relief and opportunity zone legislation, continuing to exclude the industry from necessary funds.

It was this issue that helped to spur the creation of We Are Golf (now known as the American Golf Industry Coalition) in 2006. The Coalition initially brought together CMAA, the Golf Course Superintendents Association of America, the PGA of America, and the National Golf Course Owners Association, and today represents a broader coalition of golf organizations. Together, they sought to collaboratively advocate for the industry.

Just in time for 2023 National Golf Day, legislation was introduced to correct this ongoing issue. HR3124,

sponsored by Congresswoman Claudia Tenney (R-NY) and Congressman Jimmy Panetta (D-CA), would modernize the US tax code. This legislation corrects language (§ 144(c)(6)(B) of the Internal Revenue Code) that disqualifies any “any private or commercial golf course, country club” from access to various forms of disaster relief and economic stimulus programs that are available to other hospitality businesses, such as restaurants, hotels, and attractions.

This is one of the four priority issues addressed by advocates at the 2023 National Golf Day held in May. Advocates asked their Congressional representatives to consider co-sponsoring this legislation.

Work continues to create a Senate version of the bill, and to expand co-sponsors. Since its introduction, Representatives Richard Hudson (R-NC) and Christopher Smith (R-NJ) have added their names as co-sponsors to the bill.

Visit <https://takeaction.io/cmaa/modernizing-the-tax-code-for-golf-and-country-clubs/>!



## CMAA News & Announcements

### Nominate Your Club Management Professional for Club Executive of the Year

Annually, *Club Management* magazine recognizes excellence in club leadership with the Club Executive of the Year Award. Originally known as the Club Manager of the Year, this distinction was created in 1985 by Club Management magazine to honor an individual who by his or her achievements best represents the qualities found in all hard-working, dedicated club management leaders. In 2008, the award was re-titled to mirror the evolution of the role of a club management professional. In 2021, the award continued to evolve

with a focus on professionalism at the club and within the local community.

Nominees are sought who embrace and demonstrate mentoring, create a club culture which supports the staff team through educational opportunities and crisis assistance, and support and impact their local CMAA community in the last one to three years. CMAA welcomes and encourages nominations from diverse backgrounds and work experiences.

Nominations must be received by **Monday, September 25**. Learn more about the nomination process and requirements at [cmaa.org/news/award-programs/](https://cmaa.org/news/award-programs/).

**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 7,000 members throughout the US and internationally. Our members contribute to the success of more than 2,500 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 more than 40 professional chapters and more than 40 student chapters and colonies. Learn more at [cmaa.org](https://cmaa.org).