

ROMEROCK ASSOCIATION, INC.
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE-CASH BASIS
 AS OF FEBRUARY 28, 2015

| | FEB 28 2015 |
|--|--------------------------------------|
| ASSETS | |
| Petty Cash | \$ 600 |
| Andover Bank Regular Checking | 68,694 |
| Certificates of Deposit Andover | 0 |
| Money Market Account | <u>240,731</u> |
| CASH | 310,025 |
| Prepaid Payroll Tax | |
| Property and Equipment | |
| Building And Improvements | 3,887,601 |
| Equipment | 352,789 |
| Vehicles | <u>211,800</u> |
| | 4,452,190 |
| Less: Accumulated Depreciation | <u>2,695,153</u> |
| Total Fixed Assets | <u>1,757,037</u> |
| TOTAL ASSETS | <u><u>\$2,067,062</u></u> |
| LIABILITIES AND FUND BALANCES | |
| Building Plan Deposits | \$0 |
| HSA Withholding | 225 |
| Employee FICA/MED W/H | 6 |
| AFLAC W/H | 19 |
| Employee IRA W/H | 713 |
| Loan Payable - Joseph Manzo | 25,885 |
| Loan Payable - Andover Bank | <u>431,631</u> |
| TOTAL LIABILITIES | 458,479 |
| FUND BALANCE | <u>1,608,583</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u><u>\$2,067,062</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 FEBRUARY 28, 2015

| | |
|--|----------------------------|
| REVENUES | |
| Operating Income | \$ 302,829 |
| | |
| EXPENSES | |
| Operating | <u>158,763</u> |
| | |
| Excess (Deficiency) of Revenues over Expenses | <u>144,066</u> |
| | |
| Beginning Fund Balance | <u>1,464,517</u> |
| | |
| Ending Fund Balance | <u><u>\$ 1,608,583</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, 2015

| | | |
|--|--------------------------|--------|
| Cash flows from Operating Activities | | |
| Excess (deficiency) of revenues over expenses | 144,066 | Note 1 |
| Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities: | | |
| Depreciation | 34,200 | |
| Increase (decrease) in Assets/Liabilities: | | |
| Prepaid Payroll Taxes | 0 | |
| N/P Joseph Manzo | (5,093) | |
| N/P Andover Bank Loan | (16,095) | |
| Employee W/H | (790) | |
| | <u>(21,978)</u> | |
| Net Cash Provided (Used) by Operating Activities | 156,288 | |
| Cash Flows from Investing Activities | | |
| Acquisition of Improvements/Equipment | <u>(1,039)</u> | Note 2 |
| Net Increase (Decrease) in Cash | 155,249 | |
| Cash at Beginning of Year | <u>154,776</u> | |
| Cash at End of Period | <u><u>\$ 310,025</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, 2015

| REVENUE | FEB 28 2015 MTD | FEB 28 2015 YTD | TWELVE MONTH BUDGET |
|-----------------------|-----------------------|-----------------------|---------------------------|
| Dues | 8,018 | 29,587 | 97,212 |
| General Assessment | 35,619 | 127,105 | 351,762 |
| RSV Road Maintenance | 0 | 0 | 25,000 |
| Capital Improvement | 11,143 | 40,140 | 121,899 |
| Boat Decals | 345 | 345 | 32,535 |
| Interest Income | 41 | 65 | 839 |
| Miscellaneous | 205 | 1,942 | 22,338 |
| Clubhouse Rental | 0 | 0 | 6,015 |
| Concession Stand | 0 | 0 | 6,599 |
| Late Fees | 0 | 0 | 6,353 |
| Collections | 5,834 | 9,104 | 63,427 |
| New Member Impact Fee | 2,000 | 6,000 | 49,167 |
| Roads Assessment | 24,534 | 88,541 | 311,994 |
| Total Revenue | \$ 87,739 | \$ 302,829 | \$ 1,095,140 |

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED FEBRUARY 28, 2015

| EXPENSES | FEB 28 2015 MTD | FEB 28 2015 YTD | TWELVE MONTH BUDGET |
|----------------------------|-----------------------|-----------------------|---------------------------|
| Wages & Salaries | 25,463 | 48,782 | 349,307 |
| Employer Taxes | 2,540 | 14,803 | 43,370 |
| Employer IRA Match | 764 | 1,804 | 7,324 |
| Employer Medical Insurance | 3,398 | 6,846 | 50,592 |
| Rock Creek Income Tax | (60) | (30) | (299) |
| License & Permits | 600 | 600 | 3,266 |
| Insurance General | 0 | 0 | 22,364 |
| Legal Fees-Schraff & King | 3,503 | 3,503 | 14,000 |
| Schraff & King - Lawsuit | 3,074 | 3,074 | 22,000 |
| Collection Fees | 0 | 0 | 4,890 |
| Accounting Fees | 400 | 1,200 | 13,800 |
| ADP P/R Fees | 514 | 763 | 3,437 |
| Travel Expense | 54 | 204 | 3,188 |
| Moving Expense | 1,107 | 2,185 | 0 |
| Gas & Fuel Oil | 0 | 461 | 23,844 |
| Equipment and Maintenance | 5,023 | 6,929 | 23,232 |
| Utilities | 1,206 | 6,665 | 51,687 |
| Bank Charges/CC Fees | 65 | 93 | 1,143 |
| Office Miscellaneous | 1,900 | 1,900 | 10,621 |
| Concession Supplies | 0 | 0 | 4,614 |
| Cleaning Services | 0 | 1,639 | 5,076 |
| Real Estate Taxes | 0 | 9,842 | 18,500 |
| Grounds Trash Removal | 485 | 918 | 4,734 |
| Grounds Landscaping | 0 | 300 | 1,691 |
| Culvert Pipe | 0 | 0 | 14,728 |
| Buildings & Maintenance | 501 | 2,457 | 8,000 |
| RomeRock News | 17 | 17 | 7,963 |
| Pools | 0 | 0 | 11,379 |
| Social Activity/F.W. | 85 | 1,305 | 4,855 |
| Early Bird Contests | 900 | 2,250 | 2,750 |
| Andover Bank Interest | 1,870 | 3,775 | 20,203 |
| Manzo Loan Interest | 77 | 161 | 546 |
| Andover Bank Loan Fees | 0 | 0 | 0 |
| Road Maintenance | 1,671 | 2,118 | 7,515 |

See accompanying notes and accountant's compilation report.

ROMEROCK ASSOCIATION, INC.
 DETAIL SCHEDULE OF REVENUE, EXPENSE AND BUDGET
 FOR THE PERIOD ENDED FEBRUARY 28, 2015

| EXPENSES | FEB 28 2015 MTD | FEB 28 2015 YTD | TWELVE MONTH BUDGET |
|-----------------------------|-----------------------|-----------------------|---------------------------|
| Lake Management | 0 | 0 | 13,488 |
| Lake Safety Comm. Requests | 0 | 0 | 1,000 |
| RSV Dam Maintenance | 0 | 0 | 7,225 |
| Dredging Operating | 0 | 0 | 5,000 |
| Moving Expense | 0 | 0 | 12,936 |
| Depreciation Expense | <u>17,100</u> | <u>34,200</u> | <u>0</u> |
| | | | |
| Total of Expenses | 72,258 | 158,763 | 799,970 |
| | | | |
| Excess Revenue over Expense | <u><u>15,481</u></u> | <u><u>144,066</u></u> | <u><u>295,170</u></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 2014, 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 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>February 28, 2015</u> |
|----------------------|--------------------------|
| Petty cash | \$ 600 |
| Cash in checking | 68,694 |
| Cash in money market | 240,731 |
| Total | <u>\$ 310,025</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>February 28, 2015</u> |
|-------------------------------|----|--------------------------|
| Buildings and improvements | \$ | 3,887,601 |
| Equipment | | 352,789 |
| Vehicles | | 211,800 |
| | | <u>4,452,190</u> |
| Less accumulated depreciation | | 2,695,153 |
| Net fixed assets | \$ | <u>1,757,037</u> |

LONG-TERM DEBT

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

| | | <u>February 28, 2015</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. | \$ | 431,631 |
| 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. | \$ | 25,885 |
| | | <u>457,516</u> |
| Less current maturities | | <u>121,152</u> |
| Net long-term debt | \$ | <u>336,364</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:

| | | |
|------------|-----------|----------------|
| 2015 | \$ | 106,706 |
| 2016 | | 104,000 |
| 2017 | | 108,000 |
| 2018 | | 112,000 |
| 2019 | | 26,810 |
| Thereafter | | 0 |
| | <u>\$</u> | <u>457,516</u> |

SUBSEQUENT EVENTS

Subsequent events were evaluated through March 22, 2015, which is the date the financial statements were available.

See accountant's compilation report.