

ROMEROCK ASSOCIATION, INC.  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE-CASH BASIS  
AS OF FEBRUARY 28, 2014

	FEB 28 2014
<b>ASSETS</b>	
Petty Cash	\$ 600
Andover Bank Regular Checking	45,623
Certificates of Deposit Andover	0
Money Market Account	<u>245,094</u>
 CASH	 291,317
 Prepaid Payroll Tax	
 Property and Equipment	
Building And Improvements	3,787,765
Equipment	234,139
Vehicles	<u>211,800</u>
	4,233,704
 Less: Accumulated Depreciation	 <u>2,487,471</u>
Total Fixed Assets	<u>1,746,233</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$2,037,550</u></u></b>
 <b>LIABILITIES AND FUND BALANCES</b>	
Building Plan Deposits	\$0
HSA Withholding	225
Employee FICA/MED W/H	6
AFLAC W/H	19
Employee IRA W/H	987
Loan Payable - Joseph Manzo	56,037
Loan Payable - Andover Bank	<u>526,691</u>
<b>TOTAL LIABILITIES</b>	<b><u>583,965</u></b>
 FUND BALANCE	 <u>1,453,585</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b><u><u>\$2,037,550</u></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 FEBRUARY 28, 2014

REVENUES	
Operating Income	\$ 313,204
EXPENSES	
Operating	<u>161,220</u>
Excess (Deficiency) of Revenues over Expenses	<u>151,984</u>
Beginning Fund Balance	<u>1,301,601</u>
Ending Fund Balance	<u><u>\$ 1,453,585</u></u>

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS-CASH BASIS  
FOR THE PERIOD ENDED FEBRUARY 28, 2014

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	151,984	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	31,730	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	4,220	
N/P Joseph Manzo	(4,931)	
N/P Andover Bank Loan	(15,302)	
Employee W/H	1,011	
	<u>(15,002)</u>	
Net Cash Provided (Used) by Operating Activities	168,712	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	<u>(55,610)</u>	Note 2
Net Increase (Decrease) in Cash	113,102	
Cash at Beginning of Year	<u>178,215</u>	
Cash at End of Period	<u><u>\$ 291,317</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 FEBRUARY 28, 2014

REVENUE	FEB 28 2014 MTD	FEB 28 2014 YTD	TWELVE MONTH BUDGET
Dues	5,849	31,331	99,634
General Assessment	24,040	100,206	354,416
RSV Road Maintenance	0	0	25,000
Capital Improvement	7,771	41,450	123,022
Boat Decals	95	285	73,435
Interest Income	56	94	688
Miscellaneous	1,150	1,463	30,934
Clubhouse Rental	450	700	6,015
Concession Stand	0	0	7,468
Late Fees	0	0	6,924
Collections	6,559	8,895	29,811
New Member Impact Fee	2,000	6,000	51,667
Roads Assessment	16,983	122,780	316,062
Total Revenue	\$ 64,953	\$ 313,204	\$ 1,125,076

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET  
 FOR THE PERIOD ENDED FEBRUARY 28, 2014

EXPENSES	FEB 28 2014 MTD	FEB 28 2014 YTD	TWELVE MONTH BUDGET
Wages & Salaries	24,894	60,858	331,703
Employer Taxes	2,791	13,006	41,542
Employer IRA Match	289	906	7,079
Employer Medical Insurance	4,013	5,058	53,025
License & Permits	570	1,009	2,136
Insurance General	0	2,892	15,544
Legal Fees-Schraff & King	2,400	2,400	12,041
Collection Fees	0	0	4,890
Accounting Fees	400	400	4,800
ADP P/R Fees	466	703	3,264
Travel Expense	0	0	3,188
Gas & Fuel Oil	2,014	3,752	28,231
Equipment and Maintenance	1,726	3,323	23,231
Utilities	2,901	8,643	45,191
Bank Charges/CC Fees	45	63	1,013
Office Miscellaneous	1,996	2,142	10,193
Concession Supplies	0	0	3,944
Cleaning Services	2,012	2,012	4,297
Real Estate Taxes	0	7,803	17,467
Grounds Trash Removal	393	786	3,942
Grounds Landscaping	0	0	1,691
Culvert Pipe	0	0	11,001
Buildings & Maintenance	808	1,348	7,530
RomeRock News	0	30	7,931
Pools	0	0	11,379
Social Activity/F.W.	64	169	4,855
Early Bird Contests	1,100	2,450	2,750
Andover Bank Interest	2,266	4,567	24,951
Manzo Loan Interest	159	324	1,537
Andover Bank Loan Fees	0	0	0
Road Maintenance	1,775	3,221	9,000

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.  
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET  
 FOR THE PERIOD ENDED FEBRUARY 28, 2014

EXPENSES	FEB 28 2014 MTD	FEB 28 2014 YTD	TWELVE MONTH BUDGET
Lake Management	0	1,625	6,000
Lake Safety Comm. Requests	0	0	850
RSV Dam Maintenance	0	0	7,225
Dredging Operating	0	0	35,920
Depreciation Expense	15,865	31,730	0
Total of Expenses	68,947	161,220	749,342
Excess Revenue over Expense	<u>(3,994)</u>	<u>151,984</u>	<u>375,734</u>

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 2012, 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 2010, 2011, 2012, and 2013 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>February 28, 2014</u>
Petty cash	\$ 600
Cash in checking	45,623
Cash in money market	245,094
Total	<u>\$ 291,317</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)

FIXED ASSETS

Fixed assets are comprised of the following:

		February 28, 2014
Buildings and improvements	\$	3,787,765
Equipment		234,139
Vehicles		211,800
		4,233,704
Less accumulated depreciation		2,487,471
Net fixed assets	\$	1,746,233

LONG-TERM DEBT

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

		February 28, 2014
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.	\$	526,691
Note payable to Joseph Manzo due in 36 monthly installments of \$2,627.24 at an interest rate of 3.25 percent per year, through December 15, 2015. Land secures the loan.	\$	56,037
		582,728
Less current maturities		121,152
Net long-term debt	\$	461,576

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:

2014	\$	100,918
2015		131,000
2016		104,000
2017		108,000
2018		112,000
Thereafter		26,810
	\$	<u>582,728</u>

#### SUBSEQUENT EVENTS

Subsequent events were evaluated through March 19, 2014, which is the date the financial statements were available.

See accountant's compilation report.