



STATE OF ARIZONA  
CORPORATION COMMISSION



BUSINESS CORPORATION ANNUAL REPORT  
& CERTIFICATE OF DISCLOSURE  
DOMESTIC

FOR FISCAL YEAR ENDING

12/31/1996

DUE ON OR BEFORE

04/15/1997

The following information is required by A.R.S. §10-125 for all general corporations organized for profit, professional corporations, and business trusts authorized to transact business in Arizona. The Commission's authority to prescribe this form is A.R.S. §10-142. MAKE CHANGES OR CORRECTIONS WHERE NECESSARY.

Corporation File: 0722042-4  
Corporation Name: S. M. VENTURES  
Address: C/O LORI MCKENNA

1895 S. SIXTH AVENUE  
City, State, Zip: YUMA, AZ 85634  
Domicile: AZ  
Type: PROFIT  
Arizona Statutory Agent: LORI MCKENNA  
Street Address: 1895 S. SIXTH AVENUE  
(NOT P.O. BOX)

City, State, Zip: YUMA, AZ 85634

A.C.C. CORPORATIONS  
DIV  
RECEIVED

JUN 27 '97

DOCUMENTS ARE SUBJECT  
TO REVIEW BEFORE  
FILING

1. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation in Arizona.

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> 1. Accounting          | <input type="checkbox"/> 16. General Consulting     | <input type="checkbox"/> 31. Restaurant/Bar                      |
| <input type="checkbox"/> 2. Advertising         | <input type="checkbox"/> 17. Health Care            | <input type="checkbox"/> 32. Retail Sales                        |
| <input type="checkbox"/> 3. Aerospace           | <input type="checkbox"/> 18. Hotel/Motel            | <input type="checkbox"/> 33. Science/Research                    |
| <input type="checkbox"/> 4. Agriculture         | <input type="checkbox"/> 19. Import/Export          | <input type="checkbox"/> 34. Sports/Sporting Events              |
| <input type="checkbox"/> 5. Architecture        | <input type="checkbox"/> 20. Insurance              | <input type="checkbox"/> 35. Tax Services                        |
| <input type="checkbox"/> 6. Attorneys at Law    | <input type="checkbox"/> 21. Legal Services         | <input type="checkbox"/> 36. Technology (Computer)               |
| <input type="checkbox"/> 7. Banking/Finance     | <input type="checkbox"/> 22. Manufacturing          | <input type="checkbox"/> 37. Technology (General)                |
| <input type="checkbox"/> 8. Barbers/Cosmetology | <input type="checkbox"/> 23. Medicine/Dentistry     | <input type="checkbox"/> 38. Television/Radio                    |
| <input type="checkbox"/> 9. Construction        | <input type="checkbox"/> 24. Mining                 | <input type="checkbox"/> 39. Tourism/Convention Services         |
| <input type="checkbox"/> 10. Contractor         | <input type="checkbox"/> 25. News Media             | <input type="checkbox"/> 40. Transportation                      |
| <input type="checkbox"/> 11. Credit/Collection  | <input type="checkbox"/> 26. Pharmaceutical         | <input type="checkbox"/> 41. Utilities                           |
| <input type="checkbox"/> 12. Education          | <input type="checkbox"/> 27. Publishing/Printing    | <input type="checkbox"/> 42. Veterinary Medicine/<br>Animal Care |
| <input type="checkbox"/> 13. Engineering        | <input type="checkbox"/> 28. Ranching/Livestock     | <input type="checkbox"/> 43. Other _____                         |
| <input type="checkbox"/> 14. Entertainment      | <input checked="" type="checkbox"/> 29. Real Estate |  |
| <input type="checkbox"/> 15. Farming            | <input type="checkbox"/> 30. Resort                 |  |



ACC USE ONLY	
Fee	\$ 45.00
Penalty	\$
Total	\$

2. NUMBER OF EMPLOYEES: Please check one. (For statistical purposes only.)

25 or Less ☒ 26 - 100 \_\_\_\_\_ 101 - 500 \_\_\_\_\_ Over 500 \_\_\_\_\_

3. ~ ~ If appointing a new statutory agent, the new agent MUST consent to that appointment and PRESIDENT ~ ~  
~ ~ or VICE PRESIDENT must sign this report. ~ ~

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

Statutory Agent Name

Address

Signature

City, State, Zip

4. **CAPITALIZATION:** (NOTE: Business Trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate.)

Number of Shares Authorized	Class	Series	Par Value
100,000	COMMON		0

Number of Shares Issued	Class	Series	Par Value
1,000	COMMON		0

5. **OFFICERS** (If no changes since last report, check here ☒ and go on to Section 6.)

**PRESIDENT:** ROBERT SCARBOROUGH

**VICE PRESIDENT:** CHARLES SCARBOROUGH

Address: 1895 S. SIXTH AVE.

Address: 1895 S. SIXTH AVE.

YUMA, ARIZONA 85364

YUMA, ARIZONA 85364

Date taking office: 07 / 12 / 94

Date taking office: 07 / 12 / 94

**SECRETARY:** LORI MCKENNA

**TREASURER:** LORI MCKENNA

Address: 1895 S. SIXTH AVE.

Address: 1895 S. SIXTH AVE.

YUMA, ARIZONA 85364

YUMA, ARIZONA 85364

Date taking office: 07 / 12 / 94

Date taking office: 07 / 12 / 94

6. **DIRECTORS** (If no changes since last report, check here ☒ and go on to Section 7.)

**NAME:** SCOTT MCKENNA

**NAME:** ROBERT SCARBOROUGH

Address: 1895 S. SIXTH AVENUE

Address: 1895 S. SIXTH AVENUE

YUMA, ARIZONA 85364

YUMA, ARIZONA 85364

Date taking office: 07 / 12 / 94

Date taking office: 07 / 12 / 94

**NAME:** CHARLES SCARBOROUGH

**NAME:** \_\_\_\_\_

Address: 1895 S. SIXTH AVENUE

Address: \_\_\_\_\_

YUMA, ARIZONA 85364

Date taking office: 07 / 12 / 94

Date taking office:    /   /   

7. **SHAREHOLDERS** of record holding more than 20% of any class of shares issued by the corporation or having more than 20% beneficial interest in the corporation. If none, so state.

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

**NAME** ROBERT T. SCARBOROUGH

**NAME** CHARLES SCARBOROUGH

**NAME** SCOTT & LORI MCKENNA

**NAME** \_\_\_\_\_

~ ~ Attach Additional Sheets if Necessary ~ ~

# CULBERT, NOWICKI & ASSOCIATES, P.C.

WICKHAM S. CULBERT  
TIMOTHY J. NOWICKI  
WENDY M. WHITTARD

CERTIFIED PUBLIC ACCOUNTANTS  
9109 NORTH CENTRAL AVENUE  
PHOENIX, ARIZONA 85020-2484

TELEPHONE  
(602) 943-3473  
FAX  
(602) 943-3596

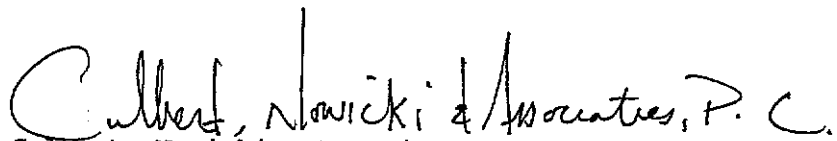
RE: Annual report of S. M. VENTURES  
As of December 31, 1996

We have compiled the accompanying statement of assets, liabilities and capital-income tax basis of S.M. VENTURES, INC. as of December 31, 1996 in Accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The company's policy is to prepare its financial statements on the accounting basis used for Federal income tax purposes; consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position in conformity with generally accepted accounting principles.

The statements of assets, liabilities and capital shows only the information required by Section H of the Arizona Corporation Commission Annual Report. The annual report does not require footnotes and other disclosures. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, and equity. Accordingly, these financial statements are not designed for those who are not informed about such matters.

  
Culbert, Nowicki & Associates, P.C.

Phoenix, Arizona  
June 18, 1997

**Schedule L****Balance Sheets per Books**

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....		432		1,214
2a Trade notes and accounts receivable .....				
b Less allowance for bad debts .....				
3 Inventories .....				
4 U.S. Government obligations .....				
5 Tax-exempt securities .....				
6 Other current assets (attach schedule).... ST. 5.		1,933		926
7 Loans to shareholders .....				
8 Mortgage and real estate loans .....				
9 Other investments (attach schedule) .....				
10a Buildings and other depreciable assets .....	117,667		146,962	
b Less accumulated depreciation .....	5,059	112,608	9,375	137,587
11a Depletable assets .....				
b Less accumulated depletion .....				
12 Land (net of any amortization) .....		13,749		32,603
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....				
14 Other assets (attach schedule)..... ST. 6.		839		839
15 Total assets .....		129,561		173,169
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable .....				
17 Mortgages, notes, bonds payable in less than 1 year.				12,000
18 Other current liabilities (attach schedule) .. ST. 7.		750		750
19 Loans from shareholders .....		3,450		15,650
20 Mortgages, notes, bonds payable in 1 year or more .		112,433		127,241
21 Other liabilities (attach schedule) .....				
22 Capital stock .....				
23 Paid-in or capital surplus .....				
24 Retained earnings .....		12,928		17,528
25 Less cost of treasury stock .....		( )		( )
26 Total liabilities and shareholders' equity .....		129,561		173,169

SEE ACCOUNTANTS COMPILATION REPORT  
UNAUDITED

**9.A. CERTIFICATE OF DISCLOSURE (A.R.S. § 10-128)**

Has any person serving either by election or appointment as officers, directors, trustees, incorporators and persons 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:

1. Been 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. Been 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. Been 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:

- (a) involved the violation of fraud or registration provisions of the securities laws of that jurisdiction, or
- (b) involved the violation of the consumer fraud laws of that jurisdiction, or
- (c) involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

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). |   |

**9.B. STATEMENT OF BANKRUPTCY (A.R.S. § 10-128.01)**

Are you currently in federal bankruptcy proceedings, and if so, under which chapter of federal bankruptcy law is the action filed and on what date?

Yes \_\_\_\_\_ Chapter \_\_\_\_\_ Date Filed \_\_\_\_\_ Case Number \_\_\_\_\_ No X

**10. This report must be executed by the corporation and attested by it's president, a vice-president, secretary, assistant secretary or treasurer. (If the corporation is in the hands of a receiver or trustee, it shall be executed on behalf of the corporation.)**

**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.**

By [Signature] Date 4/23/97 By [Signature] Date 4/23/97  
 Title Secretary Title President