

MINUTES
Long Hill Estates Board of Directors Meeting
September 28, 2010 Unit 24

Call to Order The meeting was called to order @ 6:30 pm. Present were Nancy Clarke, President, John Dolan and Sonya LeClair, board members, and Midge Gibbons, clerk. Also present as a visitor was Marilyn Britton.

The minutes of the previous meeting were distributed, read and accepted with one correction. Rainmaker, our irrigation maintenance provider, "suggested" new heads for the irrigation lines, and the decision will be made in the spring.

John moved to accept the minutes with the above correction, all in favor. Minutes accepted.

Treasurer's Report In Julie's absence, Nancy distributed, and members reviewed the income and expense report as of September 25, 2010 prepared by Julie. Nancy also distributed the Financial Statements June 30, 2010 and 2009, an independent accountant's report, McLarney & Co.

Nancy made a motion to accept the income and expense report, seconded by Sonya, all in favor.

Transfer of Funds Nancy made a motion to transfer \$2,000.00 from Capital Replacement to the working checking account to pay J.W. Cox, Dubs Shrubs, for drainage work on the upper road – seconded by John, all in favor, motion passed .

Painting John has been in close contact with Matt Harwood, the painter for the buildings, and Matt felt that with the primer applied, the paint will last a lot longer. John Dolan will go around the complex with Matt to take care of touch ups.

Owners Handbook There was a short discussion regarding the final version of the Owners' Handbook, printing and package options.

Landscape John reported that Deb Claffey, our professional landscaper, will have an arborist look at the crab apple trees and see what needs to be done.

Upper Road Corner There was discussion on the possibility of replacing the mulch with grass on the corner. Nancy will talk with J.W. Cox.

The meeting adjourned at 8:20.

Respectfully submitted,

Midge Gibbons
Clerk

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Clerk

Long Hill Est Condo Assoc

September 2010 Cash Flow by Bank/Investment Account

Total Cash on Deposit as of September 1...

\$68,478.96

Starting Cash in Ocean Nat'l Checking

\$27,252.82

<u>Date</u>	<u>Transaction</u>	<u>Deposit</u>	<u>Withdraw</u>	<u>Chk #</u>	<u>Balance</u>
09/06	11366-PSNH		72.45	11366	\$27,180.37
09/06	11367-Monadnock Disposal		295.00	11367	\$26,885.37
09/06	11368-John Norton		360.00	11368	\$26,525.37
09/06	Insurance claim /unit 2	12790.69		othDP	\$39,316.06
09/06	Owner checks, batch 1174	5750.00		DP	\$45,066.06
09/08	11369-Virginia G. Peters		12790.69	11369	\$32,275.37
09/08	11370-Matthew Harwood		9000.00	11370	\$23,275.37
09/08	11371-Winer and Bennett,		974.00	11371	\$22,301.37
09/13	11372- People's United B		2.00	11372	\$22,299.37
09/13	11373-Town of Peterborou		1361.52	11373	\$20,937.85
09/13	11374-Town of Peterborou		352.48	11374	\$20,585.37
09/13	Owner checks, batch 5861	1840.00		DP	\$22,425.37
09/13	Txfr to 10200R - Cap Rep		1260.00	11375	\$21,165.37
09/17	11376-Dub's Shrubs Lands		1275.00	11376	\$19,890.37
09/17	11377-Dub's Shrubs Lands		2000.00	11377	\$17,890.37
09/17	Owner checks, batch 1462	900.00		DP	\$18,790.37
09/17	Txfr from 10200R - Cap R	2000.00		TXIN	\$20,790.37
09/24	11378-Artful Gardener		630.00	11378	\$20,160.37
09/24	11379-McLarney & Company		2250.00	11379	\$17,910.37
09/24	Owner checks, batch 5112	230.00		DP	\$18,140.37

Ending Cash in Ocean Nat'l Checking

\$18,140.37

Starting Cash in Cap Replacement Savings

\$28,005.92

<u>Date</u>	<u>Transaction</u>	<u>Deposit</u>	<u>Withdraw</u>	<u>Chk #</u>	<u>Balance</u>
09/13	Txfr from 10000C - Ocean	1260.00		DP	\$29,265.92
09/17	monthly interest	3.51		othDP	\$29,269.43
09/17	Txfr to 10000C - Ocean N		2000.00	TXOUT	\$27,269.43

Ending Cash in Cap Replacement Savings

\$27,269.43

Starting Cash in Working Cap Savings

\$27,269.43

<u>Date</u>	<u>Transaction</u>	<u>Deposit</u>	<u>Withdraw</u>	<u>Chk #</u>	<u>Balance</u>
09/17	monthly interest	1.68		othDP	\$13,220.22

Ending Cash in Working Cap Savings

\$13,221.90

\$13,221.90

Long Hill Est Condo Assoc
Balance Sheet - Period Ending Sep 30, 2010
Cash Basis

Assets.....

Bank, Savings & Investment Accounts	
Ocean Nat'l Checking	\$18,140.37
Cap Replacement Savings	\$27,269.43
Working Cap Savings	\$13,221.90
Petty Cash	\$0.00

Other Assets

Total Assets **\$58,631.70**

Liabilities and Owners Equity.....

Total Liabilities and Owners Equity **\$58,631.70**

**Long Hill Estates Condominium Association
YTD Income/Expenses FY2009-2010 and Budget for FY2010-2011**

Expense Category	Expense Sub-Category	Actual Expense 7/1/10-09/28/10	Budget Jul 10-Jun 11	Remaining Budget	Column 4 Budget Jul 10-Jun 11	Column 5 Chg in Bud From Prior Yr	Column 6 Monthly Fee
Funding of Funds	Capital Replacement Fund	3,780.00	15,120.00	11,340.00	15,120.00	0.00	35.00
Grounds Maintenance	Subtotal - Funding of Funds	3,780.00	15,120.00	11,340.00	15,120.00	0.00	35.00
	56405 Fertilization	0.00	1,500.00	1,500.00	1,500.00	0.00	3.47
	56415 Irrigation	0.00	1,200.00	1,200.00	1,200.00	0.00	2.78
	56421 Mowing	3,050.00	7,000.00	3,950.00	7,000.00	0.00	16.20
	56422 Spring Cleanup	0.00	2,750.00	2,750.00	2,750.00	0.00	6.37
	56423 Bed Maintenance	0.00	4,000.00	4,000.00	4,000.00	0.00	9.26
	56425 Tree/Shrub Maintenance	2,150.50	3,900.00	1,749.50	3,900.00	0.00	9.03
	56426 Fall Cleanup	0.00	1,540.00	1,540.00	1,540.00	0.00	3.56
	Subtotal - Grounds Maint	5,200.50	21,890.00	16,689.50	21,890.00	0.00	50.67
Loan Payment	93000 Loan Principal	0.00	0.00	0.00			
	93001 Loan Interest	0.00	0.00	0.00			
	Subtotal - Loan Payment	0.00	0.00	0.00	0.00	0.00	0.00
Roads & Winter Maintenance	Subtotal - Roads/Winter Maint	0.00	12,500.00	12,500.00	12,500.00	0.00	28.94
	56436 Plow, Sand & Shovel	0.00	10,000.00	10,000.00	10,000.00	0.00	23.15
	56438 Other Winter Maint	0.00	2,500.00	2,500.00	2,500.00	0.00	5.79
Utilities	Subtotal - Utilities	2,802.76	5,975.00	3,172.24	5,975.00	0.00	13.83
	56605 Electricity	203.76	825.00	621.24	825.00	0.00	1.91
	56610 Trash Removal	885.00	3,750.00	2,865.00	3,750.00	0.00	8.68
	56615 Water	1,714.00	1,400.00	(314.00)	1,400.00	0.00	3.24
	56620 Water - Garden Reimburse	0.00	0.00	0.00	0.00	0.00	0.00
	TOTAL EXPENSE	(3,462.50)	99,360.00	71,737.74	99,360.00	0.00	230.00
NET OPERATING INCOME							
		(3,462.50)	0.00				

ASSETS:	Jul 2010~June 2011	Bal 7/1/2010	Income	Interest	Expenses	Bal 09/28/10
Ocean National Checking Account						18,140.37
Capital Replacement Account*	25,479.61	3,780.00	9.82		2,000.00	27,269.43
Working Capital Account**	13,216.96	0.00	4.94		0.00	13,221.90

*Income for the Capital Replacement Account derives from the operating income (i.e., Owner Base Monthly Assessment).
**Income for the Working Capital Account derives from one-time payments of new owners and is not reflected in the operating income.

**Long Hill Estates Condominium Association
YTD Income/Expenses FY2009-2010 and Budget for FY2010-2011**

Income Category	Income Sub-Category	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
		Actual Income 7/1/10-09/28/10	Budget Jul 10-Jun 11	Remaining Budget	Budget Jul 10-Jun 11	Chg in Bud From Prior Yr	Monthly Fee
Assessments	41000 Owner Base Monthly	24,145.00	99,360.00	75,215.00	99,360.00	0.00	230.00
Investments	41100 Interest Earned	14.76	0.00	(14.76)	0.00	0.00	0.00
Miscellaneous	42000 Other Income	12,790.69	0.00	(12,790.69)	0.00	0.00	0.00
	42010 Garden Fund	0.00	0.00	0.00	0.00	0.00	0.00
	42015 Water-Garden Reimb	0.00	0.00	0.00	0.00	0.00	0.00
	42050 Porch Staining Reimb	0.00	0.00	0.00	0.00	0.00	0.00
	42100 Legal Fee Reimb	0.00	0.00	0.00	0.00	0.00	0.00
	42200 Late Fees	0.00	0.00	0.00	0.00	0.00	0.00
	42210 Interest on Late Fees	0.00	0.00	0.00	0.00	0.00	0.00
	42310 Maintenance Reimb	0.00	0.00	0.00	0.00	0.00	0.00
	42400 Workers Comp Rebate	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME		36,950.45	99,360.00	62,409.55	99,360.00	0.00	230.00
Expense Category	Expense Sub-Category	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
		Actual Expense 7/1/10-09/28/10	Budget Jul 10-Jun 11	Remaining Budget	Budget Jul 10-Jun 11	Chg in Bud From Prior Yr	Monthly Fee
Administrative	50100 Bank Service Charges	0.00	0.00	0.00	0.00	0.00	0.00
	50101 Accounting Services	2,250.00	2,400.00	150.00	2,400.00	0.00	5.56
	50205 Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00	0.00
	50300 Insurance	2,328.50	10,600.00	8,271.50	10,600.00	0.00	24.54
	50335 Legal Fees	0.00	2,000.00	2,000.00	2,000.00	0.00	4.63
	50336 Legal Fees-Reimbursable	974.00	0.00	(974.00)	0.00	0.00	0.00
	50405 Consultant/Educ Fees	0.00	0.00	0.00	0.00	0.00	0.00
	50500 Miscellaneous	0.00	745.00	745.00	745.00	0.00	1.72
	50505 Insurance Claim	12,790.69					
	50600 Office Supplies	0.00	250.00	250.00	250.00	0.00	0.58
	50605 Postage	0.00	200.00	200.00	200.00	0.00	0.46
	50675 Taxes	2.00	75.00	73.00	75.00	0.00	0.17
Subtotal - Administrative		18,345.19	16,270.00	10,715.50	16,270.00	0.00	37.66
Buildings	56205 Painting	9,000.00	17,035.00	8,035.00	17,035.00	0.00	39.43
	56210 Pest Control	0.00	1,250.00	1,250.00	1,250.00	0.00	2.89
	56214 Repairs/Maint-Adm	1,080.00	4,320.00	3,240.00	4,320.00	0.00	10.00
	56215 Repairs/Maint-Labor	204.50	4,000.00	3,795.50	4,000.00	0.00	9.26
	56217 Repairs/Maint-Reimburse	0.00	0.00	0.00	0.00	0.00	0.00
	56216 Repairs/Maint-Materials	0.00	1,000.00	1,000.00	1,000.00	0.00	2.31
Subtotal - Buildings		10,284.50	27,605.00	17,320.50	27,605.00	0.00	63.90

**LONG HILL ESTATES
CONDOMINIUM ASSOCIATION
FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009**

LONG HILL ESTATES CONDOMINIUM ASSOCIATION
Financial Statements
June 30, 2010 and 2009

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McLarney & Company, P.C.
Certified Public Accountants

Brian F. McLarney, MBA, CPA/PFS
James O. Nash, MSA, CPA

Shawn R. Tewksbury, CPA, CFP
Robert F. Siggins, MST, CPA

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Long Hill Estates Condominium Association
PO Box 415
Peterborough, NH 03458

We have reviewed the accompanying balance sheet of Long Hill Estates Condominium Association (a Homeowners Association) as of June 30, 2010 and 2009, and the related statement of income and retained earnings, and cash flow for the years then ended in accordance with 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 Long Hill Estates Condominium Association.

A review consists principally of inquiries of company 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.

Generally accepted accounting principles require a discloser of Supplementary Information on Future Major Repairs and Replacements. Management has elected to omit this disclosure. The effect of this departure from generally accepted accounting principles has not been determined.

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 generally accepted accounting principles, except for management electing to omit discloser of Supplementary Information on Future Major Repairs and Replacements as discussed in the previous paragraph.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying Statement of Activities (Budget vs Actual) is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

McLarney & Company, PC

McLarney & Company, PC
September 8, 2010

Long Hill Estates Condo Association
Statement of Financial Position
For the Years Ended June 30, 2010 and 2009

	<i>Operations Fund</i>	<i>Replacement Fund</i>	<i>Working Capital Fund</i>	<i>2010 Total Funds</i>	<i>2009 Total Funds</i>
Assets					
Current Assets:					
Cash	\$ 21,508	\$ 25,480	\$ 13,217	\$ 60,205	\$ 39,543
Prepaid Insurance	5,025	-	-	5,025	4,626
Total Current Assets	26,533	25,480	13,217	65,230	44,169
Total Assets	\$ 26,533	\$ 25,480	\$ 13,217	\$ 65,230	\$ 44,169
Liabilities and Net Assets					
Current Liabilities:					
Deferred Revenue	929	-	-	929	-
Income Taxes Payable	2	-	-	2	19
Total Liabilities	931	-	-	931	19
Net Assets	25,602	25,480	13,217	64,299	44,150
Total Liabilities and Net Assets	\$ 26,533	\$ 25,480	\$ 13,217	\$ 65,230	\$ 44,169

Long Hill Estates Condo Association
Statement of Financial Position
For the Year Ended June 30, 2010 and 2009

	<i>Operations Fund</i>	<i>Replacement Fund</i>	<i>Capital Fund</i>	<i>2010 Total Funds</i>	<i>2009 Total Funds</i>
Revenues					
Owner Base Monthly Assessments	\$85,426	\$15,120	\$ -	\$100,546	\$101,929
Interest and Dividends Income	53	34	20	106	163
Late Charges and Other Income	-	-	920	920	590
Total Revenues	\$85,479	\$15,154	\$940	\$101,572	\$102,682

Expenses

Administrative

Bank Service Charges	65	-	-	65	-
Accounting Services	2,385	-	-	2,385	2,385
Insurance	8,815	-	-	8,815	9,255
Legal Fees	1,113	-	-	1,113	3,048
Miscellaneous	609	-	-	609	881
Office Supplies	31	-	-	31	518
Storage Shed/Signs/Equipment	-	-	-	-	100
Postage	64	-	-	64	146
Taxes	2	-	-	2	19
	13,084	-	-	13,084	16,352

Buildings

Painting	12,000	-	-	12,000	32,800
Pest Control	1,215	-	-	1,215	2,430
Repairs/Maint-Adm	4,320	-	-	4,320	4,320
Repairs/Maint-Labor	1,802	-	1,200	3,002	4,895
Repairs/Maint-Materials	39	-	-	39	177
Loan Interest	-	-	-	-	-
Major Repairs	-	9,348	-	9,348	2,556
	19,376	9,348	1,200	29,923	47,177

Long Hill Estates Condo Association
Statement of Financial Position
For the Years Ended June 30, 2010 and 2009

	<i>Operations Fund</i>	<i>Replacement Fund</i>	<i>Capital Fund</i>	<i>2010 Total Funds</i>	<i>2009 Total Funds</i>
<i>Grounds Maintenance</i>					
Fertilization	481	-	-	481	1,265
Irrigation	1,102	-	-	1,102	1,095
Mowing	7,415	-	-	7,415	8,460
Spring Cleanup	2,750	-	-	2,750	2,750
Bed Maintenance	4,020	-	-	4,020	4,314
Pruning	4,418	-	-	4,418	2,100
Fall Cleanup	1,540	-	-	1,540	1,540
	<u>21,725</u>	<u>-</u>	<u>-</u>	<u>21,725</u>	<u>21,523</u>
<i>Roads & Winter Maint</i>					
Plow, Sand and Shovel	9,400	-	-	9,400	10,690
Other Winter Maint	1,343	-	-	1,343	5,670
	<u>10,743</u>	<u>-</u>	<u>-</u>	<u>10,743</u>	<u>16,360</u>
<i>Utilities</i>					
Electricity	822	-	-	822	817
Trash Removal	3,695	-	-	3,695	3,540
Water	1,335	-	-	1,335	3,077
Water-Garden	97	-	-	97	84
	<u>5,948</u>	<u>-</u>	<u>-</u>	<u>5,948</u>	<u>7,517</u>
Total Expenses	<u>70,876</u>	<u>9,348</u>	<u>1,200</u>	<u>81,423</u>	<u>108,929</u>
Excess of Revenues Over (Under) Expenses	14,603	5,806	(260)	20,149	(6,248)
Beginning Net Assets	10,999	19,674	13,477	44,150	50,398
Interfund Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Net Assets	<u>\$25,602</u>	<u>\$25,480</u>	<u>\$13,217</u>	<u>\$64,299</u>	<u>\$44,150</u>

Long Hill Estates Condo Association
Statement of Cash Flows
For the Years Ended June 30, 2010 and 2009

	June 30, 2010	June 30, 2009
<u>Cash Flows From Operating Activities:</u>		
Net income (loss)	\$ 20,149	\$ (6,248)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Increase (Decrease) in income tax payable	(17)	16
Increase (Decrease) in deferred revenue	929	-
(Accrual) Decrease in prepaid insurance	<u>(399)</u>	<u>771</u>
Total adjustments	<u>513</u>	<u>787</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 20,662</u>	<u>\$ (5,460)</u>
<u>Cash Flows From Investing Activities:</u>		
Net Cash Provided (Used) by Investing Activities	-	-
<u>Cash Flows From Financing Activities:</u>		
Proceeds from long-term debt	-	-
Repayment of long-term debt	-	-
Net Cash Provided (Used) by Financing Activities	-	-
NET INCREASE (DECREASE) IN CASH	20,662	(5,460)
CASH AT BEGINNING OF YEAR	<u>39,543</u>	<u>45,003</u>
CASH AT END OF YEAR	<u>\$ 60,205</u>	<u>\$ 39,543</u>

See Accompanying Notes and Accountant's Report.

Long Hill Estates Condo Association
Statement of Activities (Budget vs Actual)
For the Year Ended June 30, 2010

	<i>2010</i>		<i>Over (Under)</i>
	<i>Total Funds</i>	<i>2010 Budget</i>	<i>Budget</i>

Revenues

Owner Base Monthly Assessments	\$100,546	\$99,360	\$1,186
Interest and Dividends Income	106		106
Late Charges and Other Income	920		920
Total Revenues	\$101,572	\$99,360	\$2,212

Expenses

Administrative

Bank Service Charges	65	-	65
Accounting Services	2,385	2,400	-15
Insurance	8,815	10,600	(1,785)
Legal Fees	1,113	2,000	887
Consultant/Educ Fees	-	-	-
Miscellaneous	609	745	(136)
Office Supplies	31	280	(249)
Storage Shed/Signs/Equipment	-	-	-
Postage	64	280	(216)
Taxes	2	75	(73)
	13,084	16,380	3,296

Buildings

Painting	12,000	12,000	-
Pest Control	1,215	1,250	(35)
Repairs/Maint-Adm	4,320	4,320	-
Repairs/Maint-Labor	3,002	6,000	(2,998)
Repairs/Maint-Materials	39	1,000	(962)
Major Repairs	9,348	-	9,348
	29,923	24,570	5,353

Long Hill Estates Condo Association
Statement of Activities (Budget vs Actual)
For the Year Ended June 30, 2010

	<i>2010</i>		<i>Over (Under)</i>
	<i>Total Funds</i>	<i>2010 Budget</i>	<i>Budget</i>

Revenues

Owner Base Monthly Assessments	\$100,546	\$99,360	\$1,186
Interest and Dividends Income	106	-	106
Late Charges and Other Income	920	-	920
Total Revenues	\$101,572	\$99,360	\$2,212

Expenses

Administrative

Bank Service Charges	65	-	65
Accounting Services	2,385	2,400	-15
Insurance	8,815	10,600	(1,785)
Legal Fees	1,113	2,000	887
Consultant/Educ Fees	-	-	-
Miscellaneous	609	745	(136)
Office Supplies	31	280	(249)
Storage Shed/Signs/Equipment	-	-	-
Postage	64	280	(216)
Taxes	2	75	(73)
	13,084	16,380	3,296

Buildings

Painting	12,000	12,000	-
Pest Control	1,215	1,250	(35)
Repairs/Maint-Adm	4,320	4,320	-
Repairs/Maint-Labor	3,002	6,000	(2,998)
Repairs/Maint-Materials	39	1,000	(962)
Major Repairs	9,348	-	9,348
	29,923	24,570	5,353

Long Hill Estates Condo Association
Statement of Activities (Budget vs Actual)
For the Year Ended June 30, 2010

	<i>2010 Total Funds</i>	<i>2010 Budget</i>	<i>Over (Under) Budget</i>
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Grounds Maintenance

Fertilization	481	1,500	(1,020)
Irrigation	1,102	1,500	(398)
Mowing	7,415	7,000	415
Spring Cleanup	2,750	2,750	-
Bed Maintenance	4,020	4,100	(80)
Pruning	4,418	3,900	518
Fall Cleanup	<u>1,540</u>	<u>1,540</u>	<u>-</u>
	<u>21,725</u>	<u>22,290</u>	<u>565</u>

Roads & Winter Maint

Plow, Sand and Shovel	9,400	10,400	(1,000)
Other Winter Maint	<u>1,343</u>	<u>3,500</u>	<u>(2,157)</u>
	<u>10,743</u>	<u>13,900</u>	<u>(3,157)</u>

Utilities

Electricity	822	750	72
Trash Removal	3,695	3,750	(55)
Water	1,335	2,600	(1,265)
Water-Garden	<u>97</u>	<u>-</u>	<u>97</u>
	<u>5,948</u>	<u>7,100</u>	<u>(1,152)</u>

Total Expenses	<u>81,423</u>	<u>84,240</u>	<u>2,817</u>
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Excess of Revenues Over (Under) Expenses	\$20,149	\$15,120	\$5,029
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LONG HILL ESTATES CONDO ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2010 and 2009

NOTE 1-NATURE OF ORGANIZATION

Long Hill Estates Condominium Association was formed in the State of New Hampshire on June 10, 1999. The purpose of the Association is to maintain and preserve its common property. Long Hill Estates Condo Association consists of ninety-three residential units on approximately 65 acres located in Peterborough, New Hampshire.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Accounting

The Association prepares its financial statements using the accrual basis and presents them as separate funds based on its different funding policies for operations and capital expenditures.

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Fund accounting requires that operating funds and funds restricted for special use be classified separately for accounting and reporting purposes. Financial resources are classified in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund reflects funds received by the Association which are to be used for specific purposes. Disbursements from this fund may be used only for these purposes.

Working Capital Fund - This fund reflects assessments on new owners and is used for board approved purposes.

Income Taxes

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended June 30, 2010 and 2009, the Association was taxed as a Homeowners association. As a Homeowners association, membership income is exempt from taxation, and the Association is taxed only on its nonmembership income, such as interest earnings at regular federal and state corporate rates. Federal income tax expense for the fiscal year ended June 30, 2010 and 2009 was \$ 2 and \$19, respectively.

LONG HILL ESTATES CONDO ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2010 and 2009

(Note 2-Continued)

In June 2006, the Financial Accounting Standards Board issued interpretation No. 48 ("FIN 48), "*Accounting for Uncertainty in Income Taxes*" which the Organization elected to adopt in the current year. FIN 48 establishes the minimum threshold for recognizing, and a system for measuring, the benefits of tax return positions in financial statements. Management has analyzed the Organization's tax positions taken on its tax returns for all open tax years (tax years ended June 2008 – 2010) for purposes of implementing FIN 48, and has concluded that no additional provision for income tax is required in the Organization's financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commonly Owned Assets

Ownership of commonly owned real estate is vested directly in the unit owners and these assets are not deemed to be severable. As a result, commonly owned real estate is not capitalized in the Association's financial statements. Replacements, major repairs, and purchases of additional commonly owned real estate are accounted for as expenses in the year of expenditure. The Association capitalizes personal property assets at cost.

Interest Income

Interest income from the year ended June 30, 2010 and 2009 has been allocated between reserve and operating funds as earned.

Prepaid Expenses

Prepaid expenses are advance payments for products or services that will be used in operations in subsequent periods or years. Prepaid insurance at June 30, 2010 and 2009 was \$5,025 and \$4,626, respectively.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Association considers all liquid debt instruments with original maturities of three months or less to be cash equivalents. Funds are kept in area banks in regular checking accounts or savings accounts. Accounts are secured by the Federal Deposit Insurance Corporation up to \$200,000. At June 30, 2010 and 2009, \$0 and \$0, respectively was not insured.

LONG HILL ESTATES CONDO ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2010 and 2009

NOTE 4 - MEMBER ASSESSMENTS

Maintenance Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Assessments are recognized as revenue in the period in which they are earned. Assessments received before the date due are reflected as prepayments. Assessments are determined by the Board of Directors as part of the annual budget. Any excess assessments at year end are retained by the Association for use in the succeeding year. Any common surplus is owned by unit owners in the same shares as their ownership interest in the common elements.

Special Assessment

The Association collected a special assessment in 2010 and 2009 of \$920 and \$470, respectively. Dues in the amount of \$470 are collected from each new owner and are used to fund the working capital fund.

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting funding plan is a function of the completeness of the major component list, and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of New Hampshire law and the Association's governing documents, increase regular assessments. Levy special assessments and/or delay repair and replacement until funds are available.

Fiscal years ended June 30, 2010 and 2009 budgeted funding for reserves was \$15,120 and \$15,120, respectively.

LONG HILL ESTATES CONDO ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2010 and 2009

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

The Association conducts all of its business in Peterborough, New Hampshire.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 8, 2010, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2010 and none were found.