



Granite Curling Club

1440 N 128th St ■ PO Box 33057 ■ Seattle WA 98133 ■ 206-362-2446

President	Douglas Potter
Vice President	Greg Smith
Secretary	Michael Calcagno
Treasurer	Philip Draper

June 5, 2005

Internal Revenue Service
Attn: Ling Yee
TE/GE MS 7401
450 Golden Gate Avenue
San Francisco, CA 94102-3412

re: EIN 91-0723248; Case 104271027EO

Dear Ms. Yee:

This is a response to the questions in your letter 2382 of May 26.

1. Two hard copies of Form 872-C. I enclosed this in a letter I sent you on May 30th.
2. 501(c)(7) status:
 - a. I enclose a copy the determination letter for our 501(c)(7) status – dated November 14, 1975.
 - b. We held the exemption until May 1999 – when we agreed with the IRS to revocation of the status. While this may have been, in retrospect, a mistake, it seemed to us at the time that the work involved in continuing this status wasn't worth the reward – and that a 501(c)(3) status is more appropriate for our organization. We had not properly separated our bar and bonspiel income between members and non-members. We probably could have documented that more than 98% of the bar income and 90% of the bonspiel income was from members – but given that we had not shown a profit in the previous decade, it didn't seem worth the effort. For advice, we contacted our national association, the United States Curling Association, of which we are a member club. They put us in touch with Mr. Donald McKay, a long-time curler (and member of the curling hall of fame) who suggested that we drop the 501(c)(7) status – and apply for the 501(c)(3) status. Mr. McKay had helped several other curling clubs obtain the 501(c)(3) status, so we arranged for Mr. McKay

to make this application on our behalf – and he was in the midst of preparing it when he died. His son, Robert McKay, has carried this application forward since then. The transfer from father to son partly accounts for the delay and some of the mistakes on the original application.

c. We have been a taxable entity for Federal Tax purposes since May 1999.

3. Membership

a. I enclose a copy of our membership card.

b. I enclose a copy of our annual directory – which includes a list of the entire membership.

4. The long-term debt of \$82,600 is in the form of Class C debentures. These debentures have no maturity date and bear no interest. We have never redeemed any of these debentures – and do not expect to do so at any time in future. It is our understanding that the people who purchased these knew there were essentially donating money to the club – but that they would get their money back should the club fold. I enclose a copy of the debenture.

5. I cannot provide an explanation of the “member allocation” for FY 2004. This number does not appear in our figures for that year – so I assume it must be an error in transferring our figures into form 1023. We have not allocated and do not plan to allocate money to our members. A typical member contributes more than \$300 per year towards operation of the club and facility. I enclose a copy of our compiled financial statements for FY 2004 and 2005 for your reference. The item for “Hall Rentals” is somewhat misleading in that it includes some general building rentals (which I discuss further in item 6) – but are mostly rentals to groups that are trying out curling.

6. Income producing activities

a. We rent to Clear Channel Communications space for a billboard on our property. The annual income from this rental is \$2400. We also have an agreement with *The Seattle Times* to use our parking lot during regular business hours (which tend to be non-curling hours) to access their distribution center next door. Since they have abandoned this distribution center, we expect that they will not renew in 2006 when the current agreement expires. The income from this agreement is \$250/month. We also rent parking spaces (again during regular business hours) to the Seattle Housing Authority – which has an office across the street. This income has been diminishing since it started in 2002 – but is currently about \$200/month. I believe these constitute our only current non-curling related income.

- b. Curling rentals are rentals of the ice arena and social hall to groups that want to try curling. We provide instructors who teach the visitors to curl; most have never curled before. This is part of our mission to expose new people in our community to curling. We believe that the best way to recruit future champions and increase participation is to get new people to try it.
- c. Part of the attraction of curling is its social aspect. It is part of tradition to share food and drink with ones teammates and with the opposing team after a game. We have a social hall including a kitchen and a bar – and a separate kitchen off the main lobby. Our liquor license is for a private club – most of our liquor sales are to members during league play. But we also sell liquor during bonspiels (curling tournaments) where out of town teams may participate – and during national championships, which we have hosted and will continue to host.

The Granite Curling Club has a long-term history of promoting curling. More teams from this club have won national championships than from any other club in the United States. Dedicated curlers who took second mortgages on their homes founded this club to make this sport flourish in this part of the country.

Please feel free to contact me with any further questions. My email address is curl@conicwave.net. My telephone number during the day is (425) 706-4932.

Sincerely,

Douglas W. Potter
President

encl: IRS Letter dated November 14, 1975
Membership card
Membership directory
Blank Class C debenture