

FOREMAN  
McINNIS



Attorneys and Counselors at Law

JOEL F. FOREMAN  
HEATHER HATCH McINNIS  
JONATHAN S. BENSE  
THOMAS A. SLAUGHTER

207 S. MARION AVENUE  
POST OFFICE BOX 550  
LAKE CITY, FLORIDA 32056  
TEL. 386.752.8420  
FAX 386.752.8431

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David Dennison  
5376 Tomah Drive, Suite 204  
Colorado Springs, CO 80918  
[David@ChurchCPA.net](mailto:David@ChurchCPA.net)

RE: New Generation Christian School

Dear Mr. Dennison,

Please let this serve as notice that I have the pleasure of representing New Generation Christian School in reference to various matters. I have been contacted by Paula Gorman, and she has informed me that you are performing an audit of their financial statements for the fiscal year ending July 31, 2013. She has requested that I furnish you certain information regarding services rendered by my office for legal consultation and representation.

Mrs. Gorman first contacted my office around March 22, 2013 regarding a commercial landlord-tenant issue at the school's prior location. Following Tropical Storm Debbie, which was a devastating storm in this geographic area, the school began having problems with its landlord, Wayne Hudson, over water damage and mold issues. Those issues were not remedied. Mrs. Gorman's concern was whether the school should continue to pay rent through the end of the lease agreement based on the unremedied situation and the landlord's continued refusal to take any remedial action. Then, the case turned on retaliatory threats by the landlord for remedial action taken by the school in order to continue to occupy the premises given health concerns created by the water damage and mold, as well as the actual cause of damages. The school had all intentions to pursue its cause of action against the landlord and to vigorously defend any action taken by the landlord because the school's actions were justified. To my understanding, the case was resolved without any suit being filed, the school paid the last couple of months of rent that became due, and the landlord has not pursued or further threatened to pursue any action against the school. Based on my review of the facts, the school would not be held liable for damage to the property as any physical work performed on the property was out of necessity and because the landlord refused to act; the work done was more of an improvement than destructive in nature. I was not involved directly with communications to and from the landlord, nor did I take part in the actual resolution of the matter. Based on my follow up communications with Mrs. Gorman, the landlord has agreed not to take any further action.

Next, on June 5, 2013, Mr. and Mrs. Gorman approached me in reference to their business model for the school and potential franchising. This was non-adversarial in nature. We discussed this issue in a single consult and I advised that at the time, it may be more appropriate to act in the capacity of an independent consultant rather than incur the extremely large expenses of franchising. Both of these are still options for my client in the future, and the school does not have any potential ongoing liability in reference to this issue.

Finally, in July 2013, the Gormans contacted me on behalf of the school regarding zoning and county ordinance compliance issues with the construction of their new location. This matter was related to public opposition to the location and based on aesthetics. It seems that there was a small sect of the community that did not want the school in their backyard, regardless of how beneficial the school may be to the community. This opposition came during the construction phase, when aesthetics is not an appropriate concern. In preparing the new location and beginning construction, Ms. Gorman abided by all zoning restrictions and local ordinances. After a County Commissioners meeting (that occurred on July 18, 2013) wherein various members of the community spoke in support of the school, with a single speaker in opposition, the opposition proved futile and no further action was necessary in the matter. Ms. Gorman has a viable plan to continue to improve the aesthetics of the school grounds throughout its ongoing operation. Further, there do not appear to be any pending potential claims.

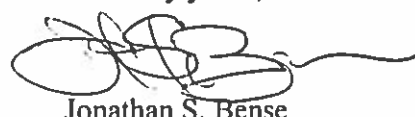
Another potential legal issue that New Generation Christian School faces is a real property issue involving an encroachment onto the new grounds by a neighboring landowner. The school plans to pursue this claim, and to reach an amicable resolution if possible. However, litigation is a viable option and likely to lead to a judgment in favor of the school. The school will likely not have any liability in this matter and would not risk financial loss.

As a part of my continued representation of New Generation Christian School, if I come across any unasserted potential claims that would require financial disclosure or incur risk of loss, I hereby confirm that I would advise my client of such a duty to disclose the same.

Additionally, to date, New Generation Christian School is indebted to my firm in the amount of \$340.00 for all services performed on its behalf. It is anticipated that my client will incur additional fees relating to the encroachment issue when the same is pursued.

Please feel free to contact me if you have any additional questions or concerns. Thank you for your time and attention.

Sincerely yours,



Jonathan S. Bense

cc: Paula Gorman