



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

Date:  
12/07/2022  
Employer ID number:

Form you must file:  
1120  
Tax years:  
All  
Person to contact:

Release Number : 202309017  
Release Date: 3/3/2023  
UIL Code: 501.00-00,  
501.03-00,501.03-30,  
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](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:**  
October 12, 2022  
**Employer ID number:**

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

**Legend:**

W = activity  
X = Date  
Y = State  
Z = Organization  
b percent = amount  
c percent = amount

**UIL:**

501.00-00  
501.03-00  
501.03-30  
501.35-00

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 attested that you are organized and operated exclusively to further educational purposes and that you have not conducted and will not conduct prohibited activities under Section 501(c)(3).

Your mission as stated on the Form 1023-EZ is to train owners and handlers of W dogs proper behavior in the field, home, and public and providing owners and handlers with the necessary dog training tools. You were formed as a corporation on X in the state of Y.

During review of your Form 1023-EZ, detailed information was requested to supplement the above information. Your Articles of Incorporation state your purpose is to be a club that promotes the training and breed promotion of W dogs through testing and registration. Your website states that your mission is to help dog owners fulfill their potential through proper training.

You are a registered chapter of Z. Your activities consist of training and evaluation clinics. You hold training clinics a year focused on training dogs and dog owners with proper dog obedience and behavior. You hold -day evaluation clinics a year where unpaid, trained judges evaluate temperament, conformation, and drive at basic and senior levels.

You are a membership organization. Your members and members of other Z chapters may register and participate in all activities. Nonmembers may also participate in training events for a nominal fee.

Sources of revenue include membership fees, training and event fees, and merchandise sales; with training and event fees being most significant at b percent. Expenses include merchandise, training and evaluation events, and annual banquet; with training and evaluation events being most significant at c percent.

### **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(b)(1) states 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, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes. In meeting the organizational test, the organization's purposes, as stated in its articles, may be as broad as, or more specific than, the purposes stated in IRC Section 501(c)(3). In no case shall an organization be considered to be organized exclusively for one or more exempt purposes, if, by the terms of its articles, the purposes for which such organization is created are broader than the purposes specified in Section 501(c)(3).

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)(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 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 a dog club, exempt under IRC Section 501(c)(7), formed to promote the ownership and training of purebred dogs which conducted obedience training classes, could not be reclassified as an educational organization exempt under IRC Section 501(c)(3).

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 IRC 501(c)(3). 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).

Revenue Ruling 73-587, 1973-2 C.B. 192, describes an organization that maintains and operates an animal shelter for the care, protection, placement, and, if necessary, humane disposal of stray or unwanted animals. The ruling determined these activities constituted the prevention of cruelty to animals under IRC Section 501(c)(3).

Revenue Ruling 74-194, 1974-1 C.B. 129, describes a nonprofit organization formed to prevent the overbreeding of cats and dogs by providing funds to pet owners who wish to have their pets spayed or neutered but cannot afford the cost of such operations qualifies for exemption under IRC Section 501(c)(3). The ruling determined that by preventing the birth of unwanted animals and their eventual suffering by providing funds for those owners of pets who cannot afford the spaying or neutering operation, the organization is engaged in the prevention of cruelty to animals.

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.

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 conducted dog obedience training classes, awarded the dogs a degree after completion, and awarded them prizes at show events. While the dog owners 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**

You are not described in IRC Section 501(c)(3) because you don't meet the organizational and operational tests outlined in Treas. Reg. Section 1.501(c)(3)-1(a)(1).

As explained in Treas. Reg. Section 1.501(c)(3)-1(b)(1), you do not meet the organizational test because your articles do not limit your purposes to one or more exempt purposes under IRC Section 501(c)(3). Your purpose, as stated in your Articles of Incorporation, is to promote the training and breed of W dogs through testing and registration, which is broader than the purposes specified in Section 501(c)(3).

You do not meet the operational test because you are not operating exclusively for charitable or educational purposes as required by Treas. Reg. Section 1.501(c)(3)-1(c)(1). Your primary activity is dog training and

evaluation clinics. Such activities as described do not serve exclusively charitable or educational purposes under Treas. Reg. Section 1.501(c)(3)-1(d)(2) or Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i).

Like the organizations in Rev. Rul. 71-421 and Ann Arbor Dog Training Club, your dog training and evaluation activities do not come within the meaning of educational as defined in the regulations. While the dog owner may receive some instruction, it is the dog that is the primary object of the training and evaluation. Conversely, you are unlike Rev. Rul. 73-456 where the primary focus of training was on the individual (instructing the blind to properly function with aid of guide dogs). You are similar to Better Business Bureau because you have a substantial, nonexempt purpose (dog training and evaluation) that precludes exemption under IRC Section 501(c)(3).

#### **Your position**

You state that you will aid in the prevention of cruelty to animals by establishing breed standards and evaluating dogs against those standards. The standards include an evaluation of the natural or given attributes of a dog which reduces the perpetuation of birth defects and certain instincts which greatly reduces the dog being abandoned. Also, you evaluate temperament which reduces the risk of aggressive or low drive temperaments that often result in the abuse of the dog. Dogs are evaluated by trained judges that utilize a standard and proven test that has been used for decades by Z. Breeders are encouraged to register litters with Z so buyers can research dam and sire evaluation results. Breeders who register litters are naturally encouraged to breed litters that will meet or exceed conformation, temperament, and certain ability standards.

#### **Our response to your position**

Establishing breed standards and evaluating dogs against those standards is not an exempt purpose under IRC Section 501(c)(3). You indicated that your training and clinics evaluate dogs against specific attributes which could reduce the chance of them being abandoned or abused. This is not similar to Rev. Rul. 73-587 or Rev. Rul. 74-194; both rulings determined an organization conducted activities that constituted the prevention of cruelty to animals under Section 501(c)(3).

Unlike Rev. Rul. 73-587, your activities are not directed towards the care, protection, and placement of stray or unwanted animals. You are also unlike Rev. Rul. 74-194 because your activities are not preventing the birth of unwanted animals or their eventual suffering. Instead, you are helping owners train and evaluate their W dogs and improve specific attributes. Thus, you are not preventing cruelty to animals within the meaning of IRC Section 501(c)(3).

#### **Conclusion**

You do not qualify for tax exemption under IRC Section 501(c)(3) because you are not organized or operated exclusively for exempt purposes.

#### **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