

LEWIS, LONGMAN & WALKER, P.A.  
ATTORNEYS AT LAW

Reply To: JACKSONVILLE

June 18, 2008

Ms. Sharon Chapman  
Assistant Superintendent for Instruction  
Clay County School District  
23 South Green Street  
Green Cove Springs, FL 32043

Re: Status of Imagine-Clay County, LLC, as a “Non-Profit Organization”

Dear Ms. Chapman:

This letter shall serve as the opinion of counsel to Imagine-Clay County, LLC (“Charter School”) regarding whether the Charter School may be treated as a “non-profit organization” within the meaning of Section 1002.33(12)(i), Florida Statutes. This letter was specifically requested by the Charter School to support its application to open a charter school in Clay County (“Charter Application”).

In our capacity as counsel to the Charter School, we have examined such documents and have made such examination of fact and law as we have deemed necessary in order to render the opinions set forth below. Based upon the foregoing, we are of the opinion that:

1. The Charter School is organized as a Florida limited liability company (“LLC”), duly organized, validly existing, and in good standing under Florida law, and in particular Chapter 608, Florida Statutes, and has full right, power, and authority to perform its obligations as set forth in the Charter Application and to enter into a charter contract to operate a charter school. A copy of the Certificate of Status for the Charter School, issued by the Florida Department of State, is attached to this letter for reference.

2. The Articles of Organization for the Charter School states that the purpose for which it is organized “is to establish and operate a public charter school in Florida to serve educational and charitable purposes . . .” A copy of the Articles of Organization for the Charter School is attached hereto for reference.

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*Helping Shape Florida's Future®*

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Suite 670  
Bradenton, Florida 34205

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Tallahassee, Florida 32301

p | 850-222-5702 • f | 850-224-9242

WEST PALM BEACH  
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Suite 1000  
West Palm Beach, Florida 33401

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3. The sole member of the Charter School is Imagine Schools Non-Profit, Inc., a Virginia non-profit corporation authorized to do business in the State of Florida. A copy of the Certificate of Status for Imagine Schools Non-Profit, Inc., showing that it is a “corporation not for profit,” and issued by the Florida Department of State, is attached to this letter for reference.

4. Section 1002.33(12)(i), Florida Statutes (2008), provides that “[a] charter school shall organize as, or be operated by, a nonprofit organization.” (emphasis supplied). The term “nonprofit organization” is not defined within Section 1002.33, Florida Statutes (2008), and there have been no Florida court or administrative decisions or Attorney General Opinions addressing this term. As a general rule, “nonprofit organization” has been defined as any business organization that qualifies for tax exemption pursuant to Section 501(c)(3) of the Internal Revenue Code or which is organized for charitable purposes and does not distribute any of its profits to its members, directors or officers. See, e.g., Fla. Stat. § 215.97(2)(1); Fla. Admin. Code Rules 5I-5.002(10), 68-1.003(2)(i) (2008).

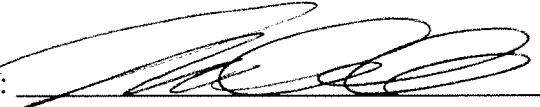
5. The Charter School has elected to be treated as a “disregarded entity” for federal and State taxation purposes. Therefore, the Charter School will be considered together with Imagine Schools Non-Profit, Inc., for taxation purposes, and will derive its tax exempt status from its sole member, Imagine Schools Non-Profit, Inc. A copy of U.S. Treasury Regulation § 301.7701-3(b)(1), which sets forth the federal tax provisions relating to disregarded entities and derivative tax exempt status is attached to this letter for reference. The State of Florida also disregards single-member LLC’s for tax purposes. See, Section 608.471(1), Florida Statutes (2008) (providing that a single member LLC that is disregarded for federal income tax purposes will likewise be disregarded for state corporate income tax purposes). See also, Section 196.192, Florida Statutes (2008) (providing that property owned by an LLC, the sole member of which is an exempt entity, shall be treated as if the property were owned by the exempt entity for ad valorem tax purposes).

6. Chapter 608, Florida Statutes, which governs LLC’s, contemplates that LLC’s may be non-profit entities. Section 608.404, Florida Statutes, provides that LLC’s “shall have the same powers as an individual to do all things necessary to carry out its business and affairs.” (emphasis supplied). “Business” is specifically defined in Section 608.402(5), Florida Statutes (2008), to include “every trade, occupation, or profession and other lawful business, purpose or activity, whether or not carried on for profit.” (emphasis supplied). Thus, the Florida Legislature specifically contemplated that the “business” conducted by Florida LLC’s includes not-for-profit activities. With respect to the Charter School, its Articles of Organization specifically limit its purposes to those that are educational and charitable purposes, and states that it will qualify for derivative tax exempt status within the meaning of Section 501(c)(3) of the Internal Revenue Code.

7. The State Board of Education, Florida Department of Education and other school board's treatment of identically organized charter schools in Florida is also an indication from a policy perspective that the Charter School would be considered to be a non-profit organization. Imagine-Manatee County, LLC ("Imagine-Manatee") holds a charter contract to operate a charter school which opened in 2006 and has received public funds since that date. An independent audit of Imagine-Manatee conducted in 2007 did not contain any findings questioning the non-profit status of Imagine-Manatee. In addition, Imagine-Manatee was awarded and received distributions of a federal start-up grant. At no time has the Florida Department of Education called into question the non-profit organizational status of Imagine-Manatee. The State Board of Education also recently granted an appeal of a denial of a charter application for Imagine-Palm Beach County, LLC ("Imagine-Palm Beach"), which was denied by the Palm Beach School Board, in part, because of an allegation that Imagine-Palm Beach did not constitute a non-profit organization. In addition, school districts in Broward, St. Lucie, Indian River, Sarasota, and Leon counties have entered into charter contracts with LLC's having identical structures and sole member to that of the Charter School. Copies of Articles of Organization showing the identical organizational structures of the LLC's in Manatee, Palm Beach, Broward, St. Lucie, Indian River, Sarasota and Leon Counties are attached hereto for reference.

8. Based on the foregoing premises and analysis, applicable statutes, administrative rules and policy governing the issue as of the date of this letter, and the organization of the Charter School as an LLC, having a non-profit corporation as its sole member, it is this Firm's opinion that the Charter School may be treated as a non-profit organization within the meaning of Section 1002.33(12)(i), Florida Statutes (2008).

Sincerely,  
LEWIS, LONGMAN & WALKER, P.A.

By:   
Melissa Gross-Arnold, for the Firm

Attachments

cc: Jennifer Fornes, Region Curriculum Coordinator, via e-mail, w/attachments

# *State of Florida*

## *Department of State*

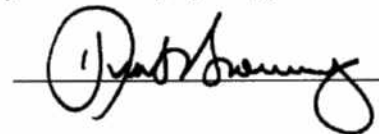
I certify from the records of this office that IMAGINE - CLAY COUNTY, LLC is a limited liability company organized under the laws of the State of Florida, filed on July 11, 2007.

The document number of this limited liability company is L07000071733.

I further certify that said limited liability company has paid all fees due this office through December 31, 2008, that its most recent annual report was filed on April 25, 2008, and its status is active.

I further certify that said limited liability company has not filed Articles of Dissolution.

*Given under my hand and the Great Seal of Florida, at Tallahassee, the Capital, this the Twenty Fourth day of July, 2008*



*Secretary of State*



Authentication ID: 600133393086-072408-L07000071733

To authenticate this certificate, visit the following site, enter this ID, and then follow the instructions displayed.

<https://efile.sunbiz.org/certauthver.html>

**ARTICLES OF ORGANIZATION**  
**OF**  
**IMAGINE - CLAY COUNTY, LLC**

**FILED**  
07 JUL 11 AM 10:50  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:


1. Name. The name of the Limited Liability Company is **Imagine - Clay County, LLC** (hereinafter the "LLC").

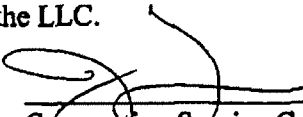
2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member Imagine Schools Non-Profit, Inc., a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. Resident Agent. The name of the resident agent of the LLC is Corporation Service Company, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
Dennis W. Bakke  
Director  
Imagine Schools Non-Profit, Inc.  
(Single Member of  
Imagine - Clay County, LLC)

  
Jeanine Reynolds  
as its agent  
Corporation Service Company  
Resident Agent  
Imagine - Clay County, LLC

Filing Party's Return Address:  
Dennis W. Bakke, Imagine - Clay County, LLC  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133

# State of Florida



## Department of State

I certify from the records of this office that IMAGINE SCHOOLS NON-PROFIT, INC is a corporation not for profit organized under the laws of Virginia authorized to transact business in the State of Florida, qualified on May 18, 2006.

The document number of this corporation is F06000003631.

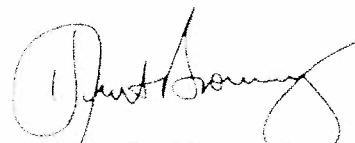
I further certify that said corporation has paid all fees due this office through December 31, 2008, that its most recent annual report/uniform business report was filed on April 28, 2008, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Twentieth day of June, 2008



CR2E022 (01-07)

  
Kurt S. Browning  
Secretary of State

this section applies to such entities formed on or after October 8, 2004.

[T.D. 8697, 61 FR 66589, Dec. 18, 1996, as amended by T.D. 8844, 64 FR 66583, Nov. 29, 1999; T.D. 9012, 57 FR 49664, Aug. 1, 2002; T.D. 9093, 68 FR 60296, Oct. 22, 2003; T.D. 9153, 69 FR 49810, Aug. 12, 2004; T.D. 9183, 70 FR 9221, Feb. 25, 2005; T.D. 9197, 70 FR 19698, Apr. 14, 2005; T.D. 9235, 70 FR 74658, Dec. 16, 2005; T.D. 9246, 71 FR 4817, Jan. 30, 2006]

**§ 301.7701-3 Classification of certain business entities.**

(a) *In general.* A business entity that is not classified as a corporation under § 301.7701-2(b) (1), (3), (4), (5), (6), (7), or (8) (an *eligible entity*) can elect its classification for federal tax purposes as provided in this section. An eligible entity with at least two members can elect to be classified as either an association (and thus a corporation under § 301.7701-2(b)(2)) or a partnership, and an eligible entity with a single owner can elect to be classified as an association or to be disregarded as an entity separate from its owner. Paragraph (b) of this section provides a default classification for an eligible entity that does not make an election. Thus, elections are necessary only when an eligible entity chooses to be classified initially as other than the default classification or when an eligible entity chooses to change its classification. An entity whose classification is determined under the default classification retains that classification (regardless of any changes in the members' liability that occurs at any time during the time that the entity's classification is relevant as defined in paragraph (d) of this section) until the entity makes an election to change that classification under paragraph (c)(1) of this section. Paragraph (c) of this section provides rules for making express elections. Paragraph (d) of this section provides special rules for foreign eligible entities. Paragraph (e) of this section provides special rules for classifying entities resulting from partnership terminations and divisions under section 708(b). Paragraph (f) of this section sets forth the effective date of this section and a special rule relating to prior periods.

(b) *Classification of eligible entities that do not file an election—(1) Domestic eligible entities.* Except as provided in para-

graph (b)(3) of this section, unless the entity elects otherwise, a domestic eligible entity is—

(i) A partnership if it has two or more members; or

(ii) Disregarded as an entity separate from its owner if it has a single owner.

(2) *Foreign eligible entities—(1) In general.* Except as provided in paragraph (b)(3) of this section, unless the entity elects otherwise, a foreign eligible entity is—

(A) A partnership if it has two or more members and at least one member does not have limited liability;

(B) An association if all members have limited liability; or

(C) Disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

(ii) *Definition of limited liability.* For purposes of paragraph (b)(2)(1) of this section, a member of a foreign eligible entity has limited liability if the member has no personal liability for the debts of or claims against the entity by reason of being a member. This determination is based solely on the statute or law pursuant to which the entity is organized, except that if the underlying statute or law allows the entity to specify in its organizational documents whether the members will have limited liability, the organizational documents may also be relevant. For purposes of this section, a member has personal liability if the creditors of the entity may seek satisfaction of all or any portion of the debts or claims against the entity from the member as such. A member has personal liability for purposes of this paragraph even if the member makes an agreement under which another person (whether or not a member of the entity) assumes such liability or agrees to indemnify that member for any such liability.

(3) *Existing eligible entities—(1) In general.* Unless the entity elects otherwise, an eligible entity in existence prior to the effective date of this section will have the same classification that the entity claimed under §§ 301.7701-1 through 301.7701-3 as in effect on the date prior to the effective date of this section; except that if an eligible entity with a single owner claimed to be a partnership under those regulations,

(iv) *Limitation.* If an eligible entity makes an election under paragraph (c)(1)(i) of this section to change its classification (other than an election made by an existing entity to change its classification as of the effective date of this section), the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity's prior election. An election by a newly formed eligible entity that is effective on the date of formation is not considered a change for purposes of this paragraph (c)(1)(iv).

(v) *Deemed elections—(A) Exempt organizations.* An eligible entity that has been determined to be, or claims to be, exempt from taxation under section 501(a) is treated as having made an election under this section to be classified as an association. Such election will be effective as of the first day for which exemption is claimed or determined to apply, regardless of when the claim or determination is made, and will remain in effect unless an election is made under paragraph (c)(1)(i) of this section after the date the claim for exempt status is withdrawn or rejected or the date the determination of exempt status is revoked.

(B) *Real estate investment trusts.* An eligible entity that files an election under section 856(c)(1) to be treated as a real estate investment trust is treated as having made an election under this section to be classified as an association. Such election will be effective as of the first day the entity is treated as a real estate investment trust.

(C) *S corporations.* An eligible entity that timely elects to be an S corporation under section 1362(a)(1) is treated as having made an election under this section to be classified as an association, provided that (as of the effective date of the election under section 1362(a)(1)) the entity meets all other requirements to qualify as a small busi-

ness corporation under section 1361(b). Subject to § 301.7701-3(c)(1)(iv), the deemed election to be classified as an association will apply as of the effective date of the S corporation election and will remain in effect until the entity makes a valid election, under § 301.7701-3(c)(1)(i), to be classified as other than an association.

(vi) *Examples.* The following examples illustrate the rules of this paragraph (c)(1):

*Example 1.* On July 1, 1998, X, a domestic corporation, purchases a 10% interest in Y, an eligible entity formed under Country A law in 1990. The entity's classification was not relevant to any person for federal tax or information purposes prior to X's acquisition of an interest in Y. Thus, Y is not considered to be in existence on the effective date of this section for purposes of paragraph (b)(3) of this section. Under the applicable Country A statute, all members of Y have limited liability as defined in paragraph (b)(2)(ii) of this section. Accordingly, Y is classified as an association under paragraph (b)(2)(i)(B) of this section unless it elects under this paragraph (c) to be classified as a partnership. To be classified as a partnership as of July 1, 1998, Y must file a Form 8832 by September 14, 1998. See paragraph (c)(1)(i) of this section. Because an election cannot be effective more than 75 days prior to the date on which it is filed, if Y files its Form 8832 after September 14, 1998, it will be classified as an association from July 1, 1998, until the effective date of the election. In that case, it could not change its classification by election under this paragraph (c) during the sixty months succeeding the effective date of the election.

*Example 2.* (i) Z is an eligible entity formed under Country B law and is in existence on the effective date of this section within the meaning of paragraph (b)(3) of this section. Prior to the effective date of this section, Z claimed to be classified as an association. Unless Z files an election under this paragraph (c), it will continue to be classified as an association under paragraph (b)(3) of this section.

(ii) Z files a Form 8832 pursuant to this paragraph (c) to be classified as a partnership, effective as of the effective date of this section. Z can file an election to be classified as an association at any time thereafter, but then would not be permitted to change its classification by election during the sixty months succeeding the effective date of that subsequent election.

(2) *Authorized signatures—(i) In general.* An election made under paragraph (c)(1)(i) of this section must be signed by—



(A) Each member of the electing entity who is an owner at the time the election is filed; or

(B) Any officer, manager, or member of the electing entity who is authorized (under local law or the entity's organizational documents) to make the election and who represents to having such authorization under penalties of perjury.

(i) *Retrospective elections.* For purposes of paragraph (c)(2)(i) of this section, if an election under paragraph (c)(1)(i) of this section is to be effective for any period prior to the time that it is filed, each person who was an owner between the date the election is to be effective and the date the election is filed, and who is not an owner at the time the election is filed, must also sign the election.

(ii) *Changes in classification.* For paragraph (c)(2)(i) of this section, if an election under paragraph (c)(1)(i) of this section is made to change the classification of an entity, each person who was an owner on the date that any transactions under paragraph (g) of this section are deemed to occur, and who is not an owner at the time the election is filed, must also sign the election. This paragraph (c)(2)(ii) applies to elections filed on or after November 29, 1999.

(d) *Special rules for foreign eligible entities—(1) Definition of relevance—(i) General rule.* For purposes of this section, a foreign eligible entity's classification is relevant when its classification affects the liability of any person for federal tax or information purposes. For example, a foreign entity's classification would be relevant if U.S. income was paid to the entity and the determination by the withholding agent of the amount to be withheld under chapter 3 of the Internal Revenue Code (if any) would vary depending upon whether the entity is classified as a partnership or as an association. Thus, the classification might affect the documentation that the withholding agent must receive from the entity, the type of tax or information return to file, or how the return must be prepared. The date that the classification of a foreign eligible entity is relevant is the date an event occurs that creates an obligation to file a federal tax return, infor-

mation return, or statement for which the classification of the entity must be determined. Thus, the classification of a foreign entity is relevant, for example, on the date that an interest in the entity is acquired which will require a U.S. person to file an information return on Form 5471.

(ii) *Deemed relevance—(A) General rule.* For purposes of this section, except as provided in paragraph (d)(1)(ii)(B) of this section, the classification for Federal tax purposes of a foreign eligible entity that files Form 8832, "Entity Classification Election", shall be deemed to be relevant only on the date the entity classification election is effective.

(B) *Exception.* If the classification of a foreign eligible entity is relevant within the meaning of paragraph (d)(1)(i) of this section, then the rule in paragraph (d)(1)(ii)(A) of this section shall not apply.

(2) *Entities the classification of which has never been relevant.* If the classification of a foreign eligible entity has never been relevant (as defined in paragraph (d)(1) of this section), then the entity's classification will initially be determined pursuant to the provisions of paragraph (b)(2) of this section when the classification of the entity first becomes relevant (as defined in paragraph (d)(1)(i) of this section).

(3) *Special rule when classification is no longer relevant.* If the classification of a foreign eligible entity is not relevant (as defined in paragraph (d)(1) of this section) for 60 consecutive months, then the entity's classification will initially be determined pursuant to the provisions of paragraph (b)(2) of this section when the classification of the foreign eligible entity becomes relevant (as defined in paragraph (d)(1)(i) of this section). The date that the classification of a foreign entity is not relevant is the date an event occurs that causes the classification to no longer be relevant, or, if no event occurs in a taxable year that causes the classification to be relevant, then the date is the first day of that taxable year.

(4) *Effective date.* Paragraphs (d)(1)(i), (d)(2), and (d)(3) of this section apply on or after October 22, 2003.

(e) *Coordination with section 709(b).* Except as provided in § 301.7701-2(d)(3)

(regarding termination of grandfather status for certain foreign business entities), an entity resulting from a transaction described in section 708(b)(1)(B) (partnership termination due to sales or exchanges) or section 708(b)(2)(B) (partnership division) is a partnership.

(f) *Changes in number of members of an entity*—(1) *Associations*. The classification of an eligible entity as an association is not affected by any change in the number of members of the entity.

(2) *Partnerships and single member entities*. An eligible entity classified as a partnership becomes disregarded as an entity separate from its owner when the entity's membership is reduced to one member. A single member entity disregarded as an entity separate from its owner is classified as a partnership when the entity has more than one member. If an elective classification change under paragraph (c) of this section is effective at the same time as a membership change described in this paragraph (f)(2), the deemed transactions in paragraph (g) of this section resulting from the elective change preempt the transactions that would result from the change in membership.

(3) *Effect on sixty month limitation*. A change in the number of members of an entity does not result in the creation of a new entity for purposes of the sixty month limitation on elections under paragraph (c)(1)(iv) of this section.

(4) *Examples*. The following examples illustrate the application of this paragraph (f):

*Example 1.* A, a U.S. person, owns a domestic eligible entity that is disregarded as an entity separate from its owner. On January 1, 1998, B, a U.S. person, buys a 50 percent interest in the entity from A. Under this paragraph (f), the entity is classified as a partnership when B acquires an interest in the entity. However, A and B elect to have the entity classified as an association effective on January 1, 1998. Thus, B is treated as buying shares of stock on January 1, 1998. (Under paragraph (c)(1)(iv) of this section, this election is treated as a change in classification so that the entity generally cannot change its classification by election again during the sixty months succeeding the effective date of the election.) Under paragraph (g)(1) of this section, A is treated as contributing the assets and liabilities of the entity to the newly formed association immediately before the close of December 31, 1997. Because

A does not retain control of the association as required by section 351, A's contribution will be a taxable event. Therefore, under section 1012, the association will take a fair market value basis in the assets contributed by A, and A will have a fair market value basis in the stock received. A will have no additional gain upon the sale of stock to B, and B will have a cost basis in the stock purchased from A.

*Example 2.* (1) On April 1, 1998, A and B, U.S. persons, form X, a foreign eligible entity. X is treated as an association under the default provisions of paragraph (b)(2)(i) of this section, and X does not make an election to be classified as a partnership. A subsequently purchases all of B's interest in X.

(i) Under paragraph (f)(1) of this section, X continues to be classified as an association. X, however, can subsequently elect to be disregarded as an entity separate from A. The sixty month limitation of paragraph (c)(1)(iv) of this section does not prevent X from making an election because X has not made a prior election under paragraph (c)(1)(i) of this section.

*Example 3.* (1) On April 1, 1998, A and B, U.S. persons, form X, a foreign eligible entity. X is treated as an association under the default provisions of paragraph (b)(2)(i) of this section, and X does not make an election to be classified as a partnership. On January 1, 1999, X elects to be classified as a partnership effective on that date. Under the sixty month limitation of paragraph (c)(1)(iv) of this section, X cannot elect to be classified as an association until January 1, 2004 (i.e., sixty months after the effective date of the election to be classified as a partnership).

(ii) On June 1, 2000, A purchases all of B's interest in X. After A's purchase of B's interest, X can no longer be classified as a partnership because X has only one member. Under paragraph (f)(2) of this section, X is disregarded as an entity separate from A when A becomes the only member of X. X, however, is not treated as a new entity for purposes of paragraph (c)(1)(iv) of this section. As a result, the sixty month limitation of paragraph (c)(1)(iv) of this section continues to apply to X, and X cannot elect to be classified as an association until January 1, 2004 (i.e., sixty months after January 1, 1999, the effective date of the election by X to be classified as a partnership).

(5) *Effective date*. This paragraph (f) applies as of November 29, 1999.

(g) *Elective changes in classification*—

(1) *Deemed treatment of elective change*—

(i) *Partnership to association*. If an eligible entity classified as a partnership elects under paragraph (c)(1)(i) of this section to be classified as an association, the following is deemed to occur: The partnership contributes all of its

assets and liabilities to the association in exchange for stock in the association, and immediately thereafter, the partnership liquidates by distributing the stock of the association to its partners.

(i) *Association to partnership.* If an eligible entity classified as an association elects under paragraph (c)(1)(i) of this section to be classified as a partnership, the following is deemed to occur: The association distributes all of its assets and liabilities to its shareholders in liquidation of the association, and immediately thereafter, the shareholders contribute all of the distributed assets and liabilities to a newly formed partnership.

(ii) *Association to disregarded entity.* If an eligible entity classified as an association elects under paragraph (c)(1)(i) of this section to be disregarded as an entity separate from its owner, the following is deemed to occur: The association distributes all of its assets and liabilities to its single owner in liquidation of the association.

(iv) *Disregarded entity to an association.* If an eligible entity that is disregarded as an entity separate from its owner elects under paragraph (c)(1)(i) of this section to be classified as an association, the following is deemed to occur: The owner of the eligible entity contributes all of the assets and liabilities of the entity to the association in exchange for stock of the association.

(2) *Effect of elective changes—(i) In general.* The tax treatment of a change in the classification of an entity for federal tax purposes by election under paragraph (c)(1)(i) of this section is determined under all relevant provisions of the Internal Revenue Code and general principles of tax law, including the step transaction doctrine.

(ii) *Adoption of plan of liquidation.* For purposes of satisfying the requirement of adoption of a plan of liquidation under section 332, unless a formal plan of liquidation that contemplates the election to be classified as a partnership or to be disregarded as an entity separate from its owner is adopted on an earlier date, the making, by an association, of an election under paragraph (c)(1)(i) of this section to be classified as a partnership or to be disregarded as an entity separate from its

owner is considered to be the adoption of a plan of liquidation immediately before the deemed liquidation described in paragraph (g)(1)(ii) or (iii) of this section. This paragraph (g)(2)(ii) applies to elections filed on or after December 17, 2001. Taxpayers may apply this paragraph (g)(2)(ii) retroactively to elections filed before December 17, 2001, if the corporate owner claiming treatment under section 332 and its subsidiary making the election take consistent positions with respect to the federal tax consequences of the election.

(3) *Timing of election—(i) In general.* An election under paragraph (c)(1)(i) of this section that changes the classification of an eligible entity for federal tax purposes is treated as occurring at the start of the day for which the election is effective. Any transactions that are deemed to occur under this paragraph (g) as a result of a change in classification are treated as occurring immediately before the close of the day before the election is effective. For example, if an election is made to change the classification of an entity from an association to a partnership effective on January 1, the deemed transactions specified in paragraph (g)(1)(ii) of this section (including the liquidation of the association) are treated as occurring immediately before the close of December 31 and must be reported by the owners of the entity on December 31. Thus, the last day of the association's taxable year will be December 31 and the first day of the partnership's taxable year will be January 1.

(ii) *Coordination with section 338 election.* A purchasing corporation that makes a qualified stock purchase of an eligible entity taxed as a corporation may make an election under section 338 regarding the acquisition if it satisfies the requirements for the election, and may also make an election to change the classification of the target corporation. If a taxpayer makes an election under section 338 regarding its acquisition of another entity taxable as a corporation and makes an election under paragraph (c) of this section for the acquired corporation (effective at the earliest possible date as provided by paragraph (c)(1)(iii) of this section), the transactions under paragraph (g) of

this section are deemed to occur immediately after the deemed asset purchase by the new target corporation under section 338.

(iii) *Application to successive elections in tiered situations.* When elections under paragraph (c)(1)(i) of this section for a series of tiered entities are effective on the same date, the eligible entities may specify the order of the elections on Form 8832. If no order is specified for the elections, any transactions that are deemed to occur in this paragraph (g) as a result of the classification change will be treated as occurring first for the highest tier entity's classification change, then for the next highest tier entity's classification change, and so forth down the chain of entities until all the transactions under this paragraph (g) have occurred. For example, Parent, a corporation, wholly owns all of the interest of an eligible entity classified as an association (S1), which wholly owns another eligible entity classified as an association (S2), which wholly owns another eligible entity classified as an association (S3). Elections under paragraph (c)(1)(i) of this section are filed to classify S1, S2, and S3 each as disregarded as an entity separate from its owner effective on the same day. If no order is specified for the elections, the following transactions are deemed to occur under this paragraph (g) as a result of the elections, with each successive transaction occurring on the same day immediately after the preceding transaction S1 is treated as liquidating into Parent, then S2 is treated as liquidating into Parent, and finally S3 is treated as liquidating into Parent.

(4) *Effective date.* Except as otherwise provided in paragraph (g)(2)(ii) of this section, this paragraph (g) applies to elections that are filed on or after November 29, 1999. Taxpayers may apply this paragraph (g) retroactively to elections filed before November 29, 1999 if all taxpayers affected by the deemed transactions file consistently with this paragraph (g).

(h) *Effective date—(1) In general.* Except as otherwise provided in this section, the rules of this section are applicable as of January 1, 1997.

(2) *Prior treatment of existing entities.* In the case of a business entity that is

not described in § 301.7701-2(b) (1), (3), (4), (5), (6), or (7), and that was in existence prior to January 1, 1997, the entity's claimed classification(s) will be respected for all periods prior to January 1, 1997, if—

(i) The entity had a reasonable basis (within the meaning of section 6662) for its claimed classification;

(ii) The entity and all members of the entity recognized the federal tax consequences of any change in the entity's classification within the sixty months prior to January 1, 1997; and

(iii) Neither the entity nor any member was notified in writing on or before May 8, 1996, that the classification of the entity was under examination (in which case the entity's classification will be determined in the examination).

(3) *Deemed elections for S corporations.* Paragraph (c)(1)(v)(C) of this section applies to timely S corporation elections under section 1362(a) filed on or after July 20, 2004. Eligible entities that filed timely S elections before July 20, 2004 may also rely on the provisions of the regulation.

(T.D. 8697, 61 FR 66590, Dec. 18, 1996; 62 FR 11769, Mar. 13, 1997, as amended by T.D. 8767, 63 FR 14619, Mar. 26, 1998; T.D. 8827, 64 FR 37678, July 13, 1999; 64 FR 58782, Nov. 1, 1999; T.D. 8844, 64 FR 66583, Nov. 29, 1999; T.D. 8970, 68 FR 64912, Dec. 17, 2001; T.D. 9093, 68 FR 60296, Oct. 22, 2003; T.D. 9100, 68 FR 70709, Dec. 19, 2003; T.D. 9139, 69 FR 43318, July 20, 2004; T.D. 9153, 69 FR 49811, Aug. 12, 2004; T.D. 9263, 70 FR 29453, May 23, 2005; T.D. 9300, 71 FR 71045, Dec. 8, 2006)

#### § 301.7701-4 Trusts.

(a) *Ordinary trusts.* In general, the term "trust" as used in the Internal Revenue Code refers to an arrangement created either by a will or by an inter vivos declaration whereby trustees take title to property for the purpose of protecting or conserving it for the beneficiaries under the ordinary rules applied in chancery or probate courts. Usually the beneficiaries of such a trust do no more than accept the benefits thereof and are not the voluntary planners or creators of the trust arrangement. However, the beneficiaries of such a trust may be the persons who create it and it will be recognized as a trust under the Internal Revenue Code

**ARTICLES OF ORGANIZATION**  
**OF**  
**IMAGINE – MANATEE COUNTY, LLC**

**FILED**  
05 AUG 26 AM 8:46  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:


1. Name. The name of the Limited Liability Company is **Imagine - Manatee County, LLC** (hereinafter the "LLC").

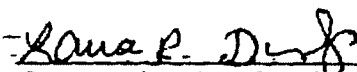
2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member Imagine Schools Non-Profit, Inc., a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. Resident Agent. The name of the resident agent of the LLC is Corporation Service Company, a Florida Corporation, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
\_\_\_\_\_  
Dennis W. Bakke  
Director  
Imagine Schools Non-Profit, Inc.  
(Single Member of  
Imagine – Manatee County, LLC)

  
\_\_\_\_\_  
Corporation Service Company  
Resident Agent  
Imagine – Manatee County, LLC  
Laura R. Dunlap  
as its agent

Filing Party's Return Address:  
Dennis W. Bakke, Imagine – Manatee County, LLC  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133

**ARTICLES OF ORGANIZATION**  
**OF**  
**IMAGINE – PALM BEACH COUNTY, LLC**

**FILED**  
05 AUG 26 AM 8:35  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:


1. Name. The name of the Limited Liability Company is **Imagine - Palm Beach County, LLC** (hereinafter the "LLC").


2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member Imagine Schools Non-Profit, Inc., a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. Resident Agent. The name of the resident agent of the LLC is Corporation Service Company, a Florida Corporation, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
Dennis W. Bakke  
Director  
Imagine Schools Non-Profit, Inc.  
(Single Member of  
Imagine – Palm Beach County, LLC)

  
Corporation Service Company  
Resident Agent  
Laura R. Dunlap  
as its agent  
Imagine – Palm Beach County, LLC


Filing Party's Return Address:  
Dennis W. Bakke, Imagine – Palm Beach County, LLC  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133

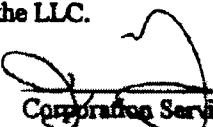
FILED  
06 AUG -9 AM 11:13  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

ARTICLES OF ORGANIZATION  
OF  
IMAGINE - BROWARD COUNTY, LLC

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:

1. Name. The name of the Limited Liability Company is *Imagine - Broward County, LLC* (hereinafter the "LLC").
2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member *Imagine Schools Non-Profit, Inc.*, a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.
3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.
4. Registered Agent. The name of the registered agent of the LLC is *Corporation Service Company*, a Delaware Corporation, whose address is 1201 Hays Street, Tallahassee, FL 32301.
5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
8-09-06  
Dennis W. Bakke  
President and CEO  
*Imagine Schools Non-Profit, Inc.*  
(Single Member of *Imagine - Broward County, LLC*)

  
Jeanine Reynolds  
as its agent  
*Corporation Service Company*  
Registered Agent  
*Imagine - Broward County, LLC*

Filing Party's Return Address:  
Dennis W. Bakke  
*Imagine - Broward County, LLC*  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133

ARTICLES OF ORGANIZATION  
OF  
IMAGINE - ST. LUCIE COUNTY, LLC

06 AUG - 9 AM 11:13  
FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:


1. **Name.** The name of the Limited Liability Company is **Imagine - St. Lucie County, LLC** (hereinafter the "LLC").

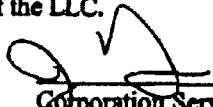
2. **Purpose.** The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member Imagine Schools Non-Profit, Inc., a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. **Address.** The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. **Registered Agent.** The name of the registered agent of the LLC is Corporation Service Company, a Delaware Corporation, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. **Amendments or Restatements.** Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
Dennis W. Bakke  
President and CEO  
Imagine Schools Non-Profit, Inc.  
(Single Member of Imagine - St. Lucie County, LLC)

  
Jeanine Reynolds  
as its agent  
Corporation Service Company  
Registered Agent  
Imagine - St. Lucie County, LLC

Filing Party's Return Address:  
Dennis W. Bakke  
Imagine - St. Lucie County, LLC  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133



ARTICLES OF ORGANIZATION

OF

IMAGINE - INDIAN RIVER COUNTY, LLC

FILED  
05 AUG 31 AM 8:29  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:


1. Name. The name of the Limited Liability Company is **Imagine - Indian River County, LLC** (hereinafter the "LLC").

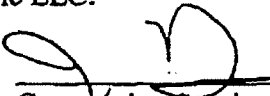
2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member Imagine Schools Non-Profit, Inc., a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. Resident Agent. The name of the resident agent of the LLC is Corporation Service Company, a Delaware Corporation, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
Dennis W. Bakke  
Director  
Imagine Schools Non-Profit, Inc.  
(Single Member of Imagine - Indian River County, LLC)

  
Jeanine Reynolds  
as its agent  
Corporation Service Company  
Resident Agent  
Imagine - Indian River County, LLC

Filing Party's Return Address:  
Dennis W. Bakke  
Imagine - Indian River County, LLC  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133



CORPORATION SERVICE COMPANY

ACCOUNT NO. : 072100000032  
REFERENCE : 989283 7453550  
AUTHORIZATION :  
COST LIMIT : \$ 55.00

07 JUL 11 AM 10:50  
FILED  
SECRETARY OF STATE  
TALLAHASSEE FLORIDA

ORDER DATE : July 10, 2007  
ORDER TIME : 4:58 PM  
ORDER NO. : 989283-040  
CUSTOMER NO: 7453550

DOMESTIC AMENDMENT FILING

NAME: IMAGINE-INDIAN RIVER COUNTY,  
LLC

EFFECTIVE DATE:

XX ARTICLES OF AMENDMENT  
       RESTATED ARTICLES OF INCORPORATION

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

XX CERTIFIED COPY  
       PLAIN STAMPED COPY  
       CERTIFICATE OF GOOD STANDING

CONTACT PERSON: Jeanine Reynolds -- EXT# 2933

EXAMINER'S INITIALS: \_\_\_\_\_

ARTICLES OF AMENDMENT  
TO  
ARTICLES OF ORGANIZATION  
OF

Imagine - Indian River County, LLC

(Present Name)  
(A Florida Limited Liability Company)

07 JUL 11 AM 10:50  
FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

FIRST: The Articles of Organization were filed on August 31, 2005 and assigned document number L05000086276.

SECOND: This amendment is submitted to amend the following:

The name of the limited liability company shall be  
changed to "Imagine School at South Indian River  
County, LLC".

Dated July 10, 2007.



Signature of a member or authorized representative of a member

Dennis W. Bakke, Director, Imagine Schools Non-Profit, Inc., sole member

Typed or printed name of signee

Filing Fee: \$25.00

**ARTICLES OF ORGANIZATION**  
**OF**  
**IMAGINE - SARASOTA COUNTY, LLC**

**FILED**  
06 AUG - 9 AM 11:13  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:


1. Name. The name of the Limited Liability Company is *Imagine - Sarasota County, LLC* (hereinafter the "LLC").

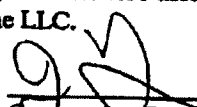
2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member *Imagine Schools Non-Profit, Inc.*, a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. Registered Agent. The name of the registered agent of the LLC is *Corporation Service Company*, a Delaware Corporation, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
Dennis W. Bakke  
President and CEO  
*Imagine Schools Non-Profit, Inc.*  
(Single Member of *Imagine - Sarasota County, LLC*)

  
Jeanine Reynolds  
as its agent  
*Corporation Service Company*  
Registered Agent  
*Imagine - Sarasota County, LLC*

Filing Party's Return Address:  
Dennis W. Bakke  
*Imagine - Sarasota County, LLC*  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133

FILED  
07 JUL 11 AM 10:50  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

ARTICLES OF ORGANIZATION  
OF  
IMAGINE - LEON COUNTY, LLC

Pursuant to Section 608.407 of the Florida Statutes, the undersigned sets forth the following:

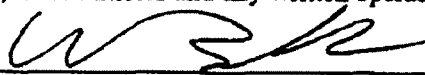
1. Name. The name of the Limited Liability Company is Imagine - Leon County, LLC (hereinafter the "LLC").

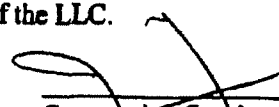
2. Purpose. The purpose for which the LLC is organized is to establish and operate a public charter school in Florida to serve educational and charitable purposes and qualify for derivative exempt status as a disregarded entity within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or a related section of a successor statute (the "Code") by virtue of its relationship with its single member Imagine Schools Non-Profit, Inc., a Virginia nonstock corporation (the "Member"). The LLC shall also qualify through its exempt status relationship derived from its Member as an educational organization for purposes of receiving deductible gifts and grants within the meaning of Section 170(b)(1)(A)(ii) of the Code, and to engage in any lawful act or activity for which limited liability companies may be organized under Florida law.

3. Address. The mailing address and the street address of the principal office of the LLC is 3250 Mary Street, Suite 202, Coconut Grove, FL 33133.

4. Resident Agent. The name of the resident agent of the LLC is Corporation Service Company, whose address is 1201 Hays Street, Tallahassee, FL 32301.

5. Amendments or Restatements. Any amendment or restatement of these Articles of Organization, and any Operating Agreement, shall be in writing and shall not be effective unless and until approved in writing by the Member. No oral representations by the Member shall be deemed or construed to constitute any portion of, or otherwise affect the interpretation of, these Articles and any written operating agreement of the LLC.

  
Dennis W. Bakke  
Director  
Imagine Schools Non-Profit, Inc.  
(Single Member of  
Imagine - Leon County, LLC)

  
Jeanine Reynolds  
as its agent  
Corporation Service Company  
Resident Agent  
Imagine - Leon County, LLC

Filing Party's Return Address:  
Dennis W. Bakke, Imagine - Leon County, LLC  
3250 Mary Street  
Suite 202  
Coconut Grove, FL 33133