



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

Date:  
03/04/2024  
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202422012  
Release Date: 5/31/2024  
UIL Code: 501.00-00,  
501.03-00, 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: 1/3/2024

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

**Legend:**

- C = Date
- D = State
- E = Organization
- F = Name
- H = Name

**UIL:**

- 501.00-00
- 501.03-00
- 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, Streamline Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

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

Form 1023-EZ states that your mission is to further the breeding and training of registered purebred H. Also, you assist members by upholding the standards and assist members and the public in achieving these standards.

During review of your Form 1023-EZ, detailed information was requested supplemental to the above attestations.

You state you are a licensed E club consisting of a group of volunteers who share their knowledge and time with other dog owners and interested individuals who desire to train their H. You explained that all of your time and your resources are spent on providing the training, testing, and other club activities.

You conduct hunt tests/trials open to the public and other H owners where participants pay fees. These fees are determined by the expenses to provide and cover the costs of the tests/trials. Further, you offer H training, and seminars related to training. Individual training is scheduled weekly based on the needs of members. Club training days are held quarterly, and tests/trials are held bi-annually. Individual training, training days, and tests/trials are conducted at members' and guests' properties. You also state you conduct monthly club meetings at local commercial establishments. In addition, you provide exhibitions to groups, associations, nursing homes, and youth clubs.

You state that all planned and scheduled activities are directed for the recreational and social benefit of your members. You have no membership fees and membership is voluntary. You are supported by fees from hunts and trials. You provide donations to F groups and your parent club scholarship fund.

### **Law**

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

Treasury Regulation 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) states 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.

Revenue Ruling 71-421, 1971-2 C.B. 229, held that a dog club formed to promote the ownership and training of purebred dogs which conduct obedience training classes didn't qualify for exemption under IRC Section 501(c)(3).

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 the exemption regardless of the number or importance of truly exempt purposes.

In American Kennel Club, Inc. v. Hoey, 148 F.2d 920 (2d Cir. 1945), the court held that the taxpayer wasn't exempt from federal taxation under the predecessor to IRC Section 501(c)(3) because regulating the sport of dog shows and field trials doesn't further charitable, educational, or scientific purposes.

In Ann Arbor Dog Training Club, Inc. v. Commissioner, 74 T.C. 207 (1980), the court held that the training of animals does not come within the meaning of "educational" as set forth in IRC Section 501(c)(3). The organization held dog obedience training classes, awarded the dogs a degree after completion of the course and also awarded them prizes at show events. While the owners of the dogs received some instruction as to the training of the dogs, it was the dog that was the primary object of the training and evaluation.

#### **Application of law**

IRC Section 501(c)(3) sets forth two main tests for qualification of exempt status. As stated in Treas. Reg. Section 1.501(c)(3)-1(a)(1), an organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). You fail the operational test.

You are not operated in accordance with Treas. Reg. Section 1.501(c)(3)-1(c)(1) because you are not operated exclusively for exempt purposes. For example, you explained that all of your time and your resources are spent on providing for H training, testing, and other club activities. You also stated that that all planned and scheduled activities are directed for the recreational and social benefit of your members. This shows you are operated for substantial social and recreational purposes which precludes exemption under IRC Section 501(c)(3).

You are like the organization described in Rev. Rul. 71-421 where, because the dogs are the primary focus of your training, your training programs for dogs are not within the meaning of educational as defined in the regulations.

Although you may conduct some activities that further IRC Section 501(c)(3) purposes, you conduct a substantial amount of recreational and social activities that do not further Section 501(c)(3) purposes. Applying Better Business Bureau, the presence of substantial non-exempt purposes destroys qualification.

Like the organizations described In American Kennel Club, Inc. and Ann Arbor Dog Training Club, Inc., you primarily promote the training of registered purebred dogs. You do not exclusively provide for the education of individuals. As a result, tax exemption under IRC Section 501(c)(3) is precluded.

#### **Conclusion**

Based on the information submitted, you have not shown that you meet the requirements for recognition of tax exemption under IRC Section 501(c)(3). You are operating for substantial nonexempt recreational and social purposes. Therefore, you fail to qualify for exemption under Section 501(c)(3).

**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