

**SMITH AND COMPANY**  
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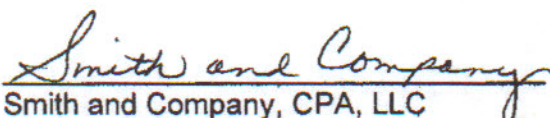
Board of Directors  
Romerock Association, Inc.  
Rome, OH 44085

We have compiled the accompanying statement of assets, liabilities, and fund balance-cash basis of Romerock Association, Inc. as of April 30, 2012 and the related statements of revenue, expense, and changes in fund balance-cash basis and statement of cash flows-cash basis for the one month and four months then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The *American Institute of Certified Public Accountants* has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of the basic financial statements. Romerock Association, Inc. has not presented this supplementary information.

  
Smith and Company, CPA, LLC  
May 11, 2012

ROMEROCK ASSOCIATION, INC.  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE-CASH BASIS  
AS OF APRIL 30, 2012

	APRIL 30 2012
<b>ASSETS</b>	
Petty Cash	\$ 600
Andover Bank Regular Checking	84,803
Certificates of Deposit Andover	0
Money Market Account	<u>249,213</u>
<b>CASH</b>	<b>334,616</b>
Prepaid Payroll Tax	-
<b>Property and Equipment</b>	
Building And Improvements	3,492,914
Equipment	59,170
Vehicles	<u>186,036</u>
	<u>3,738,120</u>
Less: Accumulated Depreciation	<u>(2,149,743)</u>
Total Fixed Assets	<u>1,588,377</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,922,993</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>	
Building Plan Deposits	\$0
Andover Bank Short Term	0
HSA Withholding	0
Employee FICA/MED W/H	(3)
AFLAC W/H	433
Employee IRA W/H	196
Loan Payable - Andover Bank	<u>688,902</u>
<b>TOTAL LIABILITIES</b>	<b><u>689,528</u></b>
 <b>FUND BALANCE</b>	 <b><u>1,233,465</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,922,993</u></b>

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE-CASH BASIS  
FOR THE PERIOD ENDED APRIL 30, 2012

REVENUES	
Operating Income	\$ 573,935
EXPENSES	
Operating	<u>300,896</u>
Excess (Deficiency) of Revenues over Expenses	<u>273,039</u>
Beginning Fund Balance	<u>960,426</u>
Ending Fund Balance	<u><u>\$ 1,233,465</u></u>

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
 STATEMENT OF CASH FLOWS-CASH BASIS  
 FOR THE PERIOD ENDED APRIL 30, 2012

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	273,039	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	62,824	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	0	
N/P Andover Bank Loan	(27,971)	
Employee W/H	(54)	
	<u>(28,025)</u>	
Net Cash Provided (Used) by Operating Activities	307,838	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	<u>(2,797)</u>	Note 2
Net Increase (Decrease) in Cash	305,041	
Cash at Beginning of Year	<u>29,575</u>	
Cash at End of Period	<u><u>\$ 334,616</u></u>	

Note 1-Represents operating income less operating expenses

Note 2-Represents fixed assets purchased current year

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET  
 FOR THE PERIOD ENDED APRIL 30, 2012

REVENUE	APRIL 30 2012 MTD	APRIL 30 2012 YTD	TWELVE MONTH BUDGET
Dues	15,892	55,844	103,000
General Assessment	65,712	225,060	397,439
RSV Road Maintenance	0	5,000	20,000
Capital Improvement	21,375	72,760	132,479
Boat Decals	11,107	17,272	76,150
Interest Income	37	103	1,500
Miscellaneous	1,220	3,113	14,000
Clubhouse Rental	700	1,650	7,400
Concession Stand	0	0	8,100
Late Fees	0	0	11,400
Collections	1,557	22,367	48,000
New Member Impact Fee	500	4,500	40,500
Roads Assessment	48,928	166,267	300,363
<b>Total Revenue</b>	<b>\$ 167,027</b>	<b>\$ 573,935</b>	<b>\$ 1,160,331</b>

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET  
 FOR THE PERIOD ENDED APRIL 30, 2012

EXPENSES	APRIL 30 2012 MTD	APRIL 30 2012 YTD	TWELVE MONTH BUDGET
Wages & Salaries	25,046	104,745	349,484
Employer Taxes	1,891	13,999	38,235
Employer IRA Match	557	3,265	10,000
Employer Medical Insurance	4,365	16,390	48,000
License & Permits	739	1,309	3,800
Insurance General	0	0	15,000
Legal Fees-Schraff & King	0	9,700	20,000
Collection Fees	6,565	10,392	17,000
Accounting Fees	400	1,600	4,800
ADP P/R Fees	226	1,091	3,900
Travel Expense	0	0	2,000
Gas & Fuel Oil	527	3,435	18,000
Equipment and Maintenance	1,729	10,630	15,000
Utilities	1,430	11,698	45,000
Bank Charges/CC Fees	39	254	1,000
Office Miscellaneous	289	4,771	20,000
Concession Supplies	0	0	5,600
Cleaning Services	1,126	1,814	10,500
Real Estate Taxes	0	8,104	12,800
Grounds Trash Removal	252	1,007	3,125
Grounds Landscaping	0	59	2,000
Culvert Pipe	0	0	5,000
Buildings & Maintenance	494	3,837	7,200
RomeRock News	0	0	7,000
Pools	58	58	12,000
Social Activity/F.W.	3,598	4,066	6,000
Early Bird Contests	0	2,750	2,750
Andover Bank Interest	2,944	11,775	61,140
Andover Bank Loan Fees	400	400	19,750
Road Maintenance	2,852	3,996	17,000

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET  
 FOR THE PERIOD ENDED APRIL 30, 2012

EXPENSES	APRIL 30 2012 MTD	APRIL 30 2012 YTD	TWELVE MONTH BUDGET
Lake Management	0	1,130	15,000
Lake Safety Comm. Requests	0	0	0
RSV Dam Maintenance	0	0	4,000
Dredging Operating	5,800	5,800	100,000
Depreciation Expense	15,706	62,824	0
Total of Expenses	77,032	300,896	902,084
Excess Revenue over Expense	89,996	273,039	258,247

See accompanying notes and accountant's compilation report.

RomeRock Association, Inc.  
NOTES TO FINANCIAL STATEMENTS

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## BACKGROUND

RomeRock Association, Inc. (the Association) is a homeowners association incorporated on June 17, 1966 under the nonprofit laws of the State of Ohio. The Association was formed to operate, manage, maintain, and promote the common areas of Roaming Shores, a private lakefront community located in Ashtabula County, Ohio. The association consists of approximately 2,190 residential lots owned by homeowners and developers.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of RomeRock Association, Inc.

### Basis of Accounting

The Association's financial statements are prepared on the cash basis. Under this basis, revenues are recognized when collected rather than earned, and expenses are generally recognized when paid rather than incurred. Consequently, accounts receivable due from homeowners, deferred revenues and accrued expenses are not included in the financial statements.

### Cash

RomeRock Association, Inc. considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Equipment and Property Improvements

Equipment and property improvements are stated at cost and are being depreciated using the straight-line method over their estimated useful lives of the assets ranging from five to thirty years.

### Income Taxes

The Association elects on an annual basis to file its tax return as either a regular corporation or as a homeowners association under Section 528 of the Internal Revenue Code. For 2011, the Association elected to file under Section 528 of the Internal Revenue Code as a homeowners association.

The Association's forms 1120-H, U.S. Income Tax Return for Homeowners Associations, for the years ending 2008, 2009, 2010, and 2011 are subject to examination by the IRS, generally for 3 years after they were filed.

See accountant's compilation report.



RomeRock Association, Inc.  
NOTES TO FINANCIAL STATEMENTS (Continued)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

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, increased assessments, or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

CASH

Cash is comprised of the following:

	<u>April 30, 2012</u>
Petty cash	\$ 600
Cash in checking	84,803
Cash in money market	249,213
Total	<u>\$ 334,616</u>

Cash deposits in financial institutions at times, may exceed federal insured limits. RomeRock Association, Inc. has not experienced any losses on these accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

See accountant's compilation report.

RomeRock Association, Inc.  
NOTES TO FINANCIAL STATEMENTS (Continued)

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FIXED ASSETS

Fixed assets are comprised of the following:

	April 30, 2012
Buildings and improvements	\$ 3,492,914
Equipment	59,170
Vehicles	186,036
	3,738,120
Less accumulated depreciation	2,149,743
Net fixed assets	\$ 1,588,377

LONG-TERM DEBT

The Association's obligation under long-term debt consisted of the following:

	April 30, 2012
Note payable to bank due in 180 monthly installments through February 2019. The rate is variable and may change every twelve months. Currently the monthly payment is \$9,937.01 at a rate of 5.0 percent per annum. All assets of the Association secure this loan.	\$ 688,902
	688,902
Less current maturities	79,897
Net long-term debt	\$ 609,005

See accountant's compilation report.

RomeRock Association, Inc.  
NOTES TO FINANCIAL STATEMENTS (Continued)

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Required principal payments on long-term debt for the next five years are as follows:

2012	\$	58,822
2013		92,041
2014		96,000
2015		100,000
2016		104,000
Thereafter		<u>238,039</u>
	\$	<u>688,902</u>

SUBSEQUENT EVENTS

Subsequent events were evaluated through May 11, 2012, which is the date the financial statements were available.

See accountant's compilation report.