

**THE OAKS OF NORTH LONDONDERRY
TOWNSHIP HOMEOWNERS ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2007

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ACCOUNTANT'S REVIEW REPORT

Board of Directors
The Oaks of North Londonderry
Township Homeowners Association
Palmyra, Pennsylvania

We have reviewed the accompanying statement of assets, liabilities and fund balance – cash basis of the Oaks of North Londonderry Township Homeowners Association as of December 31, 2007, and the related statement of revenues, expenses and changes in fund balance – cash basis for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Oaks of North Londonderry Township Homeowners Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

As discussed in Note I, the Oaks of North Londonderry Township Homeowners Association has not estimated the remaining lives and replacement costs of the common property and, therefore, has not presented information about the estimates of future costs of major repairs and replacements that will be required in the future that accounting principles generally accepted in the United States of America has determined is required to supplement, although not required to be a part of, the basic financial statements, as applied to the cash basis of accounting.

Faren Garcia & Garman, PC

Lebanon, Pennsylvania
June 26, 2008

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 15,621
Certificate of deposit	<u>15,732</u>
Total assets	<u><u>\$ 31,353</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$ -
FUND BALANCE	
Unrestricted	<u>31,353</u>
Total liabilities and net assets	<u><u>\$ 31,353</u></u>

See accompanying notes to the financial statements.

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES	
Homeowners' Dues	\$ 21,485
Resale certificates	350
Interest income	677
	22,512
Total revenues	22,512
EXPENSES	
Common grounds maintenance	5,646
Electric, street lights	5,370
Real estate taxes	1,507
Insurance	973
Repair and maintenance, street lights	850
Administrative expense	655
	15,001
Total expenses	15,001
Change in fund balance	7,511
Fund balance, beginning	23,842
	23,842
Fund balance, ending	\$ 31,353

See accompanying notes to the financial statements.

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

This summary of significant accounting policies of the Oaks of North Londonderry Township Homeowners Association (the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles. The primary purpose of the Association is to maintain the common elements for the approximately 150 residential members totaling 14 total acres.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting; consequently, certain revenue is recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

Concentration of Risk

The Federal Deposit Insurance Corporation (FDIC) insures accounts at financial institutions up to \$100,000 per institution. The Association has accounts at a financial institution that from time to time may exceed the insurance obtained through FDIC.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Future Major Repairs and Maintenance

The Association's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The Association has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future, nor has the board of directors developed a plan to fund those needs. When funds are required for major repairs and replacements, the Association plans to borrow, increase maintenance assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

Income Taxes

The Association is delinquent in filing their 2003 through 2007 tax returns. Total tax computed for the years ended December 31, 2007 and 2006, totaled \$163 and \$47, respectively, the remaining tax years have \$-0- of tax computed. Various failure to file penalties and interest may be added to the tax amounts accrued.

Cash Equivalents

For purposes of the statements of cash flows, the Association considers all short-term instruments purchased with a maturity of three months or less to be cash equivalents.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – CERTIFICATES OF DEPOSIT

At December 31, certificates of deposit consisted of:

Year ended December 31, 2007	Rate	Maturity	Balance
13 month certificate of deposit	2.96%	10/08	\$ 5,333
6 month certificate of deposit	2.86%	02/08	<u>10,399</u>
Total certificates of deposit			<u><u>\$ 15,732</u></u>