WEB FORM COPY

STATE OF ARIZONA CORPORATION COMMISSION
CORPORATION ANNUAL REPORT & CERTIFICATE OF DISCLOSURE

AZ Corp. Commission
02671654

DUE ON OR BEFORE 01/30/2009 **FILING FEE** $10.00

PLEASE READ ALL INSTRUCTIONS. The following information is required by A.R.S. §§10-1622 & 10-11622 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to prescribe this form is A.R.S. §§ 10-121(A) & 10-3121(A). YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM. Make changes or corrections where necessary. Information for the report should reflect the current status of the corporation.

-0187071-1

RECEIVED
JAN 29 2009
ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

1. MINGUS MOUNTAIN ESTATE RESIDENTIAL CENTER, INC.
PO BOX 26485
PRESCOTT VLY, AZ 86312

Business Phone: 602-335-2000 (Business phone is optional.)
State of Domicile: ARIZONA **Type of Corporation:** NON-PROFIT

2.

Statutory Agent: DONALD L CROSS
Mailing Address: 2001 W CAMELBACK RD #270
City, State, Zip: PHOENIX, AZ 85013

Statutory Agent's Street or Physical Address, If Different.
Physical Address:
City, State, Zip:

ACC USE ONLY
Fee $_____
Penalty $_____
Reinstate$_____
Expedite $_____
Resubmit$_____

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below. Note that the agent address must be in Arizona.

I, (individual) or We, (corporation or limited liability company) having been designated the new Statutory Agent, do hereby consent to this appointment until my removal or resignation pursuant to law.

_____
Signature of *new* Statutory Agent

_____
Printed Name of *new* Statutory Agent

3. Secondary Address:

(Foreign Corporations are **REQUIRED** to complete this section).

4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

BUSINESS CORPORATIONS

- ☐ 1. Accounting
- ☐ 2. Advertising
- ☐ 3. Aerospace
- ☐ 4. Agriculture
- ☐ 5. Architecture
- ☐ 6. Banking/Finance
- ☐ 7. Barbers/Cosmetology
- ☐ 8. Construction
- ☐ 9. Contractor
- ☐ 10. Credit/Collection
- ☐ 11. Education
- ☐ 12. Engineering
- ☐ 13. Entertainment
- ☐ 14. General Consulting
- ☐ 15. Health Care
- ☐ 16. Hotel/Motel
- ☐ 17. Import/Export
- ☐ 18. Insurance
- ☐ 19. Legal Services
- ☐ 20. Manufacturing
- ☐ 21. Mining
- ☐ 22. News Media
- ☐ 23. Pharmaceutical
- ☐ 24. Publishing/Printing
- ☐ 25. Ranching/Livestock
- ☐ 26. Real Estate
- ☐ 27. Restaurant/Bar
- ☐ 28. Retail Sales
- ☐ 29. Science/Research
- ☐ 30. Sports/Sporting Events
- ☐ 31. Technology(Computers)
- ☐ 32. Technology(General)
- ☐ 33. Television/Radio
- ☐ 34. Tourism/Convention Services
- ☐ 35. Transportation
- ☐ 36. Utilities
- ☐ 37. Veterinary Medicine/Animal Care
- ☐ 38. Other _____

NON-PROFIT CORPORATIONS

- ☐ 1. Charitable
- ☐ 2. Benevolent
- ☐ 3. Educational
- ☐ 4. Civic
- ☐ 5. Political
- ☐ 6. Religious
- ☐ 7. Social
- ☐ 8. Literary
- ☐ 9. Cultural
- ☐ 10. Athletic
- ☐ 11. Science/Research
- ☑ 12. Hospital/Health Care
- ☐ 13. Agricultural
- ☐ 14. Cooperative Marketing Association
- ☐ 15. Animal Husbandry
- ☐ 16. Homeowner's Association
- ☐ 17. Professional, commercial industrial or trade association
- ☐ 18. Other_____

5. CAPITALIZATION: (For-profit Corporations and Business Trusts are **REQUIRED** to complete this section.)

Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. PLEASE PRINT OR TYPE CLEARLY.

5a. Please examine the corporation's original Articles of Incorporation for the amount of **shares authorized**.

Number of Shares/Certificates **Authorized**	Class	Series Within Class (if any)
NONE		

5b. Review all corporation amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of **shares issued**.

Number of Shares/Certificates **Issued**	Class	Series Within Class (if any)
NONE		

6. SHAREHOLDERS: (For-profit Corporations and Business Trusts are **REQUIRED** to complete this section.)

List shareholders holding more than 20% of any class of shares issued by the corporation, or having more than a 20% beneficial interest in the corporation.

Name: _____ **Name:** _____

NONE ☒

Name: _____ **Name:** _____

7. OFFICERS PLEASE TYPE OR PRINT CLEARLY. YOU MUST LIST AT LEAST ONE.

Name: DONALD LARKIN
Title: CHAIRMAN
Address: 6973 W FIREBIRD DR
GLENDALE, AZ 85308
Date taking office: 12/6/1995

Name: TIMOTHY PETERSON
Title: PRESIDENT
Address: 2449 E CHAMBER ST
PHOENIX, AZ 85040
Date taking office: 12/6/1995

Name: MARY SUE LARKIN
Title: SECRETARY
Address: 6973 W FIREBIRD LN
GLENDALE, AZ 85308
Date taking office: 12/6/1995

Name: DON CROSS
Title: TREASURER
Address: 77 E MISSOURI #1
PHOENIX, AZ 85012
Date taking office: 11/8/2005

8. DIRECTORS PLEASE TYPE OR PRINT CLEARLY. YOU MUST LIST AT LEAST ONE.

Name: SEE ATTACHED LIST
Address:
Date taking office:

Name:
Address:
Date taking office:

Name:
Address:
Date taking office:

Name:
Address:
Date taking office:

MMERCI BOARD OF DIRECTORS
Mingus Mountain Academy
July 1, 2008

Don Cross
Home: 4542 W. Soft Wind Dr.
Glendale, Arizona 85310
(602) 266-2406 (phone)
(602) 266-2405 (fax)

Don's Business: Cross & Liberman
(602) 650-2858 (phone)
(602) 650-2857 (fax)
Cross@crosslieb.com

Jan Cross
Home: 4542 W. Soft Wind Dr.
Glendale, Arizona 85310
(602) 266-2406 (phone)
(602) 266-2405 (fax)

Don's Business: Cross & Liberman
(602) 650-2858 (phone)
(602) 650-2857 (fax)
JanCross1@cox.net

Tim Peterson
Home: 3844 E. Vineyard Road
Phoenix, Arizona 85041
(602) 437-9008 (home)
(602) 739-5195 (cell)

Tim's Business: American Filters
2449 E. Chambers Street
Phoenix, Arizona 85040
(602) 323-9110 (phone)
(602) 323-9116 (fax)
(602) 768-2355 (cell)
PhxFilters@aol.com

Marilyn Czerny
Home: 3844 E. Vineyard Road
Phoenix, Arizona 85041
(602) 437-9008 (home)
(602) 739-5195 (cell)

Tim's Business: American Filters
2449 E. Chambers Street
Phoenix, Arizona 85040
(602) 323-9110 (phone)
(602) 323-9116 (fax)
(602) 768-2355 (cell)
PhxFilters@aol.com

Christine Goodson-Forakis

Business: The Forakis Law Firm, PLC
340 East Palm Lane, Suite 300
Phoenix, Arizona 85004
(602) 252-5110 (office)
(602) 317-7283 (mobile)
cforakis@gmfdlaw.com

Mike Forakis

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340 East Palm Lane, Suite 300
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(602) 252-5110 (office)
(602) 317-7283 (mobile)
mforakis@nacokecce.com

Don Larkin
Home: 6973 W. Firebird Drive
Glendale, Arizona 85308
(623) 362-8976

Business: Larkin & Associates
14997 W. Bell Road, Suite 100
Surprise, Arizona 85374
(623) 972-6155 (phone)
(623) 972-6123 (fax)
larkind@financialnetwork.com
larkins@financialnetwork.com

Sue Larkin
Home: 6973 W. Firebird Drive
Glendale, Arizona 85308
(623) 362-8976

Business: Larkin & Associates
14997 W. Bell Road, Suite 100
Surprise, Arizona 85374
(623) 972-6155 (phone)
(623) 972-6123 (fax)
larkind@financialnetwork.com
larkins@financialnetwork.com

Chris Maple
Home: 4356 W. Kimberly Way
Glendale, Arizona 85308
(602) 797-6354 (home)
(602) 525-3807 (cell)

Business:
(602) 797-6354 (office)
(602) 525-3807 (cell)
christine.maple@acs-inc.com

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Balance Sheets
December 31, 2008
(With Prior Year Comparisons)

	12/31/08	(Audited) 6/30/08	12/31/07
ASSETS			
CURRENT ASSETS			
Cash	$ 284,285	$ 610,307	$ 297,032
Assets Limited to Use - Project Fund	2,357,831	-	-
Student Deposits	16,886	16,906	12,580
Petty Cash	1,100	1,100	1,100
Accounts Receivable	1,338,105	1,176,648	1,321,840
Allowance for Doubtful Accounts	(17,636)	(12,136)	(12,136)
Prepaid Insurance	1,421	-	1,421
Donations and Other Receivables	301,010	24,356	14,179
Total Current Assets	4,283,002	1,817,181	1,636,016
PROPERTY & EQUIPMENT			
Property & Equipment	4,590,954	4,337,404	4,266,824
Accumulated Depreciation	(1,779,295)	(1,665,829)	(1,600,864)
Net Property and Equipment	2,811,659	2,671,575	2,665,960
OTHER ASSETS			
Refinancing Costs	-	81,154	81,154
Accumulated Amortization	-	(21,641)	(17,583)
Net Refinancing Costs	-	59,513	63,571
Deferred Bond Issue Costs	129,914	-	-
Endowment Funds	28,410	31,070	29,850
Total Other Assets	158,324	90,583	93,421
TOTAL ASSETS	**$ 7,252,985**	**$ 4,579,339**	**$ 4,395,397**
LIABILITIES AND CAPITAL			
CURRENT LIABILITIES			
Accounts Payable	$ 6,590	$ 464	$ 10,488
Payable to Sequel Youth Services of AZ	1,221,265	971,009	758,601
DES Payable	14,750	42,297	82,750
Annuity Payable	24,480	27,377	25,554
Accrued Interest	12,500	11,340	11,494
Student Funds Held in Trust	16,886	16,906	12,580
Current Portion of Long Term Debt	-	69,772	65,910
Total Other Current Liabilities	1,296,471	1,139,165	967,377
LONG TERM LIABILITIES			
2005 Wells Fargo Bank Note	-	2,438,501	2,471,460
2008 Bonds Payable	5,000,000	-	-
Less Current Portion	-	(69,772)	(63,111)
Long Term Portion of Wells Fargo Bank	5,000,000	2,368,729	2,408,349
GMAC Loans	-	-	799
Less Current Portion	-	-	(799)
Long Term Portion of GMAC Loans	-	-	-
Settlement Agreement	-	-	2,000
Less Current Portion	-	-	(2,000)
Long Term Portion of Settlement Agreement	-	-	-
Total Long Term Liabilities	5,000,000	2,368,729	2,408,349
Total Liabilities	6,296,471	3,507,894	3,375,726
EQUITY			
Net Assets	1,071,445	930,771	930,771
Net Earning for the Period	(114,931)	140,674	88,900
Total Equity	956,514	1,071,445	1,019,671
TOTAL LIABILITIES & EQUITY	**$ 7,252,985**	**$ 4,579,339**	**$ 4,395,397**

MMERCI
Income Statement
For the Month and Year-to-Date Ended December 31, 2008

	July	August	September	October	November	December	Year to Date
REVENUES:							
Residential Revenue							
Arizona Level 1	$ 426,133	$ 413,047	$ 423,770	$ 395,983	$ 360,697	$ 365,491	$ 2,385,121
Arizona Level 2	50,831	56,617	62,812	74,656	77,685	71,815	394,416
Out of State:							
Michigan	52,390	44,735	34,800	36,935	38,505	36,270	243,635
Indiana	17,205	5,735	-	-	-	-	22,940
North Dakota	17,732	17,732	17,446	22,293	17,160	17,732	110,095
Montana	30,500	23,708	30,000	31,000	30,000	43,750	188,958
Nevada	100,127	138,477	157,488	165,347	197,275	219,512	978,226
California	13,766	28,152	31,853	34,729	44,916	44,754	198,170
Total Out of State	231,720	258,539	271,587	290,304	327,856	362,018	1,742,024
Private Pay	(1,440)	-	-	-	-	-	(1,440)
Medical Billing	8,013	19,860	14,179	7,771	20,767	56,877	127,467
Revenue Deductions	(3,626)	(2,446)	(3,657)	(2,574)	(10,970)	(11,103)	(34,376)
Total Residential Revenue	**711,631**	**745,617**	**768,691**	**766,140**	**776,035**	**845,098**	**4,613,212**
Education Revenue							
Arizona Education	67,300	61,754	64,500	58,700	49,970	41,579	343,803
Out of State Education	1,388	5,729	3,718	3,718	2,874	3,089	20,516
Total Education Revenue	**68,688**	**67,483**	**68,218**	**62,418**	**52,844**	**44,668**	**364,319**
Other Revenue							
Food & Nutrition	11,832	12,038	12,673	12,000	13,444	13,043	75,030
Pennywise	12,257	10,705	13,116	15,082	18,122	19,739	89,021
Donations & Bequeaths	1,091	84,165	195	4,023	9,130	8,205	106,809
Other Income	-	330	36	9	-	-	375
Total Other Revenue	**25,180**	**107,238**	**26,020**	**31,114**	**40,696**	**40,987**	**271,235**
Total Revenue	**805,499**	**920,338**	**862,929**	**859,672**	**869,575**	**930,753**	**5,248,766**
PROGRAM EXPENSES:							
Administration:							
Insurance	$ 237	$ 237	$ 237	$ 238	$ 236	$ 236	$ 1,421
Professional Fees	-	8,639	-	-	10,651	2,539	21,829
Board Expenses	-	1,885	-	-	2,273	121	4,279
Donations to Related Entities	-	-	-	1,080	6,000	5,000	12,080
Provider Service Agreement	764,832	787,060	797,573	816,307	827,837	884,287	4,877,896
Other Administration Costs	189	147	318	267	426	474	1,821
Total Administration Costs	**765,258**	**797,968**	**798,128**	**817,892**	**847,423**	**892,657**	**4,919,326**
	95.0%	86.7%	92.5%	95.1%	97.5%	95.9%	93.7%
Total Program Expenses	**765,258**	**$ 797,968**	**$ 798,128**	**$ 817,892**	**$ 847,423**	**$ 892,657**	**$ 4,919,326**
	95.0%	86.7%	92.5%	95.1%	97.5%	95.9%	93.7%
Income From Operations	**$ 40,241**	**$ 122,370**	**$ 64,801**	**$ 41,780**	**$ 22,152**	**$ 38,096**	**$ 329,440**
	5.0%	13.3%	7.5%	4.9%	2.5%	4.1%	6.3%
Other Non Program Income (Expense)							
Interest Income & Change in Value	$ -	$ (62)	$ (17)	$ (394)	$ (2,253)	$ 66	$ (2,660)
Value Change - Split-Interest Agreements	-	-	-	-	-	-	-
Depreciation & Amortization	(19,587)	(19,587)	(19,588)	(19,587)	(19,587)	(75,043)	(172,979)
Gain on Sale of Assets	-	-	-	-	-	-	-
Interest Expense	(15,259)	(15,914)	(15,878)	(15,329)	(15,825)	(190,527)	(268,732)
Total Other Income (Expense)	**(34,846)**	**(35,563)**	**(35,483)**	**(35,310)**	**(37,665)**	**(265,504)**	**(444,371)**
	-4.3%	-3.9%	-4.1%	-4.1%	-4.3%	-28.5%	-8.5%
Net Income(Loss)	**$ 5,395**	**$ 86,807**	**$ 29,318**	**$ 6,470**	**$ (15,513)**	**$ (227,408)**	**$ (114,931)**
	0.7%	9.4%	3.4%	0.8%	-1.8%	-24.4%	-2.2%

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622(A)(9))

Nonprofits – if your annual report is due on or before September 25, 2008, you **must attach** a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). If your nonprofit annual report is due after September 25, 2008, a financial statement is not required. **Cooperative marketing associations** must in all cases submit a financial statement. All other forms of corporations are exempt from filing a financial statement no matter what date the annual report was due.

ONLY NONPROFIT CORPORATIONS MUST ANSWER THIS QUESTION:

9A. MEMBERS (A.R.S. §10-11622(A)(6)) This corporation **DOES** ☑ **DOES NOT** ☐ have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§ 10-202(D), 10-3202(D), 10-1622(A)(8) & 10-11622(A)(7))

A. Has any person who is currently an officer, director, trustee, incorporator, or who, in a For-profit corporation, controls or holds more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been:

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
3. Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate where such injunction, judgment, decree or permanent order involved the violation of:
   (a) fraud or registration provisions of the securities laws of that jurisdiction, or
   (b) the consumer fraud laws of that jurisdiction, or
   (c) the antitrust or restraint of trade laws of that jurisdiction?

One box must be marked: YES ☐ NO ☑

If "YES" to A, the following information must be submitted as an attachment to this report for each person subject to one or more of the actions stated in Items 1 through 3 above.

1. Full birth name.
2. Full present name and prior names used.
3. Present home address.
4. All prior addresses for immediately preceding 7 year period.
5. Date and location of birth.
6. The nature and description of each conviction or judicial action; the date and location; the court and public agency involved; and the file or cause number of the case.

B. Has any person who is currently an officer, director, trustee, incorporator, or who, in a For-profit corporation, controls or holds over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in the corporation, served in any such capacity or held a 20% interest in any other corporation on the bankruptcy or receivership of that other corporation?

One box must be marked: YES ☐ NO ☑

If "YES" to B, the following information must be submitted as an attachment to this report for each corporation subject to the statement above.

(a) Name and address of each corporation and the persons involved.
(b) State(s) in which it: (i) was incorporated and (ii) transacted business.
(c) Dates of corporate operation.

11. STATEMENT OF BANKRUPTCY OR RECEIVERSHIP (A.R.S. §§ 10-1623 & 10-11623)

A. Has the **corporation** filed a petition for bankruptcy or appointed a receiver? **One box must be marked:** YES ☐ NO ☑

If "Yes" to A, the following information must be submitted as an attachment to this report:

1. All officers, directors, trustees and major stockholders of the corporation within one year of filing the petition for bankruptcy or the appointment of a receiver. If a major stockholder is a corporation, the statement shall list the current president, chairman of the board of directors and major stockholders of such corporate stockholder. "Major stockholder" means a shareholder possessing or controlling twenty per cent of the issued and outstanding shares or twenty per cent of any proprietary, beneficial or membership interest in the corporation.

2. Whether any such person has been an officer, director, trustee or major stockholder of any other corporation within one year of the bankruptcy or receivership of the other corporation. If so, for each such corporation give:
   (a) Name and address of each corporation;
   (b) States in which it: (i) was incorporated and (ii) transacted business.
   (c) Dates of operation.

12. SIGNATURES: Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.

I declare, under penalty of perjury, that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of perjury that I (we) have examined this report and the certificate, including any attachments, and to the best of my (our) knowledge and belief they are true, correct and complete.

Name L. Donald Larkin **Date** 1-29-09 **Name** _____ **Date** _____

Signature L. Donald Larkin **Signature** _____

Title Chairman / Bond **Title** _____

(Signator(s) must be duly authorized corporate officer(s) listed in section 7 of this report.)