

January 5, 2009

Arizona State Board for Charter Schools
Attn: DeAnna Rowe

Re: CASY Country Day School

Dear Ms. Rowe:

Please allow this letter to serve as a summary of the work that my firm is now performing on behalf of CASY. We have recently discussed an alternative strategy to resolve the liability and are continuing to work closely with the Internal Revenue Service Revenue Officer currently handling the file to complete the process outlined below. Please bear in mind that this entire process will be contingent on the Arizona State Board for Charter Schools allowing a transfer of the current charter contract to the new entity.

We believe that this strategy is the most advantageous for all parties involved. CASY's finances have been ran poorly for well over two years, establishing a history of non-compliance with multiple agencies. We believe that this transition will allow the new entity to focus on operating efficiently, by generating income appropriately, cutting overhead costs significantly, and, most importantly, addressing the entity's financial obligations in a timely manner.

With the structural changes that are being made, the individuals responsible for accruing the tax debt will no longer have management responsibilities or authority. It is only under this condition that the IRS and state taxing authorities will allow the new entity to operate without being assessed with all of CASY's tax liabilities.

The steps that need to be executed are, generally, as follows:

1. CASY will cease operation at such a time that allows for the transfer of the current charter contract to the new entity.
2. CASY will file the final 940, 941, and 990 returns through the Revenue Officer, effectively "closing" CASY.
3. Steve Mills will create the new non-profit entity. The new entity will assume all of CASY's operational commitments going forward.
4. We will have the assets of CASY independently appraised.
5. The new corporation (Mr. Mills has not yet decided on a name) will purchase CASY's assets through a request for Certificate of Discharge (COD) from the taxing authorities. This will address the tax liens filed against CASY.

6. After discharging the federal and state tax liens, the new entity will begin operating free and clear of federal tax liability.

The portion of the debt that is not assessable to the individuals responsible for accruing CASY's tax liability will be classified as "uncollectible." As long as CASY remains a defunct business, generating no income and holding no assets, the taxing authorities will not attempt enforced collections against the business.

If you have any questions or concerns, please do not hesitate to call me at (303) 938-9981x157.

Best regards,



Ryan Shamblin
Associate
20/20 Tax Resolution