



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 2508
Cincinnati, OH 45201

Date: September 15, 2020

Employer ID number:

Form you must file:

Tax years:

Person to contact:

Name:

ID number:

Telephone:

Number: **202050017**
Release Date: 12/11/2020

UIL. 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 Notice 437, Notice of Intention to Disclose, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Notice 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.

We sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Notice 437
Redacted Letter 4034
Redacted Letter 4038



Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Date: July 14, 2020

Employer ID number:

Contact person/ID number:

Contact telephone number:

Contact fax number:

Legend:

B = Year
C = State
D = Date
E = Date
F = Date
G = Organization
x = Number
y percent = Number

UIL:

501.03-30

Dear _____ :

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

Issues

Do you meet the operational test under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

In B, you were formally recognized as an organization described under IRC Section 501(c)(7). You have recently submitted Form 1023 requesting to be recognized for exemption under Section 501(c)(3).

You were formed in the state of C on D. You amended your Articles of Incorporation on E to show you were formed:

- a) To provide a forum for the introduction of golf collectors to one another;
- b) To encourage golfers to meet and/or correspond;
- c) To disseminate through your publications and information which may be helpful in the pursuit of golf collecting;
- d) To share the enjoyment of golf collecting;
- e) To educate members and the public at large concerning the history of the royal and ancient game of golf;

- f) To promote golf and the history of golf through various activities designed for youth; and
- g) To raise funds to support youth golf programs.

On F, you amended your Articles of Incorporation to add the necessary provisions to meet the organizational test under IRC Section 501(c)(3). Moreover, your purpose as indicated in your bylaws is to promote an appreciation for the history and traditions of the game of golf and to foster friendship among its many enthusiasts worldwide.

You are a membership organization consisting of golf enthusiasts and have over x members worldwide

. Some of your members are providing mentoring and education to youth golf groups as well as giving them the opportunity to play with different clubs.

In addition, you promote collecting golf memorabilia and often post information on your website for members who are interested in buying and selling golf memorabilia. You further indicated that members are provided the opportunity to network and share golf related interests with other members.

Your website indicates that you engage in:

- Hosting regional and national meetings to facilitate fellowship and collaboration among members and to create opportunities to share knowledge and to exchange golf artifacts and memorabilia;
- Promoting golf tournaments;
- Publishing information on the history of golf;
- Engaging youth-based organizations to share the values and life lessons of golf;
- Creating strategic partnerships with other leading organizations that share interest in promoting a love of the game of golf;
- Advertising auctions for golf memorabilia;
- Running a classified advertisement section where members can buy and sell golf memorabilia from one another;
- Hosting trade shows with various golf displays and golf retailers.

Your website further states that you exist to share information about the game's history, players, courses, championships and equipment. Your revenue is primarily from membership fees. You also receive less than y percent of your income from sponsorships and donations. Your expenses consist of professional fees, meeting expenses, and printing expenses for your quarterly journal.

Your activities are conducted by your board members, officers and volunteers. You also have an executive director who manages your operations and maintains a membership directory. You promote your activities and the benefits of membership through your web site, social media and other publications.

Law

IRC Section 501(c)(3) exempts from federal income tax "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, or for the prevention of cruelty to children or animals." 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 in order to qualify under IRC Section 501(c)(3), “an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or 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 that 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.”

Revenue Ruling 67-139, 1967-1 C.B. 129, Situation 2 describes a club formed by mineralogy and lapidary enthusiasts “to disseminate knowledge of mineralogical and lapidary subjects, to promote their application so that greater pleasure may be derived from these activities, and to promote good fellowship among its members.” To further its purposes, this club held meetings in which its members would “discuss gem and mineral topics and sell, purchase, or exchange rock and mineral specimens”. It was determined that the club was organized and operated primarily for the benefit, pleasure, or recreation of its members. Its activities were only incidentally educational, and as such, the club did not qualify for tax exemption under IRC Section 501(c)(3). However, it did qualify under Section 501(c)(7).

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 preclude exemption under IRC Section 501(c)(3), regardless of the number or importance of truly exempt purposes.

In Harding Hospital, Inc. v. United States, 505 F.2d 1068 (6th Cir. 1974), the court held that an organization seeking a ruling as to recognition of its tax-exempt status has the burden of proving that it satisfies the requirements of the particular exemption statute.

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 as described in Treas. Reg. Section 1.501(c)(3)-1(a)(1).

You are not operated exclusively for one or more exempt purposes as required by Treas. Reg. Section 1.501(c)(3)-1(c)(1). A substantial portion of your activities consists of activities that promote fellowship and friendship among your members who are golf enthusiasts. For example, you hold regional and national meetings to facilitate fellowship and collaboration among members. You create opportunities for members to share knowledge and to exchange golf artifacts and memorabilia. The primary focus points on your website are also the social and recreational activities available to members. These facts indicate that you are operated for substantial nonexempt social purposes, which precludes exemption under IRC Section 501(c)(3).

You are operating like the organization described in Situation 2 of Revenue Ruling 67-139. Although some of your activities such as publishing information on the history of golf and providing mentoring and education to youth golf groups may serve charitable and educational purposes, a substantial portion of your activities including hosting regional and national meetings to facilitate fellowship and collaboration among members and to create opportunities to share knowledge and to exchange golf artifacts and memorabilia as well as promoting golf tournaments among members shows you are operated primarily for the benefit, pleasure, or recreation of your members and subsequently are not described in IRC Section 501(c)(3).

As noted in Better Business Bureau of Washington D.C., Inc the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes. Thus, the fact that your operations show you have substantial recreational and social purposes disqualifies you from exemption under IRC Section 501(c)(3).

Your position

You state that you believe qualify under IRC Section 501(c)(3) because you further an educational purpose. You substantiate this by stating that you:

- Host seminars on various elements of golf history;
- Host speakers who give lectures on various golf topics;
- Participates in the program that teaches youth core values through golf;
- Produces a journal on a quarterly basis that contains articles on the history of golf and golf artifacts.

Our response to your position

You failed to provide any additional information from which it can be concluded that your activities exclusively further or advance a purpose described in IRC Section 501(c)(3) as previously explained. Similar to the organization in Harding Hospital, Inc. v. United States, 505 F2d 1068 (1974), you have failed to provide sufficient information to prove to us that you are operating exclusively for purposes described in Section 501(c)(3).

Conclusion

We have determined that you do not meet the requirements for tax exemption under IRC Section 501(c)(3). Although there are aspects of your operations that may serve charitable and educational purposes, you are operating for substantial nonexempt social and recreational purposes which precludes you from qualifying for exemption under IRC Section 501(c)(3). Donations to you are not deductible to the donors.

Your exemption under IRC Section 501(c)(7) remains in effect.

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 Decision 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
P.O. 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.

We sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements