Admin

INTERNAL REVENUE SERVICE

Southwest Region

CERTIFIED MAIL [redacted]

[redacted]

DEPARTMENT OF THE TREASURY

Address any reply to Appeals Office

[redacted]

Person to Contact:

[redacted]

Telephone Number:

Date: 25 APR 1989

Employer Identification Number:

[redacted]

Dear Sir or Madam:

This is a final adverse determination with respect to your exempt status under Section 501(c)(3) of the Internal Revenue Code.

You are not operated as an amateur athletic organization. Specifically, you have failed to demonstrate that your activities fall under the scope of section 501(j) of the Code.

Contributions made to your organization are not deductible under Section 170 of the Internal Revenue Code.

You are required to file Federal Income Tax returns with the Austin Service Center for exempt organization matters for taxable years for which the filing date of the appropriate return has passed. These returns should be filed within 90 days of the date of this letter, unless a request for extension of time is granted. Please send them to the attention of the EPEO Division, attach a copy of this letter, and address any requests for time extensions to the EP/EO Division. Processing of an income tax return and assessing any taxes due will not be delayed because a petition for a declaratory judgement has been filed under Section 7428 of the Internal Revenue Code.

We will notify the appropriate State officials, as required by Section 6104(c) of the Code, that based on the information we have available, we are unable to recognize you as an organization described in Section 501(c)(3) of the Internal Revenue Code for the period mentioned.

If you decide to contest this determination in court, a petition for a declaratory judgement proceeding in the United States Tax Court, the United States Court of Claims, or the United States District Court for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the Clerk of the appropriate court for rules for filing petitions for declaratory judgement section of the enclosed Publication 892.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely yours,

[redacted]

Associate Chief, Appeals

[redacted] [redacted]

[redacted]

[redacted]

MAY 19 1987

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Code.

Information submitted with your application shows that you incorporated [redacted] in the State of [redacted]. Your Articles of Incorporation were amended [redacted]. By-laws submitted with your application indicate that they were adopted [redacted].

Your purpose as stated in your amended Articles of Incorporation is in part:

"...to promote the sport of bicycle racing through The [redacted] held annually in the State of [redacted]. Not withstanding any other provisions of these articles, this corporation is organized exclusively for charitable, religious, educational and scientific purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code..."

Your By-laws state in part that the object of the corporation is:

"...to promote the sport of bicycle racing, to develop international competitions and to keep alive the memory of deceased Olympic Team Member [redacted]..."

The By-laws further state in part that the duties of the Board of Directors are:

"...1. Serve as working members of [redacted] held each summer [redacted])
2. Act as fundraisers of said event in #1 above.
3. Develop the race event budget.
4. To insure the quality of the cycling event is up to standards for our domestic National and Olympic cyclists training program..."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[redacted]					
Surname		[redacted]					
Date		5/19/87					

[redacted]

Your activities to date have been to hold the annual bicycle hillclimb. Your educational and training activities have been limited to the articles in the racing program. The hillclimb is a [redacted] mile bicycle race up [redacted] [redacted]. Information submitted indicates that the hillclimb competitors range in age from twelve to sixty and comprise eight categories of racers.

Your financial data indicates that your two largest sources of income are sponsorships from businesses and corporations and participant entry fees. Your expenses show approximately [redacted] percent of the total for cash prizes and the rest for promotional and various operating expenses of the hillclimb. There are no apparent expenses for coaching or training activities in the [redacted] actual or the [redacted] proposed budget.

You have based your claim for exemption as being an amateur athletic organization.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious,...or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment)...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1 of the regulations provides, in part, as follows:

"(c)(1) Primary activities. 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). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

An amateur athletic organization may qualify for IRC 501(c)(3) exemption under three different rationales. First, an amateur athletic organization may be classified as "educational" under IRC 501(c)(3) on the grounds that it teaches sports to youth or is affiliated with an exempt educational organization. Revenue Ruling 80-215, 1980-2 C.B. 174; Revenue Ruling 77-365, 1977-2 C.B. 192; Revenue Ruling 67-291, 1967-2 C.B. 184; Revenue Ruling 64-275, 1964-2 C.B. 142; Revenue Ruling 55-587, 1955-2 C.B. 261. Second, an amateur athletic organization may be classified as "charitable" under IRC 501(c)(3) on the grounds that it combats juvenile delinquency or lessens the burdens of government. Revenue Ruling 80-215, 1980-2 C.B. 174; Revenue Ruling 59-310, 1959-2 C.B. 146. Third, an organization may be exempt on the grounds that it is designed "to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment)" as provided in IRC 501(c)(3). Organizations that meet the requirements of

[redacted]

fostering athletic competition under IRC 501(c)(3) may also seek classification as "qualified amateur sports organizations" under IRC 501(j). Qualified amateur sports organizations are not prohibited from providing facilities and equipment.

Internal Revenue Code section 501(j)(2) defines a qualified amateur sports organization as any organization organized and operated exclusively to foster national or international amateur sports competition if such organization is also organized and operated primarily to conduct national or international competition in sports or to support and develop amateur athletes for national or international competition in such sports.

Your organization cannot be classified as educational under IRC 501(c)(3) in that your educational activity is insubstantial. Your primary activity is the holding of the annual hillclimb event.

Your organization cannot be classified as charitable under IRC 501(c)(3) on the grounds that it combats juvenile delinquency or lessens the burden of government because your organization's involvement with youth is an insubstantial part of its activities.

The facts and circumstances to be considered in determining whether your organization may be exempt on the basis that it is designed to foster national or international amateur sports competition are as follows:

a) In response to the following: "Please indicate what event in national and/or international competition that is equivalent to your Hillclimb. Is the distance the same? Are the conditions similar?", your response did not indicate a specific event, but only stated that your organization is intended to develop Olympic quality athletes. You did indicate that the race itself is on the Sectional National Prestige Schedule which means it is a recommended event for National Team competitors.

b) In response to the question, "Are the athletes that the organization supports in the age group from which Olympic-quality athletes are usually chosen?", your response indicated yes, and that in the last five years ninety percent have been under thirty. You indicated that Olympic competitors are usually 18 to 30 years. You emphasized the quality of some of the competitors. However, the ages of the competitors range from 12 to 60. There are eight categories of competitors and only two of those categories are of a caliber to be selected to national or international competition.

c) In response to the question, "What education and training do you provide?", your response was that education and training to date have been limited to the articles in the annual racing program. You did indicate that future plans include clinics conducted by persons with the

[redacted]

background, experience and ability to convey useful information to potential international competitors, including members of the National Team. However, you indicated that the clinics would be for only two days four times a year, indicating that you will not be training athletes on a regular basis.

d) In response to the question, "Do the athletes have to demonstrate a certain level of talent and achievement in order to receive support from your organization?", you indicated no.

e) In response to the question, "Is your organization devoted to improving the performance of a small group of outstanding athletes or does it emphasize the improvement in health of the general public?", you indicated that your organization seeks to improve the performance of licensed [redacted] riders, of which you indicate there are [redacted] members.

f) In response to the question, "Is the organization a member of the United States Olympic Committee?", you indicated that you were not but that you belonged to the [redacted] and that organization is a member.

On the basis of the facts presented we conclude that you organization is not an amateur athletic organization designed to foster national or international amateur sports competition since your event is a single annual event that is open to a wide range of athletes in age groups from twelve to sixty. The hillclimb is not a national or international event but is only considered good training for such events. Your training as proposed is not the regular, intensive type that is associated with preparation for national and international events. You do not devote your organization to a small group of outstanding athletes and there is no indication of any support for the athletes aside from the cash prizes awarded.

It is your position that the organization is intended to develop Olympic quality athletes and that the proposed series of clinics are a crucial part of cycling training both for endurance and for altitude training before National and Olympic competition, and that the event is a recommended event for National Team competitors.

Your organization may qualify for exemption under IRC 501(c)(4) as promoting the common good and general welfare of the community since the hillclimb promotes the community to visitors and promotes the general health of community participants.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the