



Department of the Treasury  
Internal Revenue Service  
Independent Office of Appeals

Date: FEB 27 2024

Person to contact:

Release Number: 202421010

Release Date: 5/24/2024

Employer ID number:

Uniform issue list (UIL):

501.00-00

501.03-05

501.03-30

### Certified Mail

Dear:

This is a final adverse determination that you do not 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) .

We have hereby revoked the favorable determination letter to you dated and you are no longer exempt under IRC Section 501(a) effective .

We made the adverse determination for the following reasons:

You do not meet the organizational test and operational tests under Treasury Regulations 1.501(c)(3)-1(b) & 1.501(c)(3)-1(c)(1), respectively. The organization's organizing documents do not limit its purposes to one of more exempt purposes and they expressly empower the organization to engage in activities which are not in furtherance of exempt purposes. The organization's activities are not exclusively charitable or educational, causing it to fail the operational test. Further, more than an insubstantial part of your overall activities further the private interests of your members, instead of the public as a whole.

Contributions to your organization are not deductible under IRC Section 170.

You're required to file federal income tax returns on Forms 1120, U.S. Corporation Income Tax Return. Mail your form to the appropriate Internal Revenue Service Center per the form's instructions. You can get forms and instructions by visiting our website at [IRS.gov/forms](https://www.irs.gov/forms) or by calling 800-TAX-FORM (800-829-3676).

We'll make this letter and the proposed adverse determination letter available for public inspection under IRC Section 6110 after deleting certain identifying information. We provided to you, in a separate mailing, Letter 437, Notice of Intention to Disclose. Please review the Letter 437 and the documents attached that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Letter 437.

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of IRC Section 7428 in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at [ustaxcourt.gov/dawson.html](https://ustaxcourt.gov/dawson.html). You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

**United States Tax Court**  
400 Second Street, NW  
Washington, DC 20217  
[ustaxcourt.gov](https://ustaxcourt.gov)

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

**U.S. Court of Federal Claims**  
717 Madison Place, NW  
Washington, DC 20439  
[uscfc.uscourts.gov](https://uscfc.uscourts.gov)

**U.S. District Court for the District of Columbia**  
333 Constitution Avenue, NW  
Washington, DC 20001  
[ded.uscourts.gov](https://ded.uscourts.gov)

Note: We will not delay processing income tax returns and assessing any taxes due even if you file a petition for declaratory judgment under IRC Section 7428.

#### **Taxpayer rights and sources for assistance**

The Internal Revenue Code (IRC) gives taxpayers specific rights. The Taxpayer Bill of Rights groups these into 10 fundamental rights. See IRC Section 7803(a)(3). IRS employees are responsible for being familiar with and following these rights. For additional information about your taxpayer rights, please see the enclosed Publication 1, Your Rights as a Taxpayer, or visit [IRS.gov/taxpayer-bill-of-rights](https://irs.gov/taxpayer-bill-of-rights).

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that helps taxpayers and protects taxpayers' rights. TAS can offer you help if your tax problem is causing a financial difficulty, you've tried but been unable to resolve your issue with the IRS, or you believe an IRS system, process, or procedure isn't working as it should. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. To learn more, visit [taxpayeradvocate.irs.gov](https://taxpayeradvocate.irs.gov) or call 877-777-4778.

Tax professionals who are independent from the IRS may be able to help you.

Low Income Taxpayer Clinics (LITCs) can represent low-income persons before the IRS or in court. LITCs can also help persons who speak English as a second language. Any services provided by an LTC must be for free or a small fee. To find an LTC near you:

- Go to [taxpayeradvocate.irs.gov/litcmap](https://taxpayeradvocate.irs.gov/litcmap);
- Download IRS Publication 4134, Low Income Taxpayer Clinic List, available at [IRS.gov/forms](https://irs.gov/forms); or
- Call the IRS toll-free at 800-829-3676 and ask for a copy of Publication 4134.

State bar associations, state or local societies of accountants or enrolled agents, or other nonprofit tax professional organizations may also be able to provide referrals.

TAS assistance is not a substitute for established IRS procedures, such as the formal appeals process. TAS cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States Court.

If you have questions, contact the person at the top of this letter.

Sincerely,

Daniel I. Werfel  
Commissioner

By  
*Valeria B. Farr*  
Valeria B. Farr  
Appeals Team Manager

Enclosures:  
Publication 1  
IRS Appeals Survey

cc:



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

**Date:**  
12/06/2022  
**Taxpayer ID number:**

**Form:**

**Tax periods ended:**

**Person to contact:**

**Manager's contact information:**

**Name:**  
**ID number:**  
**Telephone:**  
**Response due date:**

**CERTIFIED MAIL – Return Receipt Requested**

Dear :

**Why you're receiving this letter**

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

**If you agree**

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

**If you disagree**

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

**If we don't hear from you**

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

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 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.

**Additional information**

You can get any of 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 shown at the top of this letter.

Sincerely,



(for) Lynn A. Brinkley

Director, Exempt Organizations Examinations

Enclosures:

Form <b>886-A</b> (Rev. May 2017)	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule number or exhibit
Name of Taxpayer	Tax Identification Number (last 4 digits)	Year/Period Ended
-		

**ISSUE:**

Does the organization continue to qualify for exemption under Section 501(c)(3) of the Internal Revenue Code (the Code)?

**FACTS:**

recognized as exempt under Section 501(c)(7) of the Internal Revenue Code, the organization's exemption was auto revoked on \_\_\_\_\_ due to failure to file Forms 990 for \_\_\_\_\_ consecutive years. Exempt status was reinstated in \_\_\_\_\_ under Section 501(c)(3) with the public charity status under Section 509(a)(2) of the Code. The organization's Articles of Incorporation amended in \_\_\_\_\_ appears to have a proper dissolution clause.

Articles of Incorporation amended in \_\_\_\_\_ and bylaws amended in \_\_\_\_\_ posted on the organization's website provide that the organization's objectives include:

- \_\_\_\_\_ To \_\_\_\_\_
- \_\_\_\_\_ To \_\_\_\_\_
- \_\_\_\_\_ To \_\_\_\_\_
- \_\_\_\_\_ To \_\_\_\_\_
- \_\_\_\_\_ To \_\_\_\_\_

During telephone discussions on \_\_\_\_\_ and \_\_\_\_\_ the organization's president stated that its activities included providing training classes to \_\_\_\_\_ who may or may not be members of the organizations, holding membership meetings, agility practice matches, and members' Christmas gatherings where members met to discuss aspect of \_\_\_\_\_ help \_\_\_\_\_ work through problems with \_\_\_\_\_ and supporting other charitable organizations involving \_\_\_\_\_ by making donations. The president mentioned that membership meetings were open to the public and the meeting schedules could be found on the organization's website.

The president stated that the organization did not provide any \_\_\_\_\_ trainings.

As part of the response to Information Document Request # \_\_\_\_\_, the president provided a written statement of purpose for the organization. It states that the most important sentence in the organization's mission statement is "\_\_\_\_\_ and that the answer to \_\_\_\_\_ being returned to the \_\_\_\_\_ after \_\_\_\_\_ or \_\_\_\_\_ months because the \_\_\_\_\_ could not cope with the \_\_\_\_\_ is "education" which the organization

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provides through its training classes. The statement also includes a paragraph about over the last -year period, trained in the organization's classes becoming used as in hospitals. When asked about the during the telephone discussion on , the organization's president stated that those were under the organization's supervision and that the organization had not been able to participate in the program since

The organization's website contains links to videos posted on Each of the videos demonstrates how the training instructor provides lessons to the Documents that provide instructions to on how to are also posted on the organization's website.

The organization's sources of income included and fees, membership dues, and interest income. The organization's expenses included park rentals, equipment storage, donations, and general/administrative expenses.

**LAW:**

Section 501(c)(3) of the Code provides for the recognition of exemption of organizations organized and operated exclusively for charitable, educational, or other purposes as specified in the statute.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, to be exempt as an organization described in Section 501(c)(3) of the Code, 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.

Treasury Regulation Section 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its organizing document limits the purposes of such organization to one or more exempt purposes and does 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.

Treasury Regulation 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 Section 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Treasury Regulation Section 1.501(c)(3)-1(d)(3)(i) defines the term 'educational' as the instruction or training of the individual for the purpose of improving or developing his/her capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 71-421, 1971-2 C.B. 229 held that the nature of obedience training requires that the owner of the dog appear at the classes so that the dog is trained to respond to his owner's commands. While the owner receives some instruction in how to give commands to his dog, it is the dog that is the primary object of the training. The dog is also the primary object of the subsequent training in sporting and show events. Therefore, the organization's training program for dogs is not within the meaning of educational as defined in the regulations.

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Revenue Ruling 73-456, 1973-2 C.B. 342 held that a training center established to instruct the blind to properly function with the aid of guide dogs met the operational test under Section 501(c)(3) of the Code. They have programs to train dogs to lead and assist the blind, and to instruct them to function with their dogs. The organization's program, consisting of detailed instruction of blind persons in the use and care of guide dogs, is a 'curriculum' within the meaning of the applicable section of the Code. Furthermore, the organization has a regular group of instructors and an enrolled body of students in regular attendance at a designated place where the instruction of the students is carried on at regular sessions. Accordingly, the organization was found to be exempt as a school under Section 501(c)(3) of the Code.

Ann Arbor Dog Training Club, Inc. v. Commissioner, 74 T.C. 207 (1980), describes an organization, the primary purpose of which was to train dogs, did not qualify for exemption under Section 501(c)(3) of the Code. Although the organization's advertisements began, "We train you to train your dog," they concluded, "Puppy, basic, advanced obedience training." The court found that conclusion from Revenue Ruling 71-421 was sound which states that the dog owners received some instructions as to the training of the dogs, the dogs were the primary objects of the organization's training classes and evaluation. Since training of dogs is not an educational purpose described in the regulations, the organization did not qualify for exemption under the Code.

**TAXPAYER'S POSITION:**

The organization's president believes that the organization qualifies for exemption under Section 501(c)(3) of the Code because it is organized and operated for educational purposes.

**GOVERNMENT'S POSITION:**

The organization is not exempt as an organization described in Section 501(c)(3) of the Code because it meets neither the organizational test nor the operational test outlined in Treasury Regulation Section 1.501(c)(3)-1(a)(1).

The organization does not meet the organizational test under Section 501(c)(3) of the Code because its organizing documents do not limit its purposes to those which are exempt, and it allows for activities that have been determined to be primarily social and recreational. Accordingly, the organization does not meet the requirements as described in Treasury Regulation Section 1.501(c)(3)-1(b)(1)(i).

The organization does not meet the operational test under Section 501(c)(3) of the Code because it is not operating exclusively for educational purposes as required under Treasury Regulation Section 1.501(c)(3)-1(c)(1). The organization's training activities are more than an insubstantial part of its activities, which are primarily social and recreational. Therefore, the organization does not qualify for exemption under Section 501(c)(3) of the Code.

The organization's activities are not devoted exclusively to the education of individuals/persons as required in Treasury Regulations Section 1.501(c)(3)-1(d)(3)(i). The organization's activities are devoted to training. Unlike the organization described in Revenue Ruling 73-456, the organization is not training disabled individuals to function with the aid of guide. The object of the organization's training is that of the, not the individual. The organization's operations are similar to those described in Revenue Ruling 71-421 and Ann Arbor Dog Training Club, Inc. because primary objects of the training and evaluation.



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**CONCLUSION:**

It is the Internal Revenue Service's position that the organization failed to meet the requirements described in Section 501(c)(3) of the Code because it failed to be organized and operated exclusively for exempt purposes. The organization's organizing documents do not limit its purposes to one of more exempt purposes and they expressly empower the organization to engage in activities which are not in furtherance of exempt purposes. The organization's training activities are not exclusively charitable or educational, causing it to fail the operational test. Accordingly, revocation of the organization's exempt status is proposed effective

**If you agree to this conclusion, please sign the attached forms.**

**If you disagree, please submit a statement of your position.**