



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

Date:  
01/11/2023  
Employer ID number:  
  
Person to contact:

Number: **202314016**  
Release Date: 4/7/2023

**UIL: 501.03-00, 501.03-05, 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](http://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

Redacted Letter 4038



**Department of the Treasury**  
**Internal Revenue Service**  
PO Box 2508  
Cincinnati, OH 45201

**Date:**  
November 7, 2022  
**Employer ID number:**

**Person to contact:**  
Name:  
ID number:  
Telephone:

**Legend:**

X = date  
Y = state  
z dollars = amount

**UIL:**

501.03-00  
501.03-05  
501.03-30

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, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

You attest that you were incorporated on X, in Y. 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 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

- 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

You disclosed your mission or most significant activity is fishing events and that you are a club that meets to go fishing, hold fishing tournaments, discuss fishing information, and hold charitable events to take veterans and children fishing.

Detailed information was subsequently requested. You conduct meetings where you discuss fishing tips and tactics. You share information about places you have fished and discuss general outdoor topics. You conduct fishing tournaments for members where fish are caught and weighed. Your members are the main participants of your activities and pay an annual membership fee of z dollars. Around % of your members are individuals who are elderly, youth or those with disabilities – the remainder are individuals from the general public interested in your activities. You spend around of your time and resources on fishing tournaments and social meetings.

### **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.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, to be exempt as an organization described in IRC 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.

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 which 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.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) defines the term educational as the instruction or training of the individual to improve or develop his/her capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 77-365 held that an organization formed to conduct clinics, workshops, lessons, and seminars at municipal parks and recreational areas to instruct and educate individuals in a sport may qualify for exemption under IRC Section 501(c)(3). The organization does not establish rules, set standards for equipment, or sponsor league competition for the sport in which it provides instruction.

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 destroy a claim for exemption regardless of the number or importance of truly exempt purposes.

Intl. Postgraduate Med. Found. v. Comm., 56 T.C.M. 1140 (1989), the Tax Court held an organization conducting substantial activities that further recreational endeavors will be denied exemption under IRC Section 501(c)(3). Since its inception, petitioner has organized, sponsored and co-sponsored seminars and symposia in the medical field. Its stated purpose is to provide continuing medical education to physicians. Here the organization did not establish recreational sightseeing activities were insubstantial or only incidental to petitioner's educational purposes and activities are directed at providing opportunities for recreational endeavors.

### **Application of law**

Your activities are to hold social and recreational events for your members. Although you provide some activities to children, veterans and the elderly, this is not exclusive, and the majority of your activities are serving members socially. Your activities do not exclusively serve a charitable class described in IRC Section 501(c)(3). Therefore, you are not operating exclusively for an exempt purpose described in Treas. Reg. Sections 1.501(c)(3)-1(a)(1) and 1.501(c)(3)-1(c)(1).

Portions of your activities involve the discussion of fishing tips and tactics, locations and general outdoors topics. Although these discussions may be educational in nature, these are insubstantial when compared to other social and recreational activities. To be exemption under IRC Section 501(c)(3) activities must be serving exclusive purposes; as these are only a portion of your activities, and social and recreational activities are also conducted, you are serving both exempt and non-exempt purposes. As your non-exempt purposes are more than insubstantial you are not described as exclusively educational per Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i).

While you conduct some instruction in the sport of fishing you are primarily a social club for your members. You are formed to give a place for members to discuss fishing, host fishing tournaments and socially interact. Your activities mostly benefit your members rather than the general public. For this reason, you are dissimilar to the organization described in Rev. Rul. 77-365.

Despite providing education in fishing, your mission or most significant activity is fishing events; you have not established social or recreational activities tied to these events are insubstantial or incidental (see Intl Postgraduate Med). As in Better Business Bureau of Washington D.C., the presence of your substantial recreational purpose precludes exemption under IRC Section 501(c)(3).

### **Conclusion**

You operate primarily for social and recreational purposes. Therefore, you do not qualify for tax-exemption under IRC Section 501(c)(3) because you fail the operational test.

### **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](http://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](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements