

ROMEROCK ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE-CASH BASIS
AS OF JULY 31, 2012

	JULY 31 2012
ASSETS	
Petty Cash	\$ 600
Andover Bank Regular Checking	19,883
Certificates of Deposit Andover	0
Money Market Account	<u>524,518</u>
 CASH	 545,001
 Prepaid Payroll Tax	 -
 Property and Equipment	
Building And Improvements	3,493,914
Equipment	59,850
Vehicles	<u>186,036</u>
	3,739,800
 Less: Accumulated Depreciation	 <u>(2,196,861)</u>
Total Fixed Assets	<u>1,542,939</u>
TOTAL ASSETS	<u><u>\$2,087,940</u></u>
 LIABILITIES AND FUND BALANCES	
Building Plan Deposits	\$0
Andover Bank Short Term	0
HSA Withholding	0
Employee FICA/MED W/H	(3)
AFLAC W/H	195
Employee IRA W/H	196
Loan Payable - Andover Bank	<u>667,568</u>
TOTAL LIABILITIES	<u>667,956</u>
 FUND BALANCE	 <u>1,419,984</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$2,087,940</u></u>

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 JULY 31, 2012

REVENUES	
Operating Income	\$ 1,022,550
EXPENSES	
Operating	<u>562,992</u>
Excess (Deficiency) of Revenues over Expenses	<u>459,558</u>
Beginning Fund Balance	<u>960,426</u>
Ending Fund Balance	<u><u>\$ 1,419,984</u></u>

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
STATEMENT OF CASH FLOWS-CASH BASIS
FOR THE PERIOD ENDED JULY 31, 2012

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	459,558	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	109,942	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	0	
N/P Andover Bank Loan	(49,306)	
Employee W/H	(291)	
	<u>(49,597)</u>	
Net Cash Provided (Used) by Operating Activities	519,903	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	<u>(4,477)</u>	Note 2
Net Increase (Decrease) in Cash	515,426	
Cash at Beginning of Year	<u>29,575</u>	
Cash at End of Period	<u><u>\$ 545,001</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 JULY 31, 2012

REVENUE	JULY 31 2012 MTD	JULY 31 2012 YTD	TWELVE MONTH BUDGET
Dues	1,354	95,292	103,000
General Assessment	3,743	375,540	397,439
RSV Road Maintenance	0	5,000	20,000
Capital Improvement	1,304	121,125	132,479
Boat Decals	2,674	72,956	76,150
Interest Income	105	409	1,500
Miscellaneous	4,538	11,506	14,000
Clubhouse Rental	1,100	4,250	7,400
Concession Stand	2,829	5,188	8,100
Late Fees	1,052	4,845	11,400
Collections	245	32,202	48,000
New Member Impact Fee	2,500	13,000	40,500
Roads Assessment	4,082	281,239	300,363
Total Revenue	\$ 25,526	\$ 1,022,550	\$ 1,160,331

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED JULY 31, 2012

EXPENSES	JULY 31 2012 MTD	JULY 31 2012 YTD	TWELVE MONTH BUDGET
Wages & Salaries	39,624	207,015	349,484
Employer Taxes	7,310	26,194	38,235
Employer IRA Match	531	4,945	10,000
Employer Medical Insurance	4,165	28,687	48,000
License & Permits	0	1,498	3,800
Insurance General	0	0	15,000
Legal Fees-Schraff & King	0	11,351	20,000
Collection Fees	1,800	13,933	17,000
Accounting Fees	400	2,800	4,800
ADP P/R Fees	275	2,002	3,900
Travel Expense	0	1,751	2,000
Gas & Fuel Oil	1,653	6,711	18,000
Equipment and Maintenance	1,874	18,115	15,000
Utilities	3,898	25,884	45,000
Bank Charges/CC Fees	52	830	1,000
Office Miscellaneous	169	5,800	20,000
Concession Supplies	1,256	4,649	5,600
Cleaning Services	927	4,122	10,500
Real Estate Taxes	0	12,914	12,800
Grounds Trash Removal	312	3,656	3,125
Grounds Landscaping	0	59	2,000
Culvert Pipe	1,755	4,888	5,000
Buildings & Maintenance	1,132	7,869	7,200
RomeRock News	0	46	7,000
Pools	223	9,571	12,000
Social Activity/F.W.	215	5,812	6,000
Early Bird Contests	0	2,750	2,750
Andover Bank Interest	2,761	20,246	61,140
Andover Bank Loan Fees	0	442	19,750
Road Maintenance	0	6,409	17,000

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED JULY 31, 2012

EXPENSES	JULY 31 2012 MTD	JULY 31 2012 YTD	TWELVE MONTH BUDGET
Lake Management	5,171	6,301	15,000
Lake Safety Comm. Requests	0	0	0
RSV Dam Maintenance	0	0	4,000
Dredging Operating	0	5,800	100,000
Depreciation Expense	15,706	109,942	0
Total of Expenses	91,208	562,992	902,084
Excess Revenue over Expense	<u>(65,683)</u>	<u>459,558</u>	<u>258,247</u>

See accompanying notes and accountant's compilation report.

RomeRock Association, Inc.
NOTES TO FINANCIAL STATEMENTS

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 are filed.

See accountant's compilation Report.

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

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>July 31, 2012</u>
Petty cash	\$ 600
Cash in checking	19,883
Cash in money market	524,518
Total	<u>\$ 545,001</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:

	July 31, 2012
Buildings and improvements	\$ 3,493,914
Equipment	59,850
Vehicles	186,036
	3,739,800
Less accumulated depreciation	2,196,861
Net fixed assets	\$ 1,542,939

LONG-TERM DEBT

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

	July 31, 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.	\$ 667,568
	667,568
Less current maturities	79,897
Net long-term debt	\$ 587,671

See accountant's compilation Report.

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

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

2012	\$	37,488
2013		92,041
2014		96,000
2015		100,000
2016		104,000
Thereafter		238,039
	\$	<u>667,568</u>

SUBSEQUENT EVENTS

Subsequent events were evaluated through August 9, 2012, which is the date the financial statements were available.

See accountant's compilation Report.

6:39 PM
08/08/12

RomeRock Association, Inc.
Journal
July 30, 2012

Type	Date	Num	Account	Debit	Credit
General Journal	7/30/2012	65	190 · BUILDING AND IMPROV... 181 · 2012 CAPITAL IMPROV...	1,000.00	1,000.00
				1,000.00	1,000.00
General Journal	7/30/2012	66	90001 · DEPRECIATION EXP... 199 · A/D - DEPRECIATION T...	15,706.00	15,706.00
				15,706.00	15,706.00
TOTAL				<u>16,706.00</u>	<u>16,706.00</u>