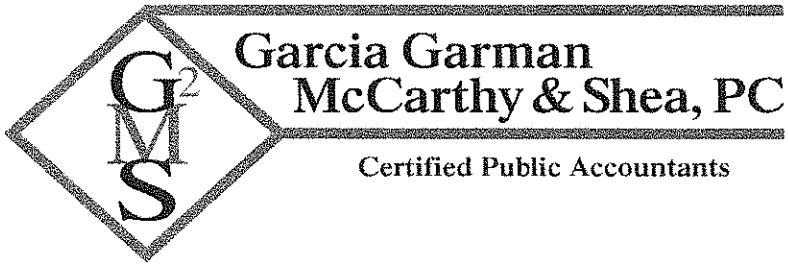


**THE OAKS OF NORTH LONDONDERRY
TOWNSHIP HOMEOWNERS ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009



Vincent M. Garcia, CPA
Matthew P. Garman, CPA
James J. McCarthy, CPA, J.D.
Angela K. Shea, CPA
William D. Oyster, CPA

Michael P. Furjanic, CPA
James F. Faren, CPA (retired)

www.G2MSepa.com

INDEPENDENT ACCOUNTANTS' 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, 2010 and 2009, and the related statements of revenues, expenses and changes in fund balance – cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 cash basis of accounting.

As discussed in Note 1, 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.

Garcia Garman McCarthy & Shea, PC

Lebanon, Pennsylvania
February 9, 2011

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

<u>TABLE OF CONTENTS</u>	<u>PAGE NO.</u>
Independent Accountants' Review Report	1
Statements of Assets, Liabilities, and Fund Balance – Cash Basis	2
Statements of Revenues, Expenses and Changes in Fund Balance – Cash Basis	3
Notes to Financial Statements	4 – 6

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
 STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
 DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,725	\$ 20,412
Certificate of deposit	20,903	16,438
Total assets	\$ 42,628	\$ 36,850

LIABILITIES AND NET ASSETS

LIABILITIES	\$ -	\$ -
FUND BALANCE		
Unrestricted	42,628	36,850
Total liabilities and net assets	\$ 42,628	\$ 36,850

See accompanying notes and independent accountants' review 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, 2010 AND 2009

	2010	2009
REVENUES		
Homeowners' dues	\$ 24,450	\$ 24,090
Resale certificates	200	200
Refunds	-	50
Interest income	502	520
	25,152	24,860
EXPENSES		
Common grounds maintenance	6,148	8,003
Electric, street lights	5,757	4,873
Real estate taxes	1,755	1,708
Signs	-	18
Insurance	990	973
Income Taxes	52	29
Legal Counsel	76	-
Repair and maintenance, street lights	215	1,089
Accounting expense	1,600	1,500
Administrative expense	2,781	1,991
	19,374	20,184
Change in fund balance	5,778	4,676
Fund balance, beginning	36,850	32,174
Fund balance, ending	\$ 42,628	\$ 36,850

See accompanying notes and independent accountants' review report.

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. The primary purpose of the Association is to maintain the common elements for the approximately 150 residential members totaling 14 total acres located in Palmyra, Pennsylvania.

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 the cash basis of accounting 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 either use the Reserve Fund (currently \$35,000), issue a special assessment, or delay repairs and replacements until funds are available. The effect on future maintenance assessments is reviewed each year, prior to issuing the annual maintenance assessment bills and increases are made when necessary.

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.

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2010, the Association was taxed as a regular corporation and filed Form 1120. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its nonmembership income, such as interest earnings, at regular federal and state corporate rates. The Association's open audit periods are 2007 through 2009. During 2006, the Financial Accounting Standards Board issued FASB ASC 740-10, (formerly, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*), which prescribed a comprehensive model for how an association should measure, recognize, present, and disclose uncertain tax positions taken on its tax return. The Association believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 – CERTIFICATES OF DEPOSIT

At December 31, certificates of deposit consisted of:

Description	Rate	Maturity	2010	2009
37 month certificate of deposit	1.00%	1/14	\$ 20,903	\$ -
24 month certificate of deposit	2.35%	12/10	-	16,438
			\$ 20,903	\$ 16,438

NOTE 3 – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board FASB ASC 820-10 (formerly FASB Statement No. 157, *Fair Value Measurements*), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE OAKS OF NORTH LONDONDERRY TOWNSHIP HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 – FAIR VALUE MEASUREMENT *(continued)*

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010.

Certificates of deposits: Short-term issues are priced off the spread of the LIBOR curve. Longer-term issues are priced off the government curve. Spreads are obtained from new issue market and direct dealer quotes.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31:

December 31, 2010	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 20,903	\$ -	\$ 20,903
December 31, 2009	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 16,438	\$ -	\$ 16,438

NOTE 4—SUBSEQUENT EVENTS

The Association's management has evaluated subsequent events through February 9, 2011, the date of this report, which is the date the financial statements were available to be issued.

Oaks Homeowners Association
 Yearly Analysis
 12/31/2010

	12/31/2010	12/31/2009	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
Beginning Cash and Investments	\$ 36,850	\$ 32,174	\$ 31,353	\$ 23,842	\$ 17,783	\$ 9,018	\$ 1,665	\$ 872	\$ 9,291	\$ 13,069	\$ 7,732
Revenues											
Homeowners Dues	24,450	24,090	22,038	21,485	21,785	22,260	22,374	18,279	15,552	14,459	11,983
Resale Certificates	200	200	400	350	650	500	300	350	-	-	-
Refunds	-	50	61	-	-	-	-	-	-	-	-
Interest Income	502	520	398	677	269	6	2	3	-	-	-
Total revenues	25,152	24,860	22,897	22,512	22,704	22,766	22,676	18,632	15,552	14,459	11,983
Expenses											
Electric, Street Lights	5,757	4,873	4,750	5,370	4,460	4,821	4,461	4,456	4,471	4,369	3,665
Insurance	990	973	973	973	973	822	818	818	818	807	182
Administrative Expense	2,781	1,991	1,832	655	270	1,537	381	700	685	1,276	259
Income Taxes	52	29	430	-	-	-	-	-	-	(1,800)	1,120
Legal Counsel	76	-	14	-	-	679	1,811	105	626	1,026	-
Safety Fence	-	-	-	-	-	-	-	-	5,220	3,600	-
Real Estate Taxes	1,755	1,708	1,595	1,507	1,448	1,332	1,191	1,132	1,107	1,478	-
Common Grounds Maintenance	6,148	8,003	6,915	5,646	5,724	4,740	4,938	8,123	8,394	7,481	1,420
Signs	-	18	550	-	-	-	-	-	2,650	-	-
Accounting	1,600	1,500	2,250	-	-	-	-	-	-	-	-
Repairs & Maintenance, Street Lights	215	1,089	2,767	850	3,770	70	1,723	2,505	-	-	-
Total expenses	19,374	20,184	22,076	15,001	16,645	14,001	15,323	17,839	23,971	18,237	6,646
Increase in cash and investments	5,778	4,676	821	7,511	6,059	8,765	7,353	793	(8,419)	(3,778)	5,337
Ending Cash and Investments	\$ 42,628	\$ 36,850	\$ 32,174	\$ 31,353	\$ 23,842	\$ 17,783	\$ 9,018	\$ 1,665	\$ 872	\$ 9,291	\$ 13,069