



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
08/01/2024
Employer ID number:

Form you must file:

Tax years:
All
Person to contact:

Release Number: 202443022
Release Date: 10/25/2024
UIL Code: 501.03-00,
501.03-05

Dear :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034



Department of the Treasury
Internal Revenue Service

Date: June 3, 2024

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = State

C = Date

D = Name

E = Name

UIL:

501.03-00

501.03-05

Dear _____ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you qualify for exemption under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You submitted Form 1023-EZ Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

You attest that you were formed in B on C. You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under Section 501(c)(3) of the Code.

You attest that you are organized and operated to further educational purposes. You attest that you have not conducted and will not conduct prohibited activities under Section 501(c)(3) of the Code. Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way;
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals;

- Not further nonexempt purposes (such as purposes that benefit private interests) more than insubstantially;
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s);
- Not to devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a Section 501(h) election, not normally make expenditures in excess of expenditure limitations outlined in Section 501(h);
- Not provide commercial-type insurance as a substantial part of your activities.

In addition, your mission on the Form 1023EZ indicates you are a dog performance club registered with D. You hold several shows per year which include agility, obedience and rally, tracking, fast cat, and scent work. You provide educational seminars and community work.

During review of your Form 1023-EZ, detailed information was requested supplemental to your attestations.

You explained that you promote the sport of purebred dogs, responsible dog breeding, dog health and well-being, and dog owners' rights. You indicated that you were formed for a variety of purposes including promoting an interest in a breed and/or just simply providing a congenial atmosphere for members interested in dogs to meet and socialize. Your activities include conducting D approved sanctioned trials such as obedience trials, fast cat trials, and scent work trials. Fees are charged to participate, and these are based on surrounding club rates, as well as the facility expense incurred for these events. You meet D's accreditation requirements to be a performance club. In addition to holding sanctioned trials, you provide educational opportunities with open house events and provide performances for local events such as at the state college of veterinary medicine open house. You divide your time on your activities between dog related activities and educational activities. You are dedicated to teaching all aspects of dog training and promoting responsible dog ownership.

You have listed numerous goals for your club including advancing purebred dogs, protecting, promoting, and advancing the interest of purebred dogs, encouraging sportsmanlike conduct at all D sanctioned events, conducting sanctioned matches and agility trials under the rules and regulations of D, circulating knowledge and conducting classes in, and promoting training of purebred dogs, educating the public about responsible dog ownership, encouraging training of judges, and conducting classes for the training of dogs and their handlers. You hold various events during the year to encourage people to get involved in the sport of purebred or mixed breed dogs.

You are a membership organization and have several classes of membership with corresponding fees. You require prospective members to be sponsored by your companion club, and you state these sponsors cannot be family members. You indicate these prospective members must abide by your companion club's Code of Ethics. If you accept these prospective members as actual members, they must abide by your bylaws, your companion club's Code of Ethics, and rules and regulations of D and E. You have no restrictions on the kind of dog a prospective member brings into the club activities. You accept dog owners of purebred, mixed-breed, and non-registered dogs in all your club's activities. Your website also states in part that your club is for those who love dogs, love dog sports, and want a club where they are welcome no matter what.

You are guided by your membership of elected officers and board of directors.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for charitable, educational, religious, or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulations Section 1.501(c)(3)-(1)(a)(1) states that, to be exempt as an organization described in IRC Section 501(c)(3) an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in IRC Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) defines the term “educational” as the instruction or training of the individual for the purpose of improving or developing his capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 71-421, 1971-2 CB. 229, held that a dog club, exempt under IRC Section 501(c)(7) and formed to promote the ownership and training of purebred dogs which conducted obedience training classes, could not be reclassified as an educational organization exempt under Section 501(c)(3).

In Better Business Bureau of Washington, D.C., Inc v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single nonexempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes.

In Ann Arbor Dog Training Club, Inc v. Commissioner, 74 T.C. 207 (1980), the court held that the training of animals does not come within the meaning of “educational” as set forth in IRC Section 501(c)(3). The organization held dog obedience training classes, awarded the dogs a degree after completion of the course and also awarded them prizes at show events. While the owners of the dogs received some instruction as to the training of dogs, it was the dog that was the primary object of the training and evaluation.

In Minnesota Kingsmen Chess Association v. Commissioner, T.C. Memo 1983-495 (1983), the organization sponsored chess tournaments, provided chess magazines and books to libraries, offered free chess lessons, and published a newsletter that primarily contained reports of past tournaments and announcements of future ones. The petitioner sought exemption under IRC Section 501(c)(3) because its purposes and activities were described as educational. The court found that the promotion of chess tournaments furthered a substantial recreational purpose, even though individual participants may have received some educational benefits.

In St. Louis Science Fiction Limited v. Commissioner, T.C. Memo 1985-162 (1985), the Tax Court held that a science fiction society failed to qualify for tax-exempt status under IRC Section 501(c)(3). Although many of the organization’s functions at its annual conventions (the organization’s principal activity) were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational in nature.

Application of law

You do not meet the requirements for recognition of tax exemption under IRC Section 501(c)(3) because you have failed the operational test as described in Treas. Reg. Section 1.501(c)(3)-1(a)(1) for two reasons.

Your activities are not educational.

You do not meet the requirements for Treas. Reg. Section 1.501(c)(3)-1(d)(3). You have listed numerous goals for your club including advancing purebred dogs, protecting, promoting, and advancing the interest of purebred dogs, encouraging sportsmanlike conduct at all D sanctioned events, conducting sanctioned matches, scent work trials, obedience trials, fast cat trials and agility trials under rules and regulations of D, circulating knowledge and conducting classes in, and promoting training of purebred dogs.

You do not offer ‘educational’ instruction or training of the individual for the purpose of improving or developing his capabilities. Like the organizations in Rev. Rul. 71-421, and Ann Arbor Dog Training Club, Inc the dogs are the primary focus of your activities. You primarily promote the exhibition and training of dogs. Therefore, you are not exclusively operating within the meaning of educational as defined in the regulations. As a result, tax exemption under IRC Section 501(c)(3) is precluded.

You are operating for substantial nonexempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that an organization will not be regarded as exempt under IRC Section 501(c)(3) or operated exclusively for one or more exempt purposes if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. Like the organizations in Minnesota Kingsmen Chess Association and St. Louis Science Fiction Limited, you were formed for a variety of purposes including providing a congenial atmosphere for members interested in dogs to meet and socialize. Your website states in part that your club is for those who love dogs, love dog sports, and want a club where they are welcome no matter what. These social and recreational nonexempt purposes are more than insubstantial in nature. Similar to the organization in Better Business Bureau, you are operating for substantial nonexempt purposes. Therefore, you are precluded from meeting the requirements for IRC Section 501(c)(3).

Conclusion

Based on the information you provided, you fail the operational test under IRC Section 501(c)(3), because you have more than an insubstantial amount of social and recreational activities. Further, your activities are not exclusively furthering educational purposes because you primarily promote the exhibition and training of dogs. Therefore, you do not qualify for tax exemption under Section 501(c)(3).

If you agree

If you agree with our proposed adverse determination, you don’t need to do anything. If we don’t hear from you within 30 days, we’ll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don’t agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference

- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:

Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
PO Box 2508
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements