

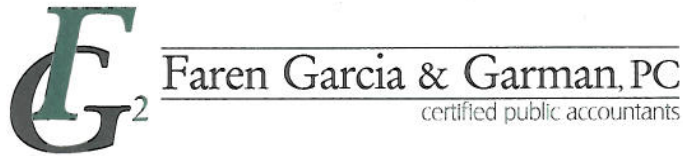
**THE OAKS OF NORTH LONDONDERRY  
TOWNSHIP HOMEOWNERS ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2008 AND 2007**

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 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 statements of assets, liabilities and fund balance – cash basis of the Oaks of North Londonderry Township Homeowners Association as of December 31, 2008 and 2007, and the related statements of revenues, expenses and changes in fund balance – cash basis for the years 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 reviews, 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  
February 12, 2009

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION  
 STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
 DECEMBER 31, 2008 AND DECEMBER 31, 2007

	ASSETS	
	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 23,995	\$ 15,621
Certificate of deposit	16,024	15,732
Total assets	\$ 40,019	\$ 31,353
LIABILITIES AND NET ASSETS		
LIABILITIES	\$ -	\$ -
FUND BALANCE		
Unrestricted	40,019	31,353
Total liabilities and net assets	\$ 40,019	\$ 31,353

See accompanying notes and accountants' report.

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

	2008	2007
<b>REVENUES</b>		
Homeowners' Dues	\$ 29,883	\$ 21,485
Resale certificates	400	350
Interest income	398	677
	30,681	22,512
<b>EXPENSES</b>		
Common grounds maintenance	7,465	5,646
Electric, street lights	4,808	5,370
Real estate taxes	1,595	1,507
Insurance	973	973
Income Taxes	430	-
Legal Counsel	14	-
Repair and maintenance, street lights	2,700	850
Accounting expense	2,250	-
Administrative expense	1,780	655
	22,015	15,001
Change in fund balance	8,666	7,511
Fund balance, beginning	31,353	23,842
Fund balance, ending	\$ 40,019	\$ 31,353

See accompanying notes and accountants' report.



THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 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 \$250,000 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

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2008, the Association has elected to be taxed as a homeowners' association. Under this election, the Association is generally taxed only on non-exempt income, such as interest earnings, at regular statutory corporate rates.

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 AND 2007

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.

**NOTE 2 – CERTIFICATES OF DEPOSIT**

At December 31, certificates of deposit consisted of:

	Rate	Maturity	2008	2007
24 month certificate of deposit	2.35%	12/10	\$ 16,024	\$ -
13 month certificate of deposit	2.96%	10/08	\$ -	\$ 5,333
6 month certificate of deposit	2.86%	02/08	-	10,399
			<u>\$ 16,024</u>	<u>\$ 15,732</u>
Total certificates of deposit				

Oaks Homeowners Association  
 Yearly Analysis  
 12/31/2008

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000
<b>Beginning Cash and Investments</b>	\$ 31,353	\$ 23,842	\$ 17,783	\$ 9,018	\$ 1,665	\$ 872	\$ 9,291	\$ 13,069	\$ 7,732
<b>Revenues</b>									
Homeowners Dues	29,883	21,485	21,785	22,260	22,374	18,279	15,552	14,459	11,983
Resale Certificates	400	350	650	500	300	350	-	-	-
Interest Income	398	677	269	6	2	3	-	-	-
<b>Total revenues</b>	30,681	22,512	22,704	22,766	22,676	18,632	15,552	14,459	11,983
<b>Expenses</b>									
Electric, Street Lights	4,808	5,370	4,460	4,821	4,461	4,456	4,471	4,369	3,665
Insurance	973	973	973	822	818	818	818	807	182
Administrative Expense	1,780	655	270	1,537	381	700	685	1,276	259
Income Taxes	430	-	-	-	-	-	-	(1,800)	1,120
Legal Counsel	14	-	-	679	1,811	105	626	1,026	-
Safety Fence	-	-	-	-	-	-	5,220	3,600	-
Real Estate Taxes	1,595	1,507	1,448	1,332	1,191	1,132	1,107	1,478	-
Common Grounds Maintenance	7,465	5,646	5,724	4,740	4,938	8,123	8,394	7,481	1,420
Signs	-	-	-	-	-	-	2,650	-	-
Accounting	2,250	-	-	-	-	-	-	-	-
Repairs & Maintenance, Street Lights	2,700	850	3,770	70	1,723	2,505	-	-	-
<b>Total expenses</b>	22,015	15,001	16,645	14,001	15,323	17,839	23,971	18,237	6,646
<b>Increase in cash and investments</b>	8,666	7,511	6,059	8,765	7,353	793	(8,419)	(3,778)	5,337
<b>Ending Cash and Investments</b>	\$ 40,019	\$ 31,353	\$ 23,842	\$ 17,783	\$ 9,018	\$ 1,665	\$ 872	\$ 9,291	\$ 13,069