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& COMPANY LLP**

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**DATE:** 03/22/05  
**TO:** Doug Potter - DougP  
**COMPANY:**  
**TELEPHONE:**  
**FAX:** 425-936-7329  
**RE:** Granite Curling Club  
**PAGES (including cover sheet):** 6

**FROM:** Robert McKay, CPA  
**PHONE:** (212) 863-1238 or (212) 371-2100  
**FAX:** (212) 863-1438  
**E-MAIL:** Robert.McKay@anchln.com

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**MESSAGE:**



Department of the Treasury  
Internal Revenue Service  
TE/GE Division, MS 7-4-01  
450 Golden Gate Ave  
San Francisco California 94102-3661

Date: March 17, 2005

Granite Curling Club of Seattle  
1440 North 128<sup>th</sup> Street  
Seattle, WA 98133

Employer Identification Number:  
91-0723248  
Case Number:  
104271027EO  
Contact Person:  
Ling Yee ID# 94-06344  
Contact Telephone Number:  
(415) 522-6363 Office  
(415) 522-6059 Fax  
Response Due Date:  
April 6, 2005

Dear Applicant:

Before we can determine whether your organization is exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

To help us determine whether your organization is exempt from Federal income tax, please send us the requested information by the above date. We can then complete our review of your application.

If we do not hear from you within that time, we will assume you do not want us to consider the matter further and will close your case. In that event, as required by Code section 6104(c), we will notify the appropriate state officials that, based on the information we cannot recognize you as an organization of the kind described in Code section 501(c)(3). As a result, the Internal Revenue Service will treat your organization as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new Form 1023.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), your not taking all reasonable steps in a timely manner to secure the determination may be considered as failure to exhaust administrative remedies available to you within the Service. Therefore, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to be "Ling Yee", written over a horizontal line.

Exempt Organizations Specialist

~~cc: Robert McKay~~

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## GRANITE CURLING CLUB OF SEATTLE

For your information, section 501(c)(3) of the Internal Revenue Code exempts from Federal income tax: corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual...

Section 501(c)(3) and section 501(j) of the Code describe organizations that are organized and operated to foster national or international sports competition. A "qualified amateur sports organizations" is defined in section 501(j)(2) of the Code as an organization organized and operated exclusively to foster national or international amateur sports competitions if it is also organized and operated primarily to conduct or to support and develop amateur athletes for national or international competition in sports.

If an organization, composed of local amateur athletes who primarily play other local teams, occasionally schedules games with teams or organizations in another state, the organization will not qualify for exemption unless it demonstrates that those games are part of some national competition. Similarly, even if it provides a regional tournament, the organization will fail the requirements of section 501(j) unless it shows some link to national or international competition. The organization's membership in a national sports association could provide that link. An organization's assertion that it is a training ground for collegiate, professional, and/or Olympic players, absent some evidence of a reasonable probability that the members will participate in national or international competition, would not suffice to cause the organization to meet the requirements for exemption.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order to qualify under section 501(c)(3) of the Code, an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 501(c)(4) of the Internal Revenue Code grant exemption to: "Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in particular municipality and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes."

The regulations describe the promotion of social welfare as promoting in some way the common good and general welfare of the people of the community, such as bringing about civic betterment and social improvements.

Rev. Rul. 70-4, 1970-1 C.B. 126 provides that an organization engaged in promoting and regulating a sport for amateurs is not exempt under section 501(c)(3) but may be exempt under section 501(c)(4) of the Internal Revenue Code.

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Please provide the following information over the signature of an individual having authority to act on behalf of the organization:

1. Please provide a filed and approved copy of your original Articles of Incorporation filed on July 28, 1962 with the Secretary of State of the State of Washington. You submitted a copy of your Restated Articles of Incorporation filed on October 27, 2003 and also a copy of the Restated Articles of Incorporation filed December 18<sup>th</sup> with year not legible. Please provide a copy of the Restated Articles of Incorporation with a complete legible date including the year that was filed on December 18<sup>th</sup>.
2. Your organization is an association of curlers who have been curling together since 1962. Your are now seeking to expand your operations with additional facilities. Please furnish the address or addresses where your organization is and will be conducting all of its activities. Provide a detailed description of your current facilities and planned facilities where you are conducting or will conduct your activities.
3. Please provide a detailed description of your activities from 1962 to September 2004. (Note: According to the information on Form 1023, Part II, item 1, it provides your proposed activities and you are seeking exemption under section 501(c)(3) beginning 1962.) Please indicate the percentage of time for each activity. Each description should include, as a minimum, the following:
  - (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose;
  - (b) when the activity was initiated;
  - (c) where and by whom the was conducted.
4. Please provide the following information concerning your proposed activities listed on Form 1023, Part II, item 1:
  - (a). Please provide a detailed description of your training programs for children, junior curlers, senior curlers and adult education. Your description of these training programs should include:
    - 1) length of seminars, how often held, etc.
    - 2) Explain how the amount of the fees you will charge will be determined.  
Will they be based on a rate above your cost, at cost or below cost?
    - 3) Do you propose to offer honorariums or a prescribed fee to lecturers?  
If yes, how will it be determined?
    - 4) Do you propose to engage a paid staff or employees to arrange these programs?  
Explain briefly.
    - 5) State the percentage of your total gross receipts that you expect to be derived from these training programs.
  - (b) Please list and briefly describe your other activities and state the percentage of time will be devoted to each activity. Note: Total percentage should equal to 100%.

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5. If you organization will promote national or international amateur sports competitions, please provide the following information:
- Will you prescribe rules and standards for competition?
  - Will you present the United States in a body that prescribes rules for international competition?
  - Will you sponsor national competitions or championships?
  - Will you sponsor international competitions?
  - Will you sponsor competitions to select participants in national championships or international competitions?
  - Will you provide security, ticket sales and other administrative services for national championships or international competitions?
  - Will you provide administrative, coaching and training services for amateur athletes\*?
  - Will you provide medical care and insurance to amateur athletes\*?
  - Will you conduct equipment research for the benefit of amateur athletes\*?
  - Will you disseminate information to amateur athletes\*?
  - Will you provide financial assistance to amateur athletes\*?

For each "Yes" answer submit the following information:

- Submit evidence to support your answer.
- State the percentage of total annual staff hours (including volunteer hours) that you expect to be devoted to that activity or type of activity.

\* For the purpose of this questionnaire "amateur athlete" refers only to athletes to participate or reasonably can be expected to participate, international championships or international competition.

- State the number of participants who are under the age of 18 years and the number of participants who are 18 years and older..
- A budget for two full accounting periods. The budget should include both the amounts and types of receipts and expenditures anticipated for the accounting period ending December 31, 2006 and for the period ending December 31, 2007.
- Organizations qualifying under Code section 501(c)(3) must file their application Form 1023 within 15 months of the date of formation. Relief from late filing may also be allowed automatically if the organization files its Form 1023 within 27 months of the date of formation. Since your organization did not file its tax exempt application within the prescribed fifteen months or twenty-seven months, tax exempt status can only be effective from the postmarked date of your Form 1023, which is September 18, 2004.

Your organization is requesting an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3. Please see enclosed copy of a section of Revenue Procedure 92-85 concerning request under section 301.9100-3.

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- a. What action did the organization take to determine the existence of and requirements for, the application?
- b. When was it discovered that you were required to file? What was the cause of the delay?
- c. Did you intend to make the application on time? What was the cause of the delay?
- d. Would granting the extension be consistent with the objective of the government nor cause undue administrative burdens?
- e. Would granting the extension be consistent with the objectives of the underlying regulatory election or application provision?
- f. Did you rely when forming your organization on the advice of a professional such as an attorney or CPA as to the date of filing your Form 1023? If not, upon whom did you rely?

Please answer the above questions and submit any additional information which may aid your cause. The above questions **MUST** be accompanied by the following declaration:

"Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of this request are true, correct, and complete."

This declaration **MUST** be signed by an officer of the organization who has knowledge of the facts, and not by an authorized representative. Supporting affidavits by an authorized representative or other person must also be accompanied by a comparable declaration.

If you do not wish to request relief and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status, please complete the enclosed page 1 of Form 1024. Also, please complete and have an authorized officer sign and return the two enclosed Forms 872-C. The ending date of your first tax is December 31, 2004 because the postmarked date of your Form 1023 is September 1, 2004.