

Qualification; benefits inuring to donor; corporate name. A nonprofit organization formed to create and operate a replica of an early American village is engaging in educational activities similar to those of a museum and qualifies for exemption even though the corporation which donated the land and a substantial percentage of the organization's support benefits by having the village named after it and by having its name associated with the village through both the corporation's and the organization's advertising.

'Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable and educational purposes.

'The organization was formed for the purpose of creating and operating a replica of an early 19th century American village. The village consists of 25 authentically restored and furnished houses and commercial structures. These structures were acquired from the area in which the organization is located. They have been grouped to create a replica of a village typical of those existing in the area during the early 19th century. The organization employs qualified architects and craftsmen to effect the restoration of the structures in the most authentic manner possible. The organization provides trained persons to act as guides in demonstrating to the public how people lived and worked in the area in the early 19th century.

The village is located in a rural area on land donated to the organization by a corporation that provides a substantial percentage of the organization's support. The village is named after the corporation. The organization's operations are financed from admission fees, contributions from the general public, grants from other organizations, and funds donated by the corporation. The corporation encourages the public to visit the village by publicizing the facility in connection with its own advertising program. The corporation financially assists the organization in publishing informational and publicity pamphlets and in publishing the results of historical research carried on by the staff of the organization. In each publication so financed, the corporation is given credit for its financial support.

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

'Example (4) of section 1.501(c)(3)-1(d)(3)(ii) of the Income Tax Regulations describes museums and similar organizations as 'educational' within the meaning of section 501(c)(3) of the Code.

'Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides

that an organization is not organized or operated exclusively for one or more of the purposes described in section 501(c)(3) of the Code unless it serves a public rather than a private interest.

'Rev. Rul. 75-470, 1975-2 C.B. 207, describes a nonprofit organization formed to promote an appreciation of history through the acquisition, restoration, and preservation of homes, churches, and public buildings having special historical or architectural significance and to open the structures for viewing by the general public, and concludes that it qualifies for exemption under section 501(c)(3) of the Code.

'The subject organization, by carrying on its program of creating and operating a replica of an early 19th century village, and making the village open to the public for viewing, is engaging in activities similar to those of a museum and to those of the organization described in Rev. Rul. 75-470. Such activities further educational and charitable purposes within the meaning of section 501(c)(3) of the Code.

Although the corporation benefits by having the village named after it, by having its name associated with the village in conjunction with its own advertising program, and by having its name mentioned in each publication of the organization that it finances, such benefits are merely incidental to the benefits flowing to the general public from access to the village and its historic structures. See Rev. Rul. 66-358, 1966-2 C.B. 218.

'Accordingly, the organization is operated exclusively for charitable and educational purposes and, thus, qualifies for exemption from Federal income tax under section 501(c)(3) of the Code.