

**INTERNAL REVENUE SERVICE**

**Tax Exempt and Government Entities**

**Exempt Organizations Group 7882**

Mail Code:4921CHI, 230 S. Dearborn St. Chicago, IL 60604

Fax Number (312) 566-3912

**Facsimile Transmittal**

<b>To:</b> ROBERT MCKAY		<b>Faxed To:</b> 952-548-3500	<b>Date:</b> 4/27/06
<b>Re:</b> GRANITE CURLING CLUB OF SEATTLE		<b>Number of Pages (including cover sheet):</b> 5	
<b>From:</b> Myron Ranney		<b>Phone No.:</b> (312) 566-3890	
SEE ATTACHED LETTER			
This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone call, and return the communication at the address above via the United States Postal Service. Thank you.			

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE  
EO GROUP 7941, 4921 CHI  
230 SOUTH DEARBORN STREET  
CHICAGO, ILLINOIS 60604

Date: April 27, 2006 (faxed)

Granite Curling Club Of Seattle  
C/O Robert McKay  
5740 Dupont Avenue South  
Minneapolis, MN 55419

Employer Identification Number: 91-0723248  
Contact Person: M. L. Ranney #75618  
Telephone Number: (312) 566-3890  
FAX: (312) 566-3912  
Response Due Date: May 15, 2006

Dear Applicant:

Thank you for the information recently submitted regarding your application for exemption. After reviewing the documents submitted, we find that we need more information before we can complete our consideration of your application.

Please furnish the information requested by the response due date shown above.

Please mail the requested information to the following address:

INTERNAL REVENUE SERVICE  
4921-CHI, 17<sup>TH</sup> FLOOR ATTN: M.L. RANNEY  
230 SOUTH DEARBORN STREET  
CHICAGO, IL 60604

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

M. L. Ranney  
Revenue Agent



(iii) Failed to make the election because of intervening events beyond the taxpayer's control;

(i) Requests relief under this section before the failure to make the regulatory election is discovered by the Internal Revenue Service (IRS);

(b) *Reasonable action and good faith*--(1) *In general.* Except as provided in paragraphs (b)(3)(i) through (iii) of this section, a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer--

(a) *In general.* Requests for extensions of time for regulatory elections that do not meet the requirements of §301.9100-2 must be made under the rules of this section. Requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in paragraph (e) of this section) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

**FINAL-REG, TAX-REGS, §301.9100-3. Other extensions**  
**§301.9100-3. Other extensions**

\*\*\*\*\*

Please consider the above and advise us whether or not you would accept a determination letter that is effective as of the date that we received your Form 1023 application [in the event that we determine that you have made a case for qualification under IRC 501(c)(3)].

On Page 6, of your Form 1023 application, under item 4, you applied for an extension of time to file. The reason that you gave for late filing is that you were not previously aware that you may be an amateur sports organization as described under IRC 501(c)(3).

You are also operating a bar that produces a significant amount of income, and it does not appear that the exempt purpose of promoting amateur sports. This would mean that the operation of the bar is not considered to be an IRC 501(c)(3) activity. Considering this, the income produced by the operation of your bar could be determined to be unrelated business income, and taxable. Also, if the bar income is unrelated business income, then its operation is not considered to be covered under IRC 501(c)(3), which would mean that if the bar operation has been more than an insubstantial part of your operation, you would not be qualified for tax-exempt status under IRC 501(c)(3) for those years. Considering that a retroactive qualification under IRC 501(c)(3) would represent tax-relief for all prior years, and considering that the bar operations may have disqualified you for tax-exempt status under IRC 501(c)(3) for those years, at this point I do not believe there is sufficient reason to grant the extension that you requested. The Regulation printed below is cited in 4, which you selected [see the opening paragraph, above.] I believe that the Regulation subsections that I have italicized supports my position. I also do not believe your stated reason for filing late is not compelling.

**ADDITIONAL INFORMATION REQUESTED:**

Note: Your response to this letter must be submitted over the signature of an authorized person or of an officer whose name is listed on page 3 of the application. If we do not receive your complete response by the due date, we will close your case temporarily. If you submit your response within 90 days after your case has been closed, we will re-open it for processing and you will neither have to file a new application, nor lose your user fee.

(ii) *Closed years.* The interests of the Government are ordinarily prejudiced if the taxable year in which the regulatory election should have been made or any taxable years that would have been affected by the election had it been timely made are closed by the period of limitations on assessment under section 6501(a) before the taxpayer's receipt of a ruling granting relief under this section. The IRS may condition a grant of relief on the taxpayer providing the IRS with a statement from an independent auditor (other than an auditor providing an affidavit pursuant to paragraph (e)(3) of this section) certifying that the interests of the Government are not prejudiced under the standards set forth in paragraph (c)(1)(i) of this section.

(i) *Lower tax liability.* The interests of the Government are prejudiced if granting relief would result in a taxpayer having a lower tax liability in the aggregate for all taxable years affected by the election than the taxpayer would have had if the election had been timely made (taking into account the time value of money). Similarly, if the tax consequences of more than one taxpayer are affected by the election, the Government's interests are prejudiced if extending the time for making the election may result in the affected taxpayers, in the aggregate, having a lower tax liability than if the election had been timely made.

(c) *Prejudice to the interests of the Government--(1) In general.* The Commissioner will grant a reasonable extension of time to make a regulatory election only when the interests of the Government will not be prejudiced by the granting of relief. This paragraph (c) provides the standards the Commissioner will use to determine when the interests of the Government are prejudiced.

(iii) Uses hindsight in requesting relief. If specific facts have changed since the due date for making the election that make the election advantageous to a taxpayer, the IRS will not ordinarily grant relief. In such a case, the IRS will grant relief only when the taxpayer provides strong proof that the taxpayer's decision to seek relief did not involve hindsight.

(ii) Was informed in all material respects of the required election and related tax consequences, but chose not to file the election; or

(i) Seeks to alter a return position for which an accuracy-related penalty has been or could be imposed under section 6662 at the time the taxpayer requests relief (taking into account any qualified amended return filed within the meaning of § 1.6664-2(c)(3) of this chapter) and the new position requires or permits a regulatory election for which relief is requested;

(3) *Taxpayer deemed to have not acted reasonably or in good faith.* For purposes of this paragraph (b), a taxpayer is deemed to have not acted reasonably and in good faith if the taxpayer--

(ii) Aware of all relevant facts.

(i) Competent to render advice on the regulatory election; or

(2) *Reasonable reliance on a qualified tax professional.* For purposes of this paragraph (b), a taxpayer will not be considered to have reasonably relied on a qualified tax professional if the taxpayer knew or should have known that the professional was not--

(v) Reasonably relied on a qualified tax professional, including a tax professional employed by the taxpayer, and the tax professional failed to make, or advise the taxpayer to make, the election.

(iv) Reasonably relied on the written advice of the Internal Revenue Service (IRS); or

(iii) Failed to make the election because, after exercising reasonable diligence (taking into account the taxpayer's experience and the complexity of the return or issue), the taxpayer was unaware of the necessity for the election;

Letter 2382(DO/CG)

Page 4 of 4