

INTERNAL REVENUE SERVICE

DEPARTMENT OF THE TREASURY

Date: December 1, 2000

Employer Identification Number:
59-1829662
Contact Person:
Aletha Bolt #75501
Contact Telephone Number:
(405)297-4575
(405)297-4495 FAX
Response Due Date:
December 22, 2000

Everglades College Inc
1506 NW 49th St
Fort Lauderdale, FL 33309

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 the 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 have, 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 not 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,

Aletha Bolt
Exempt Organizations Agent

Copy to Nick Jovanovich, Esq.

Everglades College Inc

All information submitted in support of your application for exemption must be furnished under the signature of a principal officer or other appointed person acting with proper authorization or must be attached to a properly signed cover letter. Please be sure your response is signed by a director, officer, trustee, or authorized representative. Please mail your response to the following address:

Altha Holt #75501
Internal Revenue Service
Mail Stop 4900 OKC
55 North Robinson Street
Oklahoma City, OK 73102-9927

1. The Employer Identification Number (EIN) you listed on line 2 to Part I of the application is assigned to another organization. Please provide proof of the EIN assigned to you. If you don't have an EIN, please complete the enclosed Form SS-4 and contact your IRS Service Center for the assignment of an EIN.
2. Your response to line 10 to Part II of the application indicates that you lease facilities from Keiser School Inc.
 - a. Please provide a detailed physical description of these facilities.
 - b. How are the owners of these facilities related to you?
 - c. If you are leasing the facilities from related parties, please provide a qualified appraisal prepared by a qualified appraiser for the fair market rental value of the facilities. See information on qualified appraisals and qualified appraisers enclosed.
 - d. If you are leasing the facilities from related parties, please provide a statement that any improvements made to the facilities by the lessee will be reimbursed by the lessor at the greater of cost or fair market value at the time the lessee vacates the facilities.
3. Please provide a detailed description of any other facilities you will use in your activities, including but not limited to:
 - a. A physical description of the facilities.
 - b. Will you rent or purchase the facilities?
 - c. Provide copies of all lease, rental, purchase or other contracts to which you are a party. If your use of the facility is by verbal agreement only, please provide a detailed description of the terms of that agreement.
 - d. Describe any proposed transactions.
 - e. Provide a detailed explanation of the relationship between the organization and the owners and/or sellers of the facility.
 - f. If you are renting or purchasing from a related party, is the rent or purchase price at, above, or below fair market value and how did you determine this?
 - g. If you are renting from a related party, will you make any leasehold improvements to the facility? If so, describe each improvement.
 - h. If you are renting from a related party, will ownership of the leasehold improvements revert to the lessor at termination of the lease?

4. Please provide detailed proposed budgets for the periods noted below:

07/01/00 - 08/31/01
07/01/01 - 08/31/02

5. Your attachment to line 15 to Part IV-B of the application lists a liability payable to Everglades Management Inc. Please provide a much more detailed description of this liability. How is this entity related to you?
6. Please provide a detailed schedule of your assets and liabilities as of 08/31/00.
7. A most important part of section 170(b)(1)(A)(ii) is compliance with a nondiscriminatory policy. The information submitted with your application isn't sufficient to demonstrate compliance. You may comply with Rev. Proc. 75-50, 1975-1 C.B. 587, by providing the following:
- a. A statement in your charter, bylaws, or other governing instrument, or in a resolution of your governing body, stating that you have a racially nondiscriminatory policy as to students and therefore do not discriminate against applicants and students on the basis of race, color, and national or ethnic origin.
 - b. Copies of all brochures, catalogs or other written advertising (not -- previously provided) dealing with student admissions, programs, and scholarships that include a statement of your racially nondiscriminatory policy. See the enclosed copy of the revenue procedure for the recommended wording of the policy. If you have not yet prepared any of these items or if your current items don't contain the recommended wording, provide a statement that the policy will appear in brochures, catalogs or other written advertising prepared in the future.
 - c. Proof that you have publicized your racially nondiscriminatory policy by publishing a notice in a newspaper of general circulation that serves all racial segments of the community. Alternatively, you may use the broadcast media to publicize your racially nondiscriminatory policy if this use makes such nondiscriminatory policy known to all segments of the general community you serve. See the copy of the revenue procedure enclosed for the wording of the notice and required documentation.
8. Your response to line 7 to Schedule B of the application indicates that you provide scholarships. Please complete and return the enclosed copy of Schedule H regarding your scholarship activities. Be sure to include any applicable supporting forms, schedules, etc.
9. Your responses to line 1 to Part II and Schedule I of the application indicate that you are the successor to a for-profit corporation. You also state that two of the owners of the for-profit currently serve as your directors and that neither of these directors has received any payment in connection with the conversion.
- a. Please provide a copy of the purchase agreement, sales contract, etc for the purchase of American Flyers College by the Keisers on 08/20/98.
 - b. Please provide a detailed schedule of the assets and liabilities assumed by the Keisers on 08/20/98 if not included in the other documentation noted above.

Everglades College Inc

- c. Please provide a detailed schedule of the assets and liabilities of American Flyers College immediately prior to the conversion on 03/08/00.
 - d. Please provide a detailed schedule of the assets and liabilities of Everglades College Inc immediately after the conversion on 03/08/00.
 - e. Please provide a detailed schedule of any assets and liabilities retained by each of the Keizers upon the conversion on 03/08/00.
 - f. When and how will each of the prior owners be compensated in connection with the conversion?
10. Please provide a qualified appraisal prepared by a qualified appraiser for the fair market value of American Flyers College immediately prior to the conversion on 03/08/00. See information on qualified appraisals and qualified appraisers enclosed.
 11. Please provide a qualified appraisal prepared by a qualified appraiser for the fair market value of Everglades College immediately after the conversion on 03/08/00. See information on qualified appraisals and qualified appraisers enclosed.
 12. Page 7 of the Everglades College Catalog submitted with your application describes activities conducted by American Flyers Inc.
 - a. What is this entity and how is it related to you?
 - b. Describe in detail any transactions entered into with this entity.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: JAN 2 1991

EVERGLADES COLLEGE INC
1500 NW 45TH ST
FORT LAUDERDALE, FL 33309

Employer Identification Number:
65-0216639

DIN:

17053265015040

Contact Person:

ALETHA BOLT

ID# 75501

Contact Telephone Number:

(405) 297-4575

Our Letter Dated:

DECEMBER 1, 2000

Form:

1120

Tax Year(s):

ALL

90-Day User Fee Response Date: APR 25 2001

Dear Applicant:

On the above date we wrote you about your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. In that letter we asked you to send us additional information to show that you have met all legal requirements. To date we have not received the information necessary to make a determination of your tax-exempt status.

We therefore cannot process your application for recognition under Code section 501(c)(3) and have closed your case. Contributions to your organization are not deductible under Code section 170. In accordance with Code section 6104(c), we will notify the appropriate state officials of this action. If you want further consideration, please send us a new Form 1023.

User fees are not refundable for requests that are closed because information necessary to make a determination is not received. However, if you send us a new Form 1023 within 90 days from the date of this letter, no additional amount is due. If you send a new Form 1023 more than 90 days after the date of this letter, another user fee payment is required.

If you do send us a new Form 1023, PLEASE ATTACH A COPY OF THIS LETTER and be sure your application includes the information we requested in our earlier letter referred to above.

Section 7428 of the Code provides for bringing suit for a declaratory judgment in the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia with respect to this determination. However, section 7428(b)(2) of the Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Letter 1314 (00/CG)

EVERGLADES COLLEGE INC

Since you have not provided the information needed, this 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.

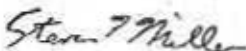
You are required to file Federal income tax returns on the form and for the years shown in the heading of this letter. File these returns with your key District Director for exempt organization matters within 60 days from the date of this letter, unless a request for an extension of time is granted. We will not delay processing of income tax returns and assessment of any taxes due because of your bringing suit for declaratory judgment under Code section 7428. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you have any questions about this matter, please write to the person whose name is shown at the top of this letter, or you may call that person at the telephone number shown. If you write to us, please provide your telephone number and the most convenient time for us to call in case we need more information.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Thank you for your cooperation.

Sincerely yours,



Steven Y. Miller
Director, Exempt Organizations

Enclosures:
Form 1023/Attachments

All information submitted in support of your application for exemption must be furnished under the signature of a principal officer or other appointed person acting with proper authorization or must be attached to a properly signed cover letter. Please be sure your response is signed by a director, officer, trustee, or authorized representative.

If you respond prior to the 90-Day User Fee Response Date, you only need to provide the information requested in the letter dated February 1, 2000. Please send the information to:

Aletha Bolt #75501
Internal Revenue Service
Mail Stop 4900 OKC
55 North Robinson Street
Oklahoma City, OK 73102-9927

However, if you respond after the 90-Day User Fee Response Date, you will need to submit a new application and user fee to our Cincinnati office as detailed on the first page of this letter.

If you have any questions, please call Aletha Bolt at (405)297-4575.