
EVERGLADES COLLEGE

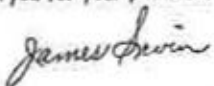
July 10, 2001

To: Mr. John Jennwein
Internal Revenue Service

From: James Savin
Controller

Regarding the response to your memo of June 26, 2001, please be advised Everglades College's response has been overnighted and will on your desk tomorrow.

Thank you for your patience.



EVERGLADES

C O L L E G E

July 10, 2001

VIA FEDERAL EXPRESS

Internal Revenue Service
Exempt Organizations
Attn: John Jennewein
Room 4508
550 Main Street, Federal Building
Cincinnati, OH 45202

INTERNAL REVENUE SERVICE
CINCINNATI, OHIO

JUL 11 2001

RECEIVED
TEGE DIVISION

RE: Everglades College, Inc.
Form 1023, Application for Exemption Pursuant to Code Section 501 (c)(3)

Dear Mr. Jennewein:

The following information is being submitted in support of the Application for Exemption and in response to the Internal Revenue Service letter dated June 26, 2001.

Number references are to references in such letter.

- 1a. Some students major in Aviation Management with an option to take flight lessons. If they choose the flight lesson option, they prepay for their classes, which is recognized as a liability. The liability (credit) shows on their student ledger card. When the student takes flight lessons, Everglades College pays the flight-training contractor on behalf of the student. If recorded and timed correctly, there are two entries made when payment is made:
- Dr. A/R Student
 - Cr. Flight Tuition Revenue
 - To reduce student balance for flight training
 - Dr. Subcontract Flight Training Expense
 - Cr. Cash
 - To pay for a student's flight training
- As of March 8, the debit to Subcontract Flight Training Expense was misclassified as a negative (debit) to Accounts Payable. The amount totaled \$56,070, which was subsequently adjusted to zero.
- 1b. The \$16,208.41 Loan Payable as of March 8, 2000 was the open receivable/payable to Keiser College. The items that were open as of that date were subsequently paid.
- 1c. The Loans and Notes Receivable as of March 8, 2000 consisted of two parts. The first part was a \$5,000 receivable from Keiser College for cash erroneously posted to Keiser College that belonged to Everglades College.

John Jennewein
Internal Revenue Service
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The second part was \$19,642.82 due from Everglades Management, Inc. for administrative salaries (payroll). Everglades College originally paid the administrative salaries. The expenses were transferred to Everglades Management, Inc. In both cases, they were part of the open receivables/payables between the Keiser College and Everglades Management, Inc. that were subsequently paid in cash.


- 1d. The Loan Receivable of \$1,655 represents employee payroll adjustments. On occasion, a manual payroll check is issued to supplement the regular payroll. The amount(s) in question are usually cleared on the next payroll.
- 1e. Initial advertising costs were charged to this account totaling \$16,465; subsequent payments by Keiser College of \$16,002 reduced the balance to \$463.
- 1f. The analysis of the payable to Everglades Management, Inc is as follows:

	AMOUNT (CREDITS)
Cash Advance	\$(50,000)
Printing Expenses	(7,552)
Administrative Salaries	<u>49,320</u>
Total	<u>\$ (8,232)</u>

The 8/30/00 date on the Schedule B column is incorrect. The responses to 1d, 1e and 1f are referring to balances as of August 30, 1999, which is the correct Schedule B column date.

The foregoing is respectively submitted in support of a request for a favorable determination. Please advise if there are any further questions we may answer or materials we may furnish.

Respectfully yours,



Arthur Keiser, Ph.D.
Chancellor

AK:bnr

Enclosures