
Limestone Hills Maintenance Corporation

**Financial Statements and
Independent Accountants' Review Report**

August 31, 2007

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Independent Accountants' Review Report

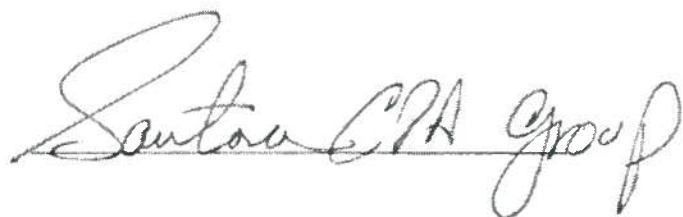
To the Board of Directors
Limestone Hills Maintenance Corporation

We have reviewed the accompanying balance sheet of Limestone Hills Maintenance Corporation as of August 31, 2007, and the related statements of operations, fund balance, and cash flows for the year 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 Limestone Hills Maintenance Corporation.

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 auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing limited assurance that there were no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The additional information as listed in the table of contents 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.



June 5, 2008
Newark, Delaware

Limestone Hills Maintenance Corporation

Balance Sheet

August 31, 2007

See Independent Accountants' Review Report

Assets

CURRENT ASSETS

Cash	\$ 145,019
Restricted cash	192,528
Assessments receivable	<u>38,154</u>

Total current assets	375,701
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Playground equipment	27,942
Less: accumulated depreciation	<u>10,312</u>
	<u>17,630</u>

TOTAL ASSETS	<u>\$ 393,331</u>
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Liabilities and Fund Balance

CURRENT LIABILITIES

Deferred assessments	\$ 156,083
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FUND BALANCE	<u>237,248</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 393,331</u>
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See notes to financial statements.

Limestone Hills Maintenance Corporation

Statement of Operations

For the Year Ended August 31, 2007
See Independent Accountants' Review Report

REVENUE	
Assessments	\$ 261,562
Easement revenue	<u>100,000</u>
	361,562
OPERATING EXPENSES	328,200
GENERAL AND ADMINISTRATIVE EXPENSES	<u>72,170</u>
LOSS FROM OPERATIONS	(38,808)
OTHER INCOME	
Interest income	<u>10,420</u>
NET LOSS	<u>\$ (28,388)</u>

See notes to financial statements.

Limestone Hills Maintenance Corporation

Statement of Fund Balance

For the Year Ended August 31, 2007
See Independent Accountants' Review Report

FUND BALANCE - BEGINNING OF YEAR	\$ 265,636
NET LOSS	<u>(28,388)</u>
FUND BALANCE - END OF YEAR	<u>\$ 237,248</u>

See notes to financial statements.

Limestone Hills Maintenance Corporation

Statement of Cash Flows

For the Year Ended August 31, 2007
See Independent Accountants' Review Report

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (28,388)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	3,992
Changes in assets and liabilities	
Decrease in assessments receivable	316
Decrease in prepaid expenses	2,924
Decrease in deferred assessments	<u>(83,168)</u>
Net cash used in operating activities	(104,324)
CASH - BEGINNING OF YEAR	<u>441,871</u>
CASH - END OF YEAR	<u>\$ 337,547</u>

See notes to financial statements.

Limestone Hills Maintenance Corporation

Notes to Financial Statements

See Independent Accountants' Review Report

Note A - Summary of Significant Accounting Policies

1. Purpose and Organization

Limestone Hills Maintenance Corporation (the Corporation) was incorporated in the State of Delaware on November 5, 1986. The Corporation was formed to provide maintenance, preservation, and control of common property within the residential community known as Limestone Hills. The Corporation does not contemplate pecuniary gain or profit to its members. The Corporation consists of approximately 1,700 units and is located in Hockessin, Delaware.

2. Member Assessments

Corporation members are subject to an annual assessment (\$150 for the year ended August 31, 2007). Assessments receivable at the balance sheet date represent fees due from unit owners. Any excess assessments at year end are retained by the Corporation for use in future years. Past due or delinquent fees may be secured by a lien on the homeowner's unit with the power of foreclosure. The Board of Directors considers all assessments receivable to be fully collectible. Deferred assessments represent assessments collected in advance of the following fiscal year.

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

4. Income Taxes

The Corporation has elected to be taxed as a Homeowners Association for the year ended August 31, 2007. Under this election, the Corporation is generally taxed only on nonmembership income, such as interest earnings, at regular corporate rates. Membership income is exempt from taxation if certain elections are made. The Corporation is not liable for state corporate income taxes, and therefore, no provision was made for such.

Limestone Hills Maintenance Corporation

Notes to Financial Statements (Continued)

See Independent Accountants' Review Report

Note A - Summary of Significant Accounting Policies (Continued)

5. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. Those estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

6. Property and Equipment

Property and equipment are valued at cost. Maintenance, repairs, and minor renewals are charged directly to expenses as incurred. Additions and betterments to property and equipment are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts, and any resulting gain or loss is included in the statement of operations.

Depreciation is computed using the straight-line method based upon the estimated useful lives of the related assets. The useful lives for purposes of computing depreciation are as follows:

Playground equipment	7 years
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Note B - Concentrations of Credit Risk

Cash deposits are maintained in three highly rated financial institutions within the Corporation's operating area, and management continually monitors the financial strength of each institution to minimize its risk. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$100,000. The amount in excess of insured limits was \$56,040 at August 31, 2007.

Note C - Restricted Cash

The Corporation's governing documents require that funds be accumulated for future major repairs and replacements of the private roads and for certain community property. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations. The outstanding balance in the restricted cash accounts at August 31, 2007 was \$192,528.

Limestone Hills Maintenance Corporation

Notes to Financial Statements (Continued)

See Independent Accountants' Review Report

Note C - Restricted Cash (Continued)

If additional funds are needed, the Corporation has the right, subject to member approval, to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available.

Additional Information

Limestone Hills Maintenance Corporation

Schedule of Operating Expenses

For the Year Ended August 31, 2007
See Independent Accountants' Review Report

Depreciation	\$ 3,992
Electricity	930
Landscaping maintenance	75,780
Lawn care	75,892
Repairs and maintenance	13,104
Snow removal	157,114
Trash removal	<u>1,388</u>
TOTAL	<u>\$ 328,200</u>

Limestone Hills Maintenance Corporation
Schedule of General and Administrative Expenses

For the Year Ended August 31, 2007
See Independent Accountants' Review Report

Bank charges	\$ 180
Insurance	9,881
Management fees	53,181
Miscellaneous expense	293
Newsletter and website	1,134
Office expense	38
Printing and postage	6,923
Taxes	<u>540</u>
 TOTAL	 <u>\$ 72,170</u>