



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

Date:
12/08/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202610020
Release Date: 3/6/26
UIL Code: 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.

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



**D Department of the Treasury
Internal Revenue Service**

Date:
10/08/2025
Employer ID number:

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

Legend:

S = Date
T = State
U = Parent Club
V = Entity

UIL:
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 formed as an unincorporated association on S in T.

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 attest on Form 1023-EZ that your organization is a social activity club that promotes outdoor sports, and your primary focus is on winter sports such as snow skiing and snowboarding. You indicate your activities promote good health, education, and safety.

You stated in your application that you were an unincorporated association, but when we asked for additional information to supplement your attestation regarding your organizing document, you said you were incorporated with the State of T. We mailed you a copy of your Articles of Incorporation (AOI). Your AOI does not contain a purpose clause or a dissolution clause. Your AOI states that the specific purpose you created your corporation was to form a social club for like-minded members who enjoy skiing and related winter social activities.

You indicated in your supplemental information that your "website development" was an operational expense. We researched the internet, and it revealed you have a working website, and it indicates you conduct substantial social and recreational activities. We downloaded a copy of our internet research of your organization and mailed this information to you.

You started your club a little over a year ago, and your objective for starting the club was to offer snowboarding and snow skiing to outdoor winter sports enthusiasts. You also stated you wanted to create a "social" inclusive organization. You organize ski trips at least once a year, and they include snowmobiling and sleigh rides. You open these trips to members of any ski club in your vicinity. You provide ski trips to other locations, local and international, which vary from year to year, and you conduct social events at every business meeting.

You are sponsored by U and have been accepted into the V. We sent you a copy of V's final determination letter showing V was determined to be a social club. You stated in the internet research package we sent you that you are part of V. Your internet pages indicate substantial social and recreational activities.

You determine your cost of the ski trips by your ability to get group lodging prices from the resorts. You have the ski club book the lodging, and each participant pays for their lodging, airfare, transportation, meals and lift tickets. You collect a nonrefundable deposit from each trip participant and apply the deposit to the final lodging cost.

You are funded by membership dues. You charge membership fees for each member, and the cost of the membership depends on whether it is for single or family. You conduct business meetings and social activity events. You have no donors, no loans, and no rent payments.

Your goals for your club for the next few years include growing your membership, obtaining full membership in V, providing more ski trips per year for members, continuing social events, and providing community service projects in your city twice a year. You attest that you are formed for educational purposes.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable, educational, 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), the organization must be both organized and operated exclusively for one or more of the exempt purposes described in this 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(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization limit the purposes of such organization to one or more exempt purposes; and do not expressly empower the organization to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(b)(4) provides that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization's articles or operation of law, be distributed for one or more exempt purposes.

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 as 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)(2) provides the term "charitable" is used in IRC Section 501(c)(3) in its generally accepted legal sense and includes relieving the poor and distressed or the underprivileged, combating community deterioration, lessening neighborhood tensions, and eliminating prejudice and discrimination.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) provides that the term "educational," as used in IRC Section 501(c)(3), relates to the instruction or training of the individual for the purpose of improving or developing their capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

In Alumnae Chapter Beta of Clovia v. C.I.R., 46 T.C. Memo 1983-303 (1983), the organization formed to promote sociability and good fellowship among college women and foster continued friendship and cooperation between members of the active chapter. It shows substantial social and personal aspects of this organization rather than charitable purposes. To qualify under IRC Section 501(c)(3) this organization must demonstrate that it is organized and operated exclusively for charitable purposes, and it has failed to demonstrate that it qualifies as an organization described in Section 501(c)(3).

In Minnesota Kingsmen Chess Association v. Commissioner, T.C. Memo 1983-495 (1983), the organization sponsored chess tournaments, provided chess magazines and books to libraries, offered free chess lessons, and

published a newsletter that primarily contained reports of past tournaments and announcements of future ones. The petitioner sought exemption under IRC Section 501(c)(3) because its purposes and activities were described as educational. The court found that the promotion of chess tournaments furthered a substantial recreational purpose, even though individual participants may have received some educational benefits.

In St. Louis Science Fiction Limited v. Commissioner, 49 T.C. Memo 1985-162, the Tax Court held that a science fiction society failed to qualify for tax-exempt status under IRC Section 501(c)(3). Although many of the organization's functions at its annual conventions (the organization's principal activity) were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational activities.

International Postgraduate Medical Foundation v. Comm'r, T.C. Memo 1989-36 (1989), held if the organization's activities are directed at providing opportunities for recreational endeavors, its claim to exempt status under IRC Section 501(c)(3) will be denied.

Application of law

IRC Section 501(c)(3) sets forth two main tests for an organization to qualify for exempt status. According to 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 both these tests.

You fail the organizational test

Your organizing document does not contain an acceptable purpose clause. Your specific stated purpose is a social club for like-minded members who enjoy snow skiing and related social activities. Since your organizing document does not limit your purposes to those that are described in Treas. Reg. 1.501(c)(3)-1(b)(1)(i), you fail the organizational test under IRC Section 501(c)(3). Your organizing document also does not contain a dissolution clause as required by Treas. Reg. Section 1.501(c)(3)-1(b)(4) to dedicate your assets should your organization dissolve. Therefore, you fail the organizational test for Section 501(c)(3).

You fail the operational test

Your activities do not exclusively further an exempt purpose as required in Treas. Reg. Section 1.501(c)(3)-1(d)(2), because you do not limit your activities to a specific charitable class, for example, relief of the poor and distressed, underprivileged, or lessening of neighbor tensions. You are a ski club for outdoor winter enthusiasts, and you wanted to create a social inclusive organization. Your activities, as described in the web pages we sent you, are exclusively social and recreational. In addition, you are closely related to a like-minded organization that is currently organized and operated as a social club and you wish to become a full member of this entity as it is conducting similar activities as you. This related organization is not recognized as exempt under IRC Section 501(c)(3). Therefore, you fail the operational test because your purposes are substantially nonexempt.

Your activities are not educational

You attest that you were formed for educational purposes as required in Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i). You are a club whose members participate in substantial social activities with your ski club social programs and ski trips. By organizing extensive social programs for your members, you are substantially furthering nonexempt purposes, and you fail to further exempt purposes as required in Treas. Reg. Section 1.501(c)(3)-1(c)(1). Therefore, you do not meet the requirements of IRC Section 501(c)(3) because substantially all your activities further nonexempt purposes with your ski club and ski trips. You did not provide any information indicating your activities furthered any educational purposes.

As noted in Alumnae Chapter Beta of Clovia v. C.I.R., the presence of substantial nonexempt purposes caused them to fail the organizational and operational tests for exemption. You state in your articles that you are a social club who formed to bring like-minded members together for social activities, and it precludes exemption under IRC Section 501(c)(3). Your activities are substantially nonexempt. You are operating a club for the social and recreational interests of your members. This furthers a substantial nonexempt purpose and does not qualify you for exemption under Section 501(c)(3).

Finally, you are like the organizations in Minnesota Kingsmen Chess Association, St. Louis Science Fiction Limited, and International Postgraduate Medical Foundation where substantial social and recreational activities precluded exemption under IRC Section 501(c)(3), despite some of your activities incidentally furthering exempt purposes. Your overall agenda is not exclusively charitable or educational, because you are furthering substantial social purposes with your ski club meetings and ski trips.

Conclusion

Based on the facts and circumstances in your application materials, you do not meet the organizational test or the operational test under IRC Section 501(c)(3) because substantially all your activities further nonexempt social and recreational purposes. Therefore, you do not meet the requirements for federal tax exemption under Section 501(c)(3), and contributions to you are not tax deductible by your donors.

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.

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