



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

Date:
05/14/2025
Employer ID number:

Form you must file:
Form 1120

Tax years:
All

Person to contact:

Release Number: 202532016
Release Date: 8/8/2025
UIL Code: 501.03-00, 501.03-19

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



Department of the Treasury
Internal Revenue Service
PO Box 2508
Cincinnati, OH 45201

Date:
03/28/2025
Employer ID number:

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

Legend:

B = Date
C = State

UIL:

501.03-00
501.03-19

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, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, on date B.

You attest that you were incorporated on date B, in the state of C. 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). During review of your Form 1023-EZ, detailed information was requested supplemental to your attestations.

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

We obtained a copy of your organizing documents from your state of incorporation's website. Your Articles of Incorporation state that you are organized exclusively for charitable purposes for the sport of pickle ball. Your articles further state that your assets will be donated to a 501(c)(3).

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

You will provide your community with the opportunity to experience the fun and health benefits of pickleball through competitive and recreational play. This will be accomplished through daily open play along with beginner clinics, local tournaments and leagues. You will also hold special events such as local tournaments, leagues, and clinics for beginning players. Participation is open to members and non-members alike, and open to all age groups. All activities are conducted on the community courts that you maintain.

You charge fees based upon the maintenance and upkeep costs of the courts. Your activities will be to serve your community as a health benefit and social event. The only requirement to participate in your sports activities is that participants must follow the rules of the community court facilities.

You will not be preparing players for national or international competitions, and you are not affiliated with national and international sports organization. There will be no training other than clinics for beginning players. The clinics will not be so much training as learning basic rules and techniques.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for charitable, educational, or to foster national or international amateur sports competition or other enumerated purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

IRC Section 501(j) of the Code provides that an amateur sports organization which is organized and operated exclusively to foster national or international amateur sports competition may qualify for exemption from federal income taxes 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.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) provides that, in order for an organization to qualify for exemption under IRC Section 501(c)(3), an organization must be both organized and operated exclusively for one or more exempt purposes specified in such section. If an organization fails to meet either the organizational or operational test, the organization will not qualify for exemption.

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 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.

Treas. Reg. Section 1.501(c)-1(d)(3) defines “educational” as instruction or training of the individual for the purpose of improving or developing his capabilities and/or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 70-4, 1970-1 C.B. 126, held that an organization engaged in promoting and regulating a sport for amateurs, conducting tournaments, and giving occasional instructive clinics is not exempt under IRC Section 501(c)(3).

Revenue Ruling 80-215, 1980-2 C.B. 174, held that an otherwise qualifying organization that is formed to develop, promote, and regulate a sport for individuals under 18 years of age by organizing local and statewide competitions, promulgating rules, organizing officials, presenting seminars, distributing a newsletter, and otherwise encouraging growth of the sport qualifies for exemption under IRC Section 501(c)(3).

Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279, 66 S. Ct. 112, 90 L. Ed. 67, 1945 C.B. 375 (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.

Hutchinson Baseball Enterprises v. Commissioner, 73 T.C. at 144 1979 U.S. Tax Ct. LEXIS 30, *affd.* 696 F.2d 757 (10th Cir. 1982), the organization funded and operated an amateur baseball team, leased and maintained baseball fields for the use of Little League, American Legion teams and a baseball camp, and provided coaches for Little League teams. The court held, and the Tenth Circuit affirmed, that the promotion, sponsorship and advancement of amateur sports is a charitable purpose within the meaning of Section 501(c)(3).

In Minnesota Kingsmen Chess Association Inc v. Commissioner, T.C. Memo. 1983-495, the organization sponsored check 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 furthers a substantial recreational purpose, even though individual participants may have received some educational benefits.

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 1985-162, the Tax court held that a science fiction society failed to qualify for the tax-exempt status under IRC Section 501(c)(3). Although many of the organization’s functions at its annual conventions were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational in nature.

Application of law

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests for an organization to be recognized as exempt. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). Based on the information provided, you fail the operational test.

You do not meet the operational test under IRC Section 501(c)(3) because you are not operated exclusively for charitable, educational, fostering national or international amateur sports competition, or other Section 501(c)(3) purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1). Your sports activities may serve some educational purposes through your beginners' clinics, but the overall purpose of these activities is to provide social and recreational opportunities to the community.

You are not a qualified amateur sports organization, as defined in IRC Section 501(j)(2) because you do not foster national or international amateur sports competition or support and develop amateur athletes for national or international competition in sports. Rather, you are organized and operated to offer persons of all ages and skill levels an opportunity to learn and practice pickleball.

You are like the organization described in Rev. Rul. 70-4 because you conduct recreational sports activities for the general public rather than providing sports education with the goal of improving and developing the capabilities of amateur sport participants. You are also unlike the organization described in Rev. Rul. 80-215 because your sports activities are open to all ages rather than limited to those under the age of 18.

Similar to St. Louis and Minnesota Kingsmen, while a portion of your activities are educational in nature, your sports activities further substantial recreational and social purposes. Like the organization in Better Business Bureau, this is a substantial non-exempt purpose that will preclude exemption under section 501(c)(3).

You are unlike the organization in Hutchinson Baseball Enterprises, because your primary activity is to provide recreational sports opportunities for all ages. In Hutchinson Baseball Enterprises, the organizations primary activity resulted in the furtherance of amateur athletics. The organization provided coaching and instruction for children and recruited only top amateur baseball players to play on the team it sponsored. The organization also hired a coach, general manager, and trainer to work with the team. In contrast, you provide no formal or ongoing instruction to your participants outside of occasional instructive clinics, nor do you have any other characteristics that indicate that your activities are in furtherance of amateur athletics.

Conclusion

Based on the facts and information submitted, you are not operated exclusively for exempt purposes. Your sport activities further substantial non-exempt social and recreational purposes. Therefore, you do not qualify for exemption under IRC 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 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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements