

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

2007

For calendar year 2007 or other tax year beginning 6/1, 2007, and ending 5/31, 2008. See separate instructions.

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury Internal Revenue Service

- A Check box if address changed
B Exempt under section 501(c)(7)
408(e) 220(e)
408A 530(a)
529(a)

Name of organization (Check box if name changed and see instructions.)
PENN NATIONAL HOMEOWNERS ASSOCIATION
Number, street, and room or suite no. If a P.O. box, see page 9 of instructions.
PO BOX 358
City or town, state, and ZIP code
MONT ALTO, PA 17237

D Employer identification number
25 1524288
E Unrelated business activity codes
511190

C Book value of all assets at end of year 12,197

F Group exemption number (See instructions for Block F on page 9.)
G Check organization type: 501(c) corporation (checked), 501(c) trust, 401(a) trust, Other trust

H Describe the organization's primary unrelated business activity. SALE OF ADVERTISING PUBLISHED IN NEWSLETTER & INTEREST
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? No

J The books are in care of JAMES LARIMER Telephone number (717) 352-7230

Table with 4 columns: (A) Income, (B) Expenses, (C) Net. Rows include: 1a Gross receipts or sales 10,074; 1c Balance 10,074; 2 Cost of goods sold; 3 Gross profit 10,074; 9 Investment income 64; 13 Total 10,138.

Part II Deductions Not Taken Elsewhere (See page 12 of the instructions for limitations on deductions.)

Table with 4 columns: (A) Income, (B) Expenses, (C) Net. Rows include: 14 Compensation of officers; 21 Depreciation; 28 Other deductions 5,653; 29 Total deductions 5,653; 30 Unrelated business taxable income before net operating loss deduction 4,485; 34 Unrelated business taxable income 3,485.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation on page 15. Controlled group members (sections 1561 and 1563) check here **See instructions** and:

a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
 (1) \$ 3,485 (2) \$ _____ (3) \$ _____

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

c Income tax on the amount on line 34 **35c** 523

36 Trusts Taxable at Trust Rates. See instructions for tax computation on page 16. Income tax on the amount on line 34 from: Tax rate schedule or Schedule D (Form 1041) **36**

37 Proxy tax. See page 16 of the instructions **37**

38 Alternative minimum tax **38**

39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies **39** 523

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) **40a**

b Other credits (see page 17 of the instructions) **40b**

c General business credit. Check here and indicate which forms are attached:
 Form 3800 Form(s) (specify) **40c**

d Credit for prior year minimum tax (attach Form 8801 or 8827) **40d**

e Total credits. Add lines 40a through 40d **40e**

41 Subtract line 40e from line 39 **41** 523

42 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule) **42**

43 Total tax. Add lines 41 and 42 **43** 523

44a Payments: A 2006 overpayment credited to 2007 **44a**

b 2007 estimated tax payments **44b** 600

c Tax deposited with Form 8868 **44c**

d Foreign organizations: Tax paid or withheld at source (see instructions) **44d**

e Backup withholding (see instructions) **44e**

f Other credits and payments: Form 2439 Other **44f**

45 Total payments. Add lines 44a through 44f **45** 600

46 Estimated tax penalty (see page 4 of the instructions). Check if Form 2220 is attached **46**

47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed **47**

48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid **48** 77

49 Enter the amount of line 48 you want: **Credited to 2008 estimated tax** **49** 77 **Refunded**

Part V Statements Regarding Certain Activities and Other Information (see instructions on page 18)

	Yes	No
1 At any time during the 2007 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1. If YES, enter the name of the foreign country here _____		<input checked="" type="checkbox"/>
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file.		<input checked="" type="checkbox"/>
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$ <u>0</u>		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation **▶**

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?		Yes No
4a Additional section 263A costs (attach schedule)	4a				
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer Date **PRESIDENT** Title **May the IRS discuss this return with the preparer shown below (see instructions)?** **Yes** **No**

Paid Preparer's Use Only Preparer's signature Date Check if self-employed Preparer's SSN or PTIN
 Firm's name (or yours if self-employed), address, and ZIP code EIN
 Phone no. ()

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions on page 22)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1) CHECKING ACCOUNT INTEREST	64			
(2)				
(3)				
(4)				
Totals	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions on page 22)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (see instructions on page 22)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I						
Totals , Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.

Schedule K—Compensation of Officers, Directors, and Trustees (see instructions on page 23)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14			

SCHEDULE TO SUPPORT PAGE I, LINE 28

TOTAL NEWSLETTER COSTS (PRINTING & DISTRIBUTION)	8,697
ATTRIBUTED TO ADVERTISING (65%)	5,653

Distribution of costs based on lineage.