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

AZ Corp. Commission
00692288

DUE ON OR BEFORE 02/21/2003 **FY02-03** **FILING FEE $10.00**

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. See instructions for proper format. REFER TO THE INSTRUCTIONS ON PAGE 4.

1. -0816543-4
SUNFLOWER COMMUNITY ASSOCIATION, INC.
9401 SUNFLOWER PARK DR
TUCSON, AZ 85743

RECEIVED
FEB 2 4 2003
ARIZONA CORP. COMMISSIO
CORPORATIONS DIVISION

520-572-9780

Business Phone:__________ (Business phone is optional.)
State of Domicile: ARIZONA Type of Corporation: NON-PROFIT

RECEIVED
APR 2 1 2003
ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

2. Statutory Agent: DAVID MCEVOY
Mailing Address: 2701 E SPEEDWAY
City, State, Zip: TUCSON, AZ 85716

Physical Address, If Different.
Physical Address:
City, State, Zip:

no # 4/23/03

ACC USE ONLY	IPR
Fee	$ 10 2-24-03
Penalty	$________
Reinstate	$________
Expedite	$________
Resubmit	$________

543033 581979

Use this box only if appointing a new Statutory Agent

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 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. __ Animal Husbandry
15. X 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. Please examine the corporation's original Articles of Incorporation for the amount of **shares authorized.** 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.** Please Print or Type Clearly.

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Number of Shares/Certificates Authorized	Class	Series Within Class (if any)
	-0-	
	-0-	

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

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. **Please Type or Print Clearly.**

NONE ☑

Name: ______ **Name:** ______

Name: ______ **Name:** ______

7. OFFICERS **Please Type or Print Clearly. You Must List at Least One.**

Name: Jack Noble
Title: President
Address: 7622 W. Starry Night Lane
Tucson, AZ 85743
Date taking office: 2001

Name: Barbara McCauley
Title: Secretary
Address: 7899 W. Cottonwood Wash W.
Tucson, AZ
Date taking office: 2002

Name: Dave Schneider
Title: Vice-President
Address: 9703 Sandy Mesa Place
Tucson, AZ 85743
Date taking office: 2002

Name: ______
Title: ______
Address: ______
Date taking office: ______

8. DIRECTORS **Please Type or Print Clearly. You Must List at Least One.**

Name: Barbara Fisher
Address: 9742 N. Wonderock Pl.
Tucson, AZ 85743
Date taking office: 2002

Name: ______
Address: ______
Date taking office: ______

Name: Bart Wilburn
Address: 9712 N. Sandy Mesa Place
Tucson, AZ 85743
Date taking office: 2002

Name: ______
Address: ______
Date taking office: ______

Miller Wagner & Company, PLLC

Certified
Public
Accountants

3101 North
Central Avenue
Suite 300
Phoenix AZ
85012 2638

602 264 6835

FAX
602 265 7631

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Sunflower Community Association, Inc.

We have audited the accompanying balance sheet of

SUNFLOWER COMMUNITY ASSOCIATION, INC.

at June 30, 2001, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Community's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and fund balances of ***Sunflower Community Association, Inc.*** at June 30, 2001, and its revenues, expenses and changes in fund balances and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Miller Wagner & Company, PLLC

November 16, 2001
Phoenix, Arizona

SUNFLOWER COMMUNITY ASSOCIATION, INC.

BALANCE SHEET

June 30, 2001

08165934

ASSETS

	Operating Fund	Property Fund	Reserve Fund	Total
CURRENT ASSETS				
Cash	$ 77,244	$ -	$ 53,162	$ 130,406
Certificates of deposit	-	-	200,000	200,000
Other assets	1,503	-	-	1,503
TOTAL CURRENT ASSETS	78,747	-	253,162	331,909
PROPERTY AND EQUIPMENT, less accumulated depreciation	-	4,261,042	-	4,261,042
TOTAL ASSETS	$ 78,747	$ 4,261,042	$ 253,162	$ 4,592,951

LIABILITIES AND FUND BALANCES

	Operating Fund	Property Fund	Reserve Fund	Total
CURRENT LIABILITIES				
Accounts payable	$ 42,019	$ -	$ -	$ 42,019
Accrued expenses	15,026	-	-	15,026
Due to developer	15,419	-	-	15,419
Deferred revenue	83,206	-	-	83,206
TOTAL CURRENT LIABILITIES	155,670	-	-	155,670
FUND BALANCES	(76,923)	4,261,042	253,162	4,437,281
TOTAL LIABILITIES AND FUND BALANCES	$ 78,747	$ 4,261,042	$ 253,162	$ 4,592,951

See Accompanying Notes to Financial Statements

SUNFLOWER COMMUNITY ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES

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Year Ended June 30, 2001

	Operating Fund	Property Fund	Reserve Fund	Total
REVENUES				
Assessments - regular	$ 319,335	$ -	$ -	$ 319,335
Reserve assessments - developer	-	-	117,228	117,228
Investment income	-	-	6,334	6,334
Other income and expense	22,949	-	-	22,949
TOTAL REVENUES	342,284	-	123,562	465,846
EXPENSES				
Operating expenses	496,405	-	-	496,405
Administrative expenses	161,934	114,259	-	276,193
TOTAL EXPENSES	658,339	114,259	-	772,598
MAJOR REPAIRS AND REPLACEMENTS	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	(316,055)	(114,259)	123,562	(306,752)
DEVELOPER SUBSIDIES	192,493	152,985	-	345,478
FUND BALANCES, BEGINNING OF YEAR	46,639	4,222,316	129,600	4,398,555
FUND BALANCES, END OF YEAR	$ (76,923)	$ 4,261,042	$ 253,162	$ 4,437,281

See Accompanying Notes to Financial Statements

SUNFLOWER COMMUNITY ASSOCIATION, INC.

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STATEMENT OF CASH FLOWS

Year Ended June 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (306,752)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	114,259
Property and equipment contributed by developer	(152,985)
Developer subsidies	345,478
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Other current assets	884
Increase (decrease) in:	
Accounts payable	15,574
Accrued expenses	552
Deferred revenue	109,652
Due to developer	31,413
Net cash provided by operating activities	158,075
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of certificates of deposit	(100,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	58,075
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	72,331
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 130,406

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

During 2001, additional property and equipment in the amount of $152,985 was contributed to the *Community* by the *Developer*. Also during 2001, the *Developer* paid certain expenses in the amount of $207,912, which is partially offset by the "shortage" amount of $192,493 owed to the *Community* by the *Developer*.

See Accompanying Notes to Financial Statements

SUNFLOWER COMMUNITY ASSOCIATION, INC.

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NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2001

(1) **Community operations and summary of significant accounting policies**

Community operations - ***Sunflower Community Association, Inc.*** (the "*Community*") was incorporated on August 21, 1997 in the state of Arizona. The *Community* is responsible for the operation and maintenance of the common property within a residential development. The development currently consists of approximately 966 residential units or lots on approximately 245 acres located in Tucson, Arizona.

The significant accounting policies followed by the *Community* are as follows:

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

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

Property fund - This fund is used to account for financial resources related to property and equipment capitalized by the *Community* or contributed to the *Community* by the developer and the related accumulated depreciation and amortization on the property and equipment.

Reserve fund - This fund is used to accumulate financial resources designated for specific future major repairs and replacements. These funds are generally not available for general operations of the *Community.*

Management's use of estimates - The preparation of financial statements in conformity with principles required for the modified cash basis of accounting requires the use of estimates and assumptions based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Member assessments - *Community* members are subject to semi-annual assessments billed in April and October of each fiscal year. These assessments are to be used to provide funds for the *Community's* operating expenses and major repairs and replacements. During the year ended June 30, 2001 non of the member assessments were designated to be used for major repairs and replacements. Del Webb Corporation (the *"Developer")* is not responsible for semi-annual assessments on any lots it owns. The *Developer* is responsible for a one-time assessment of $400 for each lot sold during the year. This *Developer* assessment is designated to be used for future major repairs and replacements. Any excess operating assessments at year-end are retained by the *Community* for payment of operating expenses in future years.

Property and equipment - The *Community* capitalizes all personal property and equipment to which it has title or other evidence of ownership. Purchased property and equipment are recorded at cost and developer transferred property and equipment are recorded at the their fair market value at the date of transfer. All real property directly associated with the specific units is not capitalized. All real property not directly associated with a unit is not capitalized due to the *Community's* inability to sell or retain proceeds, or use the property to generate significant cash flow from members on the basis of usage or from nonmembers.
Property and equipment is depreciated using the straight-line method of depreciation over estimated useful lives form 7 to 40 years.

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(1) Community operations and summary of significant accounting policies (continued)

Developer subsidies - The *Community* receives funds from the *Developer* as a special subsidy to cover deficiencies in revenue over operating expenses. These *Developer* subsidies are amounts in excess of the one-time reserve fund assessments paid by the *Developer* on lots sold during the year. The *Developer* is required to pay the "shortage" for each fiscal year to the *Community*. The "shortage" is defined as income and revenue of any kind earned by the *Community* less all actual operating expense of the *Community* excluding (1) all non-cash expenses such as depreciation or amortization, (2) expenditures for non-budgeted, non-approved items and (3) all expenditures made from the reserve fund. A final reconciliation of the "shortage" shall be made within thirty days of the receipt of the annual financial report audited by an independent public accounting firm. Payment of the "shortage" will continue until termination of the *Developer's* class "B" membership. Upon termination of the class "B" membership the *Developer* may elect to pay semi-annual assessments on each of the lots it owns or pay the "shortage" in each fiscal year. The "shortage" subsidies are recorded as additional contributed capital to the operating fund balance.

The developer also has transferred certain common property and equipment to the *Community*. The property and equipment are capitalized in the property fund at their fair market value on the date of transfer and a developer subsidy is recorded for the amount transferred as contributed capital to the property fund balance in each fiscal year.

Advertising - Advertising costs are charged to operations when incurred. There were no advertising costs charged to operations for the year.

Income taxes - Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended June 30, 2001, the *Community* elected to be taxed as a homeowners' association. Under that election, the *Community* is taxed on its non-exempt function income, such as interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

(2) Property and equipment

Property and equipment consists of:

Cost or fair market value at date of *Developer* transfer:	
Land	$ 840,000
Buildings	3,317,943
Furniture, fixtures and equipment	287,057
Total cost or fair market value	4,445,000
Accumulated depreciation	(183,956)
Net property and equipment	$ 4,261,044

Depreciation expense charged to the property and equipment fund was $114,259 for the year.

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(3) Related party transactions

The *Developer* owns 435 lots in the *Community* and pays a one-time reserve assessment of $400 per house sold. The *Developer* is also required to pay any "shortage" amount each fiscal year as described in Note 1. The *Community* is currently managed by the *Developer*, and paid management fees of $16,536 to the *Developer* during the year. The *Developer* has paid certain expenses such as payroll, liability insurance and other expenses in the amount of $207,912 on behalf of the *Community* during the year. These expenses are offset by the "shortage owed by the *Developer* to the *Community* and the net amount is reflected as due to developer in the accompanying statement of assets, liabilities and fund balances.

(4) Future major repairs and replacement costs

The *Community's* governing documents require funds be accumulated for future major repairs and replacements. The funding of the reserve for future major repairs and replacements is based upon a reserve study performed by an independent reserve estimate company in July of 2000 to estimate the remaining useful lives and replacement costs of the common property components. The estimates were made in part by the reserve assessment company's inspection of the common property and representations made by management and the *Community's* Board of Directors.

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

(5) Concentrations of credit risk

Financial instruments that potentially subject the *Community* to concentrations of credit risk consist principally of cash deposits in bank accounts. The *Community* places its cash deposits with quality financial institutions and generally limits the amount of credit exposure in any one financial institution to the amount of the Federal Deposit Insurance Corporation (FDIC) coverage of $100,000. At June 30, 2001, the *Community* had no concentrations of credit risk from cash deposits over the FDIC coverage.

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

Our report on our audit of the basic financial statements of ***Sunflower Community Association, Inc.*** appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on specific future major repairs and replacements by subdivision on page 9 is not a required part of the basic financial statements, but is supplementary information required by the American Institute of Certified Public Accountants. We have applied limited procedures, which consist principally of inquires of management regarding the methods of measurement and presentation of the additional information. However, we did not audit the information and express no opinion on it.

MILLER WAGNER & COMPANY, PLLC

November 16, 2001
Phoenix, Arizona

SUNFLOWER COMMUNITY ASSOCIATION, INC.

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ADDITIONAL INFORMATION

Year Ended June 30, 2001

ADDITIONAL INFORMATION ON SPECIFIC FUTURE MAJOR REPAIRS AND REPLACEMENTS

The *Community*, through an independent reserve estimate company, conducted a study as of July 2000 to estimate the remaining useful lives and the replacement costs of the components of its common property and improvements. Replacement costs were based on the estimated costs to repair or replace the components at the end of their useful lives.

The following information is based on the study and presents significant information about the components of its common property and improvements:

Components	Estimated Remaining Useful life (Years)	Estimated Future Replacement Cost	Reserve Fund Balance at June 30, 2001
Village Center Grounds	1 - 31	$ 491,253	$ 68,666
Village Center Pool and spa	1 - 27	218,310	42,410
Village Center Tennis and bocce ball courts	1 - 27	115,248	15,282
Village Center Other	1 - 27	45,002	9,930
Community Center Building exterior and roof	7 - 96	251,432	4,174
Community Center Restrooms	5 - 21	196,207	5,743
Community Center Fitness	3 - 21	174,182	65,589
Community Center Fiesta	3 - 15	111,806	12,686
Community Center Other	3 - 96	210,318	28,682
		$ 1,813,758	$ 253,162

See Independent Auditors' Report on Additional Information

Please Enter Corporation Name: 0816543-4 File number 0816543-4 Page 3

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622.A.9)
Nonprofit corporations **must attach** a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). All other forms of corporations are exempt from filing a financial disclosure.

9A. MEMBERS (A.R.S. § 10-11622.A.6) Only Nonprofit Corporations must answer this question.
This corporation **DOES** ☑ **DOES NOT** ☐ have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.8 & 10-11622.A.7)
Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or 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: **[Underlined portion pertains to business corporations only]**

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.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7 year period).
5. Date and location of birth.
6. Social Security Number
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.

11. STATEMENT OF BANKRUPTCY, RECEIVERSHIP or CHARTER REVOCATION (A.R.S. §§10-202.D.2, 10-3202.02, 10-1623 & 10-11623)
A) Has the corporation filed a petition for bankruptcy or appointed a receiver? One box **must** be marked: **YES** ☐ **NO** ☑
B) Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or 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? **[Underlined portion pertains to business corporations only]**

One box **must** be marked: **YES** ☐ **NO** ☑

If "YES" to A and/or B, 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. (e.g. officer, director, trustee or major stockholder)
2. The state in which each corporation was a) incorporated b) transacted business.
3. The dates of corporate operation.
4. If any involved person (listed in #1) has been involved in any other bankruptcy proceeding within the past year, the name and address of each corporation.
5. Date, Case number and Court where the bankruptcy was filed or receiver appointed.
6. Name and address of court appointed receiver.

by at least

12. SIGNATURES: Annual Reports must be signed and date[redacted]t one duly authorized officer or they 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 Jack Noble Date 2/5/03 Name Barb Fisher Date 2-19-03

Signature Jack Noble Signature Barb Fisher

Title President Title Treasurer

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