

Internal Revenue Service

Department of the Treasury

District
Director

[REDACTED]

Date: FEB 03 1994

Person to Contact:

Telephone Number:

Refer Reply To:

[REDACTED]

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(03) of the Internal Revenue Code.

The evidence presented discloses that you formed as an association in [REDACTED] on [REDACTED].

Your objectives as stated in your by-laws are to further the advancement of all breeds of pure-bred dogs, to do all in its power to protect and advance the interests of all breeds of pure-bred dogs, specifically pointers and to encourage sportsmanlike competition at dog show's obedience trials, hunting tests and field trials and to conduct sanctioned matches, dog shows, obedience trials, hunting tests and field trials under the rules of The American Kennel Club. On [REDACTED], you amended your by-laws to add another objective, the standard 501(c)(03) paragraph, to organize exclusively for charitable, religious, educational, and scientific purposes.

Your activities include monthly meetings, matches, shows, and preparations for the National Specialty. In all of the newsletters and minutes provided the information shows your activities as reports on meets, hunt test and field trials, committee reports on National Specialty, nominating club positions, dues needed to be paid, upcoming state legislation, and the need for a logo. In all the months of being organizaed there was only one page in [REDACTED], about educating people about winter and their pets, and this went only to the members that received a copy of the minutes. The education of the public has never been mentioned in any of the printed material provided, even though this was specifically requested.

All of the income shown on the budgets for [REDACTED], and [REDACTED] comes from membership dues, match entry fees, donations to cover trophies for those matches, and advertising in your newsletter. The money has only been spent on club expenses and no indication of any on education of the public.

In a previous letter requesting additional information, some of the items requested were a list of activities and how they were related to education under code section 501(c)(3) and a breakdown of time spent on each activity. Your response was that time was not kept track of since this is an voluntary organization and no one is being compensated. Also, mentioned in this correspondence was only one possible future activity of booths set up at [REDACTED] functions, to distribute information to the public regarding the breed. There was no mention of how this information was educational.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(3) Corporations,*** fund, or foundation, organized and operated exclusively for religious, charitable, scientific, *** 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, no part of the net earnings which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

Section 1.501(c)(3)-1 of the regulations provides, in part, as follows:

"(b)(1)(i)An organization is organized exclusively for one or more exempt purposes only if its articles of organization (referred to in this section as its "articles") as defined in subparagraph (2) of this paragraph:

(a)Limit the purposes 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 which in themselves are not in furtherance of one or more exempt purposes."

"(c)(1)Primary activities. 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 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."

"(d)(3)(i) In general. The term "educational", as used in section 501(c)(3), relates to -

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities; or
- (b) The instruction of the public on subjects useful to the individual and beneficial to the community.

In Better Business Bureau v. U.S., 326 U.S. 279 (1945), the Supreme Court determined that while some activities of the organization under consideration were educational, a substantial purpose of the organization was to promote business and thus the organization was not operated exclusively for educational purposes.

On the basis of the information submitted, you are not organized exclusively for religious, charitable, or educational purposes. Your primary purposes are to organize the National Specialty for 1994 and to conduct shows, matches, hunt tests, and field trials, with an insubstantial amount attributed to education.

Accordingly, you are not exempt under section 501(c)(3) of the Internal Revenue Code and should file Forms 1120. Contributions to you are not tax deductible by donors.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Code as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely,

A solid black rectangular box redacting the signature of the District Director.

District Director

Enclosures:
Publication 892
Form 6018