



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

Date:
08/19/2024
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202446014
Release Date: 11/15/24
UIL Code: 501.03-30

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

Redacted Letter 4038



Department of the Treasury
Internal Revenue Service

Date:06/03/2024

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = Date

C = State

D = Related Entity

E dollars = Fee

F = Location

UIL:

501.03-30

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 incorporated on B, in the state of 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 the IRC Section 501(c)(3), 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).

You attest that you are organized and operated exclusively to further charitable purposes. You attest that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3). 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 non-exempt 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 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

You state in your application you train and test versatile hunting dogs according to the rules of D with the goal of game conservation.

Detailed information was subsequently requested.

You assist in the training of dogs and their handlers, and test versatile hunting dogs to the aims and rules of D with the goal of game conservation. You offer weekly training days during the training season. Equipment, training birds and assistance are available to all who attend. Testing is done under the rules of D with D approved judges. Judges are paid and reimbursed for travel expenses. All your time and resources are spent on these activities.

Your members and other chapters of D participate in these activities. Membership fees are e dollars annually. Non-members are not allowed to participate. All participants in testing and training activities are volunteers. These activities are conducted on the grounds of F.

You provide your members with a facility and services that are closer to their area. The member's common interest is dog training and testing. In the future, you plan to bring in subject matter experts to hold topic specific training clinics and seminars for your members.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, in order 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)(1)(ii) states that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) provides that the term "educational," as used in IRC Section 501(c)(3), relates to the instruction or training of the individual for the purpose of improving or developing his/her capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 69-175, 1969-1 C.B. 149, described an organization which was formed by parents of pupils attending a private school to provide bus transportation to and from the school for those children whose parents belong to the organization. The organization did not qualify for exemption under IRC Section 501(c)(3) because it served a private rather than public interest.

Rev. Rul. 71-421, 1971-2 C.B. 229, held that a dog club, exempt under IRC Section 501(c)(7), 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 IRC Section 501(c)(3) because the organization's training program for dogs is not within the meaning of educational as defined in the regulations.

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 non-exempt purpose, if substantial in nature, will destroy the 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 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.

Application of law

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests to qualify for tax-exempt status. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). You fail the operational test, as explained below.

You do not meet the operational test because you are not operating exclusively for exempt purposes as required by Treas. Reg. Section 1.501(c)(3)-1(c)(1). An exempt purpose is educational as defined in Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i). You are like the organizations described in Rev. Rul. 71-421 and Ann Arbor Dog Training Club, Inc., as your primary purpose is to assist in the training and testing of hunting dogs. The training of dogs has been found to not be within the meaning of educational as defined in the regulations. Therefore, because of this you do not qualify for exemption within the meaning of IRC Section 501(c)(3).

You are like the organization described in Rev. Rul. 69-175. This ruling described an organization that did not serve a public interest because it was formed to provide a service only to its members. By providing your

members with a facility to conduct your activities where non-members are not allowed to participate, you are formed to serve the private interests of your members, and you have not established that you serve a public rather than a private interest. Therefore, you do not qualify for exemption under IRC Section 501(c)(3). See Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

You indicate in your application that game conservation is one of your goals. Additionally, you indicate that the dog owners/handlers will receive some instruction, and, in the future, you plan to bring in subject matter experts to hold topic specific training clinics and seminars for your members. These activities can be considered educational per the regulations. However, as described in Better Business Bureau of Washington D.C., Inc. because you have a substantial, nonexempt purpose, in this case dog training and evaluation that is not considered educational in line with previously stated analysis, these activities preclude exemption under IRC Section 501(c)(3).

Your position

You provided information (name and EIN) for numerous organizations that are like yours that have exemption under IRC Section 501(c)(3). Moreover, you found additional organizations that have Section 501(c)(3) exemption that include “Dog Training” in their name. You believe that you used the wrong NTEE Code of D61 (Animal Training) as the other organizations that you cited as being like yours, used the NTEE Code of D60 (Animal Services N.E.C.). You did not provide any tax law analysis that would strengthen your position on why you conclude that you qualify for Section 501(c)(3) tax exemption.

Our response to your position

We disagree with your position that you qualify for exemption under IRC Section 501(c)(3). While you claim similar organizations to yours have received exemption under Section 501(c)(3), each conclusion is based on the facts and circumstances of each individual case. A conclusion is never made based on the name of an organization or its NTEE Code.

Conclusion

Based on the information provided, your primary purpose of dog training and evaluation is a substantial, nonexempt purpose. By providing your members with a facility and services to conduct these activities and considering non-members are not allowed to participate, this serves the private interest of your members rather than a benefit to the public. Based on all the facts and circumstances, you do not qualify for exemption under IRC Section 501(c)(3). Contributions to you are not deductible.

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