A nonprofit organization created to market the cooking and
needlework of needy women may be exempt from Federal income tax
under section 501(c)(3) of the Internal Revenue Code of 1954.

O.D. 509, C.B. 2, 209 (1920), and S.M. 5516, C.B. V-1, 81
(1926), superseded.

The purpose of this Revenue Ruling is to update and restate
under the current statute and regulations the positions set forth
in O.D. 509, C.B. 2, 209 (1920), and S.M. 5516, C.B. V-1, 81
(1926). This ruling relates to whether the nonprofit organization
described below is exempt from Federal income tax under section
501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed to assist needy women in earning
income. It operates a market where it sells the cooking and
needlework of these women who are not otherwise able to support
themselves and their families. Although the organization charges
a small sales commission for its services, it is not
self-supporting and must depend upon public contributions.

Section 501(c)(3) of the Code provides for the exemption from
Federal income tax of organizations organized and operated
exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations
states that the term 'charitable' includes relief of the poor and
distressed.

An organization can relieve the poor and distressed other
than through direct grants, such as by providing necessary
services. This organization provides a necessary service for
needy women by giving them a market for their products and a
source of income. In assisting needy persons in this manner, the
organization serves a charitable purpose. Accordingly, the
organization is exempt from Federal income tax under section
501(c)(3) of the Code.

Even though an organization considers itself within the scope
of this Revenue Ruling, it must (in order to establish exemption
under section 501(c)(3) of the Code) file an application on Form
1023, Exemption Application, with the District Director of
Internal Revenue for the internal revenue district in which is
located the principal place of business or principal office of the
organization. See section 1.501(a)-1 of the regulations.

This ruling updates and restates under current law the
positions set forth in O.D. 509 and S.M. 5516. Therefore, O.D.
509 and S.M. 5516 are hereby superseded.