

A nonprofit organization created to minister to the non-medical needs of patients in a proprietary hospital may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

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 was created to minister to the non-medical needs of patients of a proprietary hospital by reading to them, writing letters for them, and providing other similar personal services in an effort to improve their mental well-being and physical comfort. The organization is not related to or controlled by the proprietary hospital. These services are of a type which are not ordinarily provided by a hospital. The members are not permitted to engage in any activity performed by the hospital staff and employees in the ordinary course of hospital operation. Membership in the organization is open to anyone in the community who is willing to donate his services.

The income of the organization is derived from contributions and fund raising activities.

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' is used in section 501(c)(3) in its generally accepted legal sense.

In ministering to the needs of hospitalized patients by reading to them, writing letters for them, and performing other similar personal services in an effort to improve their mental well-being and physical comfort, the organization is performing charitable acts. The fact that these acts are performed in a proprietary hospital is not material because it is the patients who are the primary beneficiaries. Any benefits to the hospital are merely incidental. 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 of 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.