



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NO PROTEST RECEIVED
Relates copies to District

Date: [REDACTED]

[REDACTED]

Date: [REDACTED]
Surname: [REDACTED]

Contact Person: [REDACTED]
Identification Number: [REDACTED]
Contact Number: [REDACTED]

Employer Identification Number [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

You were incorporated under the laws of the State of [REDACTED]. You have amended your Articles of Incorporation to provide that you are organized and operated exclusively for educational and charitable purposes within the meaning of section 501(c)(3) of the Code. Your Bylaws state that the object of your organization is "the encouragement of organized rifle and pistol shooting among citizens of the United States resident in our community, with a view toward better knowledge on the part of such citizens of the safe handling and proper care of firearms, improved marksmanship, and for recreational use." You are currently exempt as a social club within the meaning of section 501(c)(7) of the Code.

In furtherance of your purposes, you conduct recreational and competitive shooting and safety education programs. You state that recreational shooting by your members is and will continue to be a substantial component of your operations. Fees charged to your members will differ from fees charged to the general public. You indicate that fees for the general public would exceed those charged to members to pay for personnel to supervise public use of your facility and recognize the contribution made by members toward covering fixed costs.

You state that your revenue will be derived primarily from fees for entry into competitive shooting events and educational classes. You have provided financial data for [REDACTED] through [REDACTED] showing your income and expenditures. For [REDACTED] you show total revenue of \$ [REDACTED] with nothing donated to charity; for [REDACTED] revenue of \$ [REDACTED], with nothing donated to charity; for [REDACTED] revenue of \$ [REDACTED] with nothing donated to charity; for [REDACTED] revenue of \$ [REDACTED], with nothing donated to charity. The vast majority of your expenditures have been dedicated to the lease of your facility, maintenance, utilities and other operating costs.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable, educational or religious purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a) of the Income Tax Regulations provides that in order to be exempt as an organization in section described in 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.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized and operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet this requirement, it is necessary for an organization to establish that it is not organized and operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled directly or indirectly, by such private interest.

Rev. Rul. 67-139; 1967-1 C.B. 129, holds that gem and mineral clubs and federation of such clubs may qualify for exemption from Federal income tax under section 501(c)(3) or 501(c)(7) of the Code depending upon their form of organization and methods of operation. A club that is organized and operated primarily for the social and recreational benefit of its members does not qualify for exemption under section 501(c)(3).

The information provided in your application and supporting documents indicate that you do not qualify for exempt status under section 501(c)(3) of the Code. In particular, your primary activity appears to be the provision of facilities so that your members may engage in recreational and competitive shooting. You have stated that recreational shooting by your members is and will continue to be a substantial component of your operations. Section 501(c)(3) of the Code is clear in restricting exemption to those organizations that are organized and operated exclusively for charitable, educational or religious purposes. See Rev. Rul. 67-139.

Moreover, your financial data for 1999, 2000, 2001 and 2002 shows that no expenditures were made to charitable causes or organizations. The vast majority of your expenditures were made to benefit your membership in the lease of your facility, maintenance, utilities and other operating costs.

Based on our analysis of the facts and circumstances, we have determined that you are primarily organized and operated for social and recreational purposes rather than charitable, educational or religious purposes. A substantial portion of your activities serve the private interests of your members. Thus, it is our conclusion that you are not both organized and operated exclusively for one or more purposes as specified in section 1.501(c)(3)-1(a) of the regulations.

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Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views to this office, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 90 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgement or decree under this section shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal 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 we do not hear from you within 30 days, this ruling will become final and a copy will be forwarded to the Ohio Tax Exempt and Government Entities (TE/GE) office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll free number) or sending correspondence to: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
████████████████████
████████████████████
████████████████████

[REDACTED]

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

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]