

A nonprofit organization that procures, cares for, and displays objects of lasting interest or value relating to a particular sport may be exempt under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization obtains items of lasting interest or value relating to a particular sport. It cares for and displays these items in an institution open to the general public. The organization also sponsors and carries on activities that foster a better understanding of the history and development of the sport and the people associated with it. The organization is financed by nominal admission fees and contributions.

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

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations defines the term 'educational' as including the instruction of the public on subjects useful to the individual and beneficial to the community. A museum is included as an example of organizations which, if they otherwise meet the qualifications of this section, are educational.

A 'museum' is defined as an institution devoted to the procurement, care, and display of objects of lasting interest or value. See Webster's Seventh New Collegiate Dictionary (1965).

By maintaining an institution devoted to the procurement, care, and display of objects of lasting interest or value in a particular sport, this organization is operating a museum that educates the public.

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.