

ROMEROCK ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE-CASH BASIS
AS OF AUGUST 31, 2013

	AUG 31 2013
ASSETS	
Petty Cash	\$ 600
Andover Bank Regular Checking	46,447
Certificates of Deposit Andover	0
Money Market Account	<u>400,791</u>
CASH	447,838
Prepaid Payroll Tax	-
Property and Equipment	
Building And Improvements	3,766,110
Equipment	173,357
Vehicles	<u>186,036</u>
	4,125,503
Less: Accumulated Depreciation	<u>(2,387,344)</u>
Total Fixed Assets	<u>1,738,159</u>
TOTAL ASSETS	<u><u>\$2,185,997</u></u>
 LIABILITIES AND FUND BALANCES	
Building Plan Deposits	\$0
HSA Withholding	225
Employee FICA/MED W/H	6
AFLAC W/H	(249)
Employee IRA W/H	242
Loan Payable - Joseph Manzo	70,750
Loan Payable - Andover Bank	<u>572,348</u>
TOTAL LIABILITIES	<u>643,322</u>
 FUND BALANCE	 <u>1,542,675</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$2,185,997</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 AUGUST 31, 2013

REVENUES	
Operating Income	\$ 1,058,116
EXPENSES	
Operating	<u>629,138</u>
Excess (Deficiency) of Revenues over Expenses	<u>428,978</u>
Beginning Fund Balance	<u>1,113,697</u>
Ending Fund Balance	<u><u>\$ 1,542,675</u></u>

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 STATEMENT OF CASH FLOWS-CASH BASIS
 FOR THE PERIOD ENDED AUGUST 31, 2013

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	428,978	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	122,016	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	0	
N/P Joseph Manzo	70,750	
N/P Andover Bank Loan	(59,196)	
Employee W/H	346	
	11,900	
Net Cash Provided (Used) by Operating Activities	562,894	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	(167,673)	Note 2
Net Increase (Decrease) in Cash	395,221	
Cash at Beginning of Year	52,617	
Cash at End of Period	\$ 447,838	

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 AUGUST 31, 2013

REVENUE	AUG 31 2013 MTD	AUG 31 2013 YTD	TWELVE MONTH BUDGET
Dues	3,530	98,826	97,374
General Assessment	1,764	351,225	384,243
RSV Road Maintenance	0	0	10,000
Capital Improvement	566	122,118	123,964
Boat Decals	1,445	73,245	74,276
Interest Income	108	478	840
Miscellaneous	11,552	22,829	18,350
Clubhouse Rental	1,250	4,850	7,157
Concession Stand	2,081	6,446	7,991
Late Fees	390	6,424	6,625
Collections	5,154	17,054	49,368
New Member Impact Fee	5,000	40,500	48,999
Roads Assessment	5,985	314,121	286,769
Total Revenue	\$ 38,825	\$ 1,058,116	\$ 1,115,956

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED AUGUST 31, 2013

EXPENSES	AUG 31 2013 MTD	AUG 31 2013 YTD	TWELVE MONTH BUDGET
Wages & Salaries	52,131	242,683	335,293
Employer Taxes	4,737	32,784	36,771
Employer IRA Match	904	5,465	7,689
Employer Medical Insurance	6,803	51,078	49,500
License & Permits	145	1,581	3,249
Insurance General	0	0	5,593
Legal Fees-Schraff & King	1,329	8,890	21,424
Collection Fees	0	1,255	21,258
Accounting Fees	400	2,800	4,799
ADP P/R Fees	305	2,384	3,546
Travel Expense	0	1,391	3,001
Gas & Fuel Oil	3,009	11,755	15,000
Equipment and Maintenance	347	18,406	30,050
Utilities	2,325	29,139	45,001
Bank Charges/CC Fees	82	815	1,002
Office Miscellaneous	111	8,254	10,703
Concession Supplies	31	3,944	5,600
Cleaning Services	0	2,863	8,407
Real Estate Taxes	0	15,073	14,035
Grounds Trash Removal	371	2,706	5,080
Grounds Landscaping	1,350	1,350	1,999
Culvert Pipe	802	3,134	6,657
Buildings & Maintenance	287	5,191	11,381
RomeRock News	101	134	7,000
Pools	98	14,447	10,567
Social Activity/F.W.	69	4,320	6,000
Early Bird Contests	0	2,750	2,750
Andover Bank Interest	2,666	22,053	118,656
Andover Bank Loan Fees	0	0	500
Road Maintenance	0	4,900	17,000

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED AUGUST 31, 2013

EXPENSES	AUG 31 2013 MTD	AUG 31 2013 YTD	TWELVE MONTH BUDGET
Lake Management	0	0	15,000
Lake Safety Comm. Requests	0	355	0
RSV Dam Maintenance	4,000	5,225	4,000
Dredging Operating	0	0	100,000
Depreciation Expense	15,252	122,016	0
Total of Expenses	97,653	629,138	928,511
Excess Revenue over Expense	<u>(58,828)</u>	<u>428,978</u>	<u>187,445</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 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 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)

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>August 31, 2013</u>
Petty cash	\$ 600
Cash in checking	46,447
Cash in money market	400,791
Total	<u>\$ 447,838</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:

	<u>August 31, 2013</u>
Buildings and improvements	\$ 3,766,110
Equipment	173,357
Vehicles	186,036
	<u>4,125,503</u>
Less accumulated depreciation	2,387,344
Net fixed assets	<u>\$ 1,738,159</u>

LONG-TERM DEBT

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

	<u>August 31, 2013</u>
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.	\$ 572,348
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.	\$ 70,750
	<u>643,098</u>
Less current maturities	<u>111,977</u>
Net long-term debt	<u>\$ 531,121</u>

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:

2013	\$	33,531
2014		126,000
2015		131,000
2016		104,000
2017		108,000
Thereafter		140,567
	<u>\$</u>	<u>643,098</u>

SUBSEQUENT EVENTS

Subsequent events were evaluated through September 19, 2013, which is the date the financial statements were available.

See accountant's compilation report.