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Attorney for Debtors

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re: ) No. 4:14-bk-05944-BMW  
LUZ ACADEMY OF TUCSON, INC., ) (Chapter 11)  
Debtor. )

In re: ) No. 4:14-bk-05950-BMW  
LUZ SOCIAL SERVICES, INC., ) (Chapter 11)  
Debtor. )

In re: ) No. 4:14-bk-05954-BMW  
EL CENTRO FOR THE STUDY OF ) (Chapter 11)  
PRIMARY AND SECONDARY ) (Jointly Administered)  
EDUCATION, )  
Debtor. ) NOTICE OF FILING MONTHLY  
FINANCIAL REPORTS -  
JULY 2015

NOTICE IS HEREBY GIVEN that on August 21, 2015, the Debtors, through the undersigned  
counsel, filed the attached Monthly Operating Reports for the period of July 2015, *for the Debtors  
Luz Social Service, Inc.*

DATED August 21, 2015

*THE LAW OFFICES OF  
ERIC SLOCUM SPARKS, P.C.*

/s/ Sparks AZBAR #11726  
Eric Slocum Sparks  
Attorney for Debtors

COPIES of the foregoing  
emailed, faxed, mailed  
August, 2015 to:

United States Trustee  
230 N. First Ave. #204  
Phoenix, AZ 85003

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re: )  
 )  
 **LUZ SOCIAL SERVICES, INC** )  
 )  
 )  
 )  
 )  
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 Debtor )  
 )  
 )

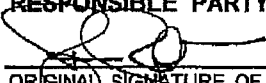
CASE NO. 4:14-bk-05950-1 BMW  
BUSINESS AND INDUSTRY  
MONTHLY OPERATING REPORT  
MONTH OF July-15  
DATE PETITION FILED: 4/23/2014  
TAX PAYER ID NO. : 106

Nature of Debtor's Business: Education and Prevention Services to youth and families

DATE DISCLOSURE STATEMENT FILED \_\_\_\_\_ TO BE FILED \_\_\_\_\_  
DATE PLAN OF REORGANIZATION FILED \_\_\_\_\_ TO BE FILED \_\_\_\_\_

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOLLOWING MONTHLY OPERATING REPORT AND  
THE ACCOMPANYING ATTACHMENTS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

**RESPONSIBLE PARTY:**

  
ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Ricardo Robles  
PRINTED NAME OF RESPONSIBLE PARTY

CEO  
TITLE

8/15/2015  
DATE

**PREPARER:**

  
ORIGINAL SIGNATURE OF PREPARER

Barbara W Cisneros  
PRINTED NAME OF PREPARER

Business Manager  
TITLE

8/15/2015  
DATE

PERSON TO CONTACT REGARDING THIS REPORT: Barbara W. Cisneros

PHONE NUMBER: \_\_\_\_\_

ADDRESS: 2797 N. Cerrada De Beto  
Tucson, AZ 85745

FILE ORIGINAL REPORT ELECTRONICALLY WITH THE COURT, FILE PAPER COPY WITH U.S. TRUSTEE'S OFFICE

Case Number: 4:14-bk-05950- BMW

**CURRENT MONTH'S  
RECEIPTS AND DISBURSEMENTS**

Jul 1, 15 - Jul 31, 15

<b>ALL SECTIONS OF REPORT ARE TO BE COMPLETED</b>	BANK ACCOUNTS				Total
	WF Operating	WF Savings	Payroll	PR Tax	
	3128	3174	4855	4814	

Balance at Beginning of Period	10,034.09	-10.68	12,747.18	-6.00	22,764.59
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<b>RECEIPTS</b>					
Cash Sales	11,000.00	2,400.00	16,900.00	24.00	30,324.00
Accounts Receivable					0.00
Loans and Advances					0.00
Sale of Assets					0.00
Transfers from Other DIP Accounts					0.00
Other (attach list)	0.00	0.00			0.00
<b>TOTAL RECEIPTS</b>	<b>11,000.00</b>	<b>2,400.00</b>	<b>16,900.00</b>	<b>24.00</b>	<b>30,324.00</b>

<b>DISBURSEMENTS</b>					
Business - Ordinary Operations	17,698.87	2,312.00	26,349.86	6.00	46,366.73
Capitol Improvements				0.00	0.00
Pre-Petition Debt					0.00
Transfers to Other DIP Accounts					0.00
Other (attach list)					0.00
Reorganization Expenses:					0.00
Attorney Fees					0.00
Accountant Fees					0.00
Other Professional Fees					0.00
U. S. Trustee Quarterly Fee					0.00
Court Costs					0.00
<b>TOTAL DISBURSEMENTS</b>	<b>17,698.87</b>	<b>2,312.00</b>	<b>26,349.86</b>	<b>6.00</b>	<b>46,366.73</b>

Balance at End of Month	3,335.22	77.32	3,297.32	12.00	6,721.86
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\*Information provided above should reconcile with balance sheet and income statement amounts

**DEBTOR TO COMPLETE.....DISBURSEMENTS FOR CALCULATING QUARTERLY FEES:**

Total Disbursements From Above	46,366.73
Less: Transfers to Other DIP Accounts	
Plus: Estate Disbursements Made by Outside Sources (payments from escrow; 2-party check; etc.)	
<b>Total Disbursements for Calculating Quarterly Fees</b>	<b>46,366.73</b>



**INCOME STATEMENT**

(Accrual Basis)

Jul 1, 15 - Jul 31, 15

\*Debtor's own form may be substituted if (1) it is prepared in accordance with generally accepted accounting principals, (2) year-to-date and filing-to-date information is provided, and (3) if reorganization expenses are segregated in the statement.

	Jul-15	07/01/14-07/31/2015	04/23/14-07/31/2015
	Current Month	Year to Date	Total Since Filing
<b>REVENUES</b>			
Gross Revenue	12,000.00	729,004.51	563,840.49
Less: Returns & Discounts			0.00
Net Revenue	12,000.00	729,004.51	563,840.49
<b>COST OF GOODS SOLD</b>			
Material			
Direct Labor			
Direct Overhead (attach detail)			
Total Cost of Goods Sold	0.00	0.00	0.00
<b>GROSS PROFIT</b>	12,000.00	729,004.51	563,840.49
<b>OPERATING EXPENSES</b>			
Officer/Insider Compensation			
Selling & Marketing (attach detail)			
General & Administrative (attach detail)	8,317.19	405,860.96	479,463.83
Other Expenses (attach detail)	24,683.05	294,093.48	547,252.00
Total Operating Expenses	33,000.24	699,954.44	1,026,715.83
Income Before Non-operating Income and Expense			
<b>OTHER INCOME &amp; EXPENSE</b>			
Other Income (attach list)			
Other Expense (attach list)			
Interest Expense			
Depreciation/Depletion			
Amortization			
Net Other Income & Expense	0.00	0.00	0.00
Income Before Reorganization Expense	-21,000.24	29,050.07	-462,875.34
<b>REORGANIZATION EXPENSES</b>			
Professional Fees			
U.S. Trustee Fees	650.00	650.00	
Other (attach list)			
Total Reorganization Expenses	650.00	650.00	0.00
Income Tax			
<b>NET PROFIT OR (LOSS)</b>	-21,650.24	28,400.07	-462,875.34

## COMPARATIVE BALANCE SHEET

(Accrual Basis)

\*Debtor's own form may be substituted if (1) it is prepared in accordance with generally accepted accounting principals, (2) current and prior period information is provided, and (3) if pre-petition and post-petition liabilities are segregated.

ASSETS	SCHEDULE AMOUNT <sup>1</sup>	Jul-15	Jun-15
		CURRENT MONTH	PRIOR MONTH
Unrestricted Cash	0.00	1,590.52	13,482.95
Restricted Cash			
Total Cash	0.00	1,590.52	13,482.95
Accounts Receivable (net)	26,145.00	55,272.00	55,272.00
Inventory	217,235.00		
Notes Receivable			
Prepaid Expenses			
Other (attach list)			
Total Current Assets	243,380.00	56,862.52	68,754.95
Property, Plant & Equipment	7,387,966.00	2,718,892.81	2,718,892.81
Less: Accumulated Depreciation		-694,083.96	-694,083.96
Net Property, Plant & Equip.	7,387,966.00	2,024,808.85	2,024,808.85
Due From Insider(s)			
Other Assets - net (attach list)			
Other (attach list)			
<b>TOTAL ASSETS</b>	<b>7,631,346.00</b>	<b>2,083,261.89</b>	<b>2,107,046.75</b>
<b>POST-PETITION LIABILITIES</b>			
Secured Debt (mortgage) ** See Below		-31,292.56	-31,292.56
Accounts Payable **See Below		-231,926.36	-232,539.48
Taxes Payable		99,725.09	94,092.79
Notes Payable			
Professional Fees			
Secured Debt			
Other (attach list) **See Below		377,825.21	377,825.21
Total Post-Petition Liabilities	0.00	245,623.94	239,378.52
<b>PRE-PETITION LIABILITIES</b>			
Secured Debt (mortgage)	2,585,438.56	2,636,653.12	2,636,653.12
Priority Debt (wages/taxes)	167,077.92	167,077.92	167,077.92
Unsecured Debt (Loans from Officer)	134,120.10	49,711.00	49,711.00
Other (attach list)			
Accounts Payable		86,082.80	86,082.80
Taxes Payable		0.00	0.00
Notes Payable		0.00	0.00
Total Pre-Petition Liabilities	2,886,636.58	2,939,524.84	2,939,524.84
<b>TOTAL LIABILITIES</b>	<b>2,886,636.58</b>	<b>3,185,148.78</b>	<b>3,178,903.36</b>
<b>EQUITY</b>			
Pre-petition Owner's Equity		0.00	0.00
Post-Petition Cumulative Profit/Loss		-1,101,886.89	-1,085,339.56
Direct Charges to Equity (explain)			
Total Equity	0.00	-1,101,886.89	-1,085,339.56
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>	<b>2,886,636.58</b>	<b>2,083,261.89</b>	<b>2,093,563.80</b>

<sup>1</sup> This column should reflect the information provided in Schedules A, B, C, D, E, and F filed with the Court

**OTHER POST-PETITION LIABILITIES**

**2100 · Payroll Liabilities**

2200 · Accrued Salaries Payable ** Auditor AJE	60,632.00	60,632.00
2210 · Accrued Vacation Payable	42,027.70	42,027.70
**Passthrough Contracts Payable Auditor AJE	275,165.51	275,165.51
**Secured Debt Mortgage Auditor AJE		
**Accounts Payables increase due to Auditor AJE		
<b>Total 2100 · Payroll Liabilities</b>	<b>0.00</b>	<b>377,825.21</b>



**STATUS OF ASSETS**

\*Information provided on this page should reconcile with balance sheet amounts

July-15

ACCOUNTS RECEIVABLE	TOTAL	0-30 Days	31-60 Days	60+ Days
Total Accounts Receivable	55,272.00	0.00	0.00	55,272.00
Less Amount Considered Uncollectible				0.00
Net Accounts Receivable	55,272.00	0.00	0.00	55,272.00

DUE FROM INSIDER	
Schedule Amount	
Plus: Amount Loaned Since Filing Date	0.00
Less: Amount Collected Since Filing Date	0.00
Less: Amount Considered Uncollectible	0.00
Net Due From Insiders	0.00

INVENTORY	
Beginning Inventory	217,235.00
Plus: Purchases	0.00
Less: Cost of Goods Sold	0.00
Ending Inventory	217,235.00

Date Last Inventory was taken: \_\_\_\_\_

FIXED ASSETS	SCHEDULE AMOUNT	ADDITIONS	DELETIONS	CURRENT AMOUNT
Real Property				
Buildings	7,387,966.00	0.00	0.00	7,387,966.00
Accumulated Depreciation				
Net Buildings	7,387,966.00	0.00	0.00	7,387,966.00
Equipment	217,235.00	0.00	0.00	217,235.00
Accumulated Depreciation				
Net Equipment	217,235.00	0.00	0.00	217,235.00
Autos/Vehicles	24,000.00	0.00	0.00	24,000.00
Accumulated Depreciation				
Net Autos/Vehicles	24,000.00	0.00	0.00	24,000.00

Provide a description of fixed assets added or deleted during the reporting period; include the date of Court order:

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**STATUS OF LIABILITIES  
AND SENSITIVE PAYMENTS**

\*Information provided on this page should reconcile with balance sheet and disbursement detail amounts

Jul-15

POST-PETITION LIABILITIES	TOTAL	0-30 Days	31-60 Days	61-90 Days	91+ Days
Accounts Payable *	-318,009.16	2,175.51	0.00	0.00	-320,184.67
Taxes Payable	266,803.01	5,632.30	10,528.07	4,208.38	246,434.26
Notes Payable	49,711.00	0.00	0.00	0.00	49,711.00
Professional Fees Payable	0.00				0.00
Secured Debt (mortgage)	2,493,370.53				2,493,370.53
Other (attach list)	0.00				
	0.00				
<b>Total Post-Petition Liabilities</b>	<b>2,491,875.38</b>	<b>7,807.81</b>	<b>10,528.07</b>	<b>4,208.38</b>	<b>2,469,331.12</b>

\*DEBTOR MUST ATTACH AN AGED ACCOUNTS PAYABLE LISTING

**PAYMENTS TO INSIDERS AND PROFESSIONALS**

Insiders			
Name	Reason for Payment	Amount Paid this Month	Total Paid to Date
<b>Total Payments to Insiders</b>			

Professionals				
Name	Date of Court Order Authorizing Payment	Amount Approved	Amount Paid this Month	Total Paid to Date
<b>Total Payments to Professionals</b>				

QUESTIONNAIRE

	YES	NO
Have any funds been disbursed from any accounts other than a Debtor-in-Possession account?		X
Are any post-petition receivables (accounts, notes or loans) due from related parties?	X	
Are any wages past due?	X	
Are any U. S. Trustee quarterly fees delinquent?		

Provide a detailed explanation of any "YES" answers to the above questions: (attach additional sheets if needed)

There are accrued vacation payables due to staff

Current number of employees: 10

INSURANCE

Carrier & Policy Number	Type of Policy	Period Covered	Payment Amount & Frequency

What steps have been taken to remedy the problems which brought on the chapter 11 filing?

Assess all expenditures, reduction in work force, payment plans with all creditors,

Sell the building to pay off all debt, accrued wages (vacation and retirement pay)

Identify any matters that are delaying the filing of a plan of reorganization:

Lack of funds and funds being held by funding sources

**PLEASE ATTACH COPIES OF BANK STATEMENTS**

Bank Name

Cash/Ele	
Date	Payee
07/02/2015	
07/03/2015	
07/02/2015	
07/06/2015	
07/31/2015	

CHECKS		
Check Number	Date	Payee
2147	07/02/2015	AZ Department of Public Safety
2148	07/03/2015	Rodriguez, Patricia.
2149	07/03/2015	Cisneros, Barbara
2150	07/06/2015	AZ Department of Public Safety
2151	07/20/2015	Cisneros, Barbara
2152	07/20/2015	Alvarez, Cameron
2154	07/20/2015	Bueno {payroll}, Raul
2155	07/20/2015	Diaz (payroll), Genoveva
2156	07/20/2015	Esparza (payroll), Karla
2157	07/20/2015	Khadidjatou, Koomare {payroll}
2158	07/20/2015	Martinez, Refugio {payroll}
2159	07/20/2015	Moran, Rafael {payroll}
2160	07/20/2015	Rappard, Andres {payroll} R
2161	07/20/2015	Rodriguez, Patricia
2162	07/20/2015	Thorburn, Deidre {payroll} R
2163	07/20/2015	Batres {payroll}, Luis
2164	07/20/2015	Support Payment Clearinghouse

TOTAL DISBURSEMENTS FOR THE MONTH (include cash/electro

Pag

# DISBURSEMENT DETAIL

Month: Jul-15  
 Account # 3128

1001 - Wells Fargo Operating 3128 (Debtor-In-Possession, Chapter 11)  
 Case No. 4:14-bk-05950-EWH)

Electronic Disbursements	
Purpose	Amount
Funds Transfer from LSSI 3128 to LSSI 4814	2,400.00
Funds Transfer from LSSI 3128 to LSSI 4855	1,400.00
Funds Transfer from LSSI 3128 to LSSI 3174	24.00
Funds Transfer from LSSI 3128 to LSSI 4855	1,200.00
Service Charge	40.00
<b>Total Cash/Electronic Disbursements</b>	<b>5,064.00</b>

ISSUED	
Purpose	Amount
Iraia Orozco App. No. 0001834443	69.00
Student Attendance Technical Assistance 06/15	302.50
Temporary Bookkeeping Services 06/11/15 - 06/11/15	1,187.50
Fingerprint fees Patricia Rodriquez App. No. IV	69.00
Temporary support 06/26/15 - 07/10/15	887.50
	1,047.98
	1,332.21
	1,153.75
	554.45
	493.30
	967.18
	1,133.15
	1,088.38
	596.13
	1,128.30
	700.72
Remittance Identifier: 000726491200	174.50

<b>Total (Cash/Electronic Disbursements)</b>	<b>24,910.05</b>
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**Case Number: 4:14-bk-05950-BMW**

**DISBURSEMENT  
CONTINUATION**

**PLEASE ATTACH COPIES OF BANK STATEMENTS**

**Month:  
Account #**

**Bank Name** 1001 - Wells Fargo Operating 3128 (Debtor-Id  
**Case No.** 4:14-bk-05950-BMW)

<b>CHECKS ISSUED</b>			
<b>Check Number</b>	<b>Date</b>	<b>Payee</b>	<b>Purpose</b>
2165	07/20/2015	Orozco, Irais	Reimb for drug test and fingerprint fe
2166	07/17/2015	Guillermina Torres	
2167	07/20/2015	Global Multimedia Group, LLC	El Pueblo Neighborhood Center Spe
2168	07/28/2015	S.S.C.I.P.	Policy No. SSE2570116
2169	07/28/2015	Guillermina Torres	PADRES/Barrio Family Program Sup
2170	07/31/2015	AZ Department of Public Safety	Fingerprint fees App OVP0438163 M
2171	07/31/2015	J2 Laboratories, Inc.	Drug Test fees for Michelle Thompso

**TOTAL DISBURSEMENTS - THIS PAGE**







Total checks listed on continuation pages

TOTAL DISBURSEMENTS FOR THE MONTH (include cash/electronic disbursements)

Page 9

**IL**

Jul-15  
4855

r 11

Amount
65.00
65.00

Amount
1,047.97
530.39
1,279.66
1,153.75
554.45
947.85
1,133.15
1,088.37
174.50
1,128.29
9,103.38

0.00

9,168.38

Case Number: 4:14-bk-05950-BMW

DISBURSEMENT DETAIL  
CONTINUATION SHEET

Month: Jul-15

Account # 1814

**PLEASE ATTACH COPIES OF BANK STATEMENTS**

Bank Name 1001 - Wells Fargo Payroll Tax 4814 (Debtor-In-Possession, Chapter 11

Case No. 4:14-bk-05950-BMW

CHECKS ISSUED				
Check Number	Date	Payee	Purpose	Amount
	07/03/2015		Funds transfer from LSSI 4814 to LS	2,300.00
	07/20/2015	Wells Fargo	Service Charge	12.00

TOTAL DISBURSEMENTS - THIS PAGE 2,312.00

**DISBURSEMENT DETAIL**

**PLEASE ATTACH COPIES OF BANK STATEMENTS**

Month: Jul-15  
Account # 174

Bank Name 1001 · Wells Fargo Payroll Tax 4814 (Debtor-In-Possession, Chapter 11  
Case No. 4:14-bk-05950-1 *BMW*

CHECKS ISSUED				
Check Number	Date	Payee	Purpose	Amount
	07/20/2015	Wells Fargo	Monthly Service charge	6.00



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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2147	07/29/15	\$69.00	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUX SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 2787 N. CERRADA DEBETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 01-5371021

2147  
 7/29/15

RAY TO THE ORDER OF  
 Arizona Department of Public Safety  
 \$ 69.00  
 Sixty-nine and 00/100

Arizona Department of Public Safety  
 P.O. Box 16380  
 Phoenix, AZ 85066-8800

MEMO Inia Droco App No. 0007834443

1 28#

0150728 01280 18248

TEMP

JUL 29 2015 10 03 Z

DEPARTMENT OF PUBLIC SAFETY  
 ARIZONA  
 PAY TO THE ORDER OF ANY BANK  
 FOR DEPOSIT ONLY  
 ANTI-COUNTERFEITING  
 SECURITY

Equal Housing Lender

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Check Number	Date Posted	Check Amount	Account Number
2148	07/06/15	\$302.50	PLATINUM BUSINESS CHECKING XXXXX3128

**LUX SOCIAL SERVICES, INC.** 2148  
WELLS FARGO BANK, N.A. TUCSON BRANCH  
MEMPHIS, TN 38103 7/6/2015

**MEMO** Student Attendance Technical Assistance 06/18/15

**PAY TO THE ORDER OF** Patricia Rodriguez \$ 302.50

**Three Hundred Two and 50/100** DOLLARS

Patricia Rodriguez  
 4749 S. Camino Pano Noble  
 TUCSON, AZ 85714

*Patricia Rodriguez*

MEMO Student Attendance Technical Assistance 06/18/15

2784 EB

Vantage West Credit Union  
 311990511  
 Date: 7/6/2015  
 Seq # 2052574  
 Core ID: 2120

BOFD:Vantage West CU  
 BOFD RNT:322174708

*Patricia Rodriguez*  
 06/18/15

Equal Housing Lender

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Check Number	Date Posted	Check Amount	Account Number
2149	07/06/15	\$1,187.50	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 DEBITA-CREDITO/DARBY 11  
 2797 N. CERRADA DE BERTO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 85504 AZUSA  
 91-0217 021

2149  
 7/3/2015

PAY TO THE ORDER OF Barbara Cienaros \$1,187.50

One Thousand One Hundred Eighty-Seven and 69/100

Barbara Cienaros

MEMO Temporary Bookkeeping Services 06/11/15 - 08/25/15

Barbara Cienaros

CC 7/6/2015  
 3004 - 56010  
 >822174821< - 0002

Barbara Cienaros  
 91552042

Equal Housing Lender

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Check Number	Date Posted	Check Amount	Account Number
2151	07/20/15	\$887.50	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 2787 N. GERRADA DE BETH  
 TUCSON, AZ 85746

WELLS FARGO BANK, N.A.  
 TUCSON BRANCH  
 814011201

2151  
 7/20/2015

PAY TO THE ORDER OF **Barbara W. Clemons** \$ **887.50**  
 Eight Hundred Eighty-Seven and 50/100

Barbara Clemons

MEMO Temporary support 08/20/15 - 07/10/15

14011201

7/20/2015 - 14:47:18  
 3004 - BATCH ID: 53201  
 ->322174821<- 0302

*Barbara Clemons*  
 9/5/2015

Equal Housing Lender

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Wells Fargo Business Online®

View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2152	07/20/15	\$1,047.98	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 8700 N. GERRADA DE BEYO  
 TUCSON, AZ 85748

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 81.527.7721

2152  
 7/20/2015

PAY TO THE ORDER OF  
 Cameron Alvarez \$ 1,047.98

One Thousand Forty Seven and 88/100 DOLLARS

Cameron Alvarez  
 P.O. Box 48 622  
 Tucson, AZ 85717

Memo Pay Period: 06/28/2015 - 07/10/2015

REPORTS / STATEMENTS INCLUDE DETAILS ON CARD

FOR DEPOSIT ONLY  
 Chase Bank, Account No  
 7889 33751

Equal Housing Lender

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Check Number	Date Posted	Check Amount	Account Number
2154	07/22/15	\$1,332.21	PLATINUM BUSINESS CHECKING XXXXX3128

**LIJZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 CREDIT ADVISORY: CHECKER #1  
 CAC # 114-0000-0000  
 3787 N. CERRILDA DE BEITO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 01-07/1521

2154  
 7/22/2015

PAY TO THE ORDER OF Paul Buerle \$ 1,332.21  
 One Thousand Three Hundred Thirty-Two and 24/100 DOLLARS

Paul Buerle  
 8482 W. Derrah Pl.  
 Tucson, AZ 85743

MEMO Pay Period: 06/22/2015 - 07/02/2015

SECURITY FEATURES: BOLD, METAL, AVOID. ©

Seq: 10  
 Batch: 665245  
 Date: 07/22/15

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Seq: 00010 07/22/15  
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 R: North Stone EC: A25 12B

Equal Housing Lender

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2155	07/20/15	\$1,153.75	PLATINUM BUSINESS CHECKING XXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 2797 N. CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 61-8278222

2155  
 7/20/2015

PAY TO THE ORDER OF Conception Diaz \$ 1,153.75  
 One Thousand One Hundred Fifty-Three and 75/100 DOLLARS

Conception Diaz  
 6690 S. Springbrook Dr.  
 Tucson, AZ 85748

NEW! Pay Period: 08/28/2015 - 07/10/2015

ALWAYS PRINTED IN COLLECTIBLE FORM ON PAPER

MEMORANDUM  
 TO: [illegible]  
 FROM: [illegible]  
 SUBJECT: [illegible]

11-43568457

DEPOSITED TO THE ACCOUNT OF  
 LUZ SOCIAL SERVICES, INC.  
 WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 AT 01:21

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Check Number	Date Posted	Check Amount	Account Number
2158	07/20/15	\$987.18	PLATINUM BUSINESS CHECKING XXXXXX3128

THE FACE OF THIS CHECK IS UNLAWFUL IF IT IS NOT EXACTLY REPRODUCED

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 DENVER POSTOFFICE, CHAPTER #1  
 2707 N. CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 94-3071321

**2158**  
 7/20/2015

PAY TO THE ORDER OF Rafugio Martinez \$ 987.18  
 Nine Hundred Eighty-Seven and 18/100 DOLLARS

Rafugio Martinez  
 13268 Mesquite Pal Spring D  
 Yuma, AZ 85541

MEXCO Pay Period: 08/28/2015 - 07/10/2015

*[Signature]*

*[Faint MICR line and other check details]*

*[Handwritten signature: Rafugio Martinez]*

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2159	07/20/15	\$1,133.15	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.** 2159  
OPERATING ACCOUNT  
 PAYOR BY CHECKS 01/02/2011  
 CMT 2-#1189-GRACIEW  
 2797 N. CERRADA DE BETO  
 TUCSON, AZ 85742 7/20/2015

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 01-02/15/15

PAY TO THE ORDER OF Rafael Moran \$ 1,133.15  
 One Thousand One Hundred Thirty-Three and 15/100 DOLLARS

Rafael Moran  
 1769 N. Sierra Mountain P.  
 Tucson, AZ 85748

MEMO Pay Period: 06/28/2015 - 07/10/2015

*[Signature]*

1045277048

*[Handwritten scribble]*

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2161	07/20/15	\$586.13	PLATINUM BUSINESS CHECKING XXXXXX128

**LUZ SOCIAL SERVICES, INC.** # 2161  
OPERATING ACCOUNT **WELLS FARGO BANK, N.A.**  
DEPOSIT ONLY CHECKS **TUCSON, AZ**  
NON-REFUNDABLE **7/20/2015**  
**LUZ M. GONZALEZ DE BETO**  
**TUCSON, AZ 85745**

**PAY TO THE ORDER OF** Patricia Rodriguez \$ 586.13  
 Five Hundred Eighty Six and 13/100 DOLLARS

Patricia Rodriguez  
 4745 S. Camino Pasa Doble  
 Tucson, AZ 85714

MEMO Pay Paspal, 08/20/2015 - 07/20/2015

VOID IF ANY OF THE FOLLOWING INFORMATION IS PRESENT IN ANY OF THE FOLLOWING AREAS:

- 1. MICR LINE
- 2. VOID COPY
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Vantage West Credit Union  
 311990511  
 Date: 7/20/2015  
 Seq # 1513565  
 Core ID: 2161

BOFD:Vantage West CU  
 BOFD RNT:322174706

*Patricia Rodriguez*  
 Met # 2201357



Wells Fargo Business Online®

View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2162	07/20/15	\$1,128.30	PLATINUM BUSINESS CHECKING XXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 27716, CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 91-2271122

2162  
 07/20/15

PAY TO THE ORDER OF  
 Dajira R Thorburn  
 One Thousand One Hundred Twenty Eight and 30/100

Dajira R Thorburn  
 7537 E. Basland St  
 Tucson, AZ 85711

11500 Pay Period: 06/26/2015 - 07/10/2015

\$ 1,128.30

①

1. The front of the check must be signed by the account holder.

2. The back of the check must be signed by the payee.

3. The check must be dated and the amount must be written in words and numbers.

4. The check must be payable to the order of the payee.

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20. The check must be payable to the order of the payee.

Equal Housing Lender

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Check Number	Date Posted	Check Amount	Account Number
2163	07/21/15	\$700.72	PLATINUM BUSINESS CHECKING XXXXX3128

**LUZ SOCIAL SERVICES, INC**  
 OPERATING ACCOUNT  
 2707 N. GERRADA DE BEYO  
 TUCSON, AZ 85715

WELLS FARGO BANK, N.A.  
 11001N AVENUE  
 TUCSON, AZ 85718  
 81-09/07/151

2163  
 7/20/2015  
 \$700.72

PAY TO THE ORDER OF  
 Luis Estros

Seven Hundred and 72/100

Luis Estros  
 4049 N. Oracle Rd #288  
 Tucson, AZ 85705

MEMO Pay Period: 08/28/2014 - 07/10/2015

SECURITY FEATURES INCLUDED. DETAILS ON PAGE 1

278 188

1045037410

Handwritten notes on the back of the check, including a signature and the number 1045037410.

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Check Number	Date Posted	Check Amount	Account Number
2184	07/20/15	\$174.50	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 2797 N. CENTRAL BLVD. SUITE 110  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 91-8871022

2184  
 7/20/2015

PAY TO THE ORDER OF Support Payment Clearinghouse  
 \$ 174.50  
 One Hundred Seventy-Four and 50/100 DOLLARS

Support Payment Clearinghouse  
 P.O. Box 82107  
 Phoenix, AZ 85072-2107

MEMO Remittance Identifier: 000720491200

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Part of Equal Housing Lender

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2166	07/17/15	\$400.00	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 2787 N. ORIPADA DE BEJO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 91-007-001

2166  
 7/17/2015

PAY TO THE ORDER OF Coulters, Inc. Tucson \$ 400.00  
Four hundred & 00/100 DOLLARS

MEMO \_\_\_\_\_  
 SIGNATURE \_\_\_\_\_  
 434288

MEMO

4992706671

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Check Number	Date Posted	Check Amount	Account Number
2167	07/21/15	\$300.00	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.**  
 OPERATING ACCOUNT  
 2207 N. GERRADA DE BETA  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 01-2371281

2167  
 7/20/2015

PAY TO THE ORDER OF Global Multimedia Group, LLC \$ 300.00  
 Three Hundred and 00/100 DOLLARS

Global Multimedia Group, LLC  
 246 S. Plumer Ave. Ste. 10  
 Tucson, AZ 85719

MEMO El Pueblo Neighborhood Center Special Event Aug 1 - 2

YBC

1. This check is not valid for cashing at any location other than the location specified on the back of the check.  
 2. This check is not valid for cashing at any location other than the location specified on the back of the check.  
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Pay to the order of  
 Global Multimedia Group, LLC  
 246 S. Plumer Ave. Ste. 10  
 Tucson, AZ 85719  
 01-2371281

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
2169	07/29/15	\$700.00	PLATINUM BUSINESS CHECKING XXXXXX3128

**LUZ SOCIAL SERVICES, INC.** 2169  
 OPERATING ACCOUNT  
 DIRECT DEPOSIT ONLY, CREDIT  
 CARD PAYMENTS ONLY  
 2787 N. CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON BRANCH  
 91-2271251

7/29/2015

PAY TO THE ORDER OF Guillermo Torres \$ 700.00  
 Seven Hundred and 00/100 DOLLARS

Guillermo Torres

MEMO PADRES/Barrjo Family Program Supplies

DATE: 7/29/15

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1. The payee certifies that the information provided is true and correct.  
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Check Number	Date Posted	Check Amount	Account Number
1471	07/01/15	\$1,047.98	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1471  
 PAYROLL ACCOUNT  
 2797 N. CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 91-8571421

8/02/2015

PAY TO THE ORDER OF **Cameron Alvarez** \$ **1,047.98**  
 One Thousand Forty-Seven and 98/100

Cameron Alvarez  
 P.O. Box 41516  
 Tucson, AZ 85717

MEMO Pay Period: 05/28/2015 - 06/02/2015

*[Signature]*

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 Attention: Chase Bank, N.A.

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1472	07/02/15	\$963.26	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1472  
 WELLS FARGO BANK, N.A.  
 TUCSON, AZ 85701

LUZ SOCIAL SERVICES, INC.  
 2701 N. CYPRESSA DR. SUITE 100  
 TUCSON, AZ 85745

8/3/2015

PAY TO THE ORDER OF Luis Baires \$ 963.26  
 Nine Hundred Sixty-Three and 26/100 DOLLARS

Luis Baires  
 4045 N. Oracle Rd #226  
 Tucson, AZ 85706

*[Handwritten Signature]*

1472-85631

4045 N. Oracle Rd #226  
 Tucson, AZ 85706  
 1472-85631

*dis. P. bank*

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Check Number	Date Posted	Check Amount	Account Number
1473	07/03/15	\$1,278.67	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.**  
 PAYROLL ACCOUNT  
 8507 N. CERRADA DE BETO, SUITE 200  
 TUCSON, AZ 85745

Wells Fargo Bank, N.A.  
 TUCSON, AZ 85704  
 85707001

1473  
 07/03/15

PAY TO THE ORDER OF Raul Bueño \$ 1,278.67  
 One Thousand Two Hundred Seventy-Eight and 00/100 DOLLARS

Raul Bueño  
 8462 W. Dymah PL  
 TUCSON, AZ 85745

MEMO Pay Period: 05/28/2015 - 06/10/2015

155P

Seq: 25  
 Batch: 018151  
 Date: 07/03/15

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 85070015 07/03/15  
 85070015 07/03/15

Wells Fargo Bank, N.A.  
 TUCSON, AZ 85704  
 85707001

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Check Number	Date Posted	Check Amount	Account Number
1475	07/01/15	\$1,029.45	BUSINESS CHECKING XXXXXX4855

1475

**LUZ SOCIAL SERVICES, INC.**  
 PAYROLL ACCOUNT  
 2701 AL. CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 81-017/231

08/02/2015

PAY TO THE ORDER OF Kara Higareda \$ 1,029.45

One Thousand Wanky-Nina and 45/100<sup>100</sup> DOLLARS

Kara Higareda  
 5000 S. COUNTY CLUB #185  
 TUCSON, AZ 85706

MEMO Pay Period 08/25/2016 - 09/10/2016

*[Signature]*

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 1. The front of the check is the only part of the check that is valid for cashing or depositing.  
 2. The back of the check is the only part of the check that is valid for depositing.  
 3. The front and back of the check must be presented together for cashing or depositing.  
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08/02/2015

*[Handwritten signature]*

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Check Number	Date Posted	Check Amount	Account Number
1476	07/01/15	\$888.81	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1476  
 PAYROLL ACCOUNT  
 2285 S. CANTON ST. SUITE 111  
 2787 N. CERRADA DE BETO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 TUCSON, AZ 85711  
 01-01/1581

06/30/2015

PAY TO THE ORDER OF Refugio \$ 888.81

Eight Hundred Eighty Nine and 8/100

Refugio (p) Martinez  
 13268 Manjuzza Flat Spring D  
 Vol 1 AZ 85641

MEMO Pay Period: 06/26/2015 - 07/01/2015

0855

43270855

*Refugio Martinez*

Equal Housing Lender

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1477	07/01/15	\$1,133.15	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.**  
 PATRIE ACQUITT  
 2787 N. CERRAJADE BETA  
 TUCSON, AZ 85748

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 02-877481

1477  
 0302015

PAY TO THE ORDER OF Rafael \$ \*\*1,133.15

One Thousand One Hundred Thirty-Three and 15/100 DOLLARS

Rafael (payroll) Moran  
 1758 N. Silver Mountain Pl  
 Tucson, AZ 85748

ME233 Pay Period: 05/28/2015 - 06/30/2015

123 1555

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1 of 1



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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1478	07/01/15	\$817.03	BUSINESS CHECKING XXXXXX4855

<b>LUZ SOCIAL SERVICES, INC.</b> PAYROLL ACCOUNT 600 N W CERRADA, 21 FLOOR 11 DOWNTOWN PHOENIX 2707 N. CERRADA DE BETO TUCSON, AZ 85748		<b>WELLS FARGO BANK, N.A.</b> TUCSON, ARIZONA 31-0671001	<b>1478</b>
PAY TO THE ORDER OF: Luis Nopon			05/29/2016
Eight Hundred Seventeen and 03/100		\$ 817.03	
Luis Nopon 5854 S. Wood Crest Dr Tucson, AZ 85748			DOLLARS
MEMO Pay Period: 05/28/2015 - 06/10/2016		<i>[Signature]</i>	

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1483	07/07/15	\$174.50	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1483  
 PAYROLL ACCOUNT  
 2707 N. CHARAZA DE BISTO  
 TUCSON, AZ 85715

WELLS FARGO BANK, N.A.  
 TUCSON BRANCH  
 34-217421

08/02/2015

PAY TO THE ORDER OF Support Payment Clearinghouse \$ 174.50  
 One Hundred Seventy-Four and 50/100 DOLLARS

Support Payment Clearinghouse  
 P.O. Box 62107  
 Phoenix, AZ 85072-2107

MEMO Remittance Identifier: 060729491206

781 00000 174.50

1. This check is not valid unless it is cashed at the bank of issue.

2. This check is not valid unless it is cashed at the bank of issue.

3. This check is not valid unless it is cashed at the bank of issue.

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Check Number	Date Posted	Check Amount	Account Number
1484	07/06/15	\$1,047.87	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1484  
 PAYROLL ACCOUNT  
 CENTER FOR COMMUNITY SUPPORT  
 ONE NORTH SPRING STREET  
 2197 N. OBRADA DE BETO  
 TUCSON, AZ 85748

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 81-620/1001

7/3/2015

PAY TO THE ORDER OF Cameron Alvarez \$ 1,047.87

One Thousand Forty Seven and 87/100 DOLLARS

Cameron Alvarez  
 P O, Box 41535  
 Tucson, AZ 85717

MEMO Pay Period: 06/11/2015 - 06/25/2015

DELIVERY METHOD: MAILING DELIVERY ON BACK

485516

ALL DEPOSITS ONLY

3751

12

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Equal Housing Lender

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Wells Fargo Business Online®

View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1485	07/08/15	\$530.38	BUSINESS CHECKING XXXXX4855

LUZ SOCIAL SERVICES, INC.  
PAYROLL ACCOUNT  
4141 N. CENTRAL AVENUE  
TUCSON, AZ 85705

WELLS FARGO BANK, N.A.  
"MEMBER FDIC"  
CHECK # 1485  
DATE 7/22/15  
AMOUNT \$530.38

PAY TO THE ORDER OF Luis Bahies  
Five Hundred Thirty and 38/100 DOLLARS

Luis Bahies  
4016 N. Oracle Rd #268  
Tucson, AZ 85705

MEND Pay Period: 06/15/15 - 08/25/2015

558

Microprint MICR line:  
⑆ 3601 530380 ⑆

Memo:  
Luis Bahies  
4016 N. Oracle Rd #268  
Tucson, AZ 85705

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Wells Fargo Business Online®

View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1486	07/06/15	\$1,279.66	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1486  
 PAYROLL ACCOUNT WELLS FARGO BANK, N.A.  
 DIRECT DEPOSIT ONLY TUCSON, ARIZONA  
 2757 N. DENAIDA DE WERT 91-020/1000  
 TUCSON, AZ 85745 7/3/2015

PAY TO THE ORDER OF Reul Rueno \$ 1,279.66

One Thousand Two Hundred Seventy-Nine and 66/100 DOLLARS

Reul Rueno  
 8482 W. DAVAN PL.  
 TUCSON AZ 85748

MEMO Pay Period: 06/14/2015 - 06/24/2015

RE\* YB\* LB 55\*

1. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

2. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

3. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

4. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

5. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

6. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

7. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

8. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

9. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

10. This check is not valid unless it is signed by the person named in the "PAY TO THE ORDER OF" field.

Seq: 50  
Batch: 073099  
Date: 07/06/15

⑆0000 07/06/15  
⑆001 073099 CC:388888999975  
⑆001 073099 Dallas  
⑆00 North Street BC AZS-118

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Wells Fargo Business Online®

**View Check Copy**

Check Number	Date Posted	Check Amount	Account Number
1487	07/13/15	\$1,153.75	BUSINESS CHECKING XXXXXX4855

<b>LUZ SOCIAL SERVICES, INC.</b> PAYROLL ACCOUNT 3000 N. CARRIZO ST. SUITE 111 TUCSON, AZ 85745		WELLS FARGO BANK, N.A. TUCSON, ARIZONA 914771221	1487 7/13/2015
PAY TO THE ORDER OF Genoveva Diaz		\$	1,153.75
One Thousand One Hundred Fifty-Three and 75/100 DOLLARS			
Genoveva Diaz 5980 S. Springbrook Dr. Tucson, AZ 85746			
VEMO Pay Period: 05/11/2015 - 06/28/2015			

1487

1487

1487

1487

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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1488	07/06/15	\$554.45	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.**  
 PAYROLL ACCOUNT  
 2010 W. CERRADA DE BIKO  
 TUCSON, AZ 85745

WELLS FARGO BANK, N.A.  
 10000 AVENUE  
 TUCSON, AZ 85724

1488  
 7/6/2015  
 \$554.45

PAY TO THE ORDER OF: Karla Hgerada  
 Five Hundred Fifty-Four and 40/100

Karla Hgerada  
 6600 St. Columby Club #145  
 Tucson, AZ 85708

Pay Period: 06/11/2015 - 06/25/2015

17815

554 45

Check # 1488, Amount \$554.45, Date 7/6/2015

17815

554 45

Handwritten signature: *Karla Hgerada*

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Wells Fargo Business Online®

View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1489	07/06/15	\$947.85	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1489  
 PAYROLL ACCOUNT  
 2747 N. CERRADA DE BEYO  
 TUCSON, AZ 85748

WELLS FARGO BANK, N.A.  
 TUCSON, ARIZONA  
 01-02/1221

7/22/2015

PAY TO THE ORDER OF Refugio \$ 947.85  
 Nine Hundred Forty-Seven and 85/100 DOLLARS

Refugio (payroll) Ministraz  
 13286 Mesquite Flat Spring D  
 Vail, AZ 86241

MEMO Pay Method: 30/11/2015 - 08/25/2015

Q1 5 2 71 44855\*

1489  
 07/06/15  
 \$947.85  
 BUSINESS CHECKING XXXXXX4855

488705526

Refugio

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Wells Fargo Business Online®

View Check Copy

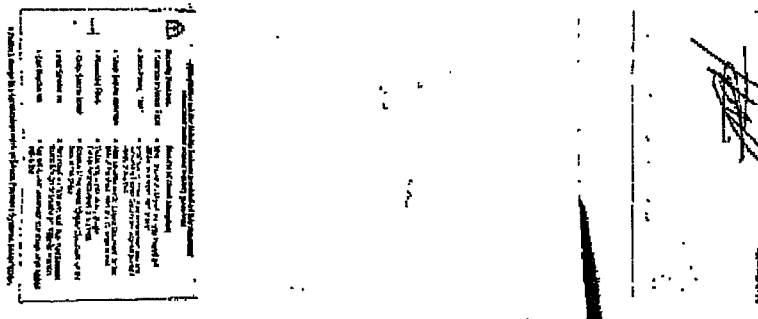
Check Number	Date Posted	Check Amount	Account Number
1490	07/08/15	\$1,133.15	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1490  
 PAYROLL ACCOUNT  
 1750 N. STATE AVENUE, SUITE 111  
 TUCSON, AZ 85745  
 WELLS FARGO BANK, N.A.  
 BUSINESS CHECKING  
 11-11-11-11  
 7/8/2015

PAY TO THE ORDER OF Rafael \$ 1,133.15  
 One Thousand One Hundred Thirty-Three and 15/100

Rafael (payroll) Account  
 1750 N. State Avenue P1  
 Tucson, AZ 85745

MEMO Pay Period: 05/11/2015 - 06/25/2015  
 900 178 1,133.15



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View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1492	07/07/15	\$174.50	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.**  
 PAYROLL ACCOUNT  
 2707 N. GERRARD DE BESO  
 TUCSON, AZ 85745  
 7/32015  
 1492  
 7/32015  
 PAY TO THE ORDER OF Support Payment Clearinghouse \$ 174.50  
 One Hundred Seventy-Four and 50/100 DOLLARS  
 Support Payment Clearinghouse  
 P.O. Box 52107  
 Phoenix, AZ 85072-2107  
 MEMO Remittance Identifier: 000728481200  
 MICR ⑆ 4377 1492 17450 ⑆

MICR line:  
 ⑆ 4377 1492 17450 ⑆  
 MICR line:  
 ⑆ 4377 1492 17450 ⑆

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Wells Fargo Business Online®

View Check Copy

Check Number	Date Posted	Check Amount	Account Number
1493	07/08/15	\$1,128.29	BUSINESS CHECKING XXXXXX4855

**LUZ SOCIAL SERVICES, INC.** 1493  
 PAYROLL ACCOUNT  
 2707 N. CENTRAL AVE. SUITE 111  
 TUCSON, AZ 85745  
 WELL FARGO BANK, N.A.  
 TUCSON, AZ 85724  
 91-20171621

7/8/2015

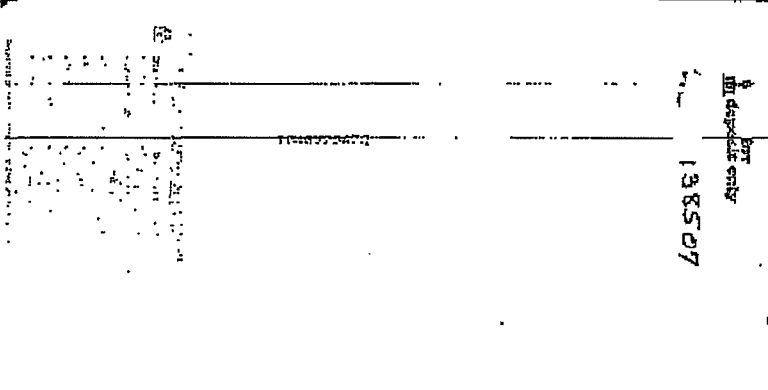
PAY TO THE ORDER OF Delaide R Thorburn \$ 1,128.29

One Thousand One Hundred Twenty-Eight and 29/100 DOLLARS

Delaide R Thorburn  
 4837 E. Eastland St  
 Tucson, AZ 85711

MEMO Pay Period: 06/11/2015 - 06/26/2015

1493



Equal Housing Lender

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# Wells Fargo Combined Statement of Accounts

Primary account number: 3128 ■ July 1, 2015 - July 31, 2015 ■ Page 1 of 8



LUZ SOCIAL SERVICES, INC.  
DEBTOR IN POSSESSION  
CH 11 CASE #14-05950 (AZ)  
2797 N CERRADA DEL BETO DR  
TUCSON AZ 85745-8617

## Questions?

Available by phone 24 hours a day, 7 days a week:  
Telecommunications Relay Services calls accepted

**1-800-CALL-WELLS** (1-800-225-5935)

TTY: 1-800-877-4833

En español: 1-877-337-7454

Online: [wellsfargo.com/biz](http://wellsfargo.com/biz)

Write: Wells Fargo Bank, N.A. (038)

P.O. Box 6995

Portland, OR 97228-6995

## Your Business and Wells Fargo

The plans you establish today will shape your business far into the future. The heart of the planning process is your business plan. Take the time now to build a strong foundation. Find out more at [wellsfargoworks.com/business-plan-center](http://wellsfargoworks.com/business-plan-center).

## Account options

A check mark in the box indicates you have these convenient services with your account(s). Go to [wellsfargo.com/biz](http://wellsfargo.com/biz) or call the number above if you have questions or if you would like to add new services.

Business Online Banking   
Online Statements   
Business Bill Pay   
Business Spending Report   
Overdraft Protection

## Did you know you can deposit checks into your business account quickly and easily?

Deposit business checks with your phone or tablet using Wells Fargo Mobile<sup>®</sup> Deposit. You can also have an employee deposit checks for you with a Wells Fargo Business Deposit Card at one of our 12,500 ATM locations.

Visit [wellsfargo.com/convenientdeposit](http://wellsfargo.com/convenientdeposit) or talk to your banker to learn more.

## Summary of accounts

### Checking/Prepaid and Savings

Account	Page	Account number	Ending balance last statement	Ending balance this statement
Platinum Business Checking	2	3128	10,034.09	3,335.22
Business Checking	4	4814	-10.68	77.32



**Summary of accounts (continued)**

Account	Page	Account number	Ending balance last statement	Ending balance this statement
Business Checking	5	1855	12,747.18	3,297.32
Business Market Rate Savings	6	3174	-6.00	12.00
<b>Total deposit accounts</b>			<b>\$22,764.59</b>	<b>\$6,721.86</b>

**Platinum Business Checking**

**Activity summary**

Beginning balance on 7/1	\$10,034.09
Deposits/Credits	11,000.00
Withdrawals/Debits	- 17,698.87
<b>Ending balance on 7/31</b>	<b>\$3,335.22</b>
 Average ledger balance this period	 \$5,433.69

Account number: 3128  
**LUZ SOCIAL SERVICES, INC.**  
**DEBTOR IN POSSESSION**  
**CH 11 CASE #14-05950 (AZ)**  
 Arizona account terms and conditions apply  
 For Direct Deposit use  
 Routing Number (RTN):  
 For Wire Transfers use  
 Routing Number (RTN):

**Overdraft Protection**

Your account is linked to the following for Overdraft Protection:

- Savings - 3174

**Interest summary**

Interest paid this statement	\$0.00
Average collected balance	\$5,433.69
Annual percentage yield earned	0.00%
Interest earned this statement period	\$0.00
Interest paid this year	\$0.00

**Transaction history**

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
7/2		Online Transfer to Luz Social Services, Inc Ref #1bek8Mfr6S Business Market Rate Savinbank Transfer From 3128 to 3174		24.00	
7/2		Online Transfer to Luz Social Services, Inc Ref #1becjg8CT Business Checking Bank Transfer From 3128 to 4814		2,400.00	7,610.09
7/3		Online Transfer to Luz Social Services, Inc Ref #1ben6P72Lb Business Checking Bank Transfer From 3128 to 4855		1,400.00	6,210.09
7/6		Online Transfer to Luz Social Services, Inc Ref #1betxs45D Business Checking Bank Transfer From 3128 to 4855		1,200.00	
7/6	2148	Check		302.50	
7/6	2149	Check		1,187.50	3,520.09
7/17		Online Transfer From Luz Social Services, I Ref #1begoq66W4 Business Checking Bank Transfer From 4855 to 3128	11,000.00		
7/17	2166	Cashed Check		400.00	14,120.09
7/20	2159	Cashed Check		1,193.15	





**Transaction history (continued)**

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
7/20	2155	Cashed Check		1,153.75	
7/20	2156	Cashed Check		554.45	
7/20	2158	Cashed Check		967.18	
7/20	2162	Cashed Check		1,128.30	
7/20	2164	Check		174.50	
7/20	2151	Check		887.50	
7/20	2152	Check		1,047.98	
7/20	2161	Check		596.13	6,477.15
7/21	2167	Cashed Check		300.00	
7/21	2163	Cashed Check		700.72	5,476.43
7/22	2154	Check		1,332.21	4,144.22
7/29	2169	Cashed Check		700.00	
7/29	2147	Check		69.00	3,375.22
7/31		Monthly Service Fee		40.00	3,335.22
<b>Ending balance on 7/31</b>					<b>3,335.22</b>
<b>Totals</b>			<b>\$11,000.00</b>	<b>\$17,698.87</b>	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.

**Summary of checks written (checks listed are also displayed in the preceding Transaction history)**

Number	Date	Amount	Number	Date	Amount	Number	Date	Amount
2147	7/29	69.00	2155	7/20	1,153.75	2163	7/21	700.72
2148	7/6	302.50	2156	7/20	554.45	2164	7/20	174.50
2149	7/6	1,187.50	2158 *	7/20	967.18	2166 *	7/17	400.00
2151 *	7/20	887.50	2159	7/20	1,133.15	2167	7/21	300.00
2152	7/20	1,047.98	2161 *	7/20	596.13	2169 *	7/29	700.00
2154 *	7/22	1,332.21	2162	7/20	1,128.30			

\* Gap in check sequence.

**Monthly service fee summary**

For a complete list of fees and detailed account information, please see the Wells Fargo Fee and Information Schedule and Account Agreement applicable to your account or talk to a banker. Go to [wellsfargo.com/feefaq](http://wellsfargo.com/feefaq) to find answers to common questions about the monthly service fee on your account.

Fee period 07/01/2015 - 07/31/2015	Standard monthly service fee \$40.00	You paid \$40.00
<b>How to avoid the monthly service fee</b>	Minimum required	This fee period
Have any ONE of the following account requirements		
- Average ledger balance	\$25,000.00	\$5,434.00 <input type="checkbox"/>
- Combined balances in linked accounts, which may include	\$40,000.00	<input type="checkbox"/>
- Average ledger balances in business checking, savings, and time accounts		
- Most recent statement balance of business credit card, Wells Fargo Secured Credit Card, BusinessLine <sup>®</sup> line of credit, Secured BusinessLine <sup>®</sup> line of credit, Wells Fargo Express Equity <sup>®</sup> line of credit, and Wells Fargo BusinessLoan <sup>®</sup> term loan		
- Combined average daily balances from the previous month for Business PrimeLoan <sup>SM</sup> , Wells Fargo Express Equity <sup>®</sup> loan, Wells Fargo Express Refi <sup>®</sup> loan, Wells Fargo Purchase Advantage <sup>SM</sup> loan, Wells Fargo Small Business Advantage <sup>®</sup> line of credit, Equipment Express <sup>®</sup> loan, and Equipment Express <sup>®</sup> Single Even t loan		

WVWVK



**Account transaction fees summary**

Service charge description	Units used	Units included	Excess units	Service charge per excess units (\$)	Total service charge (\$)
Transactions	17	500	0	0.50	0.00
<b>Total service charges</b>					<b>\$0.00</b>

**Business Checking**

**Activity summary**

Beginning balance on 7/1	-\$10.68
Deposits/Credits	2,400.00
Withdrawals/Debits	- 2,312.00
<b>Ending balance on 7/31</b>	<b>\$77.32</b>
 Average ledger balance this period	 \$160.28

Account number: 14814  
**LUZ SOCIAL SERVICES, INC.**  
**DEBTOR IN POSSESSION**  
**CH 11 CASE #14-05950 (AZ)**  
*Arizona account terms and conditions apply*  
 For Direct Deposit use  
 Routing Number (RTN):  
 For Wire Transfers use  
 Routing Number (RTN):

**Overdraft Protection**

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed on your statement or visit your Wells Fargo store.

**Transaction history**

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
7/2		Online Transfer From Luz Social Services, I Ref #lbecjg8CT Business Checking Bank Transfer From 3128 to 4814	2,400.00		2,389.32
7/3		Online Transfer to Luz Social Services, Inc Ref #lbec8MS49H Business Checking Bank Transfer From 4814 to 4855		2,300.00	89.32
7/31		Monthly Service Fee		12.00	77.32
<b>Ending balance on 7/31</b>					<b>77.32</b>
<b>Totals</b>			<b>\$2,400.00</b>	<b>\$2,312.00</b>	

*The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.*

**Monthly service fee summary**

For a complete list of fees and detailed account information, please see the Wells Fargo Fee and Information Schedule and Account Agreement applicable to your account or talk to a banker. Go to [wellsfargo.com/feefaq](http://wellsfargo.com/feefaq) to find answers to common questions about the monthly service fee on your account.

Fee period 07/01/2015 - 07/31/2015	Standard monthly service fee \$12.00	You paid \$12.00
<b>How to avoid the monthly service fee</b>	Minimum required	This fee period
Have any ONE of the following account requirements		
• Minimum daily balance	\$3,000.00	-\$10.68 <input type="checkbox"/>
• Average ledger balance	\$6,000.00	\$160.00 <input type="checkbox"/>
• Qualifying transaction from a linked Wells Fargo Business Payroll Services account	1	0 <input type="checkbox"/>

W8WB



## Business Checking

### Activity summary

Beginning balance on 7/1	\$12,747.18
Deposits/Credits	18,900.00
Withdrawals/Debits	- 26,349.86
<b>Ending balance on 7/31</b>	<b>\$3,297.32</b>
Average ledger balance this period	\$5,355.54

Account number: 4855

**LUZ SOCIAL SERVICES, INC.  
DEBTOR IN POSSESSION  
CH 11 CASE #14-05950 (AZ)**

Arizona account terms and conditions apply

For Direct Deposit use  
Routing Number (RTN):  
For Wire Transfers use  
Routing Number (RTN):

### Overdraft Protection

This account is not currently covered by Overdraft Protection. If you would like more information regarding Overdraft Protection and eligibility requirements please call the number listed on your statement or visit your Wells Fargo store.

### Transaction history

Date	Check Number	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
7/1	1476	Cashed Check		889.81	
7/1	1477	Cashed Check		1,133.15	
7/1	1478	Cashed Check		817.03	
7/1	1476	Cashed Check		1,029.45	
7/1	1471	Check		1,047.98	7,829.76
7/2	1472	Cashed Check		963.26	6,866.50
7/3		Online Transfer From Luz Social Services, I Ref # bek8MS49H Business Checking Bank Transfer From 4814 to 4855	2,300.00		
7/3		Online Transfer From Luz Social Services, I Ref # ben5P72Lb Business Checking Bank Transfer From 3128 to 4855	1,400.00		
7/3	1473	Check		1,279.67	9,286.83
7/6		Online Transfer From Luz Social Services, I Ref # betksxd5D Business Checking Bank Transfer From 3128 to 4855	1,200.00		
7/6	1488	Cashed Check		554.45	
7/6	1489	Cashed Check		947.85	
7/6	1485	Cashed Check		530.39	
7/6	1493	Cashed Check		1,128.29	
7/6	1484	Check		1,047.97	
7/6	1486	Check		1,279.66	4,998.22
7/7	1492	Check		174.50	
7/7	1483	Check		174.50	4,849.22
7/9	1490	Cashed Check		1,133.15	3,516.07
7/13	1487	Cashed Check		1,153.75	2,362.32
7/14		Online Transfer From Luz Academy of Tucson, Ref # bek8Qhzy Business Checking Bank Transfer From 3144 to 4855	6,000.00		
7/14		Online Transfer From El Centro for The Stud Ref # ben5Rwx2B Business Checking Bank Transfer From 3136 to 4855	6,000.00		14,362.32
7/17		Online Transfer to Luz Social Services, Inc Ref # begcg66W4 Business Checking Bank Transfer From 4855 to 3128		11,000.00	3,362.32
7/20		Luz Social Servi WF Payroll 150720 7152520 Payroll Invoice		65.00	3,297.32
<b>Ending balance on 7/31</b>					<b>3,297.32</b>
<b>Totals</b>			<b>\$16,900.00</b>	<b>\$26,349.86</b>	

The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.



**Summary of checks written** (checks listed are also displayed in the preceding Transaction history)

Number	Date	Amount	Number	Date	Amount	Number	Date	Amount
1471	7/1	1,047.98	1478	7/1	817.03	1488	7/6	554.45
1472	7/2	963.26	1483 *	7/7	174.50	1489	7/6	947.85
1473	7/3	1,279.67	1484	7/6	1,047.97	1490	7/9	1,133.15
1475 *	7/1	1,029.45	1485	7/6	530.39	1492 *	7/7	174.50
1476	7/1	889.81	1486	7/6	1,279.66	1493	7/6	1,128.29
1477	7/1	1,133.15	1487	7/13	1,153.75			

\* Gap in check sequence.

**Monthly service fee summary**

For a complete list of fees and detailed account information, please see the Wells Fargo Fee and Information Schedule and Account Agreement applicable to your account or talk to a banker. Go to [wellsfargo.com/feesfaq](http://wellsfargo.com/feesfaq) to find answers to common questions about the monthly service fee on your account.

Fee period 07/01/2015 - 07/31/2015	Standard monthly service fee \$12.00	You paid \$0.00
<b>How to avoid the monthly service fee</b>	<b>Minimum required</b>	<b>This fee period</b>
Have any <b>ONE</b> of the following account requirements		
- Minimum daily balance	\$3,000.00	\$2,362.32 <input type="checkbox"/>
- Average ledger balance	\$6,000.00	\$5,356.00 <input type="checkbox"/>
- Qualifying transaction from a linked Wells Fargo Business Payroll Services account	1	1 <input checked="" type="checkbox"/>

WBWB

**Account transaction fees summary**

Service charge description	Units used	Units included	Excess units	Service charge per excess units (\$)	Total service charge (\$)
Transactions	17	150	0	0.50	0.00
<b>Total service charges</b>					<b>\$0.00</b>

**Business Market Rate Savings**

**Activity summary**

Beginning balance on 7/1	-\$6.00
Deposits/Credits	24.00
Withdrawals/Debits	- 6.00
<b>Ending balance on 7/31</b>	<b>\$12.00</b>
Average ledger balance this period	\$17.22

Account number: 3174

LUZ SOCIAL SERVICES, INC.  
DEBTOR IN POSSESSION  
CH 11 CASE #14-05950 (AZ)

Arizona account terms and conditions apply

For Direct Deposit use  
Routing Number (RTN):

For Wire Transfers use  
Routing Number (RTN):



**Interest summary**

Interest paid this statement	\$0.00
Average collected balance	\$17.41
Annual percentage yield earned	0.00%
Interest earned this statement period	\$0.00
Interest paid this year	\$0.06

**Transaction history**

Date	Description	Deposits/ Credits	Withdrawals/ Debits	Ending daily balance
7/2	Online Transfer From Luz Social Services, I Ref #Ibek8Mfr6S Business Checking Bank Transfer From 3128 to 3174	24.00		18.00
7/31	Monthly Service Fee		6.00	12.00
<b>Ending balance on 7/31</b>				<b>12.00</b>
<b>Totals</b>		<b>\$24.00</b>	<b>\$6.00</b>	

*The Ending Daily Balance does not reflect any pending withdrawals or holds on deposited funds that may have been outstanding on your account when your transactions posted. If you had insufficient available funds when a transaction posted, fees may have been assessed.*

**Monthly service fee summary**

For a complete list of fees and detailed account information, please see the Wells Fargo Fee and Information Schedule and Account Agreement applicable to your account or talk to a banker. Go to [wellsfargo.com/feefaq](http://wellsfargo.com/feefaq) to find answers to common questions about the monthly service fee on your account.

Fee period 07/01/2015 - 07/31/2015	Standard monthly service fee \$6.00	You paid \$6.00
<b>How to avoid the monthly service fee</b>	<b>Minimum required</b>	<b>This fee period</b>
Have any ONE of the following account requirements		
• Average collected balance	\$500.00	\$17.00 <input type="checkbox"/>
• Total automatic transfers from an eligible Wells Fargo business checking account	\$25.00	\$0.00 <input type="checkbox"/>

Y0YC



6

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5 Attorney for Debtor

6  
7 IN THE UNITED STATES BANKRUPTCY COURT  
8 FOR THE DISTRICT OF ARIZONA

9	In re:	)	
10	LUZ ACADEMY OF TUCSON, INC.,	)	No. 4:14-bk-05944-BMW
11	Debtor.	)	(Chapter 11)
12	<hr/>	)	
13	In re:	)	No. 4:14-bk-05950-BMW
14	LUZ SOCIAL SERVICES, INC.,	)	(Chapter 11)
15	Debtor.	)	
16	<hr/>	)	
17	In re:	)	No. 4:14-bk-05954-BMW
18	EL CENTRO FOR THE STUDY OF	)	Chapter 11
19	PRIMARY AND SECONDARY	)	(Jointly Administered)
20	EDUCATION,	)	
21	Debtor.	)	NOTICE OF SUBMISSION OF
		)	DEBTOR'S FIRST DISCLOSURE
		)	STATEMENT FOR ITS
		)	FIRST PLAN OF REORGANIZATION
		)	DATED December 8, 2014

22 Luz Academy of Tucson, Inc., Luz Social Services, Inc. and El Centro for the Study of Primary  
23 and Secondary Education, Jointly Administered (hereinafter "the Debtor"), by and through its counsel  
24 undersigned, submits this proposed First Disclosure Statement attached hereto and by reference  
25 incorporated herein (hereinafter "the Disclosure Statement") in connection with the "Debtor's First Plan  
26 of Reorganization" attached as Exhibit "A" hereto, dated December 8, 2014 (hereinafter "the Plan").  
27 The Disclosure Statement is submitted in compliance with 11 U.S.C. Section 1125 and Bankruptcy Rule



1 3017. It has not been approved by the Bankruptcy Court and is filed solely to enable the Court and  
2 parties in interest to evaluate the adequacy of the information contained herein as required of the  
3 Bankruptcy Code. Moreover, the Disclosure Statement refers to information contained herein as  
4 required by the Bankruptcy Code. The Disclosure Statement refers to information and facts that the  
5 Debtor anticipates will be accurate or will occur on or prior to the date of the hearing to consider the  
6 Disclosure Statement. Therefore, certain information and facts contained in the Disclosure Statement  
7 may not be completely accurate as of the date hereof.

8 The Debtor believes that this form of Disclosure Statement is substantially the form which  
9 contains information of a kind, and in sufficient detail, as far as is reasonably practical in light of the  
10 nature and history of the Debtor, that would enable a reasonable investor, typical of the holders of claims  
11 and interests in each class of claims and interest in the Plan, to make an informed judgment about this  
12 Plan. Nevertheless, all readers are cautioned that the Debtor may file further modifications of the Plan  
13 and of the Disclosure Statement prior to the hearing to consider the Disclosure Statement.

14  
15 *THE FILING AND ANY DISSEMINATION OF THE DISCLOSURE STATEMENT*  
16 *IS NOT A SOLICITATION OF VOTES ACCEPTING OR REJECTING*  
17 *THE PLAN DESCRIBED THEREIN.*

18 DATED: December 8, 2014

19 LAW OFFICES OF  
20 *ERIC SLOCUM SPARKS, P.C.*

21 /s/ Sparks #11726  
22 Eric Slocum Sparks  
23 Attorney for Debtor  
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25  
26  
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FOR  
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DECEMBER 8, 2014

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Attorney for Debtor

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re:	)	No. 4:14-bk-05944-BMW
LUZ ACADEMY OF TUCSON, INC.,	)	(Chapter 11)
Debtor.	)	
<hr/>		
In re:	)	No. 4:14-bk-05950-BMW
LUZ SOCIAL SERVICES, INC.,	)	(Chapter 11)
Debtor.	)	
<hr/>		
In re:	)	No. 4:14-bk-05954-BMW
EL CENTRO FOR THE STUDY OF	)	Chapter 11
PRIMARY AND SECONDARY	)	(Jointly Administered)
EDUCATION,	)	
	)	DEBTOR'S FIRST DISCLOSURE
	)	STATEMENT DATED December 8, 2014
	)	FOR ITS FIRST PLAN OF
	)	REORGANIZATION
	)	DATED December 8, 2014

Luz Academy of Tucson, Inc., Luz Social Services, Inc. and El Centro for the Study of Primary and Secondary Education, Jointly Administered, (hereinafter "the Debtor"), through its undersigned attorney, hereby submits its First Disclosure Statement dated December 8, 2014 for its First Plan of Reorganization dated December 8, 2014.

**SECTION I**  
*Introduction*

1 1.1. Purpose of this Disclosure Statement: the Debtor commenced reorganization proceedings  
2 with the filing of a Voluntary Petition on April 23, 2014, under Chapter 11 of the United States  
3 Bankruptcy Code, as amended (the "Bankruptcy Code"). On April 29, 2014, this Court entered an Order  
4 approving the joint administration of the related cases. As such, one Disclosure Statement and Plan of  
5 Reorganization is being filed for the jointly administered cases.

6 A DISCLOSURE STATEMENT FOR THE PLAN OF REORGANIZATION FOR THE  
7 DEBTOR WAS FILED BY THE DEBTOR, WHICH DESCRIBES THE TERMS AND PROVISIONS  
8 OF THE PLAN OF REORGANIZATION OF THE DEBTOR DATED November 26, 2014.

9 [After notice and hearing, the Disclosure Statement was approved by the Bankruptcy Court as  
10 containing adequate information and sufficient detail to enable the holders of claims against or interest  
11 in the debtor to make an informed judgment about the merits of approving the Plan.]

12 The purpose of this Disclosure Statement is to provide holders of claims against or interest in  
13 the Debtor with sufficient information about the Debtor and the Plan to enable holders of claims against  
14 or interest in the Debtor to make an informed judgment on the merits of the Plan and a decision whether  
15 to approve or reject the Plan.

16 Certain materials contained in this Disclosure Statement are taken directly from other readily  
17 accessible instruments or are digests of other instruments. While the Debtor has made every effort to  
18 retain the meaning of such other instruments or the portions transposed, you are urged that any reliance  
19 on the contents of such other instruments should be predicated on a thorough review of the instruments  
20 themselves.

21 THE PLAN ACCOMPANIES THIS DISCLOSURE STATEMENT AS "**EXHIBIT A**". THE  
22 DEFINITIONS CONTAINED IN THE PLAN APPLY TO THIS DISCLOSURE STATEMENT AND  
23 EACH RECIPIENT THEREOF IS URGED TO REVIEW THE PROVISIONS OF THE PLAN FULLY  
24 PRIOR TO REVIEWING THIS STATEMENT.

25 The Debtor believes the contents of this Disclosure Statement satisfies the requirements adopted  
26 by this Court *In re A.C. Williams Co.*, 25 B.R. 173 (Bankr N.D. Ohio, 1982), *In re Cardinal Congregate*  
27 *I*, 121 B.R. 760 (Bankr S.D. Ohio, 1982). Those elements are as follows:

- 28 1. The circumstances that gave rise to the filing of the bankruptcy petition;

- 1 2. A complete description of the available assets and their value;
- 2 3. The anticipated future of the Debtor;
- 3 4. The source of the information provided in the Disclosure Statement;
- 4 5. A disclaimer, which typically indicates that no statements or information concerning the
- 5 debtor or its assets or securities are authorized, other than those set for the in the disclosure statement;
- 6 6. The condition and performance of the debtor while in Chapter 11;
- 7 7. Information regarding claims against the estate;
- 8 8. A liquidation analysis setting forth the estimated return that creditors would receive under
- 9 Chapter 7;
- 10 9. The accounting and valuation methods used to produce the financial information in the
- 11 disclosure statement;
- 12
- 13 10. Information regarding the future management of the debtor, including the amount of
- 14 compensation to be paid to any insiders, directors, and/or officers of the debtor;
- 15 11. A summary of the plan of reorganization;
- 16 12. An estimate of all administrative expenses, including attorneys fees and accountant's fees;
- 17 13. The collectibility of any accounts receivable;
- 18 14. Any financial information, valuations or pro forma projections that would be relevant to
- 19 creditors' determinations of whether to accept or reject the plan;
- 20 15. Information relevant to the risks being taken by the creditors and interest holders;
- 21 16. The actual or projected value that can be obtained from avoidable transfers;
- 22 17. The existence , likelihood and possible success of non-bankruptcy litigation;
- 23 18. The tax consequences of the plan; and
- 24 19. The relationship of the debtor with affiliates.

25  
26 1.2 Debtor's Exclusive Period to Propose its Plan of Reorganization: DEBTOR, AS A  
27 GENERAL RULE, HAS 120 DAYS AFTER THE DATE OF THE ORDER FOR RELIEF (FILING  
28 DATE) WITHIN WHICH TO PROPOSE ITS PLAN OF REORGANIZATION, KNOWN AS THE

1 EXCLUSIVE PERIOD. THE EXCLUSIVE PERIOD, UNLESS SHORTENED OR CHANGED BY  
2 ORDER OF THE COURT, ALLOWS ONLY THE DEBTOR TO PROPOSE ITS PLAN OF  
3 REORGANIZATION WITHIN THE EXCLUSIVE PERIOD. THIS COURT ALLOWED AN  
4 EXTENSION OF TIME OF THE EXCLUSIVE PERIOD FOR DEBTOR TO PROPOSE ITS PLAN  
5 OF REORGANIZATION (11 U.S.C. § 1121) AND RETAIN ITS EXCLUSIVITY TO PROPOSE ITS  
6 PLAN OF REORGANIZATION.

7 1.3 Confirmation Hearing and Voting Instructions: The Bankruptcy Court will set/has set  
8 \_\_\_\_\_ for a hearing on the confirmation of the Plan. Claimants and interest holders may  
9 vote on the Plan by filling out and mailing the accompanying Ballot for Accepting or Rejecting the Plan  
10 to:

11 Clerk of the United States Bankruptcy Court  
12 38 S. Scott Avenue  
13 Tucson, Arizona 85701

14  
15 with a copy to:

16  
17 Eric Slocum Sparks, Esq.  
18 ERIC SLOCUM SPARKS, P.C.  
19 110 South Church Avenue, #2270  
20 Tucson, Arizona 85701.

21  
22 The Bankruptcy Court may confirm only one plan in this case. The plan confirmed in the  
23 Bankruptcy Court must meet the requirements contained in the Bankruptcy Code.

24 Unless authorized by the Court, only the Debtor or the Debtor's representatives may solicit your  
25 vote. The cost of any solicitation by the Debtor will be borne by the Debtor. No other additional  
26 compensation shall be received by any party for any solicitation other than as disclosed to the  
27 Bankruptcy Court. CREDITORS ARE URGED TO CAST A BALLOT FOR OR AGAINST  
28 DEBTOR'S PLAN OF REORGANIZATION.



1           1.4 Voting and Confirmation Process. If you are in one of the classes of creditors or investors  
2 whose interests are affected by the Plan (see “Summary of the Plan” below), it is important that you vote.  
3 If you fail to do so, your rights may be jeopardized.

4           To vote to accept or reject the Plan, creditors and investors of the Reorganized Debtor in any of  
5 the impaired classes (see the “Summary of the Plan” contained herein and the copy of the Plan attached  
6 hereto) should indicated their acceptance or rejection on the appropriate Ballot. A sample ballot is  
7 attached as **Exhibit B**. Any creditors or investors holding claims in more than on impaired class must  
8 file one Ballot for each such class. Additional Ballots may be obtained by proper written request to:

9   Eric Slocum Sparks, Esq.

10    ERIC SLOCUM SPARKS, P.C.

11    110 South Church Avenue, #2270

12    Tucson, Arizona 85701

13    (520) 623-8330

14    Fax: (520) 623-9157

15    email: [eric@ericslocumsparkspc.com](mailto:eric@ericslocumsparkspc.com)

16  
17 attorney for the Debtor.

18  
19           You are, therefore, urged to fill in, date, sign and promptly mail the enclosed Ballot furnished  
20 to you. PLEASE BE SURE TO PROPERLY COMPLETE THE FORM AND LEGIBLY IDENTIFY  
21 THE NAME OF THE CLAIMANT OR INTEREST HOLDER.

22           EXECUTED BALLOTS MUST BE RECEIVED ON OR BEFORE THE RETURN DATE SET  
23 FORTH IN THE BALLOT.

24           SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT THE BALLOT OR  
25 BALLOTS BE MAILED OR DELIVERED WELL IN ADVANCE OF THE DATE SPECIFIED. ANY  
26 BALLOTS RECEIVED AFTER THAT DATE MAY NOT BE INCLUDED IN ANY CALCULATION  
27 TO DETERMINE WHETHER THE CREDITORS AND INTEREST HOLDERS HAVE VOTED TO  
28 ACCEPT OR REJECT THE PLAN.

1 THIS IS A SOLICITATION BY THE DEBTOR ONLY AND IS NOT A SOLICITATION BY  
2 THE ATTORNEYS OR ACCOUNTANTS FOR THE DEBTOR, AND THE REPRESENTATIONS  
3 MADE HEREIN ARE THOSE OF THE DEBTOR AND NOT OF SUCH ATTORNEYS OR  
4 ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE INDICATED.

5 VOTES ARE IMPORTANT

6 As a claimant or interest holder, your vote is important. The Bankruptcy Court cannot consider  
7 Confirmation of the Plan until acceptance thereof has been obtained pursuant to the affirmative vote if  
8 impaired claimants by classes who hold at least two-thirds (2/3) in dollar amount and more than one-half  
9 (1/2) in number of the allowed claims by class voting on the Plan. If an impaired claimant or interest  
10 holder who is entitled to vote does not, such failure to vote will bear upon the outcome.

11 Whether a creditor or interest holder votes on the Plan or not, or whether the creditor or interest  
12 holder votes at all, such party will be bound by the terms and treatment set forth in the Plan if the Plan  
13 is accepted by the requisite majorities of creditors and interest holders and is confirmed by the  
14 Bankruptcy Court. Allowance of a claim or interest for voting purposes does not necessarily mean that  
15 all or a portion of the claim or interest will be allowed or disallowed for distribution purposes.

16 The Debtor may, in some circumstances, separately classify the deficiency claims of some  
17 secured creditors from the unsecured trade creditors and other creditors, and treats such claims in a  
18 different manner. Debtor is of the opinion that case and current bankruptcy law allows, in some cases,  
19 such separate classification and different treatment of these and other claims. Debtor believes that such  
20 separate classification and different treatment of such claims is proper. See In re Mason Dixon Lines,  
21 Inc., 63 B.R. 176 (Bankr. M.D.N.C. 1986); In re Ag Consultant Grant Division, Inc., 77 B.R. 665 (1987);  
22 In re ZRM-Oklahoma Partnership, 156 B.R. 67 (Bankr W.D. Okla. 1993); In re Wolff, 22 B.R. 510 (9<sup>th</sup>  
23 Cir. BAP, 1982); In re Johnston, 140 B.R. 526 (9<sup>th</sup> Cir. BAP. 1992). Current decision make the  
24 inclusion of such deficiency claims with other unsecured creditors impermissible. In re D & W Realty  
25 Corporation, 156 B.R. 140 (Bankr. S.D. Fla.) Debtor contents that the different treatment is justified  
26 due to a number of factors. In some cases, unsecured claims and deficiency claims are not placed in the  
27 same class and the Bankruptcy Code may not require equal treatment of different classes. In re Red  
28 Machine Company, Lexis, 1304, \*48 (Bankr. 2011) Some of these considerations are listed below.

- 1 (1) The obligation may be non-recourse obligation and is treated as recourse only as a result  
2 of the Bankruptcy Code and has the opportunity to make an election under Section  
3 1111(b) while unsecured creditors do not;
- 4 (2) Secured creditors may have contracted for a long term obligation as opposed to the  
5 obligation contracted for by unsecured trade creditors which is usually of a shorter  
6 duration;
- 7 (3) Debtor believes that a treatment different than that proposed under the plan would result  
8 in higher operating costs for the Debtor by not continuing the use of existing vendors  
9 which may affect the debtor's ability to reorganize; and
- 10 (4) Because the nature of the secured claim, secured creditors may have a conflict of interest  
11 with the remaining unsecured creditors. See In re James E. Johnson, 140 B.R. 526 (9<sup>th</sup>  
12 Cir. BAP); In re Triple R. Holdings, L.P., 134 B.R. 382 (Bankr. N.D. Cal 1991); In re  
13 Bjolmes Realty Trust, 134 B.R. 1000 (Bankr. D.Mass 1991); In re Creekside Landing,  
14 Ltd., 140 B.R. 713 (Bankr. M.D. Tenn. 1992); In re U.S. Truck Co., Inc., 800 F.2d 581  
15 (6<sup>th</sup> Cir. 1986); In the Matter of Jersey City Medical Center, 817 F.2d 1055 (3<sup>rd</sup> Cir.  
16 1987); Toibb v. Radloff, \_\_\_ U.S. \_\_\_, 111 S. Ct. 2197, \_\_\_ L.Ed.2d. \_\_\_ (1991);  
17 Hanson v. First Bank of South Dakota, 828 F.2d 1310 (1987). See In re Thirtieth Place,  
18 Inc., 30, B.R. 503 (Bankr. App. 1983; In re Victory Construction Co., Inc., 37 B.R. 222,  
19 228 (9<sup>th</sup> Cir. B.A.P. 1984); In re Arnold, 806 F.2d 937 (9<sup>th</sup> Cir. 1986); In the Matter of  
20 Jersey City Medical Center, 817 F.2d 1055 (3<sup>rd</sup> Cir 1987); In re Foundary of Barrington  
21 Partnership, 129 B.R. 550 (1991); In Re Fowler, 903 F.2d 694 (9<sup>th</sup> Cir. 1990); In Re Oaks  
22 Partners Ltd., 135 B.R. 440 (Bankr. N.D. Ga. 1991); and In Re Victory Const. Co., Inc.,  
23 42 B.R. 145 (Bankr. 1984).
- 24 (5) Secured creditor may have a personal guarantee from a non-debtor entity and/or  
25 principals of debtors and some payments would be made to deficiency creditors.

26 Following acceptance, the Bankruptcy Court will hold a hearing on the confirmation of the Plan  
27 and will enter an Order of Confirmation with respect to the Plan if it finds that, among other things, all  
28 payments to be made by the Debtor in connection with the case or Plan have been disclosed to the

1 Bankruptcy Court, the identity and affiliation of post-confirmation management of the Reorganized  
2 Debtor has been fully disclosed, each class of claimants and interest holders has accepted the Plan or is  
3 not impaired by the provisions thereof, and that confirmation is not likely to be followed by the  
4 liquidation or need for further financial reorganization of the Reorganized Debtor.

5 In the event that the requisite acceptance of impaired classes of claims and interests are not  
6 obtained, pursuant to Section 1129 (b)(1) of the Bankruptcy Code, the Bankruptcy Court may  
7 nevertheless confirm the Plan upon the request of the proponent of the Plan if the Bankruptcy Court  
8 finds that the Plan does not discriminate unfairly and accords fair and equitable treatment to the class  
9 rejecting it.

10 At the hearing on confirmation of the Plan, the Bankruptcy Court will hear any timely filed  
11 objections from a claimant or interest holder to confirmation of the Plan.

#### 12 VALUE OF ASSETS AND ACCOUNTING

13 THE ONLY REPRESENTATIONS THAT ARE AUTHORIZED OR WHICH MAY BE MADE  
14 CONCERNING THE DEBTOR, THE VALUE OF ITS ASSETS, OR THE REORGANIZED DEBTOR  
15 ARE THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT. EXCEPT  
16 AS NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE  
17 STATEMENT HAS NOT BEEN SUBJECTED TO AN AUDIT BY AN INDEPENDENT CERTIFIED  
18 PUBLIC ACCOUNTANT. ALL FINANCIAL RECORDS OF THE DEBTOR ARE MAINTAINED  
19 ON AN ACCRUAL BASIS. ALL EXPENSES AND INCOME ARE ON A CASH ACCRUAL  
20 BASIS. SOME OF THE ACCOUNTING/FINANCIAL WORK FOR THE DEBTOR IS PERFORMED  
21 BY AN OUTSIDE ACCOUNTANT RETAINED BY THE DEBTOR. FOR THAT REASON, THE  
22 DEBTOR IS NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION  
23 CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT INACCURACY. HOWEVER,  
24 GREAT EFFORT HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS  
25 FAIRLY PRESENTED. NO REPRESENTATIONS OR ASSURANCES CONCERNING THE  
26 DEBTOR (INCLUDING, WITHOUT LIMITATION, ITS FUTURE BUSINESS OPERATIONS) OR  
27 THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS  
28 DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY

1 PERSON TO SECURE YOUR VOTE WHICH ARE OTHER THAN HEREIN CONTAINED  
2 SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH  
3 ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO  
4 COUNSEL FOR THE DEBTOR, WHO, IN TURN, SHALL DELIVER SUCH INFORMATION TO  
5 THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

6 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS  
7 OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED HEREIN. NEITHER  
8 DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE  
9 IN CONNECTION WITH THIS DISCLOSURE STATEMENT SHALL, UNDER ANY  
10 CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN  
11 THE FACTS SET FORTH HEREIN SINCE THE DATE THIS DISCLOSURE STATEMENT AND  
12 THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT  
13 WERE COMPILED. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY  
14 PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING  
15 CONTAINED IN IT SHALL CONSTITUTE, OR BE DEEMED CONCLUSIVE ADVICE ON, THE  
16 TAX OR OTHER LEGAL EFFECTS OF ANY REORGANIZATION ON HOLDERS OF CLAIMS OR  
17 INTERESTS IN CONNECTION WITH SUCH REORGANIZATION.

18 THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE  
19 BANKRUPTCY COURT, DATED \_\_\_\_\_ AS CONTAINING INFORMATION OF A KIND AND  
20 IN SUFFICIENT DETAIL TO ENABLE A REASONABLE, HYPOTHETICAL INVESTOR TO  
21 MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. THE BANKRUPTCY COURT'S  
22 APPROVAL OF THIS DISCLOSURE STATEMENT, HOWEVER, DOES NOT CONSTITUTE A  
23 RECOMMENDATION BY THE BANKRUPTCY  
24 COURT EITHER FOR OR AGAINST THE PLAN.

25 IN ORDER TO BE CONSIDERED FOR PURPOSES OF SATISFYING THE BANKRUPTCY  
26 CODE REQUIREMENTS, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS INDICATED  
27 ON THE BALLOT NO LATER THAN 5:00 P.M. ON THE \_\_\_\_\_ OR WITHIN 5 DAYS OF  
28 ANY CONTINUED HEARING ON CONFIRMATION OF THE PLAN.

1 ABALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR USE IN VOTING OF  
2 THE PLAN.

3 ***SECTION II***

4 *History of Debtor and Factors Leading*  
5 *to the Filing of the Chapter 11*

6 2.1 Circumstances that Gave Rise to the Filing of the Bankruptcy Petition:

7 The Debtor a 501(c)(3) entity was formed in 1971 by Dr. Pepe Barroñ (biography attached hereto  
8 as **Exhibit G**) in order to provide Tucson and Southern Arizona communities with prevention programs  
9 for at-risk youths. Dr. Barroñ believed that by administering two public charter schools for college bound  
10 students he could provide opportunities for at risk youths not available through public school systems  
11 or other charter schools. Since its founding through Dr. Barroñ's leadership the Debtor has been at the  
12 forefront of efforts to address problems such as youth substance abuse, youth violence, family  
13 management issues, teen pregnancy, school drop out rates, and environmental prevention issues under  
14 Dr. Barroñ. Luz Social Services Inc., operates two public charter schools, Luz Academy of Tucson  
15 which consists of 2 school room buildings with only 117 students currently enrolled, and El Centro for  
16 the Study of Primary and Secondary Education which consists of 3 school room buildings and an office  
17 building in San Manuel, Arizona with 126 students enrolled. The buildings are over 40,000 square feet  
18 and situated on 30 acres located at 2797 N. Cerrada De Beto, Tucson, AZ. Sadly, Dr. Barroñ passed  
19 away and new management will make policy decisions for the schools.

20 2.2 Decline in Enrollment; Increase Costs:

21 Beginning in 2010 to present date, Debtor has seen a decline in its student enrollment, a  
22 reduction in per pupil spending by the Arizona Department of Education, yearly increases in the  
23 Employer Contributions required by the Arizona State Retirement System for teachers which is currently  
24 at 11.6%, and an increase in transportation costs, food costs and other costs of operation of schools and  
25 related facilities. Debtor has reduced its staff and expenses, but those reductions have not provided  
26 enough revenue to operate the business as a profitable entity which necessitated the filing of this  
27 reorganization.

28 2.3 Funding Sources: The debtor receives Federal and State funding. Funding projections are

1 attached hereto as **Exhibit F**.

2 2.4 Current Management: The Debtor is currently managed by Ricardo Robles and the Board  
3 of Directors. Additional management may include Jian X. Zhang whose group is providing new monies  
4 to fund Debtor's plan.

5 2.5 Location of Debtor's Major Assets: The debtor's assets are located at 2791 and 2797 N.  
6 Cerrada De Beto, Tucson, AZ, 2801 N. Silverbell Road, Tucson, AZ, and 101 S. Avenue B, San Manuel,  
7 AZ, and consist of 12 company vehicles, machinery, tools, supplies, computers and equipment used for  
8 the businesses and real property listed below. All of assets are set forth in the schedules on file with the  
9 Court.

10 2.6 Real Properties of the Debtor/Assets of the Estate:

<b>Property Address:</b>	<b>Appraisal Values:</b>
2791 N. Cerrada De Beto, Tucson, AZ	\$5,500,000.00
2797 N. Cerrada De Beto, Tucson, AZ	
2801 N. Silverbell Road, Tucson, AZ	
101 S. Avenue B, San Manuel, AZ	\$73,000.00

11 Debtor at the request of the second lien holder Prestamos CDFI, LLC retained AXIA Real Estate  
12 Appraisers to value Debtor's real properties.  
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**REAL ESTATE APPRAISERS**



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1 SUMMARY APPRAISAL REPORT  
2 OF THE APPROXIMATE  
3 50,322-SQUARE FOOT CHARTER SCHOOL FACILITY & EXCESS LAND  
4 LOCATED AT  
5 2797 N. CERRADA DEL BETO DRIVE,  
6 TUCSON, PIMA COUNTY, ARIZONA, 85745  
7 FOR  
8 MR. FERNANDO ZEPEDA  
9 PRESTAMOS CDFI, LLC  
10 BY  
11 JAMES S. BRADLEY, MAI, CCIM  
12 MARIE P. LAATSCH, MAI  
13 EFFECTIVE DATE OF APPRAISAL  
14 FEBRUARY 4, 2013  
15 AXIA FILE NO. 17041-131  
16  
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18 2.7 Valuation Hearings: A valuation hearing is not necessary in this matter. Debtor does  
19 not believe that there is currently any equity in this estate.

20 2.8 Significant Events Prior to the Commencement of the Debtor's Reorganization:

21 The reduction in per pupil spending by the Arizona Department of Education in the fiscal  
22 years of 2010 - 2014 and declining student enrollment at the Luz Academy and El Centro School  
23 during the fiscal years of 2011 - 2013 were contributors to the financial shortfall of the debtor. In  
24 addition, yearly increases in the Employer Contributions required by the Arizona State Retirement  
25 System (currently at 11.6%) for teachers pensions and transportation cost of \$162,000 annually, food  
26 and other increasing costs were unsustainable with the declining enrollment figures at the schools.

27 2.9 The Accounting and Valuation Methods Used to Produce the Financial Information in  
28 the Disclosure Statement: The accounting process is conducted using generally accepted accounting

1 principles using the Accrual method and records all transactions according to guidelines provided by  
 2 the Arizona Auditor General's Uniform System of Financial Records for Arizona Charter Schools  
 3 (USFRCS).

4 2.10 Causes of Action: The Debtor currently has no cause of action.

5 2.11 Plan of Reorganization: The Debtor has filed a Plan which will allow it to retain its  
 6 properties and pay creditors more money than creditors would receive from a liquidation of the  
 7 property. Debtor believes it will receive sufficient funds from investor to allow Debtor to bring  
 8 missed mortgage payments current to BBVA Compass Bank in the estimated amount of  
 9 \$300,000.00. Debtor would then seek to modify the note to allow a interest rate reduction to 5% and  
 10 to reamortize the obligation over 25 years. See liquidation analysis attached hereto as **Exhibit "C"**.

11 2.12 Obligations as of Date of Filing: The following is an estimate by the Debtor of the  
 12 outstanding secured obligations owed by the Debtor as of the date of the Petition:

Secured Creditor	Type of Encumbrance	Amount Due at Filing	Property
Pinal County	Property taxes	\$7684.00	101 S. Ave., B San Manuel, AZ
Clear Glass	Mechanics Lien	\$6,134.38	101 S. Ave., B San Manuel, AZ
GE Capital	Non-Purchase Money Security	\$9,465.00	Copier
	Non-Purchase Money Security	\$6,320.00	Copier
BBVA Compass Bank	First Deeds of Trust	\$2,246,279.56	2797 N. Cerrada De Beto, Tucson AZ
			2791 N. Cerrada De Beto, Tucson AZ



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**SECTION IV**

*Summary of Plan of Reorganization*

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THE FOLLOWING IS A BRIEF SUMMARY OF CERTAIN PROVISIONS OF THE PLAN AND SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. THE SUMMARY DOES NOT PURPORT TO BE COMPLETE. CREDITORS AND INTEREST HOLDERS ARE URGED TO READ THE PLAN ATTACHED HERETO AS EXHIBIT "A". CREDITORS AND INTEREST HOLDERS ARE FURTHER URGED TO CONSULT WITH COUNSEL, OR WITH EACH OTHER, IN ORDER TO UNDERSTAND THE PLAN MORE FULLY.

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4.1 Summary of Plan: The Plan contemplates that some secured creditors will not be paid the full amount of their allowed claims. The infusion of monies into the reorganized Debtor is required in order for debtor to make payments under its plan as proposed and Debtor believe it will increase number of payments to creditors through new monies and an increase in enrollment. New monies will be used to make repairs, perform deferred maintenance, and make capital improvements where needed, much of the equipment needs to be replaced, and to bring delinquent mortgage payments to Compass Bank current. Any new monies not used for repairs, maintenance and renovations will also be used as operating reserves to cover any operating shortfalls, even though none are anticipated, which the Debtor may encounter.

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These proceeds, in conjunction with the Property's revenues and inherent future appreciation, will provide the necessary funds to Debtor to pay creditors under the Plan.

4.2 Segregation of Classes: The Plan further proposes to segregate the creditors and interest holders of the Debtor into separate classes. Of these classes, allowed administrative and priority claimants including priority tax claimants, but exclusive of those referenced in 11 U.S.C. Section 507(a)(8) will receive payments of 100% of their respective claims, in cash over time, with a market rate of interest, as set forth in the Plan.

The Debtor may propose to separately classify some unsecured creditors from deficiency claims of other creditors.

Generally, all Administrative Claims will be paid in full in cash as stated in the Plan. The Debtor shall retain the property and the creditors shall be paid in accordance with modifications of

1 their applicable loan and security documents as set forth herein and in the Plan of Reorganization.

2 4.3 Value of Secured Claims: Under the Plan, the Debtor proposes to allow some of the  
3 secured creditors to retain their liens in the amount equal to the lesser of the current value of the  
4 properties securing that lien or the full amount of their claim on the Petition Date. The Debtor  
5 believes that the properties securing the claims of Compass Bank are fully secured. While other  
6 secured creditors are not fully secured and shall be treated accordingly in the Plan.

7 The Debtor shall commence payments to all creditors as set forth in the Plan 30 days after the  
8 Effective Date, or earlier if the Debtor and creditors have so provided in a stipulation approved by  
9 the Court or ordered by the Court. Debtors are currently making adequate protection payments to  
10 Compass Bank as ordered by the Court.

11 ANY STIPULATION ENTERED INTO BETWEEN THE SECURED CREDITORS AND  
12 THE DEBTOR SHALL SUPERSEDE ANY TREATMENT OF CREDITORS THAT MAY BE  
13 SET FORTH IN THE DEBTOR'S PLAN.

14 All other previously secured creditors on the Debtor's real properties or on the assets securing  
15 their obligations will have their respective liens which encumber the property removed and/or  
16 reduced a portion of their claims treated as deficiency claims, paid as set forth in the Plan as Class 8  
17 creditors.

18 4.4 Cash Collateral Litigation: Debtor receives rents for use of operating space for school  
19 and other related activities. The Debtor is paying \$10,000.00 a month to Compass bank as adequate  
20 protection payments.

21 4.5 Description of Assets - Values: The major assets of the debtor are the real properties  
22 located at 2791 and 2797 N. Cerrada De Beto, Tucson AZ, 2801 N. Silverbell Road, Tucson AZ, and  
23 101 S. Avenue B, San Manuel AZ. Debtor believes Compass Bank and or its counsel have obtained  
24 an appraisal that shows that claims of some creditors listed as secured are unsecured and shall be  
25 treated as such in the Plan.

26 4.6 Anticipated Future of Debtor: The debtor intends to restructure its obligations with  
27 creditors in order to allow Debtor to remain competitive and continue to provide services to needy  
28 children as envisioned by school founder Dr. Pepe Barron.

1 4.7 Source of Information: The source of the information presented is from Ricardo Robles,  
2 manager of the Debtor and Barbara Cisneros, Director of Finance and others. A copy of resumes of  
3 post confirmation management are attached as Exhibit E.

4 4.8 Condition and Performance of the Debtor in Chapter 11: Debtor maintains the assets  
5 necessary to continue to operate. Debtor has struggled to maintain student levels after Dr. Barroñ's  
6 passing. Debtor believes it can increase the number of students post confirmation which will allow  
7 debtors to make plan payments.

8 4.9 Information Regarding Claims Against Estate: Debtor believes there are currently no  
9 claims against the estate not listed in debtor's schedules.

10 4.10 Liquidation Analysis: A liquidation analysis valuing assets of the debtor in a Chapter 7  
11 is attached as **Exhibit "C"**. This liquidation analysis will include any uncollected account  
12 receivables.

13 4.11 Future Management of the Debtor. Debtor anticipates expanding post confirmation  
14 management.

15 4.12 Non-Bankruptcy Litigation: Debtor is unaware of any bankruptcy litigation not dealt  
16 with in Debtor's Plan of Reorganization.

17 4.13 Avoidable Transfers: Debtor is unaware of any transfers of property of this estate which  
18 would allow an avoidable transfer action.

19 4.14 Accounts Receivable: Debtor collects accounts receivable on a regular ordinary course  
20 of business..

21 4.15 Presence of Affiliates: There are no affiliates of debtor.

22 4.16 New Capital Contribution: Debtor may sale the properties in San Manuel, AZ and  
23 utilize any net proceeds to pay creditors under the plan of reorganization.

## 24 ***SECTION V***

### 25 *Classification and Treatment of Claims and Interests*

26 1. *Claim Amounts*: Because certain claims against the Debtor may be unknown or of  
27 undetermined amounts, the amounts of claims specified in this Disclosure Statement reflect only the  
28 Debtor's best estimate at this time of the amount due. In addition, the amounts of the claims

1 specified in this Disclosure Statement do not include, for example, claims arising from the rejection  
2 of certain executory contracts and other contingent or unliquidated claims arising against the debtor.

3 2. *Effective Date of the Plan:* The “Effective Date” of the Plan is important in  
4 determining when performance of many of the Debtor’s obligations under the Plan is due. The  
5 Effective Date is defined in the Plan as the first business day following the later of the following day;

6 (i) the date on which the Order confirming the Plan (the “Confirmation Order”)  
7 becomes final and non-appealable with no appeal then pending.

8 3. *Classification:* The Plan divides claims against the Debtor into multiple separate  
9 classes that the Debtor asserts are in accordance with the Bankruptcy Code. Unless otherwise  
10 expressly stated in the Plan, distributions to holders of allowed claims are in full satisfaction of their  
11 allowed claims. All claims against the Debtor arising prior to confirmation will be discharged by  
12 performance of the Plan on the Effective Date to the extent that such claims are dischargeable under  
13 the Bankruptcy Code Section 1141(d). For the purposes of the Plan, claims are classified and treated  
14 as follows:

15 5.1 Class One - Administrative Claims.

16 A. Classification: Class One consists of all claims for the cost of administration  
17 of the Debtor’s bankruptcy estate. Included in this class are all claims for administrative expenses  
18 entitled to priority under Bankruptcy Code §507(A)(1), such as professional fees and costs, as  
19 approved by the Bankruptcy Court of the attorneys, accountants, and other professional persons  
20 employed by the Debtor, and all actual and necessary expenses of operating the Debtor’s business  
21 pursuant to Bankruptcy Code §503(b), including without limitation, all fees charged against the  
22 Debtor’s business pursuant to Chapter 123 of Title 28, United States Code. Debtor believes claims in  
23 this class will substantially exceed \$25,000.00.

24 B. Impairment: Not impaired.

25 C. Treatment: The Plan provides for the payment in cash, in full, of all allowed  
26 Administrative Claims on the later of the Effective Date or the date upon which such Claims become  
27 Allowed Claims, or as otherwise ordered by the Bankruptcy Court or agreed to by Claimant and  
28 Debtor. Class 1 claims will be paid from assets of the estate. The Debtor currently estimates that the

1 Class 1 claims will exceed **\$25,000.00** and may include post-petition administrative expenses. Such  
2 payments will reduce the amount of administrative expenses due on the Effective Date of the Plan  
3 unless otherwise provided for.

4 5.2 Class Two - Priority Claims of Governmental Units

5 A. Classification: Class Two claims consists of all allowed claims of the United  
6 States Internal Revenue Service (“IRS”) and/or State of Arizona, Department of Revenue (“DOR”)  
7 and/or the Department of Economic Security (“DES”), City of Tucson or other government agencies  
8 which are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code except ad  
9 valorem taxes. Debtor is aware of three Proof of Claims filed by the Arizona Department of  
10 Revenue in the amounts of \$34,678.56, \$18,013.68, and \$16,528.61, three Proof of Claims filed by  
11 Internal Revenue Service in the amounts of \$84,889.66, \$30,614.69 and \$26,160.09, Arizona  
12 Retirement System in the amount of \$18,540.32, Arizona Department of Education for the amount  
13 of \$21,899.58, and three Proof of Claims filed by Arizona Department of Economic Security in the  
14 amounts of \$58.25, \$40.84 and \$8,856.24.

15 B. Impairment: Class 2 is impaired.

16 C. Treatment: Each holder of a Class Two allowed claim shall retain its lien or  
17 claim, in accordance with Section 1129 of the Bankruptcy Code. The claim shall bear simple  
18 interest at a fixed rate equal to that rate which would be required to be paid as of the Effective Date  
19 under Section 6621 and/or 6622 of the Internal Revenue Code, or such other interest rate as the  
20 Bankruptcy Court determines is sufficient to confer upon the tax claim a value as of the Effective  
21 Date equal to the principal amount of such claim. The allowed claim shall be payable in 60 equal  
22 monthly installments of principal, along with accrued interest, in deferred cash payments over a  
23 period not to exceed five years from date of petition. The first payment shall commence on the first  
24 day of the month immediately following the month of the Effective Date. The claim is subject to  
25 prepayment at any time without penalty or premium and shall have such other terms as are usual and  
26 customary.

27 5.3 Class Three - Secured Tax Claims of Governmental Units

28 A. Classification: Class Three shall consist of allowed claims of the United



1 States Internal Revenue Service (“IRS”) and/or State of Arizona, Department of Revenue (“DOR”)  
2 and/or the Department of Economic Security (“DES”), City of Tucson or other government agencies  
3 secured tax claims which are secured by tax liens. Debtor is aware of three Proof of Claims filed by  
4 Internal Revenue Service in the amounts of \$231,883.96, \$134,190.20 and \$133,889.81, and two  
5 Proof of Claims filed by Arizona Department of Economic Security in the amounts of \$1,924.10 and  
6 \$4,699.78.

7 B. Impairment: Class Three is impaired.

8 C. Treatment: Each holder of a Class Three allowed secured claim shall be paid,  
9 in regular installments, with interest, over 96 months. Payments will commence thirty days after the  
10 Effective Date. Interest on the claim shall be at the rate in effect on the Effective Date of the Plan.  
11 The Debtors' first payment under the Plan for the secured claim shall be made thirty days from the  
12 effective date of the Plan and shall continue on the first day of each month thereafter until payed off  
13 all payments will be first applied to any allowed penalties.

14 5.4 Class Four - Secured Ad Valorem Real Property Tax Claims

15 A. Classification: Class Four shall consist of pre-petition allowed Ad Valorem  
16 Real Property Tax Claims which are secured by liens on real property. Debtor is aware of a Proof of  
17 Claim filed by Pinal County in the amount of \$4,571.12.

18 B. Impairment: Class 4 is impaired.

19 C. Treatment: Each holder of a Class Four allowed claim shall retain its lien  
20 having an aggregate principal amount sufficient to satisfy, in accordance with Section 1129 of the  
21 Bankruptcy Code, the allowed claim. Such claim shall bear simple interest at a statutory rate  
22 required to be paid as of the Effective Date, or such other interest rate as the Bankruptcy Court  
23 determines is sufficient to confer upon the tax claim a value as of the Effective Date equal to the  
24 principal amount of such claim charged by the County or the statutory rate of interest. Payments shall  
25 be made in equal monthly installments of principal, along with accrued interest, in deferred cash  
26 payments over a period not to exceed five years from date of petition. The claim is subject to  
27 prepayment at any time without penalty or premium and shall have such other terms as are usual and  
28 customary for promissory notes.

1                   5.5 Class Five - Employee Priority Claims

2                   A.     Classification: Class Five consists of allowed claims arising under Bankruptcy  
3 Code Section 507(a)(3) and (4) including claims for wages and vacation pay earned by employees of  
4 the Debtor within 180 days before the filing of the bankruptcy petition. The Debtor is aware of  
5 several proofs of claim filed in this class in the amounts of \$23,700.00, \$2,170.87, \$2,500.00,  
6 \$7,500.00, \$3,750.00, \$2,438.78, \$13,000.00, and \$54,274.76. Debtor has or will file an objection to  
7 some or all of these proof of claims.

8                   B.     Impairment: Not impaired.

9                   C.     Treatment: The Plan provides for the payment in cash, in full, of all allowed  
10 Class Two claims on the later of the Effective Date or the date upon which such claim becomes an  
11 allowed claim or on a date agreed to between allowed claimant and debtor.

12                   5.6     Class Six - Secured Claim of BBVA Compass Bank ("Compass").

13                   A.     Classification: Class 6 consists of the allowed secured claim of Compass to  
14 the extent of the value of the secured creditor's interest in the Debtors' interest in the real properties  
15 with a first lien on 2791 N. Cerrada De Beto, Tucson AZ, and 2797 N. Cerrada De Beto, Tucson AZ.  
16 This claim is evidenced by a promissory note and deed of trust. Debtors are aware of a proof of  
17 claim filed by Compass in the amount of \$2,246,278.31. The Debtors believe the claim is fully  
18 secured.

19                   B.     Impairment: Class 6 is impaired.

20                   C.     Treatment: IN THE EVENT THE DEBTOR IS ABLE TO REACH A  
21 STIPULATION WITH COMPASS AS TO ITS TREATMENT, THE TERMS AND CONDITIONS  
22 THEREIN WILL SUPERCEDE THE TREATMENT SET FORTH HEREIN.

23                   1. The allowed secured claim shall accrue interest from the Effective Date of the Plan  
24 at the rate of 5.00 % per annum, or the rate on the existing note, whichever is less.

25                   2. The note shall be payable in equal monthly installments of principal and interest  
26 amortized over twenty-five (25) years. The first monthly installment shall be due thirty (30) days  
27 after the Effective Date of the Plan and subsequent monthly installments shall be due on the same  
28 day of each subsequent month. On the twenty-fifth anniversary of the Effective Date of the Plan the

1 outstanding principal balance of the note and all accrued and unpaid interest thereon shall be due and  
2 payable in full. The final payment shall be made either from proceeds of the sale or refinancing of  
3 the property or contributions of the owners of the property at the time the final payment is due.  
4 Unless modified herein tax and insurance escrows, if any, will continue to be paid pursuant to the  
5 terms of the Note and Deed of Trust.

6 3. The note of the Class 6 creditor shall continue to be secured by its first position  
7 deed of trust on the property but the note and any obligation due the Class 6 creditor, which is  
8 secured by the above deed of trust, shall be non-recourse to the Debtors. Any security for payment of  
9 the allowed claim which Compass had at the petition date other than the deed of trust above  
10 described which encumbers the property Compass shall retain post-confirmation.

11 4. The Debtor and the Class 6 creditor shall agree to execute such modifications to  
12 the existing note and deed of trust as are reasonably necessary to reflect the provisions of the Plan  
13 treatment for this creditor.

14 5. The Debtor shall bring current at confirmation of its Plan all delinquent mortgage  
15 payments post petition and any allowed pre-petition delinquent mortgage payments shall be added to  
16 the principal balance due of the note.

17 5.7 Class Seven Second Lien Claim of Prestamos CDFI, LLC ("Prestamos")

18 A. Classification: Class 7 consists of the allowed secured claim of Prestamos to  
19 the extent of the value of the secured creditor's interest in the Debtor's interest in the real property  
20 located at 2797 N. Cerrada De Beto, Tucson AZ. This claim is evidenced by a promissory note and  
21 deed of trust. Debtors are aware of a proof of claim filed by Prestamos in the amount of  
22 \$336,556.35. The Debtors believe the claim is not fully secured.

23 B. Impairment: Class 7 is impaired.

24 C. Treatment: IN THE EVENT THE DEBTOR IS ABLE TO REACH A  
25 STIPULATION WITH PRESTAMOS AS TO ITS TREATMENT, THE TERMS AND  
26 CONDITIONS THEREIN WILL SUPERCEDE THE TREATMENT SET FORTH HEREIN.

27 1. Prestamos shall be paid \$100,000.00 the secured portion of the claim shall accrue  
28 interest from the Effective Date of the Plan at the rate of 4.00 % per annum, or the rate on the

1 existing note, whichever is less.

2 2. The note shall be payable in equal monthly installments of principal and interest  
3 amortized over twenty (20) years. The first monthly installment shall be due thirty (30) days after the  
4 Effective Date of the Plan and subsequent monthly installments shall be due on the same day of each  
5 subsequent month. On the twentieth anniversary of the Effective Date of the Plan the outstanding  
6 principal balance of the note and all accrued and unpaid interest thereon shall be due and payable in  
7 full. The final payment shall be made either from proceeds of the sale or refinancing of the property  
8 or contributions of the owners of the property at the time the final payment is due. Unless modified  
9 herein tax and insurance escrows, if any, will continue to be paid pursuant to the terms of the Note  
10 and Deed of Trust.

11 3. The note of the Class 7 creditor shall continue to be secured by its second position  
12 deed of trust on the property in the amount of \$100,000.00.

13 4. The Debtors and the Class 7 creditor shall agree to execute such modifications to  
14 the existing note and deed of trust as are reasonably necessary to reflect the provisions of the Plan  
15 treatment for this creditor.

16 5. Prestamos shall have an unsecured claim in the estimated amount of \$236,556.35  
17 which shall be treated as a Class 8 unsecured claim and will be paid on a pro-rata basis.

18 5.8 Class Eight - Unsecured Deficiency Claims and Unsecured Claims.

19 A. Classification: Class Eight consists of all unsecured deficiency claims and  
20 unsecured claims against the debtor. Debtor estimated unsecured claims in this class in the amount  
21 of \$282,832.71 for Luz Academy of Tucson, \$38,529.13 for Luz Social Services, Inc., and  
22 \$42,900.81 for El Centro for the Study of Primary and Secondary Education which does not include  
23 any deficiency amounts for secured creditors.

24 B. Impairment: Class 8 is impaired.

25 C. Treatment: The Plan provides that each and every holder of a Class 8 Allowed  
26 Claim shall be paid an amount equal to three percent (3 %) of the allowed amount of their claims at 1  
27 % interest on the unpaid balance in one hundred and twenty (120) equal monthly installments with  
28 the first payment due 60 days from the Effective Date. Any liens held by the Class 8 creditors shall  
be null and void and removed as of the Effective Date

1           5.9     Class Nine- Contingent, Unliquidated and Disputed Claims.

2           A.     Classification: Class 9 consists of all contingent, unliquidated and disputed  
3 claims.

4           B.     Impairment: Class 9 is impaired.

5           C.     Treatment: Class 9 creditors shall receive no distribution under the Plan.

6           5.10    Class Ten - Claims of Participating Investors.

7           A.     Classification: Class 10 consists of the claims of participating investors.

8           B.     Impairment: Class 10 is impaired.

9           C.     Treatment: Unless participating investors contribute substantial capital  
10 required to fund this Plan and/or make capital improvements to the subject property they will receive  
11 no percentage of the equity interest of the debtor and no distribution under the Plan.

12           5.11    Class Eleven - Interest of Equity Holders.

13           A.     Classification: Class 11 consists of the interest of the debtor.

14           B.     Impairment: Class 11 is not impaired.

15           C.     Treatment: The debtor shall be allowed to retain its current percentage of  
16 interest or a percentage thereof unless participating investors are required to contribute substantial  
17 capital required to fund this Plan and/or make capital improvements to the subject property.

18    **SECTION VI**

19    *Post-Confirmation Management*

20           The managing member of the Debtor post-confirmation will be determined by the Board of  
21 Directors of Debtor.

22    **SECTION VII**

23    *Income Tax Consequences of Reorganization*

24           The Debtor has been advised by Eric Slocum Sparks, Esq. to obtain independent tax advice  
25 to determine the consequences of going forward under the Plan and retaining the Property hereunder.  
26 The Debtor has advised Eric Slocum Sparks, Esq. that outside tax counsel has been/or will be  
27 retained and/or consulted to assist in drafting, amending or revising the Plan as proposed. The  
28 debtor and Eric Slocum Sparks, P.C. have been advised that the debtor can retain the property  
without significant adverse tax consequences.

1           7.1     *Disclaimer:* The income tax consequences of the reorganization of the Debtor  
2 pursuant to this Plan will be different and will depend upon the Debtor's tax situation. Eric Slocum  
3 Sparks, P.C. is not advising the Debtor regarding the tax consequences of the reorganization of the  
4 Debtor and the Debtor will consult with its own tax advisor regarding the tax consequences of the  
5 reorganization of the Debtor according to the Plan.

6           ANY POTENTIAL PARTICIPATING INVESTORS ARE URGED TO CONSULT THEIR  
7 OWN ADVISORS AS TO THE OVERALL TAX IMPLICATIONS OF PARTICIPATION OR NON-  
8 PARTICIPATION UNDER THE PLAN.

9           7.2     Consummation: For purposes of Local Bankruptcy Rule 2015, and consistent with  
10 Bankruptcy Code Section 1001(2), consummation of the Plan shall occur upon the ① funding of the  
11 contributions due from participating investors hereunder if required ; and ② commencement of  
12 disbursements to Impaired creditors as provided in the Plan.

## 13   **SECTION VIII**

### 14   *Feasibility*

15           As a condition to confirmation of a plan of reorganization, Section 1129(a)(11) of the  
16 Bankruptcy Code requires that the confirmation is not likely to be followed by a liquidation or the  
17 need for further financial reorganization, except as proposed in such plan.

18           The debtor sets out as **Exhibit D** its Anticipated Income and Expense and the Schedule of  
19 Sources and Uses of Cash.

20           THE FINANCIAL PROJECTIONS SET FORTH IN THIS DISCLOSURE STATEMENT  
21 REPRESENT A PREDICTION OF FUTURE EVENTS BASED ON CERTAIN ASSUMPTIONS  
22 OF THE DEBTOR. ANTICIPATED FUTURE EVENTS MAY OR MAY NOT OCCUR AND  
23 THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER  
24 ASSURANCE OF THE ACTUAL RESULTS WHICH WILL OCCUR. BECAUSE OF THE  
25 UNCERTAINTIES INHERENT IN PREDICTIONS OF FUTURE EVENTS, THE ACTUAL  
26 RESULTS OF OPERATIONS MAY WELL BE DIFFERENT FROM THOSE PREDICTED AND  
27 SUCH DIFFERENCES MAY BE MATERIAL AND ADVERSE.

28           THE FINANCIAL PROJECTIONS ARE INTENDED TO ASSESS THE FUTURE

1 ASSETS, LIABILITIES, INCOME AND CASH FLOW AVAILABLE FOR DEBT SERVICING  
2 AND ARE NOT DESIGNED OR INTENDED TO BE USED FOR PURPOSES OF PROJECTING  
3 THE FUTURE VALUE OF THE DEBTOR'S INTERESTS OR DEBENTURES ISSUED BY OR  
4 ON BEHALF OF THE REORGANIZED DEBTOR.

5 The Debtor has made a variety of assumptions which have been the basis of its Plan of  
6 Reorganization. Those assumptions include (1) that by reducing staff and expenses the debtor can  
7 remain profitable; (2) that the tax debt will be consolidated and terms negotiated so that Debtor will  
8 be able to manage repayment; (3) that Debtor will secure payroll and payroll liability services; and  
9 (4) that the Debtor will be able to bring all post-petition mortgage payments due current within 60  
10 days of confirmation. These assumptions will be available to make debt service payments as  
11 proposed under the Plan. Actual operations of the business confirm these assumptions. Based on the  
12 cash flow projections prepared by the debtor, the debtor believes that the Plan satisfies the feasibility  
13 requirements of the Bankruptcy Code.

## 14 ***SECTION IX***

### 15 *Liquidation Analysis*

16 The primary assets and only significant income-producing asset of the Debtor's estate is the  
17 commercial property located at 2791 N. Cerrada De Beto, 2797 N. Cerrada De Beto, and  
18 2801 N. Silverbell Road in Tucson, Arizona and 101 S. Avenue B, in San Manuel, AZ. The property  
19 is subject to and encumbered by the asserted liens and security interests held by the major secured  
20 creditors of the property.

21 In the event this case were converted to a case under Chapter 7 and the assets of the estate  
22 liquidated, these creditors would proceed to foreclose upon their interest in the property. A  
23 foreclosure of the property would eliminate any prospect of any payment to remaining unsecured and  
24 priority creditors. As a result, it is the debtor's opinion that all claimants are best served through  
25 implementation and effectuation of the Plan which provides for a significant, albeit limited,  
26 dividend on its claims. If the Plan of Reorganization is consummated, the Unsecured trade creditors  
27 and unsecured deficiency claims will be paid a substantial sum of monies, on a pro rata basis as set  
28 forth in the Plan. Creditors and other interested parties are urged to review the debtor's schedules

1 and statement of affairs as filed with the United States Bankruptcy Clerk's Office (and as amended  
2 from time to time) for purposes of confirming the debtor's conclusions contained in this liquidations  
3 analysis, attached hereto as **Exhibit "C"**.

## 4 5 6 **SECTION X**

### 7 *Acceptance and Confirmation*

8 10.1 What is Necessary for Court Approval of a Plan: Chapter 11 of the Bankruptcy  
9 Code permits the readjustment of secured debt, unsecured debt and equity interests. A Chapter 11  
10 plan may provide less than full satisfaction of senior indebtedness and payment of junior  
11 indebtedness, and may even provide some return to equity owners absent full satisfaction of  
12 indebtedness, so long as no impaired class votes against the plan (except as provided below).

13 Even if an impaired class votes against the plan, implementation of the plan is still possible  
14 so long as the plan is fair and equitable and that class is afforded certain treatment defined by the  
15 Code. That certain treatment may be very broadly defined as giving a claimant the full value of his  
16 claim or interest. Such value is determined by the Court and balanced against the treatment afforded  
17 the dissenting class of creditors. If the latter is equal to or greater than the former, the Plan may be  
18 confirmed over the dissent of that class, depending upon the treatment of junior claims and interests.  
19 In particular, senior claims must be satisfied in full prior to payment of junior claims or interests,  
20 unless the holders of senior claims agree to different treatment. This principle, commonly known as  
21 the "absolute priority rule", applies only in cases when a class of unsecured claims or equity interests  
22 is impaired and does not accept the plan. In that event, the absolute priority rule does not apply to all  
23 classes of unsecured claims and equity interests, but only to the dissenting class and classes junior to  
24 the dissenting class.

25 The exception to the absolute priority rule is that an existing Debtor can contribute money or  
26 property which is (1) new (fresh); (2) substantial; (3) necessary, and (4) not readily available from  
27 other sources.

28 In the event a class is unimpaired, it is automatically deemed to have accepted the plan. In  
this proposed Plan, Classes **2 through 10** will be impaired, as defined in §1124 of the Code, as the



1 result of the Plan. All other classes will be unimpaired.

2 The Code states that if there is no dissenting class, the test for approval by the Court of a  
3 Chapter 11 plan (i.e., confirmation) is whether the plan is feasible and in the best interests of  
4 creditors and interest holders. In simple terms, a plan is in the best interests of creditors and interest  
5 holders if the plan will provide a better recovery to the creditors and interest holders than they would  
6 obtain if the Debtor were liquidated and the proceeds distributed in accordance with bankruptcy  
7 liquidation priorities. The Court, in considering this factor, need not consider any other alternative to  
8 the plan but liquidation.

9 In considering "feasibility", as mentioned earlier, the Bankruptcy Court is only required to  
10 determine whether the plan has a reasonable prospect of being accomplished. This entails  
11 determining the availability of cash for payments required at the effective date, and any other factor  
12 which might make it impossible for the reorganized Debtor to accomplish that which it proposes to  
13 accomplish in he plan.

14 In addition, in order to confirm a plan, the Court must find that the plan was proposed in  
15 good faith and that the plan and the Debtor are in compliance with the applicable provisions of  
16 Chapter 11. Finally, similar to the requirement that the Court find the plan to be feasible, the Court  
17 must find that liquidation or further reorganization of the reorganized Debtor is not likely to occur  
18 after implementation of the plan.

19 The determination by the Court that a plan is fair, equitable and feasible occurs at the  
20 confirmation hearing after a plan has been accepted. The Court's judgment on these matter does not  
21 constitute an expression of the Court's opinion as to whether the plan is a good one, nor does it  
22 constitute an opinion by the Court regarding any debt or equity interest or securities issued to  
23 creditors under the plan.

24 10.2 Alternatives to the Plan: Although this Disclosure Statement is intended to provide  
25 information to assist in the formation of a judgment as to whether to vote for or against this proposed  
26 Plan, and although creditors are not being offered through that vote an opportunity to express an  
27 opinion concerning alternatives to the Plan, a brief reminder of the alternative to the Plan is in order.  
28 This alternative includes the probable liquidation of the Debtor through conversion of the case to one  
under Chapter 7. The Debtor believes the Plan to be in the best interests of the creditors and the

1 interest holders. Consequently, the unsecured creditors of the debtor would likely receive smaller or  
2 no distributions under a Chapter 7 liquidation. THE DEBTOR HAS ATTEMPTED TO SET  
3 FORTH THE LIKELY LIQUIDATION ALTERNATIVE TO ITS PROPOSED PLAN. THE  
4 DEBTOR MUST CAUTION CREDITORS HOWEVER, THAT A VOTE MUST BE FOR OR  
5 AGAINST THE PLAN. THE VOTE ON THE PLAN DOES NOT INCLUDE A VOTE ON THE  
6 LIKELY LIQUIDATION ALTERNATIVE TO THE PLAN. THERE IS NO ASSURANCE THAT  
7 THE LIKELY LIQUIDATION ALTERNATIVE WILL, IN FACT, FOLLOW IF THE PLAN FAILS  
8 ACCEPTANCE. IF YOU BELIEVE THE LIQUIDATION ALTERNATIVE IS PREFERABLE TO  
9 THE PLAN AND YOU WISH TO URGE IT UPON THE COURT, YOU SHOULD CONSULT  
10 COUNSEL.

11 10.3 Specific Consideration in Voting: All of the foregoing gives rise to the following  
12 implications and risks concerning the Plan.

13 While the Plan provides for certain payments, such payments will apply only to allowed  
14 claims and certain interests. Under the Bankruptcy Code, a claim may not be paid until it is  
15 "allowed". A claim will be allowed in the absence of an objection. A claim to which an objection  
16 has been filed will be heard by the Court at a regular evidentiary hearing and will be allowed in full,  
17 in part, or disallowed. While the Debtor will bear the principal responsibility for claim objections,  
18 any interested party may file claim objections. Accordingly, payment on all claims may be delayed  
19 until objections to such claims are ultimately settled.

20 10.4 Risk Factors. For classes of claims which do not receive cash on the Effective Date,  
21 there are certain risks inherent in accepting the Plan, including the absence of absolute certainty of  
22 ultimate payment.

23 10.5 Disclosure Required by the Code: The Code requires disclosure of certain facts as  
24 follows:

- 25 1) there are no payments or promises made of the kind specified in Section  
26 1129(a)(4)(A) of the Code which have not previously been disclosed to the Court;  
27 2) the ownership of the Reorganized Debtor will not be affected by the Plan.  
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## ***SECTION XI***

### *Other Provisions of the Plan*

11.1 Retention of Jurisdiction: The Bankruptcy Court shall retain exclusive jurisdiction over this case to supervise the Plan, to hear, if applicable law provides, and to determine, among other things, the following matters:

- 1) any and all objections to the allowance of claims or interests except as provided in the Plan;
- 2) any and all applications for payment for fees from the Debtor made by attorneys and other professional pursuant to Sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid by the Debtor under Section 327 of the Bankruptcy Code, and any objections thereto;
- 3) any and all pending applications for rejection, the assumption, or assignment as the case may be of unexpired leases and executory contracts;
- 4) any and all motions, applications, adversary proceedings and contested or litigated matters properly before the Bankruptcy Court;
- 5) modifications of this Plan;
- 6) all matters relating to the implementation or consummation of this Plan;
- 7) any and all suits or actions brought for collection or recoupment of debts or other obligations owed by defaulted partners to the Debtor.

11.2 Retention of Causes of Action: The Debtor shall retain all claims or causes of action which it has as of the Confirmation Date, the powers of the debtor-in-possession for purposes of prosecuting claims and causes of action arising under the Bankruptcy Code, and full authority to pursue, compromise, and resolve all such claims and causes of action unless the Court has granted any such right to a creditor of this estate.

11.3 Retention or Rejection of Executory Contracts and Leases: The Plan provides that pursuant to Section 365 of the Bankruptcy Code, the Debtor assumes all executory contracts and unexpired leases to which they are a party, including leases specifically provided prior to the hearing on the Disclosure Statement, if any.

1           11.4    Amendments to Plan: The Plan may be altered, amended, or modified by the  
2   proponents before the Confirmation Date, in the manner provided for by Section 1127 of the  
3   Bankruptcy Code or otherwise provided for by law. The Plan may also be altered, amended, or  
4   modified by the proponents after the Effective Date in accordance with the Bankruptcy Code and  
5   applicable law. A holder of a claim or interest that has accepted or rejected the Plan shall be deemed  
6   to have accepted or rejected as the case may be the Plan as modified unless the modification  
7   detrimentally effects the holder of such claim or interest without the prior consent thereof.

8           11.5    Offer, Issuance and Resale of Plan Securities: The offer and issuance of Plan  
9   Securities by any Debtor which constitutes securities under the Securities Act of 1933, as amended  
10   (the "1933 Act") or applicable state securities laws have not been registered under the 1933 Act or  
11   such state securities laws, pursuant to the exemption therefrom provided by Section 1145 of the  
12   Bankruptcy Code.

13           The Plan Securities will bear the following legend:

14  
15                   "The offer and sale of this Plan Security has not been registered under  
16                   the Securities Act of 1933, as amended, or qualified under applicable  
17                   state securities laws, and this Plan Security may not be offered, sold or  
18                   transferred in the absence of such registration or an exemption  
19                   therefrom under such laws."

20           Resale or other transfer of a Plan Security by a creditor who has acquired it pursuant to the  
21   Plan, may or may not be exempt from the registration requirements of Section 5 of the Securities Act  
22   of 1933 and any applicable state securities laws or Blue Sky Laws.

23           BY ITS RECEIPT OF A PLAN SECURITY, EACH RECIPIENT SHALL BE DEEMED TO  
24   ACKNOWLEDGE THAT IT IS RESPONSIBLE FOR ITS COMPLIANCE WITH ALL  
25   APPLICABLE SECURITIES LAWS. EACH CREDITOR SHOULD CONSULT HIS OR HER  
26   OWN ATTORNEY AS TO WHETHER ANY RESALE OF A PLAN SECURITY REQUIRES  
27   REGISTRATION OF SUCH SECURITY UNDER THE SECURITIES ACT OF 1933 OR AN  
28   APPLICABLE STATE SECURITIES LAW.

          11.6    Provision for Filing Reports and Payments of Fees to the Office of the United States

1 Trustee: The Debtor shall timely file all quarterly reports and post-confirmation reports and shall pay  
2 all fees to the United States Trustee as required by law and will incorporate such language into the  
3 order confirming the Debtor's Plan of Reorganization.

4 ***SECTION XII***

5 *Recommendation of Debtor*

6 The Debtor recommends that the Plan of Reorganization be approved in light of the  
7 alternative that only one secured creditor is likely to be paid a significant portion of their claim. The  
8 Debtor is of the opinion that the Plan approval is in the best interest of all creditors.

9 ***CONCLUSION***

10 The materials provided in this Disclosure Statement are intended to assist you in voting on  
11 the Plan in an informed fashion. If the Plan is confirmed, you will be bound by its terms. Therefore,  
12 you are urged to review this material in order to make an informed vote on the Plan.

13 DATED: December 8, 2014

14 LAW OFFICES OF  
15 ERIC SLOCUM SPARKS, P.C.

16 /s/ Sparks AZBAR #11726  
17 Eric Slocum Sparks  
18 Attorney for Debtor

19 Copies of the foregoing  
mailed December 8, 2014 to:

20 United States Trustee  
21 230 N. First Ave. #204  
Phoenix, AZ 85003

22 Scott B. Cohen, Esq.  
23 Engelman Berger, P.C.  
3636 N. Central Ave, Suite 700  
24 Phoenix, AZ 85012  
*Attorney for BBVA Compass Bank*

25 Charles R. Smith, Esq.  
26 CHARLES R. SMITH, P.C.  
600 E. Speedway  
27 Tucson, AZ 85705  
*Attorney for Bee Line Bus Transportation, LLC*

28 Warren J. Stapleton, Esq.  
OSBORN MALEDON

1 2929 N. Central Ave, Suite 2100  
Phoenix, AZ 85012  
2 *Attorney for Charter School Capital*

3 Clear Glass  
4 Attn: Jesse Walker  
PO Box 695  
5 Mammoth AZ 85618  
*Unsecured Creditors Committee*

6 Kelly Nagashima  
1533 N. Old Ranch Road  
Tucson AZ 85745  
7 *Unsecured Creditors Committee*

8 Summit, LLC  
9 Attn: Barbara Severson  
1751 West County Road, Suite 300  
Roseville MN 55113  
10 *Unsecured Creditors Committee*

11 Stephen Beall  
12 3737 N. Country Club Road, #115N  
Tucson AZ 85716  
13 *Unsecured Creditors Committee*

14  
15 /s/ A. Court-Sanchez  
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April 3, 2017

**Via Hand-Delivery**

Pima County Board of Supervisors  
c/o Julie Castañeda, Clerk  
Administration Division  
130 W. Congress, 5th Floor  
Tucson, AZ 85701

Pima County Treasurer  
240 N Stone Ave.  
Tucson, AZ 85701  
Attn: Beth Ford, Treasurer

Pima County Assessor  
240 N Stone Ave  
Tucson, AZ 85701  
Attn: Bill Staples, Assessor

**Re: Petition under A.R.S. § 42-11104(G) for Refund of Real Property Taxes Paid by Luz Social Services Inc.  
Real Property: 2791 & 2797 North Cerrada De Beto, Tucson, AZ 85745  
APN: 103-20-075B, 103-200-760, and 103-20-0770**

**TO: Pima County Board of Supervisors and  
Pima County Treasurer**

R.O.I. Properties, LLC ("Receiver"), as receiver for Luz Social Services, Inc. ("Luz"), respectfully submits this petition under A.R.S. § 42-11104(G) for a refund in the amount of \$184,117.95 that was paid to the Pima County Treasurer on Luz's behalf on or about April 29, 2016. The payment was made on account of the real property taxes, interest, and penalties assessed against the real property located at 2791 & 2797 North Cerrada De Beto, Tucson, AZ 85745, Assessor's Parcel Nos. 103-20-075B, 103-200-760, and 103-20-0770 (collectively, the "Property") for the 2015 tax year.

During the 2015 tax year, Luz operated the Property as a non-profit charter school, which is exempt from taxation under A.R.S. § 42-11104(C)(1). It is unclear why property taxes were assessed against the Property for 2015, as the Pima County Assessor's records indicate that Luz's exempt status was recognized in prior years dating back to at least 2006. In any event, A.R.S. § 42-11104(G) provides that upon petition by a taxpayer, the board of supervisors shall direct the treasurer to refund any property taxes paid by the organization for a tax year in which the organization was entitled to an exemption.

As receiver for Luz, the undersigned Receiver is authorized to submit this petition on Luz's behalf. Compass Bank, which held a first-position deed of trust and security interest in Luz's property, joins in this petition. We respectfully request your prompt attention to and action upon this petition. To put this petition in context, please consider the following.



### **A. The Property Was Exempt from Taxation Through 2015**

Luz is a non-profit corporation chartered in Washington D.C., which is exempt from payment of taxes under Internal Revenue Code § 501(c)(3). At all times relevant to this petition, Luz owned the Property, on which it operated two non-profit charter schools known as Luz Academy of Tucson and El Centro for the Study of Primary and Secondary Education, which were licensed pursuant to A.R.S. § 15-183.

As such, the Property was exempt from taxation pursuant to A.R.S. § 42-11104(C)(1), which provides that "Property and buildings, including land, improvements, furniture and equipment, that are owned by a nonprofit organization that is recognized under § 501(c)(3) of the internal revenue code and that operates as [a] charter school pursuant to § 15-183 are exempt from taxation beginning on the date the nonprofit organization acquires ownership of the property and buildings if the property and buildings are used for education and are not used or held for profit."

To obtain the exemption, the organization must file an initial affidavit of exemption. See A.R.S. §§ 42-11104(D) and 42-11152. Upon filing with the assessor proof of its exempt status under I.R.C. § 501(c)(3), "the organization is exempt from the requirement of filing subsequent affidavits under § 42-11152 until all or part of the property is conveyed to a new owner or is no longer used for education." A.R.S. §§ 42-11104(E).

The records of the Pima County Assessor reflect the Property's tax exempt status for the years of 2006 through 2014. For reasons that are presently unclear, property taxes were assessed against the Property for the 2015 tax year, as the Assessor's records apparently did not reflect the exempt status of the Property for that year.

### **B. Luz Paid the 2015 Property Taxes.**

On April 23, 2014, Luz filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court"). On February 4, 2015, the Bankruptcy Court entered an order granting stay relief to Compass with respect to the Subject Property to "enforce its default remedies under its deed of trust on the Property, including seeking and obtaining the appointment of a receiver for the Property, initiating and completing a trustee's sale and, to the extent necessary, initiating and prosecuting any actions or proceedings (such as forcible entry and detainer proceedings) necessary for Compass to take actual possession of the Property." A copy of the order is attached hereto as **Exhibit "A."**

Notwithstanding the entry of stay relief, Luz continued to own the Property during the 2015 tax year. As was the case in years prior, Luz continued to operate the Property as a charter school in 2015 at least until the conclusion of the 2014-15 academic year. Indeed, the stay relief order expressly acknowledged that Luz would continue to operate the Property as a charter school through May 29, 2015, at which time it would "move the Schools from the Property or transition students into other schools." Exhibit A at pp.7-8. The stay relief order prohibited Compass from foreclosing its senior deed of trust on the property prior to May 29, 2015, absent Luz's breach of the other terms and conditions of the stay relief order. Exhibit A at p.10.

On May 19, 2015, Compass filed a *Verified Complaint and Application for Appointment of Receiver With Notice* in the Arizona Superior Court in and for the County of Pima (the "Superior Court"), Case No. C20152297. On June 15, 2015, the Superior Court entered an order granting the application and appointing the undersigned as Receiver for Luz. See Superior Court's *Order Appointing Receiver*, attached as **Exhibit "B."**

On March 15, 2016, the Superior Court entered an order approving the sale of the Property to VETM, LLC and VETM Land, LLC. A copy of the Sale Order is attached hereto as **Exhibit "C."** The

sale closed on or about April 28, 2016. In connection with the closing of the sale, on April 29, 2017, the following payments (collectively, the "Tax Payments") were made to the Pima County Treasurer on Luz's behalf on account of real property taxes assessed against the Property for the 2015 tax year, together with interest and penalties:

APN 103-20-075B:	\$147,438.09
APN 103-200-760:	\$29,622.00
APN 103-20-0770:	\$7,057.86

These payments are reflected on the settlement statement attached hereto as **Exhibit "D,"** as well as the records of the Pima County Treasurer attached hereto as **Exhibit "E."**

**C. Trustee's Abandonment of Interest in the Tax Refund, and Reopening of Receivership.**

Following the closing of the sale, the Superior Court discharged the Receiver from further duties. By that time, Luz's Chapter 11 bankruptcy case had been converted to a proceeding under Chapter 7 of the U.S. Bankruptcy Code, and Trudy Nowak was appointed as Luz's Chapter 7 trustee (the "Trustee"). Compass requested that the Trustee petition the Board of Supervisors for a refund of the Tax Payments, but the Trustee was unwilling to do so.

Accordingly, Compass filed a motion in the bankruptcy court to compel Trustee to abandon any interest Luz's bankruptcy estate might have in the Tax Payments, and to confirm that the automatic stay of 11 U.S.C. § 362(a) does not prohibit Compass from seeking to reopen the receivership for the purpose of administering Luz's right to a refund of the Tax Payment. On February 9, 2017, the Bankruptcy Court entered an order granting Compass's motion, deeming Luz's interest in a refund of the Tax Payment abandoned, and further providing stay relief with respect to "any actions by Compass (either personally or through a court-appointed receiver) to collect or recover" on Luz's claim for a refund of the Tax Payment. A copy of the Bankruptcy Court's Order is attached hereto as **Exhibit "F."**

On February 22, 2017, the Superior Court entered an order re-opening the receivership and clarifying that the receiver has "authority to take any actions on behalf of Luz ... that may be necessary or appropriate to enforce Luz's rights under A.R.S. § 42-11104 to a property tax exemption or to obtain a refund or repayment of any real property taxes previously paid by or on behalf of Luz." A copy of that order is attached as **Exhibit "G."**

**D. Receiver is Entitled to a Refund of \$184,117.95 under A.R.S § 42-11104(G).**

A.R.S. § 42-11104(G) permits the owner of tax exempt property used primarily for education to petition for a refund of any property taxes it paid for years in which the property qualified for an exemption. The statute provides:

If a nonprofit organization described under subsection C of this section that holds title to property used primarily for education fails to file the affidavit required by § 42-11152 in a timely manner, but otherwise qualifies for exemption, the county board of supervisors, on petition by the organization, shall direct the county treasurer to:

- 1. Refund any property taxes paid by the organization for a tax year if the organization submits a claim for the refund to the county treasurer within one year after the date the taxes were paid. The county treasurer shall pay the claim within thirty days after it is submitted to the treasurer. The county treasurer is entitled to a credit for the refund in the next accounting period with each taxing jurisdiction to which the tax monies may have been transmitted.**

A.R.S. § 42-11104(G) (emphasis added).

The Property satisfies the requirements for relief under A.R.S. § 42-11104(G). Luz qualified for the property tax exemption of A.R.S. § 42-11104(C) for tax year 2015. Luz is a non-profit corporation that is tax exempt under I.R.C. § 501(c)(3). From January 1, 2015 through at least the end of the 2014-15 academic year, the Property was operated as a licensed non-profit charter school pursuant to A.R.S. § 15-183. Luz (through the Receiver, which is expressly authorized to act on its behalf), timely filed this petition for a refund of the Tax Payments within one year of the date they were paid to the Pima County Treasurer (April 29, 2016).

Delivery of a refund of the Tax Payments is mandatory. Pursuant to A.R.S. § 42-11104(G)(1), upon its receipt of this petition, the Board of Supervisors "shall direct the county treasurer to" refund the Tax Payment. The Treasurer, in turn, "shall pay the claim within thirty days after it is submitted to the treasurer."

**E. Compass Joins in this Petition.**

As the holder of the first-position deed of trust on the Property as of the date the Property was sold, Compass Bank has an interest in the refund of the Tax Payment. A copy of the recorded *Deed of Trust and Fixture Filing with Assignment of Rents and Security Agreement* granting Compass a first-position lien on the Property, together with any "rents, issues, profits, damages, royalties, income and other benefits now or hereafter derived" from the Property, is attached hereto as **Exhibit "H."**

Compass hereby joins in this petition, and respectfully requests that copies of all correspondence related to this matter be provided to Compass's attorneys at the following address:

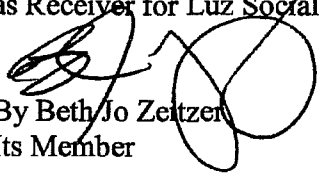
Scott B. Cohen  
Bradley D. Pack  
Engelman Berger, P.C.  
3636 N. Central Ave., Suite 700  
Phoenix, AZ 85012

**F. Conclusion.**

For the foregoing reasons, Luz is entitled to a refund of the Tax Payment in the total amount of \$184,117.95. We request that the Pima County Board of Supervisors please direct the Pima County Treasurer to refund the Tax Payment, and that the Pima County Treasurer pay the refund to Receiver, as the duly authorized and acting receiver for Luz. Payment should be made payable to "R.O.I. Properties, LLC" and delivered to R.O.I. Properties, LLC, c/o Beth Jo Zeitzer, 2001 E Campbell Ave., Suite 202, Phoenix, AZ 85016.

Sincerely,

**R.O.I. PROPERTIES, LLC,**  
as Receiver for Luz Social Services, Inc.

  
By Beth Jo Zeitzer  
Its Member

April 3, 2017

**COMPASS BANK**



By Jeff Guter

Its Vice President

Asset Recovery Management &  
Solutions