



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

Date:
09/09/2024
Employer ID number:

Form you must file:

Tax years:
All
Person to contact:

Release Number: 202449018
Release Date: 12/6/2024
UIL Code: 501.03-00,
501.03-30, 501.03-35

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: 6/18/2024

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = Date

C = Date

D = State

UIL:

501.03-00

501.03-30

501.03-35

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 reason stated below.

Facts

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

You attest that you were formed on C in D. 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 foster national and international sports competition. 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 more than expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

The mission or most significant activity on your Form 1023EZ states you are an organization of women for the purposes of playing golf.

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

In your response, you provided your Constitution and By-Laws adopted on D which are silent on your purpose. These documents explain that your membership is restricted to adult women golfers in good standing.

You also stated in your response that you are a member club of E formed for the purpose of promoting the game of golf in the area. You conduct a weekly golf game for your members. You also have tournaments for members to play each other where the winners receive trophies. You host an annual Christmas lunch and have an annual guest day to promote the game of golf to nonmembers. There is also team play in the summer where you compete with teams from other golf courses in the area. Furthermore, you indicated that you “are not a charitable organization”, but “organized simply to play golf with another on a weekly basis”.

You explained that you do not foster national or international competition. You do not disseminate information to amateur athletes. You do not provide training to your members. Adult women are eligible for membership as long as they have a minimum score, attend two meetings a year and pay the annual dues.

Your primary source of revenue is from fees charged for guest day and membership dues. Your primary expenses are for guest day activities, dues to E, awards, the Christmas lunch, and team play.

You have a volunteer board elected from your membership.

Law

Internal Revenue Code (IRC) Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable, 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.

IRC Section 501(j)(2) states that an organization will qualify if it is organized and operated exclusively to foster national or international amateur sports competition and primarily conducts, supports, and develop amateur athletes for national or international competition.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) provides that to be exempt under Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the exempt purposes specified in that section. If an organization fails to meet either the organizational test or the operational test, it does not qualify for exemption.

Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized and operated exclusively for one or more exempt purposes if the Articles of Organization:

- (a) Limit the purpose of such organization to one or more exempt purposes; and
- (b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purpose.

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 that accomplish one or more of such exempt purposes specified in IRC Section 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Rev. Rul. 65-2, 1965-1 C.B. 227, describes an organization that is organized and operated for the purpose of teaching a particular sport to children under the ages of 18 by holding clinics conducted by qualified instructors. The organization was recognized as an organization described in IRC Section 501(c)(3) because it is exclusively charitable and educational.

Rev. Rul. 70-4, 1970-1 C.B. 126 describes an organization which was engaged in promoting and regulating a sport for amateurs which failed to qualify under IRC Section 501(c)(3) but was exempt under IRC Section 501(c)(4).

Rev. Rul. 80-215, 1980-2 C.B. 174 held that an organization formed to develop, promote, and regulate a sport for individuals under 18 years of age by organizing local and statewide competitions, promulgating rules, organizing officials, presenting seminars, distributing a newsletter and otherwise encouraging growth of the sport qualified for exemption under IRC 501(c)(3).

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court determined the activities of that organization were aimed at promoting the prosperity and standing of the business community and therefore, served a substantial private purpose. It concluded that the presence of a single nonexempt purpose, if substantial in nature, will preclude exemption regardless of the number or importance of statutorily exempt purposes.

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 1985-162, 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.

In Media Sports League, Inc. v. Commissioner, T.C. Memo 1986-568 (1986), the court ruled that an organization that sponsored sports competitions for adults in the community was not exempt under IRC Section 501(c)(3). The court found that the organization had the substantial nonexempt purpose of promoting the social and recreational interests of its members.

Application of law

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

Organizational Test

You fail the organizational test because your organizing document are silent on a purpose clause. Because your Articles of Incorporation do not limit your purposes to those described in Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i).

Operational Test

You do not meet the operational test under IRC Section 501(c)(3) because you are not operating exclusively for charitable purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1). You are providing your members the opportunity to play golf. For example, you organize weekly golf games for your members well as organize tournaments for them where the winners win trophies. You also host an annual Christmas lunch. These activities show that you operate for substantial nonexempt social and recreational purposes which preclude exemption under IRC Section 501(c)(3).

You are unlike the organizations described in Rev. Rul. 65-2 and Rev. Rul. 80-252 because you are providing adult women the opportunity to play golf. However, you are similar to the organization described in Rev. Rul. 70-4, which did not qualify for exemption under IRC Section 501(c)(3), because you promote the game of golf in the area for adults.

Like the organizations in Media Sports League, and St. Louis Science Fiction you are operating for substantial social and recreational purposes of your members. 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).

IRC Section 501(j)(2)

You are not a qualified amateur sports organization, as defined in IRC Section 501(j)(2) because you do not primarily foster national or international amateur sports competition or support and develop amateur athletes for national or international competition in sports. Rather, you are providing your members opportunities to play golf by organizing weekly golf games and tournaments for them to compete against each other. Further, you specifically explained that you do not foster national or international competition. You do not disseminate information to amateur athletes. You do not provide training to your members.

Conclusion

Based on the information submitted, you fail to qualify under IRC Section 501(c)(3). You do not meet the organizational test because your organizing document does not limit your purpose to those in Section 501(c)(3). You also do not meet the operational test for IRC Section 501(c)(3) because you are operated for substantial nonexempt purposes.

You also fail to qualify under IRC Section 501(j) because you are not organized and operated exclusively to foster national or international amateur sports. You are organizing golf games and tournaments for your members.

Accordingly, you must file federal income tax returns. Contributions to you are not deductible under Section 170.

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