Situation 1.-Garden club qualifying under section 501(c)(3) of the Code.

The organization was incorporated as a nonprofit organization for the purposes of instructing the public on horticultural subjects and stimulating interest in the beautification of the geographic area. In furtherance of these purposes, the organization (1) maintains and operates a free library of materials on horticulture and allied subjects, (2) instructs the public on correct gardening procedures and conservation of trees and plants by means of radio, television, and lecture programs, (3) holds public flower shows of a noncommercial nature at which new varieties of plants and flowers are exhibited, (4) makes awards to children for achievements in gardening, (5) encourages roadside beautification and civic planting, and (6) makes awards for civic achievement in conservation and horticulture.

Membership in the organization is open to the public and consists primarily of amateur gardeners and others not professionally or commercially connected with horticulture. The organization's funds are derived from donations and membership dues, fees, and assessments. No part of its net earnings inures to the benefit of any officer or member.

Section 501(c)(3) of the Code provides that an organization organized and operated exclusively for charitable or educational purposes is exempt from Federal income tax, provided no part of its net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term "charitable" to include the advancement of education and the promotion of social welfare by organization designed to combat community deterioration.

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term "educational" as relating to (a) the instruction or training
of the individual for the purpose of improving or developing his capabilities or (b) the instruction of the public on subjects useful to the individual and beneficial to the community. An example in this section states that an organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs, may be an educational organization.

This organization is organized and, in carrying out its purposes in the manner described above, is operated exclusively for charitable and educational purposes. Accordingly, the organization qualifies for exemption under section 501(c)(3) of the Code.

Situation 2.--Garden club qualifying under section 501(c)(4) of the Code.

The facts are the same as in Situation 1 except that a substantial part of the organization's activities, but not its primary activity, consists of social functions for the benefit, pleasure, and recreation of its members.

Section 501(c)(4) of the Code provides that a civic organization not organized for profit but operated exclusively for the promotion of social welfare is exempt from Federal income tax.

Section 1.501(c)(4)-1 of the regulations states that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated to bring about civic betterment and social improvements.

In general, social activities for the benefit, pleasure, and recreation of members do not preclude exemption under section 501(c)(4) of the Code. However, section 1.501(c)(4)-1(a)(2)(ii) of the regulations provides that an organization will not qualify for exemption as a civic organization described in section 501(c)(4) of the Code if its primary activity is the operation of a social club.

The facts in this Situation are distinguishable from those in Situation 1 in that the instant organization conducts substantial social functions not in furtherance of any of the purposes specified in section 501(c)(3) of the Code. Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will not be regarded as "operated exclusively" for one or more exempt purposes described in section 501(c)(3) of the Code if more than an insubstantial part of its activities is not in furtherance of a 501(c)(3) purpose. Accordingly, the organization does not qualify for exemption under section 501(c)(3) of the Code.
However this organization, in carrying out its purposes in the manner described above, is being operated primarily to bring about civic betterment and social improvements. The social functions for the benefit, pleasure, and recreation of the members do not constitute its primary activity. Accordingly, the organization qualifies for exemption under section 501(c)(4) of the Code.

Situation 3.—Garden club qualifying under section 501(c)(5) of the Code.

This organization was incorporated as a nonprofit organization for the purposes of bettering the conditions of persons engaged in horticultural pursuits and improving the grade of their products. In furtherance of these purposes, the organization (1) publishes a monthly trade journal, (2) reports periodically to its members any new developments in horticultural products, and (3) encourages the development of better horticultural products through a system of awards. The membership of the organization is mainly composed of individuals and firms engaged in the business of horticulture and related fields. No part of its net earnings inures to the benefit of any officer or member.

Section 501(c)(5) of the Code provides that a horticultural organization is exempt from Federal income tax.

Section 1.501(c)(5)-1 of the regulations provides that organizations contemplated by section 501(c)(5) of the Code are those which have no net earnings inuring to the benefit of any member, and have as their objectives the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

This organization, in carrying out its purposes in the manner described above, is being operated to improve the conditions of its members and the grade of their products and to develop a higher degree of efficiency in their occupations. Accordingly, the organization qualifies for exemption under section 501(c)(5) of the Code.

Situation 4.—Garden club qualifying under section 501(c)(7) of the Code.

The organization was incorporated by amateur gardeners to promote their common interest in gardening. The organization (1) holds flower shows and exhibits to display members' achievements in home gardening, (2) schedules weekly meetings devoted primarily to informal social hours during which matters related to gardening are discussed, and (3) issues a publication containing news about members' social activities and achievements in home gardening. Its funds are derived from membership dues, fees, and assessments. No part of the net earnings of the
organization inures to the benefit of any officer or member.

Section 501(c)(7) of the Code provides that a club organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes is exempt from Federal income tax, provided no part of its net earnings inures to the benefit of any private shareholder.

This organization, in carrying out its purposes in the manner described above, is being operated exclusively for pleasure and recreation of its members. Accordingly, it qualifies for exemption under section 501(c)(7) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption, file an application on an appropriate form with the District Director of Internal Revenue for the internal revenue district in which is located the principal office of the organization. An organization claiming exemption under section 501(c)(3) of the Code must file an application on Form 1023, Exemption Application. An organization claiming exemption under section 501(c)(4) or section 501(c)(5) of the Code must file an application on Form 1024. An organization claiming exemption under section 501(c)(7) of the Code must file application on Form 1025. See section 1.501(a)-1 of the regulations.