

A nonprofit organization that operates a supervised facility to bring together young people of college age with church leaders, educators, and leading businessmen of the community for the purpose of holding discussions on religion, current events, and social problems and providing personal counselling to young adults on their social and vocational problems may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

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

The organization was formed by local churches for the purpose of furthering the religious, intellectual, and moral development of persons of college age through the operation of a 'coffee house.' The 'coffee house' is a supervised facility where church leaders, educators, and leading businessmen of the community meet and mingle with young people in an informal atmosphere. They hold discussions on such subjects as religion, current events, and social problems. Personal counselling is provided to aid the young adults in making social adjustments. Vocational guidance is also available. The organization serves refreshments and provides entertainment in order to attract young adults to the facility. A nominal charge is paid upon admission, but there are no additional charges for the refreshments and entertainment. The organization meets its expenses from contributions and the admission charges.

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 defines the term 'charitable' as including the advancement of religion and education.

The organization is advancing religion and education by providing an environment in which young adults are brought together with church leaders and other community leaders for meaningful discussions and counselling on religion and other matters of moral and intellectual value. The social aspects of the organization are merely incidental to and in furtherance of its 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.