



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

PO Box 2508
Cincinnati, OH 45201

Number: **202152019**
Release Date: 12/30/2021

Date: **October 4, 2021**

Employer ID number:

Form you must file:

Tax years:

Person to contact:

Name:

ID number:

Telephone:

UIL: 501.00-00, 501.03-19, 501.35-00

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.

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
PO Box 2508
Cincinnati, OH 45201

Date: August 3, 2021

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = State

C = Date

D = Date

UIL:

501.00-30

501.03-19

501.35-30

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, *Streamline Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, on C.

You attest that you were incorporated on D, in the state of B. 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 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

Letter 4034 (Rev. 01-2021)
Catalog Number 47628K

- 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

The mission statement on the Form 1023-EZ stated in part that you are a club that consists of many individuals spanning a wide range of ages.

During review of your Form 1023-EZ, detailed information was requested supplemental to that above. Your Articles of Incorporation state you are organized to operate a club for the community at large. To accomplish this, you manage and organize several adult and youth teams which compete in outdoor leagues. You also hold tournaments for men's teams, women's teams, coed teams and youth teams. You explained that you intend to have individuals who will be participants in your programs. You indicated that you will develop more teams to participate in and seasons. You also plan to create day camps for children to experience the full basics and fun of . Most recently you developed a program for young athletes under the age of to participate, train, practice, and play in leagues. You also wish to get the young athletes involved in community outreach activities such as volunteering for other nonprofit organizations.

You explained that your programs are designed to bring all aspiring players into a great environment that enables individuals to fulfill their greatest potential in life. You further aspire to encourage a family like atmosphere within your club. You believe that you are not simply a club, but a family that is enriched with a diverse group of individuals. You welcome all with opened arms and intend to build a strong relationship with the community.

You are supported by receipts from fundraisers and donations. Outlays are for program expenses. You are operated by volunteers. Lastly, you stated that you hosted your very first with the players and families and plan to do more such events for the atmosphere, environment, and to raise revenue.

Law

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) defines a "qualified amateur sports organization" as an organization organized and operated exclusively to foster national or international amateur sports competition if it is also organized and operated primarily to conduct or to support and develop amateur athletes for national or international competition in sports.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) provides that in order to be exempt under IRC Section 501(c)(3) an organization must be 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 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)(3) defines "educational" as instruction or training of the individual for the purpose of improving or developing his capabilities and/or the instruction of the public on subjects useful to the individual and beneficial to the community.

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. 77-365, 1977-2 C.B. 192, held an otherwise qualifying nonprofit organization that conducts clinics, workshops, lessons, and seminars at municipal parks and recreational areas to instruct and educate individuals in a particular sport is operated exclusively for educational purposes and qualifies for exemption. The instant organization's instruction program was open to anyone in the community for a nominal fee. The organization did not establish rules, set standards for equipment, or sponsor league competition for the sport in which it provided instruction. No compensation was paid to its directors or officers, and instructional activity was performed by volunteers without pay. The organization's income is used principally for the purchase of equipment necessary for the sport. Any difference between income and expenses is made up by contributions from interested members of the community. Rev. Rul. 65-2 amplified.

Rev. Rul. 80-215, 1980-2 C.B. 174 describes an organization which was formed to develop, promote, and regulate a sport for individuals under 18 years of age. They organized local and statewide competitions, promulgated rules, organized officials, presented seminars, distributed a newsletter, and otherwise encouraged growth of the sport was qualified for exemption under Section 501(c)(3) of the Code. Rev. Rul. 70-4 distinguished.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 275 (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.

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).

Your organizing document states that you are organized to operate a club for the community at large. Because your organizing document does not limit your purposes to those described in Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i), you fail the organizational test under Section 501(c)(3).

You are not a qualified amateur sports organization, as defined in IRC Section 501(c)(2) because you do not foster national or international amateur sports competition or support and develop amateur athletes for national or international competition in sports. Rather, you are organized and operated to offer to persons of all ages an opportunity to play and enjoy the game of

Further, you do not meet the provisions in Treas. Reg. Section 1.501(c)(3)-1(c)(1). Although some of your programs may have charitable and educational components, the manner in which most of your programs are operated show that you have a nonexempt recreational purpose which is substantial in nature and precludes exemption under IRC Section 501(c)(3).

You are operated similarly to the organization described in Rev. Rul. 70-4 that failed to qualify under IRC Section 501(c)(3). You are engaged in promoting the sport of to individuals of all ages in part by providing tournaments and organizing leagues for persons of all ages. This is conducted in a manner that neither exclusively improves nor develops the capabilities of individuals within the meaning of Treas. Reg. Section 1.501(c)(3)-1(d)(3). You are also not exclusively engaged in the instruction of the public on subjects useful to the individual and beneficial to the community within the meaning of the regulations.

You are not like the organization described in Rev. Rul. 77-365 that was granted exemption under IRC Section 501(c)(3). Although you do provide some soccer instruction to adults and children, you also offer numerous recreational opportunities for adults to play soccer. This precludes exemption under Section 501(c)(3).

You are not like the organization in Rev. Rul. 80-215 because your programs are opened to all ages rather than limited to those under the age of 18.

You are like the organization described in Better Business Bureau. Although you may have some educational and charitable purposes, you are operated for a substantial nonexempt recreational purpose. The presence of this substantial non-exempt purpose prevents exemption under IRC Section 501(c)(3).

Conclusion

Based on the information submitted, you fail both the operational test and organizational test under IRC Section 501(c)(3). You fail the organizational test because your Articles of Incorporation do not limit your purposes to those described in Section 501(c)(3). You fail the operational test because you are operated for substantial nonexempt purposes. Therefore, you do not qualify for exemption under Section 501(c)(3). Donations to you are not deductible to the donor.

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