



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



DUE ON OR BEFORE 07/18/1997

FILING FEE \$10.00

The following information is required by A.R.S. §10-1622 & §10-2501 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. & §10-2545.A. **YOUR REPORT MUST BE SUBMITTED ON THIS FORM.** Make changes or corrections where necessary.
REFER TO THE INSTRUCTIONS ON PAGE 4.

RECEIVED

1. THE RIDGE AT SEDONA ASSOCIATION OF HOMEOWNERS, INC.
PO BOX 20548
SEDONA, AZ 86341

AUG 12 1997

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

-0171302-1

Business Phone: _____
State of Domicile: ARIZONA

(Business phone is optional.)
Type of Corporation: NON-PROFIT

2. Arizona Statutory Agent: ROBERT E. BRANDIN
Street Address: 193 RIDGE TRAIL DR
(NOT P.O. BOX)
City, State, Zip: SEDONA AZ 86336-

ACC USE ONLY	
Fee	\$ 10
Penalty	\$
Reinstate	\$
Expedite	\$
Total	\$

PAID

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below.

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

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. Animal Husbandry
 - 15. Homeowner's Association
 - 16. Professional, commercial industrial or trade association
 - 17. Other _____

5. CAPITALIZATION: (Business 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.

Number of Shares/Certificates Authorized Class Series Within Class (if any)

N/A

Number of Shares/Certificates Issued Class Series Within Class (if any)

N/A

6. SHAREHOLDERS: (Business 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 [X]

Name: Name:

7. OFFICERS (If no changes since last report, check here and go on to Section 8.)

Name: ROBERT BRANDIN

Name: HAL CARTER

Title: PRESIDENT/CEO

Title: VICE-PRESIDENT

Address: 193 RIDGE TRAIL DR SEDONA, AZ 86351-

Address: 30 RIM TRAIL DRIVE SEDONA, AZ 86351-

Date taking office: 4-26-97

Date taking office: 4-26-97

Name: GINA LOHREY

Name: ROBERT BRANDIN

Title: SECRETARY

Title: TREASURER

Address: 208 RIDGE TRAIL DRIVE SEDONA, AZ 86351-

Address: 193 RIDGE TRAIL DRIVE SEDONA, AZ 86351-

Date taking office: 4-26-97

Date taking office: 4-26-97

8. DIRECTORS (If no changes since last report, check here and go on to Section 9.)

Name: ROBERT BRANDIN

Name: LLOYD WESTBY

Address: 193 RIDGE TRAIL DR

Address: 154 RIDGE TRAIL DR

SEDONA, AZ 86351-

SEDONA, AZ 86351-

Date taking office: 4-26-97

Date taking office: 4-26-97

Name: HAL CARTER

Name: GINA LOHREY

Address: 30 RIM TRAIL CIR

Address: 208 RIDGE TRAIL DRIVE

SEDONA, AZ 86351-

SEDONA, AZ 86351-

Date taking office: 4-26-97

Date taking office: 4-26-97

DIRECTORS:

Name: Bob Underwood, Member at Large
203 Ridge Trail Drive
Sedona, AZ 86351

Taking Office: 4-26-97

**THE RIDGE AT SEDONA
ASSOCIATION OF HOMEOWNERS, INC.**

**BOARD OF DIRECTORS
1997/1998**

BOB BRANDIN, PRESIDENT-TREASURER

**193 Ridge Trail Drive
Sedona, AZ 86351
(520) 284-0225**

HAL CARTER, VICE PRESIDENT

**30 Rim Trail Drive
Sedona, AZ 86351
(520) 284-9332**

GINA LOHREY, SECRETARY

**208 Ridge Trail Drive
Sedona, AZ 86351
(520) 284-2956**

BOB UNDERWOOD, MEMBER AT LARGE

**203 Ridge Trail Drive
Sedona, AZ 86351
(520) 284-0047**

LLOYD WESTBY, MAINTENANCE

**154 Ridge Trail Drive
Sedona, AZ 86322
(520) 284-9663**

THE RIDGE AT SEDONA ASSOCIATION OF HOMEOWNERS, INC.
BALANCE SHEET (UNAUDITED)
MARCH 31, 1997

	OPERATING FUND	RESERVE FUND	TOTAL
ASSETS			
Cash in bank	\$ 8,000.39	\$ 42,688.68	\$ 50,689.07
Assessments receivable	2,638.05	0.00	2,638.05
Due from reserve account	1,202.00	0.00	1,202.00
Prepaid expenses	3,107.15	0.00	3,107.15
TOTAL ASSETS	\$ 14,947.59	\$ 42,688.68	\$ 57,636.27

LIABILITIES AND FUND BALANCE

LIABILITIES			
Assessments received in advance	\$ 3,944.80	\$ 0.00	\$ 3,944.80
Due to operating account	0.00	1,202.00	1,202.00
TOTAL LIABILITIES	\$ 3,944.80	\$ 1,202.00	\$ 5,146.80
FUND BALANCE	11,002.79	41,486.68	52,489.47
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,947.59	\$ 42,688.68	\$ 57,636.27

See Accountant's Compilation Report and
 Accompanying Selected Information

THE RIDGE AT SEDONA ASSOCIATION OF HOMEOWNERS, INC.

SELECTED INFORMATION - Substantially All Disclosures Required by Generally Accepted Accounting Principles Are Not Included March 31, 1997 (Unaudited)

NOTE A - NATURE OF ORGANIZATION

The Ridge at Sedona Association of Homeowners, Inc. (a condominium association) was incorporated on March 31, 1985, in the State of Arizona. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 67 residential lots and 3 lots devoted to the health spa and racquet club, located in the Villlage of Oak Creek, Arizona.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Change in Basis of Accounting

The board of directors have elected to adopt a policy of preparing the Association's financial statements using the accrual basis of accounting, whereas revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of cash or its equivalent.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are sixty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. The monthly assessments are presently charged and allocated as follows:

See Accountant's Compilation Report

THE RIDGE AT SEDONA ASSOCIATION OF HOMEOWNERS, INC.

**SELECTED INFORMATION - Substantially All Disclosures Required by
Generally Accepted Accounting Principles Are Not Included
March 31, 1997
(Unaudited)**

	<u>Condominium Units</u>	<u>Lots/Pads</u>
Operations-maintenance and management	\$126.00	\$49.80
Reserve - paint and stucco repairs	35.00	0.00
Reserve - street maintenance	<u>4.00</u>	<u>4.00</u>
Total Monthly Assessment (*)	<u>\$165.00</u>	<u>\$53.80</u>

Effective April 1, 1997, the monthly assessment for each unit and lot has been increased by \$15.00 each.

Interest Income

Interest income earned on the reserve account is allocated between the paint and stucco repair and street maintenance reserves in proportion to the interest-bearing deposits in each reserve.

Income Taxes

Homeowners' associations may be taxed either as homeowners' association or as regular corporations. For the year ended March 31, 1996, the Association was taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its nonmembership income, such as interest earnings, at regular federal and state corporate rates.

For the fiscal year ended March 31, 1996, the Association elected to be taxed as a regular corporation. Under that election, the Association was taxed on its nonexempt function income, such as interest earnings, at a flat rate of 15%. Exempt function income, which consists primarily of member assessments, is not taxable.

NOTE C - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future repairs and replacements. Accumulated funds are held in a separate account and are generally not available for operating purposes. The balance in the reserve account as of the date of these statements is allocated as follows:

See Accountant's Compilation Report

THE RIDGE AT SEDONA ASSOCIATION OF HOMEOWNERS, INC.

**SELECTED INFORMATION - Substantially All Disclosures Required by
Generally Accepted Accounting Principles Are Not Included
March 31, 1997
(Unaudited)**

Paint and stucco repairs	\$40,849.46
Street maintenance	<u>1,839.22</u>
Total	<u>\$42,688.68</u>

The funding program is based on a study performed by the board of directors to estimate the remaining useful lives and replacement costs of the common property components. The estimates were obtained from licensed contractors who inspected the property.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the board of directors of the Association has the right, subject to the Association's declarations, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

See Accountant's Compilation Report

THE RIDGE HOMEOWNERS ASSN
 General Ledger
 As of March 31, 1997

Type	Date	Num	Name	Memo	Split	Amount	Balance
Stmt Charge	3/1/97		KOERBER	Mar	Homeowner asse...	165.00	485.80
Stmt Charge	3/1/97		KRIGSTEN	Mar	Homeowner asse...	165.00	650.80
Stmt Charge	3/1/97		KRIGSTEN	Mar	Trash service	8.00	658.80
Stmt Charge	3/1/97		LADD	Mar	Homeowner asse...	165.00	823.80
Stmt Charge	3/1/97		LADD	Mar	Trash service	8.00	831.80
Stmt Charge	3/1/97		LARSON	Mar	Homeowner asse...	53.80	885.60
Stmt Charge	3/1/97		LEWIS	Mar	Homeowner asse...	53.80	939.40
Stmt Charge	3/1/97		LEWIS	Mar	Trash service	8.00	947.40
Stmt Charge	3/1/97		LOHREY	Mar	Homeowner asse...	165.00	1,112.40
Stmt Charge	3/1/97		LOHREY	Mar	Trash service	8.00	1,120.40
Stmt Charge	3/1/97		MALLOOKIS	Mar	Homeowner asse...	165.00	1,285.40
Stmt Charge	3/1/97		MALLOOKIS	Mar	Trash service	8.00	1,293.40
Stmt Charge	3/1/97		MALLOY	Mar	Homeowner asse...	165.00	1,458.40
Stmt Charge	3/1/97		MALLOY	Mar	Trash service	8.00	1,466.40
Stmt Charge	3/1/97		MARTENS	Mar	Homeowner asse...	165.00	1,631.40
Stmt Charge	3/1/97		MCCORMICK	Mar	Homeowner asse...	53.80	1,685.20
Stmt Charge	3/1/97		MCCORMICK	Mar	Trash service	8.00	1,693.20
Stmt Charge	3/1/97		MEAGHER	Mar	Homeowner asse...	53.80	1,747.00
Stmt Charge	3/1/97		MELTON	Mar	Homeowner asse...	330.00	2,077.00
Stmt Charge	3/1/97		MELTON	Mar	Trash service	16.00	2,093.00
Stmt Charge	3/1/97		MORROW	Mar	Homeowner asse...	165.00	2,258.00
Stmt Charge	3/1/97		NORTON	Mar	Homeowner asse...	165.00	2,423.00
Stmt Charge	3/1/97		NORTON	Mar	Trash service	8.00	2,431.00
Stmt Charge	3/1/97		QUAINE	Mar	Homeowner asse...	53.80	2,484.80
Stmt Charge	3/1/97		RYDER	Mar	Homeowner asse...	165.00	2,649.80
Stmt Charge	3/1/97		RYDER	Mar	Trash service	8.00	2,657.80
Stmt Charge	3/1/97		RIDGESPA	Mar	Homeowner asse...	161.40	2,819.20
Stmt Charge	3/1/97		SCHMIDT	Mar	Homeowner asse...	53.80	2,873.00
Stmt Charge	3/1/97		SGR	Mar	Homeowner asse...	165.00	3,038.00
Stmt Charge	3/1/97		SGR	Mar	Homeowner asse...	484.20	3,522.20
Stmt Charge	3/1/97		SGR	Mar	Trash service	8.00	3,530.20
Stmt Charge	3/1/97		SHEEHAN	Mar	Homeowner asse...	165.00	3,695.20
Stmt Charge	3/1/97		SHEEHAN	Mar	Trash service	8.00	3,703.20
Stmt Charge	3/1/97		SLATER	Mar	Homeowner asse...	165.00	3,868.20
Stmt Charge	3/1/97		SLATER	Mar	Trash service	8.00	3,876.20
Stmt Charge	3/1/97		STOBBE	Mar	Homeowner asse...	165.00	4,041.20
Stmt Charge	3/1/97		STOBBE	Mar	Homeowner asse...	53.80	4,095.00
Stmt Charge	3/1/97		STOBBE	Mar	Trash service	8.00	4,103.00
Stmt Charge	3/1/97		STARKE	Mar	Homeowner asse...	165.00	4,268.00
Stmt Charge	3/1/97		STARKE	Mar	Trash service	8.00	4,276.00
Stmt Charge	3/1/97		STRACHAN	Mar	Homeowner asse...	165.00	4,441.00
Stmt Charge	3/1/97		STRACHAN	Mar	Homeowner asse...	53.80	4,494.80
Stmt Charge	3/1/97		STRACHAN	Mar	Trash service	8.00	4,502.80
Stmt Charge	3/1/97		WILLIAMS	Mar	Homeowner asse...	53.80	4,556.60
Stmt Charge	3/1/97		THOMPSON	Mar	Homeowner asse...	165.00	4,721.60
Stmt Charge	3/1/97		THOMPSON	Mar	Trash service	8.00	4,729.60
Stmt Charge	3/1/97		UNDERWOOD	Mar	Homeowner asse...	165.00	4,894.60
Stmt Charge	3/1/97		UNDERWOOD	Mar	Trash service	8.00	4,902.60

THE RIDGE HOMEOWNERS ASSN
Journal
March 1997

9/97

Trans #	Type	Date	Num	Name	Memo	Account	Debit	Credit
561	Stmt Charge	3/1/97		GOLZWARDEN GOLZWARDEN	Mar Mar	Accounts Receivable Homeowner assessments	165.00	165.00
562	Stmt Charge	3/1/97		GOLZWARDEN GOLZWARDEN	Mar Mar	Accounts Receivable Trash service	165.00 8.00	165.00 8.00
563	Stmt Charge	3/1/97		HARLOW HARLOW	Mar Mar	Accounts Receivable Homeowner assessments	165.00	165.00
564	Stmt Charge	3/1/97		HARLOW HARLOW	Mar Mar	Accounts Receivable Trash service	165.00 8.00	165.00 8.00
565	Stmt Charge	3/1/97		HEISKELL HEISKELL	Mar Mar	Accounts Receivable Homeowner assessments	165.00	165.00
566	Stmt Charge	3/1/97		HEISKELL HEISKELL	Mar Mar	Accounts Receivable Trash service	165.00 8.00	165.00 8.00
567	Stmt Charge	3/1/97		HOGAN HOGAN	Mar Mar	Accounts Receivable Homeowner assessments	53.80	53.80
568	Stmt Charge	3/1/97		HOGAN HOGAN	Mar Mar	Accounts Receivable Trash service	53.80 8.00	53.80 8.00
569	Stmt Charge	3/1/97		JONES JONES	Mar Mar	Accounts Receivable Homeowner assessments	165.00	165.00
570	Stmt Charge	3/1/97		JONES JONES	Mar Mar	Accounts Receivable Trash service	165.00 8.00	165.00 8.00
571	Stmt Charge	3/1/97		KELLY KELLY	Mar Mar	Accounts Receivable Homeowner assessments	165.00	165.00

9. FINANCIAL DISCLOSURE (A.R.S. §§10-1622.B & 10-2501.A.6)

Only corporations that meet one or more of the following criteria must attach a financial statement (balance sheet including assets, liabilities and equity). The corporation is: 1) a public service corporation (e.g., public utility) as defined in Article XV, Section 2, Constitution of Arizona. 2) offers its stock for sale in transactions that are not exempt from A.R.S. §§ 44-1841 and 44-1842 as prescribed in §44-1844.A.1 (e.g., publicly traded). 3) a nonprofit corporation. All other forms of corporations are exempt from filing a financial disclosure.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.8 & 10-2505.A)

Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and person controlling or holding 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. Or are 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", 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 name and prior names used. | 5. Date and location of birth. |
| 2. Full birth name. | 6. Social Security Number |
| 3. Present home address. | 7. 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. |
| 4. Prior addresses (for immediate preceding 7 year period). | |

11. STATEMENT OF BANKRUPTCY (A.R.S. §10-202.D.2)

Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and person controlling or holding more than 20% of the issued and outstanding common shares or 20% of any other proprietary, beneficial or membership interest in the corporation served in such capacity or held a 20% interest in any other corporation during the bankruptcy, receivership, or charter revocation of the other corporation?

One box must be marked: YES NO

If YES, enter the following: Chapter _____ Date Filed _____ Case Number _____

If "YES", the following information must be submitted as an attachment to this report for each person subject to the statement above. 1) The names and addresses of each corporation and the person or persons involved. 2) The state in which each corporation was a) incorporated b) transacted business. 3) The dates of corporate operation.

12. CAUTION: Signature requirements vary according to the type of corporation. See the instruction sheet for specific rules. Annual Reports submitted with incorrect signatures will be rejected.

I DECLARE, UNDER PENALTY OF LAW, 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 law 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 X ROBERTE BRANDIN Date 8-9-97 Name GINA LOHREY Date 8-11-97
 Signature X [Signature] Signature X [Signature]
 Title X President Title X Secretary

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