

March 30, 2001

RECEIVED

APR 02 2001

For routing  
CRED Division  
BAGMAN NDO

VIA MESSENGER

Mr. James Savin  
Everglades College, Inc.  
1500 Northwest 49<sup>th</sup> Street  
Fort Lauderdale, FL 33309

Re: Response to Internal Revenue Service

Dear Jim:

Enclosed herewith is a letter to the Internal Revenue Service responding to their letter of December 1, 2000 together with attached set of Exhibits.

Please have Arthur sign before witnesses as indicated and send to Aletha Bolt at the Internal Revenue Service. We have included a mailing label for your convenience.

If you have any questions, please feel free to telephone. It is important that this be sent promptly.

Very truly yours, --

BERGER SINGERMAN

By

  
James L. Berger

JL.B:mw

Enclosure

# EVERGLADES

C O L L E G E

March 30, 2001

**VIA CERTIFIED MAIL**

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

**RECEIVED**

APR 02 2001

NOT POSTED  
EVERGLADES COLLEGE  
MIDDLEBURY RD

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

Dear Ms. Bolt:

The following information is being submitted in support of the Application for Exemption and in response to the Internal Revenue Service letter dated December 1, 2000, a copy of which is enclosed for your convenience.

References are to references in such letter.

1. The correct Employer Identification Number for Everglades College is 65-0216638.
2.
  - (a) The physical description of the facilities leased by Everglades College is shown on attached Exhibit 2(a), which shows a floor plan of the office space leased and which space comprises 4,636 square feet.
  - (b) The building in which the facility is located, is owned by a partnership in which related parties have a 42% interest and unrelated parties own a 58%. The related parties are Keiser Building Corp., which is owned by Arthur Keiser who owns a 2% interest in the partnership; Spectrum Investment Associates which owns a 40% interest in the partnership and which is owned by 48% by Arthur Keiser, 48% by Belinda Keiser and 4% by Robert Keiser. This joint venture (owns 42% by related parties) leases space to Keiser College which in turns subleases to Everglades College, Inc. The entire building comprises 81,824 square feet, including the area occupied by Everglades College. The basic rent is \$9.49 per square foot.
  - (c) A qualified appraisal prepared by a qualified appraiser for the fair market rental of the facilities is attached as Exhibit 2(c).

- (d) There are to be no tenant improvements to the property. Consequently, this provision is unnecessary.
3. At the present time, Everglades College, Inc. will not be using any additional facilities.
4. Detailed proposed budgets for the periods of (i) July 1, 2000 through August 31, 2001 and (ii) July 1, 2001 through August 31, 2002 are attached as Exhibit 4.
5. Everglades Management, Inc., which is 50% owned by Arthur Keiser and 50% owned by Evelyn Keiser advanced \$8,232.00 for operational expenses. This amount remains unpaid and there is no interest.
6. Schedule of assets and liabilities as of August 31, 2000 is attached as Exhibit 6.
7. (a) A copy of the By-Laws is attached hereto and the Non-Discriminatory Policy is specifically stated in Article I, Section 3 thereof.
- (b) Copies of brochures, catalogues and other written advertisements and other written materials are attached as Exhibit 7(b) hereto.
- (c) Advertisements stating the non-discriminatory policy of the college as published in the newspapers of general circulation are attached as Exhibit 7(c). A complete copy of Schedule H is attached hereto as Exhibit 8.
8. (a) A copy of the Purchase Agreement for the purchase of American Flyers College by the Keisers on 08/20/98 is attached as Exhibit 9(a).
- (b) A schedule of the assets and liabilities of American Flyers College on 08/31/98 is attached hereto.
- (c) The same schedule of assets and liabilities of American Flyers College on 03/08/00 and of Everglades College, Inc. immediately after the conversion on 03/08/00 are attached. They are the same.
- (d) Please refer to 8(c) above.
- (e) There were no assets or liabilities retained by the Keiser's upon conversion on 03/08/00.
- (f) There is to be no compensation for the prior owners in connection with the conversion.
9. (a) Attached is a copy of the Purchase Agreement between Arthur Keiser, Belinda Keiser and Arthur Keiser and Belinda Keiser, as Custodians for Robert Keiser and American Flyers College, Inc. and a Stock Power showing the transfer of the shares to the purchasers of all of the Stock of American Flyers College, Inc.
- (b) Attached as Exhibit 9(b) is an audit of American Flyers College, Inc. dated 08/31/98.
- (c) The attached Schedule of Assets, Liabilities of American Flyers College immediately prior to and subsequent to conversion on March 8, 2000 is attached. There was no change in the assets and the liabilities.
- (d) Please refer to 9(c) above.
- (e) No assets and liabilities were retained by any Keisers upon conversion on March 8, 2000.
- (f) There was no compensation paid to the owners of American Flyers College, Inc. for conversion to non-profit status.

10. The appraisal attached as Exhibit 10 as of July 12, 2000, represents the same valuation as existed on March 8, 2000.
11. See Exhibit 10.
12. (a) American Flyers Schools, Inc. is unrelated to Everglades College.  
(b) American Flyers Schools, Inc. provides flight classes and courses unavailable at Everglades College, Inc. The students pay the cost and fees of such additional course and flight training. No amount so paid enures to the benefit of Everglades College, Inc.

The foregoing is respectfully submitted for a request for a favorable determination. If there are any further questions or materials to be provide, please feel free to contact the undersigned.

Very truly yours,

EVERGLADES COLLEGE, INC.

By 

Arthur Keiser, President

  
Witness

  
Witness

AK/jb  
Encls.

## LIST OF EXHIBITS

- Exhibit 1      Employer Identification Number.
- Exhibit 2(a)    Physical Description of Facilities Leased by Everglades College, Inc.  
(b)      Partnership Interest of Facility  
(c)      Qualified Appraisal for Fair Market Rental of Facility  
(d)      Tenant Improvements.
- Exhibit 3      Additional Facilities
- Exhibit 4      Detailed Proposed Budget for:  
                July 1, 2000 through August 31, 2001  
                July 1, 2001 through August 31, 2002
- Exhibit 5      Keiser Family Percentage Ownership and Liability to Everglades Management, Inc.
- Exhibit 6      Schedule of Assets and Liabilities as of August 31, 2000.
- Exhibit 7(a)    Bylaws of Everglades College, Inc.  
(b)      Brochures, Catalogues and Other Written Advertisements and Materials  
(c)      Advertisements Stating Non-discriminatory Policy of Everglades College, Inc.
- Exhibit 8      Schedule H and Applicable Supporting Forms and Schedules
- Exhibit 8(a)    Purchase Agreement  
(b)      Schedule of Assets and Liabilities of American Flyers College, Inc. on 8/31/98.  
(c)      Schedule of Assets and Liabilities of American Flyers College on 3/8/00 and of Everglades College, Inc. After Conversion on 3/8/00.  
(d)      Schedule of Assets and Liabilities of Everglades College, Inc. After Conversion on 3/8/00.  
(e)      Assets and Liabilities Retained by Kaisers upon Conversion on 3/8/00.  
(f)      Compensation to Prior Owners in Connection with Conversion.
- Exhibit 9(a)    Purchase Agreement Between Arthur Keiser, Belinda Keiser and Arthur Keiser and Belinda Keiser as Custodians for Robert Keiser and American Flyers College, Inc. and Stock Power Showing Transfer of Shares.  
(b)      Audit of American Flyers College, Inc. dated 8/31/98.  
(c)      Schedule of Assets and Liabilities of American Flyers College, Inc. dated March 8, 2000.  
(d)      Schedule of Assets and Liabilities of Everglades College, Inc. After Conversion on March 8, 2000.  
(e)      Retention of Assets and Liabilities by Kaisers upon Conversion on March 8, 2000.

- (f) Compensation Paid to Owners of American Flyers College, Inc. for Conversion to Non-Profit Status.

Exhibit 10 Appraisal as of July 12, 2000.

Exhibit 11 Qualified Appraisal for Fair Market Value of Everglades College, Inc. After Conversion on 3/8/00.

Exhibit 12(a) Relationship of American Flyers Schools, Inc. to Everglades College, Inc.  
(b) Transactions Entered into with American Flyers Schools, Inc.

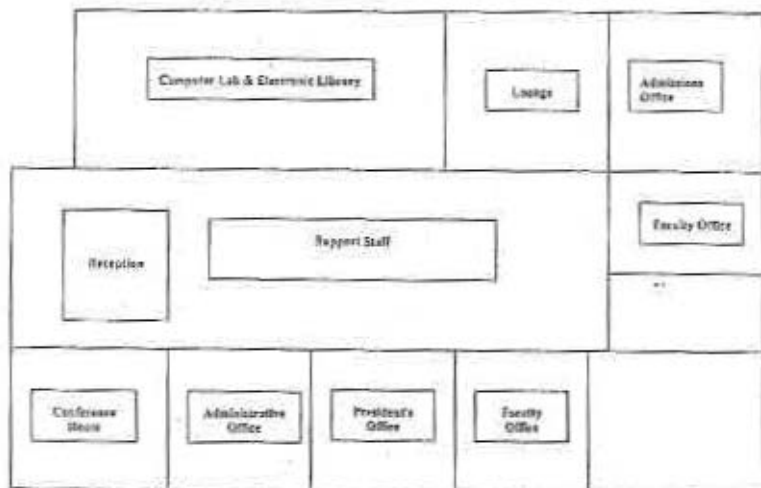
## EXHIBIT 2(a)

Physical Description of Facilities Leased by Everglades College, Inc.

..

EVERGLADES COLLEGE  
FLOOR PLAN

1500 NW 49<sup>th</sup> Street - 6<sup>th</sup> Floor  
Fort Lauderdale, Florida





## EXHIBIT 2(b)

The building in which the facility is located, is owned by a partnership in which related parties have a 42% interest and unrelated parties own a 58%. The related parties are Keiser Building Corp., which is owned by Arthur Keiser who owns a 2% interest in the partnership, Spectrum Investment Associates which owns a 40% interest in the partnership and which is owned by 48% by Arthur Keiser, 48% by Belinda Keiser and 4% by Robert Keiser. This joint venture (owns 42% by related parties) leases space to Keiser College which in turn subleases to Everglades College, Inc.. The entire building comprises 83,824 square feet, including the area occupied by Everglades College. The basic rent is \$9.49 per square foot.

# **1<sup>st</sup> APPRAISAL SERVICES**

A Real Estate Appraising and Consulting Firm

Keiser College,  
1500 N.W. 42nd Street  
Fort Lauderdale, Florida. 33309  
Attn: Mr. Art Keiser

March 12, 2001

RE: Sub-lease of 4,634 square feet of space  
located on the 6th floor of 1500 NW 42nd Street,  
Fort Lauderdale, Florida to Everglades College.

To Whom it May Concern.,

Please be advised that the appraiser has been requested to review the above referenced lease and complete a rental survey of the market area to determine if the current sub-lease is below, within or above the current office market.

The appraiser was provided a copy of the existing lease and limited sketch of the leased area. The landlord has indicated that the leased space contains 4,634 square feet of area but this could not be verified by the lease or the limited floor plan provided. The appraiser has made his conclusions based on the assumption that the leased area at 4,634 square feet is correct. Discussions with the property manager confirmed that this figure is accurate.

The subject sub-lease is located in a 6 story office building commonly known as the 1500 building of "Spectrum Office Park" the subject building contains approximately 99,910 square feet of leasable space. The property manager indicated that the building is over 95% occupied and vacant space is currently offered at \$12.50 net with CAM of \$7.50 per square foot. This equates to a gross figure of \$20.00 per foot. Buildings similar to the subject are currently rented from \$10.00 to \$15.00 per square foot net with CAM charges ranging from \$5.00 to \$8.00 per square foot. Based on the analysis conducted gross rents for space similar to the subject ranges from \$15.00 to \$23.00 per square foot.

A review of the subject sub-lease indicates that the current rental rate is \$38,004 annually or \$8.20 per square foot net based on a leasable area of 4,634 square feet. Adding the current CAM of \$7.50 per square foot indicates a gross rent of \$15.70 per square foot. The appraiser has concluded that the current sub-lease is slightly below or reflect's the low end of market rents for the subject area.

Attached is a copy of the lease provided, sketch and indicated size of the leased space. If you have any further questions please feel free to call.

Sincerely,



Frank Swatcheno, ASA  
State Certified General  
Appraiser RZ0001864

Form 8283 (Rev. 10-10-97)

Page 2

Name(s) shown on your income tax return

Identifying number

**Section B — Appraisal Summary** — List in this section only items (or groups of similar items) for which you claimed a deduction of more than \$5,000 per item or group. Exception. Report contributions of certain publicly traded securities only in Section A.

If you donated art, you may have to attach the complete appraisal. See the Note in Part I below.

**Part I Information on Donated Property** — To be completed by the taxpayer and/or appraiser.

## 4 Check type of property:

☐ Art\* (contribution of \$20,000 or more)☐ Real Estate☐ Gems/Jewelry☐ Stamp Collections☐ Art\* (contribution of less than \$20,000)☐ Coin Collections☐ Books☐ Other

\*Art includes paintings, sculptures, woodcarvings, prints, drawings, ceramics, antique furniture, decorative arts, textiles, carpets, etc., rare manuscripts, historical memorabilia, and other similar objects.

Note: If your total art contribution deduction was \$20,000 or more, you must attach a complete copy of the signed appraisal. See instructions.

5	(a) Description of donated property (If you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition of the item at the time of the gift	(c) Appraised fair market value
A			
B			
C			
D			

(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For tangible assets, enter amount received	(h) Amount claimed on a deduction	(i) Average trading price of securities
A					
B					
C					
D					

**Part II Taxpayer (Donor) Statement** — List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the foregoing item(s) included in Part I above has (has) the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying number from Part I and describe the specific item. See instructions.

Signature of Taxpayer (Donor) &gt;

Date &gt;

**Part III Declaration of Appraiser**

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or material to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during the tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this appraisal summary may subject me to the penalty under section 6751(a) (aiding and abetting the understatement of tax liability). I affirm that I have not been barred from practicing valuations or testimony by the Director of Practice.

Sign Here: Signature > General Title > APPRAISER Date of appraisal > 3-12-2001

Donor's address (including room or suite no.)

Identifying number

7171 TAFT STREET  
City or town, state, and ZIP code  
Hollywood, Florida 33024

**Part IV Donee Acknowledgment** — To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on >

(Date)

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 2 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? > ☐ Yes ☒ No

Name of charitable organization (donee)

Employer identification number

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

Authorized signature

Title

Date

**FAX TRANSMISSION**

**KEISER COLLEGE**  
1500 N. W. 49<sup>th</sup> STREET  
FORT LAUDERDALE, FLORIDA 33309  
(954) 776-4476  
Fax: (954) 459-2974

---

TO: Frank Swatscheno      TAX NO: 926-8202  
FROM: Carol Fuller      TOTAL PAGES INCLUDING  
DATE: 3/12      COVER PAGE: 2  
TIME:

If there are any questions, if any of these fax copies are illegible, or you did not receive the same number of pages as stated above, please contact me at (954) 776-4476.

Memo:

Cum Dollar 7.50 per square foot  
4,634 rental space

### **REAL ESTATE LEASE**

This Lease Agreement (the "Lease") is made effective as of December 15, 1999, by and between Keiser School Inc. ("Landlord"), and Everglades College ("Tenant"). The parties agree as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant Class A Office Suite (the "Premises") located at 1500 NW 49 St., Ft. Lauderdale, FL 33309.

**TERM.** The lease term will begin on January 01, 2000 and will terminate on December 31, 2004.

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly payments of \$3,167.00 per month, payable in advance on the fifth day of each month, for a total annual lease payment of \$38,004.00. Lease payments shall be made to the Landlord at 1500 NW 49 St., Ft. Lauderdale, Florida 33309, which may be changed from time to time by the Landlord.

**POSSESSION.** Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing.

**USE OF PREMISES.** Tenant may use the Premises only Educational purposes for adult students. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

**PROPERTY INSURANCE.** Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Premises and property located on the Premises.

**DEFAULTS.** Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 15 days (or any other obligation within 15 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent".

**NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing

Noted 

and forwarded by mail, postage prepaid, addressed as follows:

**LANDLORD:**

Name: Keiser School Inc.  
Address: 1500 NW49 St.  
Ft. Lauderdale, Florida 33309

**TENANT:**

Name: Everglades College  
Address: 1500 NW 49th St, Suite 600  
Ft. Lauderdale, Florida 33309

Such addresses may be changed from time to time by either party by providing notice as set forth above.

**ENTIRE AGREEMENT/AMENDMENT.** This Lease Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement, whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

**SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**WAIVER.** The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

**CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

**GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Florida.

**LATE PAYMENTS.** Tenant shall pay a late fee equal to 2% of the required installment payment for each payment that is not paid within 10 days after its due date.

**HOLDOVER.** If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord a lease payment for the Holdover Period equal to the amount set forth in the following Lease Payments paragraph. Such holdover shall constitute a month to month extension of this Lease.

**RENEWAL TERMS.** This Lease shall automatically renew for an additional period of One

term per renewal term, unless either party gives written notice of the termination no later than 90 days prior to the end of the term or renewal term. The lease terms during any such renewal term shall be the same as those contained in this Lease.

**NON-SUFFICIENT FUNDS.** Tenant shall be charged \$100.00 for each check that is returned to Landlord for lack of sufficient funds.

**MAINTENANCE.** Landlord shall have the responsibility to maintain the Premises in good repair at all times.

**UTILITIES AND SERVICES.**

Landlord shall be responsible for all utilities and services in connection with the Premises.

**LIABILITY INSURANCE.** Tenant shall maintain liability insurance with personal injury limits of at least \$5,000,000.00 for injury to one person, and \$5,000,000.00 for any one accident, and a limit of at least \$200,000.00 for damage to property. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance policies.

**TAXES.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

**REAL ESTATE TAXES.** Landlord shall pay all real estate taxes and assessments for the Premises.

**TERMINATION UPON SALE OF PREMISES.** Notwithstanding any other provision of this Lease, Landlord may terminate this lease upon 90 days' written notice to Tenant that the Premises have been sold.

**REMODELING OR STRUCTURAL IMPROVEMENTS.** Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

**ACCESS BY LANDLORD TO PREMISES.** Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent.

**INDEMNITY REGARDING USE OF PREMISES.** To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may

suffer or incur in connection with Tenant's use or misuse of the Premises.

**DANGEROUS MATERIALS.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

**MECHANICS LIENS.** Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

**ARBITRATION.** Any controversy or claim relating to this contract, including the construction or application of this contract, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

**ASSIGNABILITY/SUBLETTING.** Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), without the prior written consent of Landlord, which shall not be unreasonably withheld.

**SUBORDINATION OF LEASE.** This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

**LANDLORD:**  
 Keiser School Inc.



Keiser School Inc.

**TENANT:**  
 Everglades College



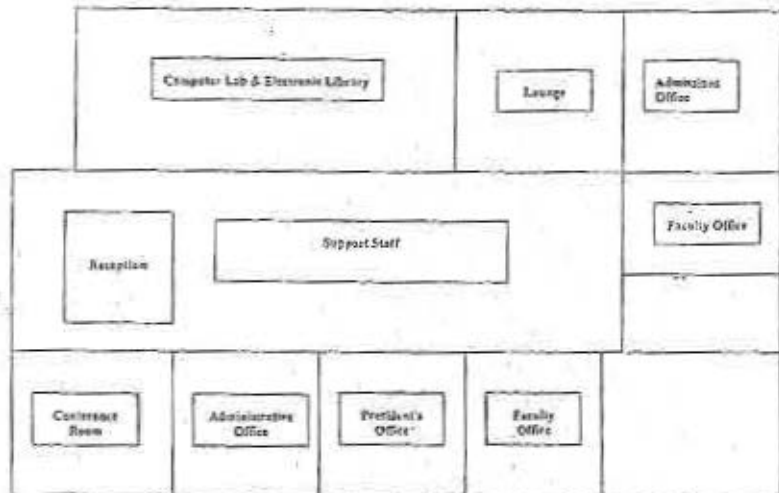
Everglades College





**EVERGLADES COLLEGE  
FLOOR PLAN**

1500 NW 49<sup>th</sup> Street - 6<sup>th</sup> Floor  
Fort Lauderdale, Florida



## QUALIFICATIONS OF THE APPRAISER

### FRANK S. SWATSCHENO

**PRESENT ADDRESS:** 9858 N.W. 18th Street  
Pembroke Pines, Florida. 33024  
(954) 435-4087

**EDUCATION:** 1979-1983 Columbia University School of Engineering and Applied Science, Major: Metallurgy; Overall G.P.A. 2.9; Date of Graduation: May 15, 1983. Concentration: Economics. Degree: Bachelor of Science Metallurgy.

1976-1979 Armstrong Senior High School, Neenah, Wisconsin. G.P.A. 3.8

**EMPLOYMENT:** 1993-PRESENT 1st Appraisal Services  
7171 Taft Street  
Hollywood, Florida. 33024  
Position: Real Estate Appraiser (Owner)

1989-1993 Lenders Appraisal Services  
2874 N.W. 79th Avenue  
Miami, Florida. 33122  
Position: Real Estate Appraiser.

1984-1989 Realty World - Independent Realty Associates,  
7171 Taft Street,  
Hollywood, Florida, 33024  
Position: Real Estate Salesman, Appraiser.

**SERVICE AFFILIATIONS:** 1985 to 1990 National Society of Fee Appraisers  
1998 to Date Member - Hollywood Board of Realtors  
1988 to Date Member - American Society of Appraisers  
1993 to Date Member - The Foundation of Real Estate Appraisers

**APPRAISAL DESIGNATIONS -- AND RELATED LICENSES:** American Society of Appraisers: ASA, Senior Member  
State Certified General Appraiser, License #RZ0001864  
Florida Real Estate Brokers License

**APPRAISAL COURSES COMPLETED:** Course 101 - SREA  
Course 102 - SREA  
Narrative Course - NGA  
Income Capitalization - Lee & Grant  
From Appraiser to Underwriter - Lee & Grant 08/98  
What RE Apprs. Face in Field - Lee & Grant 09/00  
USPAP - Lee & Grant 10/00

**EXPERT WITNESS:** Broward and Dade Counties.

ACR6099832

STATE OF FLORIDA  
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION  
FLORIDA REAL ESTATE APPRAISAL BOARD

EXPIRATION DATE	BATCH NUMBER	LICENSE NUMBER
11/17/2008	00013309	RZ-0001864

THE CERTIFIED GENERAL APPRAISER

David Scott R. F. TIFIN

Under the provisions of Chapter 494, F.S.

Expiration date: NOV 20, 2012

SWATSCHEHC, FRANK J  
9450 NW 10TH ST  
PENSACOLA, FL 33704

FL 33024

JEE BUSH  
GOVERNOR

DISPLAY AS REQUIRED BY LAW

KIM BINKLEY-SLYER  
SECRETARY

## EXHIBIT 2(d)

Tenant Improvements

NONE

## **EXHIBIT 3**

*Additional Facilities*

NONE

## **EXHIBIT 5**

**Keiser Family Percentage Ownership  
Liability to Everglades Management, Inc.**

**KEISER FAMILY  
PERCENTAGE OWNERSHIP**

	SHAREHOLDER NAME	%
KEISER COLLEGE AN "S" CORP. 59-1829682	ARTHUR KEISER	48
	EVELYN KEISER	48
	ROBERT KEISER	4
		<u>100</u>
KEISER CAREER INSTITUTE AN "S" CORP. 65-0468559	ARTHUR KEISER	48
	BELINDA KEISER	48
	ROBERT KEISER	4
		<u>100</u>
EVERGLADES COLLEGE A "C" CORP. 85-0216638	ARTHUR KEISER	48
	BELINDA KEISER	48
	ROBERT KEISER	4
		<u>100</u>
EVERGLADES MANAGEMENT, INC AN "S" CORP. 65-0639929	ARTHUR KEISER	50
	EVELYN KEISER	50
		<u>100</u>

## EVERGLADES COLLEGE

501 (C) 3 RESPONSE

QUESTION # 5

ACCOUNT ANALYSIS--PAYABLE EVERGLADES MANAGEMENT

August 30, 1999

	AMOUNT (CREDITS)
CASH ADVANCE	\$ (50,000.00)
PRINTING EXPENSES	(7,552.00)
ADMINISTRATIVE SALARIES	49,320.00
TOTAL	<u>\$ (6,232.00)</u>



## SCHEDULE B

## EVERGLADES COLLEGE

Application for Recognition of Exemption, Section 501(c)(3)

## Part IV Financial Data

## Balance Sheet

August 30, 2000

Description	8/30/00 <sup>99</sup>	8/30/00
(Item 8) Depreciable and depletable assets		
Office Furniture	11,853	-
Library Equipment	10,618	-
Computer Equipment	18,564	30,557
Less: Accum. Depreciation	(30,135)	(30,557)
Total	10,900	(12,288)
		18,269
(Item 10) Other assets		
Loan Receivable	1,655	60,626
Due from Keiser College	463	-
Prepaid Expenses	4,345	391
Accreditation Fees, net	13,606	10,204
Total	20,069	71,221
(Item 15) Other liabilities		
Sales Tax Payable	134	25,594
Income Taxes Payable	5,000	702
Unearned Tuition	20,748	3,816
Due to Everglades Management, Inc.	8,232	145,524
Total	34,114	175,636

## **EXHIBIT 6**

**Schedule of Assets and Liabilities as of August 31, 2000**

RESPONSE TO QUESTION # 6

EVERGLADES COLLEGE  
BALANCE SHEET  
AUGUST 31, 2000

ASSETS

CASH	112,076
ACCOUNTS RECEIVABLE	86,536
LESS: ALLOWANCE BAD DEBTS	(5,000)
RECEIVABLE EVERGLADES MGT,	80,626
INVENTORY	7,088
PREPAID EXPENSES	391
FURNITURE & FIXTURES	30,557
LESS: ACCUMULATED DEPRECIATION	(12,268)
ORGANIZATIONAL COSTS	10,204

TOTAL ASSETS

270,170

LIABILITIES & EQUITY

ACCOUNTS PAYABLE	381
SALES TAX PAYABLE	702
ACCRUED EXPENSES	1,500
UNEARNED TUTION	145,524
INCOME TAXES PAYABLE	3,816
PAYABLE KEISER COLLEGE	25,694
TOTAL LIABILITIES	<u>177,517</u>

CAPITAL STOCK	1,000
PAID IN CAPITAL	170,000
RETAINED DEFICIT	(113,820)
NET PROFIT	35,473
TOTAL EQUITY	<u>92,653</u>

TOTAL LIABILITIES & EQUITY

270,170

## **EXHIBIT 7(b)**

**Copies of brochures, catalogues and other  
written advertisements and other written materials**

**Page 9 of Catalog  
Last page of Academic Scholarship Application  
Last Page of Financial Scholarship Application**

## EXHIBIT 8(b)

Schedule of Assets and Liabilities of  
American Flyers College on 8/31/98

AMERICAN FLYERS COLLISION, INC.

REPORT ON AUDIT OF FINANCIAL  
STATEMENTS

YEAR ENDED AUGUST 31, 1998

FELDMAN SHERB EHRlich & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



MEMBER OF DIA INTERNATIONAL,  
WITH OFFICES IN PORTLAND,  
ORANGE THROUGHOUT THE WORLD

201 THIRD AVENUE  
NEW YORK, NY 10022-1417  
(212) 512-2000

CALL (800) 825-1045  
E-MAIL: [info@felsherb.com](mailto:info@felsherb.com)

September 11, 1998

INDEPENDENT AUDITORS' REPORT

Stockholder  
American Flyers College, Inc.  
Pompano Beach, Florida

We have audited the accompanying balance sheet of American Flyers College, Inc. as of August 31, 1998 and the related statements of operations and accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, the financial position of American Flyers College, Inc. as of August 31, 1998, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

*Feldman Sherb Ehrlich & Co., P.C.*  
Certified Public Accountants

AMERICAN FLIERS COLLEGE, INC.

BALANCE SHEET

AUGUST 31, 1958

ASSETS

CURRENT ASSETS:

Cash	
Accounts receivable, net	\$ 20,393
Inventories	288
	<u>2,433</u>
<b>TOTAL CURRENT ASSETS</b>	<b>23,114</b>

PROPERTY AND EQUIPMENT, net

	<u>14,312</u>
	<b>\$ 37,426</b>

LIABILITIES AND STOCKHOLDER EQUITY

CURRENT LIABILITIES:

Deferred revenue	
	\$ 25,126
<b>TOTAL CURRENT LIABILITIES</b>	<b>25,126</b>

STOCKHOLDER EQUITY:

Common stock, no par value, 200 shares authorized, 100 shares issued and outstanding	1,000
Additional paid-in capital	170,000
Accumulated deficit	<u>(125,574)</u>
<b>TOTAL STOCKHOLDER EQUITY</b>	<b>45,426</b>
	<b>\$ 82,852</b>

See notes to financial statements



AMERICAN FLYERS COLLEGE, INC.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

YEAR ENDED AUGUST 31, 1993

REVENUE	\$ 131,215
EXPENSES:	
Depreciation and amortization	6,855
Selling, general and administrative	175,434
	<u>182,289</u>
NET LOSS	(51,074)
ACCUMULATED DEFICIT - beginning of year	<u>(74,779)</u>
ACCUMULATED DEFICIT - end of year	\$ <u>(125,853)</u>

See notes to financial statements

AMERICAN ELYERS COLLEGE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 1998

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash	\$ (31,024)
Adjustments to reconcile net loss to net cash from (a) operations:	
Depreciation and amortization	6,853
Changes in assets and liabilities:	
Decrease in accounts receivable	2,346
Decrease in prepaid expenses	3,408
Decrease in other assets	47,900
(Decrease) in accounts payable	(6,907)
(Decrease) in unearned revenue	(5,734)
Total Adjustments	<u>43,074</u>

**CASH (USED IN) OPERATIONS**

(3,000)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Contributions to capital	<u>50,000</u>
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>50,000</u>

**NET INCREASE IN CASH AND  
CASH EQUIVALENTS**

47,000

**CASH - beginning of year**

3,940

**CASH - end of year**

\$ 50,390

See notes to financial statements

AMERICAN FLYERS COLLEGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 1998

1. ORGANIZATION

American Flyers College, Inc. (the "Company") was incorporated under the laws of the state of Florida in 1990.

The Company's primary business is the operation of a school which offers academic curricula to those taking pilot training. The Company presently has one school, located in Pompano Beach, Florida.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Inventories - Inventories consisting of books, are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

B. Property and Equipment - Property and equipment is carried at cost. Depreciation is computed using the straight-line method and accelerated methods over the useful lives of the various assets, which is generally five to seven years for equipment, and furniture and fixtures.

C. Deferred Revenue - Deferred revenue represents tuition revenues which will be recognized into income as earned. Tuition revenue is recognized as earned over the enrollment period.

D. Accounting Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

E. Fair Value of Financial Instruments - The Company's financial instruments under Statement of Financial Accounting Standards No. 107 ("SFAS 107") "Disclosures about Fair Value of Financial Instruments," include cash and accounts receivable. The Company believes that the carrying amount of these accounts are at a reasonable estimate of their fair value because of the short term nature of such instruments.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>Life Range</u>		<u>Amount</u>
Equipment, furniture and fixtures	5 to 7	\$	40,132
Less: Accumulated depreciation			(25,780)
		\$	<u>14,352</u>

4. REVENUE

The cost of ground and air flight training, which is included in tuition, is subcontracted to and provided by another entity, formerly the sole stockholder. The expense for the year ended August 31, 1998 was \$65,009.

## EXHIBIT 8(c)

Schedule of Assets and Liabilities of American Flyers College on 3/8/80  
and of Everglades College, Inc. after Conversion on 3/8/80

A S S E T S

CURRENT ASSETS:

CASH	\$67,728.63
ACCOUNTS RECEIVABLE	(47,283.79)
LOANS AND NOTES RECEIVABLE	24,642.82
OTHER CURRENT ASSETS	12,152.16
	-----
TOTAL CURRENT ASSETS	\$57,239.82

PROPERTY AND EQUIPMENT:

PROPERTY AND EQUIPMENT AT COST	\$33,506.92
ACCUMULATED DEPRECIATION	(10,832.28)
	-----
	\$12,674.64

OTHER ASSETS:

ORGANIZATIONAL COSTS	\$12,471.80
	-----
	\$12,471.80

TOTAL ASSETS

-----  
\$82,386.26  
\*\*\*\*\*

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(\$50,951.18)
LOANS PAYABLE	16,209.41
UNEARNED TUITION	57,829.76
	-----
TOTAL CURRENT LIABILITIES	\$23,086.99

OTHER LIABILITIES:

-----  
\$0.00

STOCKHOLDERS' EQUITY:

COMMON STOCK	\$1,000.00
PAID IN CAPITAL	170,000.00
RETAINED EARNINGS	(99,381.19)
CURRENT PERIOD PROFIT (LOSS)	(12,319.54)
	-----
	\$59,299.27

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY

-----  
\$82,386.26  
-----

## **EXHIBIT 8(d)**

**Schedule of Assets and Liabilities of Everglades College, Inc.  
After Conversion on 3/8/00**



A S S E T S

CURRENT ASSETS:

CASH	067,728.63
ACCOUNTS RECEIVABLE	(47,283.79)
LOANS AND NOTES RECEIVABLE	24,642.82
OTHER CURRENT ASSETS	12,152.16
	-----

TOTAL CURRENT ASSETS	\$87,239.82
----------------------	-------------

PROPERTY AND EQUIPMENT:

PROPERTY AND EQUIPMENT AT COST	\$23,506.92
ACCUMULATED DEPRECIATION	(10,832.28)
	-----
	\$12,674.64

OTHER ASSETS:

ORGANIZATIONAL COSTS	\$12,471.80
	-----
	\$12,471.80

TOTAL ASSETS	----- \$92,386.26 -----
--------------	-------------------------------

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(\$50,951.18)
LOANS PAYABLE	16,200.41
UNEARNED TUITION	57,829.76

TOTAL CURRENT LIABILITIES

-----  
\$23,086.99

OTHER LIABILITIES:

-----  
\$0.00

STOCKHOLDERS' EQUITY:

COMMON STOCK	\$1,000.00
PAID IN CAPITAL	170,000.00
RETAINED EARNINGS	(99,381.19)
CURRENT PERIOD PROFIT (LOSS)	(12,319.54)

-----  
\$59,299.27

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY

-----  
\$82,386.26  
-----

## EXHIBIT 8(e)

Assets and Liabilities Retained by Kaisers upon  
Conversion on 3/8/00

NONE

## **EXHIBIT 8(f)**

**Compensation to Prior Owners in Connection with Conversion**

NONE

## **EXHIBIT 9(a)**

**Purchase Agreement and Stock Power Showing Transfer of Shares** --

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("Memorandum") made as of this 20<sup>th</sup> day of August, 1998, but effective as of July 23, 1998, clarifies the present understanding and intent between and among the undersigned parties regarding the proposed transactions referenced herein.

1. Arthur Keizer, or his assignee ("Keizer"), shall purchase 100 shares of common stock of American Flyers College, Inc., a Florida corporation ("AFC"), which constitutes all of the issued and outstanding shares of stock of AFC ("AFC Stock"), from American Flyers Schools, Inc., a Florida corporation ("AFS") wholly-owned by Donald D. Harrington ("Harrington"), at a purchase price of \$10,000 payable at closing ("Closing") in a lump sum payment of cash.

2. AFS and Harrington, jointly and severally, hereby represent that: (i) AFS is the sole shareholder of AFC; (ii) AFC and AFS are corporations duly organized, validly existing and in good standing under the laws of the State of Florida and have the requisite power and authority to own or lease their assets and to carry on their business as now being conducted; (iii) the AFC Stock is free and clear of all liens, charges and encumbrances; (iv) AFC is a Florida licensed college accredited by the Accrediting Commission of Schools and Colleges of Technology and approved by the Federal Aviation Administration as a Part 141 Institution; (v) AFC has fully and timely complied with all rules, regulations and procedures relating to Title IV Funding; and (vi) AFC has no claims or other liabilities (actual, pending or threatened) which in the aggregate exceed the sum of \$90,000.

3. AFC and AFS shall enter into a separate agreement, effective following Keizer's acquisition of the AFC Stock, upon such terms as mutually agreed to by AFC and AFS, whereby (i) AFC shall provide AFS with a collegiate program for AFS' flight students; and (ii) AFS shall provide AFC with flight training services and programs for AFC's students.

4. The parties hereto agree that AFC shall not use "American Flyers" as its name or in any of its advertising material unless

21020.12/0011.011  
0/10/98 vgl

SEP 07 1999



The undersigned hereby agree that the above Memorandum of Understanding sets forth their complete understanding with respect to the matters contained herein.

  
JAMES H. JONES

  
DENNIS D. K. JONES

INTERIM FIVEH SCHOOL, INC.

By: 

Name:

Title:

INTERIM FIVEH SCHOOL, INC.

By: 

Name:

Title:



AMERICAN



FLYERS

July 29, 1998

Arthur Keiser

Belinda Keiser

Arthur Keiser & Belinda Keiser, as Custodian for Robert Keiser

Dear Mr. & Mrs. Keiser:

Pursuant to the Memorandum of Understanding dated August \_\_, 1998, effective as of July 23, 1998, pertaining to the sale of all of the common stock of American Flyers College, Inc., a Florida corporation, the Board of Directors of American Flyers Schools, Inc., a Florida corporation, does herewith grant to Arthur Keiser, Belinda Keiser and Arthur Keiser & Belinda Keiser, as Custodian for Robert Keiser (their son), as sole acquiring shareholders of the common stock of American Flyers College, Inc., permission to continue the use of the name "American Flyers" in its corporate name and in advertising material until such time as this permission is withdrawn. In addition, at such time as there is no longer a business relationship existing between American Flyers College, Inc., and American Flyers Schools, Inc., the name "American Flyers" shall be removed from the corporate name of American Flyers College, Inc., and from any advertising materials, letterheads, etc.

Very truly yours,

Steven J. Damm  
Director

FLORIDA  
Fort Lauderdale or Orlando  
800-327-6874

MICHIGAN  
Grand Rapids  
800-327-6874

OHIO  
Cleveland  
800-327-6874

NEW YORK  
New York or Monticello, NY  
800-327-6874

WASHINGTON  
Seattle  
800-327-6874

ILLINOIS  
DuPage or Palmdale  
800-327-6874 800-722-0822

Georgia  
Atlanta  
800-327-6874

CALIFORNIA  
San Diego  
800-327-6874

San Jose  
800-327-6874

TEXAS  
Dallas or Ft. Worth  
800-327-6874 817-423-8022

## STOCK POWER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers a total of One Hundred (100) shares of the Capital Stock of AMERICAN FLYERS COLLEGE, INC., a Florida corporation ("Corporation"), standing in its name on the books of the Corporation represented by Certificate No. \_\_\_\_\_ which represents all of the issued and outstanding stock of the Corporation to the following individuals:

Arthur Keiser 48 shares

Bellinda Keiser 48 shares

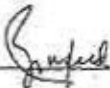
Arthur Keiser and Bellinda Keiser,  
as Custodians for Robert Keiser  
under the Florida Uniform Transfers to  
Minors Act 2 shares

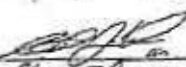
The undersigned does hereby irrevocably constitute and appoint \_\_\_\_\_, as transfer agent, to transfer the said shares on the books of the Corporation with full power of substitution in the premises.

DATED: August 20, 1998, but effective July 23, 1998.

In the Presence Of:

AMERICAN FLYERS SCHOOLS, INC.

  
\_\_\_\_\_  
Peter Grossfeld.

By:   
Name: Steven F. Davis  
Title: President

## EXHIBIT 9(b)

Audit of American Flyers College, Inc. dated 8/31/98

AMERICAN FLYERS COLLEGE, INC.

REPORT ON AUDIT OF FINANCIAL  
STATEMENTS

YEAR ENDED AUGUST 31, 1998

FELDMAN SHERB EHRlich & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



MEMBER OF DPK INTERNATIONAL  
WITH OFFICES IN PRINCIPAL  
CITIES THROUGHOUT THE WORLD

895 THIRD AVENUE  
NEW YORK, N.Y. 10022-7613  
(212) 693-3100  
FAX: (212) 305-3831  
E-MAIL: feldman@epny.net.com

September 11, 1998

INDEPENDENT AUDITORS' REPORT

Stockholder  
American Flyers College, Inc.  
Pompano Beach, Florida

We have audited the accompanying balance sheet of American Flyers College, Inc. as of August 31, 1998 and the related statements of operations and accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, the financial position of American Flyers College, Inc. as of August 31, 1998, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

*Feldman Sherb Ehrlich & Co., P.C.*  
Certified Public Accountants

AMERICAN FLYERS COLLEGE, INC.

BALANCE SHEET

AUGUST 31, 1998

ASSETS

CURRENT ASSETS:

Cash	\$ 50,393
Accounts receivable, net	296
Inventories	<u>5,432</u>
TOTAL CURRENT ASSETS	56,121

PROPERTY AND EQUIPMENT, net

14,352
<u>\$ 70,473</u>

LIABILITIES AND STOCKHOLDER EQUITY

CURRENT LIABILITIES:

Deferred revenue	\$ 25,326
TOTAL CURRENT LIABILITIES	<u>25,326</u>

STOCKHOLDER EQUITY:

Common stock; no par value 100 shares authorized, 100 shares issued and outstanding	1,000
Additional paid-in capital	170,000
Accumulated deficit	<u>(125,833)</u>
TOTAL STOCKHOLDER EQUITY	45,147
	<u>\$ 70,473</u>

See notes to financial statements

AMERICAN FLYERS COLLEGE, INC.

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

YEAR ENDED AUGUST 31, 1998

REVENUE	\$ 131,215
EXPENSES:	
Depreciation and amortization	6,855
Selling, general and administrative	<u>175,434</u>
	<u>182,289</u>
NET LOSS	(51,074)
ACCUMULATED DEFICIT - beginning of year	<u>(74,779)</u>
ACCUMULATED DEFICIT - end of year	\$ <u><u>(125,853)</u></u>

See notes to financial statements

AMERICAN FLYERS COLLEGE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (51,074)
Adjustments to reconcile net loss to net cash (used in) operations:	
Depreciation and amortization	6,855
Changes in assets and liabilities:	
Decrease in accounts receivable	2,546
Decrease in prepaid expenses	3,408
Decrease in other assets	47,906
(Decrease) in accounts payable	(6,907)
(Decrease) in unearned revenue	(5,734)
Total Adjustments	<u>48,074</u>

CASH (USED IN) OPERATIONS

(3,000)

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions to capital	<u>50,000</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>50,000</u>

NET INCREASE IN CASH AND  
CASH EQUIVALENTS

47,000

CASH - beginning of year

3,393

CASH - end of year

\$ 50,393

See notes to financial statements



AMERICAN FLYERS COLLEGE, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 1998

1. ORGANIZATION

American Flyers College, Inc. (the "Company") was incorporated under the laws of the state of Florida in 1990.

The Company's primary business is the operation of a school which offers academic curricula to those taking pilot training. The Company presently has one school, located in Pompano Beach, Florida.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Inventories - Inventories consisting of books, are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

B. Property and Equipment - Property and equipment is carried at cost. Depreciation is computed using the straight-line method and accelerated methods over the useful lives of the various assets, which is generally five to seven years for equipment, and furniture and fixtures.

C. Deferred Revenue - Deferred revenue represents tuition revenues which will be recognized into income as earned. Tuition revenue is recognized as earned over the enrollment period.

D. Accounting Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

E. Fair Value of Financial Instruments - The Company's financial instruments under Statement of Financial Accounting Standards No. 107 ("SFAS 107") "Disclosures about Fair Value of Financial Instruments," include cash and accounts receivable. The Company believes that the carrying amount of these accounts are at a reasonable estimate of their fair value because of the short term nature of such instruments.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>Life Range</u>		<u>Amount</u>
Equipment, furniture and fixtures	5 to 7	\$	40,132
Less : Accumulated depreciation			(25,780)
		\$	<u>14,352</u>

4. REVENUE

The cost of ground and air-flight training, which is included in tuition, is subcontracted to and provided by another entity, formerly the sole stockholder. The expense for the year ended August 31, 1998 was \$65,009.

## **EXHIBIT 9(c)**

**Schedule of Assets and Liabilities of  
American Flyers College dated March 8, 2000**

A S S E T S

CURRENT ASSETS:

CASH	\$67,728.63
ACCOUNTS RECEIVABLE	(47,283.79)
LOANS AND NOTES RECEIVABLE	24,642.82
OTHER CURRENT ASSETS	12,152.16

TOTAL CURRENT ASSETS

\$57,239.82

PROPERTY AND EQUIPMENT:

PROPERTY AND EQUIPMENT AT COST	\$23,506.92
ACCUMULATED DEPRECIATION	(10,832.28)

\$12,674.64

OTHER ASSETS:

ORGANIZATIONAL COSTS	\$12,471.80
----------------------	-------------

\$12,471.80

TOTAL ASSETS

\$82,386.26

=====

Run: 3:42P  
03/02/2001

EVERGLADES COLLEGE  
BALANCE SHEET  
03/08/2000

Page 2  
( 3) 03/08/2000

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(\$50,951.18)
LO'NS PAYABLE	16,208.41
UNEARNED TUITION	57,829.76

TOTAL CURRENT LIABILITIES

-----  
\$23,086.99

OTHER LIABILITIES:

-----  
\$0.00

STOCKHOLDERS' EQUITY:

COMMON STOCK	\$1,000.00
PAID IN CAPITAL	170,000.00
RETAINED EARNINGS	(99,381.19)
CURRENT PERIOD PROFIT (LOSS)	(12,319.54)

-----  
\$59,299.27

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY

-----  
\$82,386.26  
=====

## **EXHIBIT 9(d)**

**Schedule of Assets and Liabilities of Everglades College  
After Conversion on March 8, 2000**

Run: 3:42P  
03/02/2001

EVERGLADES COLLEGE  
BALANCE SHEET  
03/08/2000

Page 1  
( 3 ) 03/08/2000

A S S E T S

CURRENT ASSETS:

CASH	\$67,728.63
ACCOUNTS RECEIVABLE	(47,283.79)
LOANS AND NOTES RECEIVABLE	24,642.82
OTHER CURRENT ASSETS	12,152.16

TOTAL CURRENT ASSETS

-----  
\$57,239.82

PROPERTY AND EQUIPMENT:

PROPERTY AND EQUIPMENT AT COST	\$23,506.92
ACCUMULATED DEPRECIATION	(10,832.28)

-----  
\$12,674.64

OTHER ASSETS:

ORGANIZATIONAL COSTS	\$12,471.80
----------------------	-------------

-----  
\$12,471.80

TOTAL ASSETS

-----  
\$82,386.26  
=====

Run: 3:43P  
03/02/2001

EVERGLADES COLLEGE  
BALANCE SHEET  
03/08/2000

Page 2  
( 3 ) 03/08/2000

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(\$50,951.18)
LOANS PAYABLE	16,208.41
UNEARNED TUITION	57,829.76

TOTAL CURRENT LIABILITIES

-----  
\$23,086.99

OTHER LIABILITIES:

-----  
\$0.00

STOCKHOLDERS' EQUITY:

COMMON STOCK	\$1,000.00
PAID IN CAPITAL	170,000.00
RETAINED EARNINGS	(99,381.19)
CURRENT PERIOD PROFIT (LOSS)	(12,319.54)

-----  
\$59,299.27

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY

-----  
\$82,386.26  
=====



## **EXHIBIT 9(e)**

**Retention of Assets and Liabilities by Keisers  
Upon Conversion on March 8, 2000**

NONE

## **EXHIBIT 9(f)**

**Compensation Paid to Owners of American Flyers College, Inc.  
For Conversion to Non-Profit Status**

NONE

## EXHIBIT 10

Appraisals as of July 12, 2000

# ACADEMIC ASSOCIATES

ROGER R. PATEL, BSC, LLB,

CONSULTANT

FINANCE • ACQUISITIONS • MERGERS • EVALUATIONS  
REAL ESTATE AND PRIVATE CAREER SCHOOLS

7/12/2000

Mr. Arthur Keiser  
President  
Everglades College, Inc.  
1500 NW 49th Street  
Fort Lauderdale, FL 33309

Dear Mr. Keiser :

At your request we have conducted an independent analysis of the Everglades College and herewith submit our conclusions.

The purpose of this analysis is to express an opinion on the fair market value of Everglades College.

In the past, the private school sector of higher education has undergone intense scrutiny by the U.S. Department of Education, the Accrediting Commissions, the State Licensing Agencies and the media. As a result, many institutes were shut down due to various non-compliance issues. Based on past history our findings indicate a positive impact on a market value of an existing quality school with the Bachelor degree program.

Our investigation included discussions with the management regarding the history, nature and future prospects of this institution; a review of related data bearing on recent operation; and other factors we deemed necessary under the circumstances. Our analysis indicates that the Everglades College management team, administration, faculty, and staff appear to be an excellent demonstration of a true team effort. This, in our opinion, adds to the value of this institution.

Everglades College is a fully accredited four year degree granting institute approved to offer Bachelor of Science Degrees in various education programs. It offers institutional and Federal Financial Aid programs to students who qualify. The main campus and the aviation training center is conveniently located at the center of Broward County.

We believe there is a world wide need for the specialized curriculums in Information Technology and Aviation Studies program which should attract international students. In our analysis we have taken into consideration the projection of student enrollment and revenues. Current market conditions have a considerable impact on a good quality school and its viability to expand into a major institute. We have given weight to market value estimated for other schools having similar characteristics in the past.

# ACADEMIC ASSOCIATES

ROGER R. PATEL, BSC, LL.B.

CONSULTANT

FINANCE • ACQUISITIONS • MERGERS • EVALUATIONS  
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To establish a similar type of educational institute with a fully accredited status and program approvals, it would take more than three years in the start and large investment amounts with no guarantee to get the successful achievement.

Based upon the analysis outlined above, it is our opinion that the estimated fair market value of Everglades College is about \$325,000.00

In accordance with recognized professional ethics, our fees for this service are not contingent upon the opinion expressed herein. We do not have a present or intended financial interest in the Everglades College.

Sincerely,



Roger R. Patel  
Academic Associates

## EXHIBIT 11

Appraisal for Fair Market Value of Everglades College, Inc.  
After Conversion on March 8, 2000

# ACADEMIC ASSOCIATES

ROGER R. PATEL, BSC, LL.B.

CONSULTANT

FINANCE • ACQUISITIONS • MERGERS • EVALUATIONS  
REAL ESTATE AND PRIVATE CAREER SCHOOLS

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# ACADEMIC ASSOCIATES

ROGER R. PATEL, BSC, LLB,

CONSULTANT

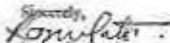
FINANCE • ACQUISITIONS • MERGERS • EVALUATIONS  
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Roger R. Patel  
Academic Associates



## **EXHIBIT 12(a)**

**Relationship of American Flyers Schools, Inc. to Everglades College, Inc.**

**UNRELATED**

## EXHIBIT 12(b)

American Flyers Schools, Inc. Agreement

## AGREEMENT

FOR MUTUAL AND VALUED CONSIDERATION, this contract is entered into at Ft. Lauderdale, Florida, on the 20th day of August 1998, by and between American Flyers Schools, Inc., hereinafter "A.F." and American Flyers College, Inc., hereinafter "the College" for the express purpose of executing the following agreement. TO WIT:

- 1) "the College" agrees to designate "A.F." its sole and exclusive provider of aviation training, to provide all aviation education flight training associated with "the College's" existing and future degree programs and any subsequent modifications or adjustments thereto with the exception being transfer students. All flight and ground training provided by "A.F." will be offered to "the College" at the regular rates unless otherwise specified in writing and attached to this agreement.
- 2) "the College" agrees that the aforesaid aviation education training may take place at any "A.F." facility.
- 3) "A.F." agrees that all aviation education training will be scheduled, conducted, and evaluated by F.A.A. certified flight instructors who are in the employ of "A.F."
- 4) "A.F." agrees to maintain all student aviation education training progress records, test scores, and completion records, with copies of the latter being provided to "the College" at no cost, at semester completion.
- 5) Both parties agree that the aviation education training curriculum meets the current legal standards established by, respectively, the Florida Department of Education and the Federal Aviation Administration and that any subsequent legal ruling or other required modification will be complied with fully without altering the intent or enforceability of this contract.
- 6) Both parties agree that this contract will go into effect on August 20, 1998; that it will expire on its anniversary date ninety nine years hence; without penalty, provided, either party may cancel this contract upon 6 months prior written notice. Said notice is to be sent certified mail.
- 7) Both parties agree that all of the above notwithstanding, "the College" retains ultimate control of its curriculum and that "A.F." retains ultimate control of all flight and ground school curricula.
- 8) "A.F." agrees to follow all satisfactory progress standards as prescribed in "the College's" Catalog and immediately report to "the College" any student's failure to meet these standards. This process applies to both academic and attendance progress.

9) "the College" agrees to provide J-1 visas to qualified foreign students under continuing education upon each request of "A.F." "A.F." agrees that it will comply with all of the rules and regulations governing the J-1 Visa program.

AMERICAN FLYERS SCHOOLS, INC. BY:

A handwritten signature in dark ink, appearing to read "S. Daun", written over a horizontal line.

Steven J. Daun, Director

August 20, 1998

AMERICAN FLYERS COLLEGE INC. BY:

A handwritten signature in dark ink, appearing to read "A. Keiser", written over a horizontal line.

Arthur Keiser, College President

August 20, 1998