WEB FORM COPY

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

AZ Corp. Commission
03061872

DUE ON OR BEFORE 01/30/2010 **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
MAR 0 1 2010
ARIZONA CORP COMMISSION
CORPORATIONS DIVISION

1. MINGUS MOUNTAIN ESTATE RESIDENTIAL CENTER, INC.
15801 E. Don Carlos Dr.
PRESCOTT VLY, AZ 86315

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)

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)

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: *2001 W. Camelback Rd #270*
PHOENIX, AZ 85013
Date taking office: 11/8/2005

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

Name: DON LARKIN
Address: 6973 W FIREBIRD DR
GLENDALE, AZ 85308
Date taking office: *12/6/1995*

Name: DON CROSS
Address: 2001 W. Camelback Rd #270
PHOENIX, AZ 85013
Date taking office: *11/8/2005*

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

Name: CHRIS MAPLE
Address: 4356 W KIMBERLY WAY
GLENDALE, AZ 85308
Date taking office: *1/1/1993*

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)

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)

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: *2001 W. Camelback Rd #270*
PHOENIX, AZ 85013
Date taking office: 11/8/2005

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

Name: *Jan Cross*
Address: *4542 W. Soft Wind Dr.*
GLENDALE, AZ 85310
Date taking office: *1/1/1990*

Name: *Tim Peterson*
Address: 2449 E Chamber St
PHOENIX, AZ 85040
Date taking office: *1/1/1998*

Name: *Christine G. Forakis*
Address: *346 E. Palm Ln*
Phoenix, AZ 85004
Date taking office: *1/1/1996*

Name: *Mike Forakis*
Address: 7130 E. Saddleback #2
Mesa, AZ 85207
Date taking office: *1/1/2005*

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)

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)

---

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: *2001 W. Camelback Rd #270*
PHOENIX, AZ 85013
Date taking office: 11/8/2005

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

Name: *Pat Hanish*
Address: *4442 E Camelback rd*
Unit 162
Phoenix, AZ 85018
Date taking office: *11/14/2009*

Name: _____
Address: _____
Date taking office: _____

Name: _____
Address: _____
Date taking office: _____

Name: _____
Address: _____
Date taking office: _____

MMERCI
Balance Sheets
June 30, 2009
(With Prior Year Comparison)

	(Audited) 6/30/09	(Audited) 6/30/08
ASSETS		
CURRENT ASSETS		
Cash	$ 197,533	$ 610,307
Assets Limited to Use - Project Fund	1,872,050	-
Student Deposits	19,234	16,906
Petty Cash	1,100	1,100
Accounts Receivable	1,274,010	1,176,648
Allowance for Doubtful Accounts	(43,645)	(12,136)
Prepaid Insurance	2,842	-
Interest Receivable	1,645	-
Donations and Other Receivables	105,501	24,356
Total Current Assets	3,430,270	1,817,181
PROPERTY & EQUIPMENT		
Property & Equipment	5,253,109	4,337,404
Accumulated Depreciation	(1,894,736)	(1,665,829)
Net Property and Equipment	3,358,373	2,671,575
OTHER ASSETS		
Refinancing Costs	-	81,154
Accumulated Amortization	-	(21,641)
Net Refinancing Costs	-	59,513
Deferred Bond Issue Costs	147,649	-
Endowment Funds	31,355	31,070
Total Other Assets	179,004	90,583
TOTAL ASSETS	**$ 6,967,647**	**$ 4,579,339**
LIABILITIES AND CAPITAL		
CURRENT LIABILITIES		
Accounts Payable	$ 5,869	$ 464
Payable to Sequel Youth Services of AZ	995,978	971,009
DES Payable	51,625	42,297
Annuity Payable	11,379	27,377
Accrued Interest	-	11,340
Student Funds Held in Trust	19,234	16,906
Current Portion of Long Term Debt	60,665	69,772
Total Other Current Liabilities	1,144,750	1,139,165
LONG TERM LIABILITIES		
2005 Wells Fargo Bank Note	-	2,438,501
2008 Bonds Payable	5,000,000	-
Less Current Portion	(60,665)	(69,772)
Total Long Term Liabilities	4,939,335	2,368,729
Total Liabilities	6,084,085	3,507,894
EQUITY		
Net Assets	1,071,445	930,771
Net Earning for the Period	(187,883)	140,674
Total Equity	883,562	1,071,445
TOTAL LIABILITIES & EQUITY	**$ 6,967,647**	**$ 4,579,339**

MMERCI
Income Statement
Twelve Months Ending June 30, 2009
(Audited)

	Year to Date
REVENUES:	
Residential Revenue	
Arizona Level 1	$ 4,320,189
Arizona Level 2	705,180
Out of State:	
Michigan	405,800
Indiana	22,940
North Dakota	134,120
Montana	282,758
Nevada	2,677,302
California	568,602
Total Out of State	4,091,522
Private Pay	39,493
Medical Billing	305,216
Revenue Deductions	(144,143)
Total Residential Revenue	**9,317,457**
Education Revenue	
Arizona Education	568,860
Out of State Education	33,184
Total Education Revenue	**602,044**
Other Revenue	
Food & Nutrition	148,082
Pennywise	184,255
Donations & Bequeaths	57,081
Other Income	451
Total Other Revenue	**389,869**
Total Revenue	**10,309,370**
PROGRAM EXPENSES:	
Administration:	
Insurance	$ 2,842
Professional Fees	23,448
Board Expenses	8,288
Donations to Related Entities	25,454
Uncollectible Accounts	21,314
Provider Service Agreement	9,763,483
Other Administration Costs	5,424
Total Administration Costs	**9,850,253**
	95.5%
Total Program Expenses	**$ 9,850,253**
	95.5%
Income From Operations	**$ 459,117**
	4.5%
Other Non Program Income (Expense)	
Interest Income & Change in Value	$ 289
Value Change - Split-Interest Agreements	11,036
Depreciation & Amortization	(296,717)
Gain (Loss) on Sale of Assets	(2,680)
Interest Expense	(358,928)
Total Other Income (Expense)	**(647,000)**
	-6.3%
Net Income(Loss)	**$ (187,883)**
	-1.8%

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 J. Donald Larkin **Date** 7/26/10 **Name** _____ **Date** _____

Signature J. Donald Larkin **Signature** _____

Title Board Chairman **Title** _____

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