

ROMEROCK ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE-CASH BASIS
AS OF AUGUST 31, 2014

	AUG 31 2014
ASSETS	
Petty Cash	\$ 600
Andover Bank Regular Checking	66,376
Certificates of Deposit Andover	0
Money Market Account	<u>340,441</u>
 CASH	 407,417
 Prepaid Payroll Tax	
 Property and Equipment	
Building And Improvements	3,869,144
Equipment	322,147
Vehicles	<u>211,800</u>
	4,403,091
 Less: Accumulated Depreciation	 <u>2,582,661</u>
Total Fixed Assets	<u>1,820,430</u>
TOTAL ASSETS	<u><u>\$ 2,227,847</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	617
Loan Payable - Joseph Manzo	41,084
Loan Payable - Andover Bank	<u>471,753</u>
TOTAL LIABILITIES	513,436
 FUND BALANCE	 <u>1,714,411</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 2,227,847</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, 2014

REVENUES	
Operating Income	\$ 1,061,819
EXPENSES	
Operating	<u>649,009</u>
Excess (Deficiency) of Revenues over Expenses	<u>412,810</u>
Beginning Fund Balance	<u>1,301,601</u>
Ending Fund Balance	<u><u>\$ 1,714,411</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, 2014

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	412,810	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	126,920	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	4,220	
N/P Joseph Manzo	(19,885)	
N/P Andover Bank Loan	(70,240)	
Employee W/H	374	
	<u>(85,531)</u>	
Net Cash Provided (Used) by Operating Activities	454,199	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	<u>(224,997)</u>	Note 2
Net Increase (Decrease) in Cash	229,202	
Cash at Beginning of Year	<u>178,215</u>	
Cash at End of Period	<u><u>\$ 407,417</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 AUGUST 31, 2014

REVENUE	AUG 31 2014 MTD	AUG 31 2014 YTD	TWELVE MONTH BUDGET
Dues	253	96,579	99,634
General Assessment	837	349,322	354,416
RSV Road Maintenance	0	0	25,000
Capital Improvement	339	121,306	123,022
Boat Decals	1,430	71,945	73,435
Interest Income	99	639	688
Miscellaneous	412	17,150	30,934
Clubhouse Rental	700	5,850	6,015
Concession Stand	1,023	5,786	7,468
Late Fees	88	5,917	6,924
Collections	586	40,691	29,811
New Member Impact Fee	6,000	36,000	51,667
Roads Assessment	816	310,635	316,062
Total Revenue	\$ 12,584	\$ 1,061,819	\$ 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 AUGUST 31, 2014

EXPENSES	AUG 31 2014 MTD	AUG 31 2014 YTD	TWELVE MONTH BUDGET
Wages & Salaries	37,505	261,943	331,703
Employer Taxes	3,430	34,597	41,542
Employer IRA Match	602	5,099	7,079
Employer Medical Insurance	3,703	26,881	53,025
Rock Creek Income Tax	(60)	(60)	
License & Permits	0	2,337	2,136
Insurance General	256	3,477	15,544
Legal Fees-Schraff & King	952	6,190	12,041
Schraff & King - Lawsuit	3,585	7,425	0
Collection Fees	0	0	4,890
Accounting Fees	800	3,200	4,800
ADP P/R Fees	340	2,525	3,264
Travel Expense	0	477	3,188
Moving Expense	4,062	9,333	0
Gas & Fuel Oil	2,104	15,838	28,231
Equipment and Maintenance	1,293	11,104	23,231
Utilities	5,509	37,448	45,191
Bank Charges/CC Fees	158	912	1,013
Office Miscellaneous	42	8,407	10,193
Concession Supplies	670	4,528	3,944
Cleaning Services	1,630	3,642	4,297
Real Estate Taxes	0	15,590	17,467
Grounds Trash Removal	449	3,430	3,942
Grounds Landscaping	0	0	1,691
Culvert Pipe	3,837	9,349	11,001
Buildings & Maintenance	267	3,409	7,530
RomeRock News	8	177	7,931
Pools	686	4,328	11,379
Social Activity/F.W.	55	4,040	4,855
Early Bird Contests	0	2,750	2,750
Andover Bank Interest	4,106	19,174	24,951
Manzo Loan Interest	118	1,126	1,537
Andover Bank Loan Fees	0	0	0
Road Maintenance	688	5,265	9,000

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED AUGUST 31, 2014

EXPENSES	AUG 31 2014 MTD	AUG 31 2014 YTD	TWELVE MONTH BUDGET
Lake Management	79	5,521	6,000
Lake Safety Comm. Requests	0	0	850
RSV Dam Maintenance	1,400	2,628	7,225
Dredging Operating	0	0	35,920
Depreciation Expense	15,865	126,920	0
Total of Expenses	94,135	649,009	749,342
Excess Revenue over Expense	<u>(81,551)</u>	<u>412,810</u>	<u>375,734</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 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)

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, 2014</u>
Petty cash	\$ 600
Cash in checking	66,376
Cash in money market	340,441
Total	<u>\$ 407,417</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:

		August 31, 2014
Buildings and improvements	\$	3,869,144
Equipment		322,147
Vehicles		211,800
		4,403,091
Less accumulated depreciation		2,582,661
Net fixed assets	\$	1,820,430

LONG-TERM DEBT

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

		July 31, 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.	\$	471,753
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.	\$	41,084
		512,837
Less current maturities		121,152
Net long-term debt	\$	391,685

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:

2014	\$	31,027
2015		131,000
2016		104,000
2017		108,000
2018		112,000
Thereafter		26,810
	\$	<u>512,837</u>

SUBSEQUENT EVENTS

Subsequent events were evaluated through September 27, 2014, which is the date the financial statements were available.

See accountant's compilation report.