

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

	JULY 31 2014
<b>ASSETS</b>	
Petty Cash	\$      600
Andover Bank Regular Checking	31,534
Certificates of Deposit Andover	0
Money Market Account	<u>465,342</u>
 CASH	 497,476
 Prepaid Payroll Tax	
 Property and Equipment	
Building And Improvements	3,869,144
Equipment	316,375
Vehicles	211,800
	<u>4,397,319</u>
 Less: Accumulated Depreciation	 2,566,796
Total Fixed Assets	<u>1,830,523</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,327,999</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Building Plan Deposits	\$0
HSA Withholding	570
Employee FICA/MED W/H	6
AFLAC W/H	(249)
Employee IRA W/H	599
Loan Payable - Joseph Manzo	43,593
Loan Payable - Andover Bank	487,517
<b>TOTAL LIABILITIES</b>	<u>532,036</u>
 FUND BALANCE	 <u>1,795,963</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u><u>\$ 2,327,999</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, 2014

REVENUES	
Operating Income	\$ 1,049,235
EXPENSES	
Operating	<u>554,873</u>
Excess (Deficiency) of Revenues over Expenses	<u>494,362</u>
Beginning Fund Balance	<u>1,301,601</u>
Ending Fund Balance	<u><u>\$ 1,795,963</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, 2014

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	494,362	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	111,055	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	4,220	
N/P Joseph Manzo	(17,376)	
N/P Andover Bank Loan	(54,476)	
Employee W/H	700	
	<u>(66,932)</u>	
Net Cash Provided (Used) by Operating Activities	538,485	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	<u>(219,224)</u>	Note 2
Net Increase (Decrease) in Cash	319,261	
Cash at Beginning of Year	<u>178,215</u>	
Cash at End of Period	<u><u>\$ 497,476</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, 2014

REVENUE	JULY 31 2014 MTD	JULY 31 2014 YTD	TWELVE MONTH BUDGET
Dues	1,063	96,326	99,634
General Assessment	3,429	348,485	354,416
RSV Road Maintenance	0	0	25,000
Capital Improvement	1,204	120,967	123,022
Boat Decals	6,180	70,515	73,435
Interest Income	131	540	688
Miscellaneous	5,335	16,737	30,934
Clubhouse Rental	1,320	5,150	6,015
Concession Stand	2,579	4,763	7,468
Late Fees	779	5,828	6,924
Collections	4,039	40,105	29,811
New Member Impact Fee	8,000	30,000	51,667
Roads Assessment	2,915	309,819	316,062
Total Revenue	\$ 36,973	\$ 1,049,235	\$ 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 JULY 31, 2014

EXPENSES	JULY 31 2014 MTD	JULY 31 2014 YTD	TWELVE MONTH BUDGET
Wages & Salaries	58,266	224,438	331,703
Employer Taxes	9,696	31,167	41,542
Employer IRA Match	921	4,496	7,079
Employer Medical Insurance	3,628	23,178	53,025
License & Permits	32	2,337	2,136
Insurance General	0	3,221	15,544
Legal Fees-Schraff & King	0	5,239	12,041
Schraff & King - Lawsuit	0	3,840	0
Collection Fees	0	0	4,890
Accounting Fees	0	2,400	4,800
ADP P/R Fees	316	2,185	3,264
Travel Expense	16	477	3,188
Moving Expense	5,271	5,271	0
Gas & Fuel Oil	2,340	13,734	28,231
Equipment and Maintenance	1,076	9,811	23,231
Utilities	4,477	31,941	45,191
Bank Charges/CC Fees	119	754	1,013
Office Miscellaneous	282	8,365	10,193
Concession Supplies	1,694	3,858	3,944
Cleaning Services	0	2,012	4,297
Real Estate Taxes	0	15,590	17,467
Grounds Trash Removal	451	2,980	3,942
Grounds Landscaping	0	0	1,691
Culvert Pipe	215	5,512	11,001
Buildings & Maintenance	901	3,142	7,530
RomeRock News	0	169	7,931
Pools	2,442	3,642	11,379
Social Activity/F.W.	75	3,985	4,855
Early Bird Contests	0	2,750	2,750
Andover Bank Interest	2,035	15,068	24,951
Manzo Loan Interest	118	1,008	1,537
Andover Bank Loan Fees	0	0	0
Road Maintenance	298	4,577	9,000

See accompanying notes and accountant's compilation report.

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

EXPENSES	JULY 31 2014 MTD	JULY 31 2014 YTD	TWELVE MONTH BUDGET
Lake Management	2,160	5,443	6,000
Lake Safety Comm. Requests	0	0	850
RSV Dam Maintenance	0	1,228	7,225
Dredging Operating	0	0	35,920
Depreciation Expense	15,865	111,055	0
Total of Expenses	112,693	554,873	749,342
Excess Revenue over Expense	<u>(75,720)</u>	<u>494,362</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>July 31, 2014</u>
Petty cash	\$ 600
Cash in checking	31,534
Cash in money market	465,342
Total	<u>\$ 497,476</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)

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FIXED ASSETS

Fixed assets are comprised of the following:

		July 31, 2014
Buildings and improvements	\$	3,869,144
Equipment		316,375
Vehicles		211,800
		4,397,319
Less accumulated depreciation		2,566,796
Net fixed assets	\$	2,327,999

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.	\$	487,517
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.	\$	43,593
		531,110
Less current maturities		121,152
Net long-term debt	\$	409,958

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	\$	49,300
2015		131,000
2016		104,000
2017		108,000
2018		112,000
Thereafter		26,810
	\$	<u>531,110</u>

SUBSEQUENT EVENTS

Subsequent events were evaluated through August 16, 2014, which is the date the financial statements were available.

See accountant's compilation report.