

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

	MAY 31 2013
ASSETS	
Petty Cash	\$ 600
Andover Bank Regular Checking	68,597
Certificates of Deposit Andover	0
Money Market Account	<u>570,452</u>
 CASH	 639,649
 Prepaid Payroll Tax	 -
 Property and Equipment	
Building And Improvements	3,763,952
Equipment	123,402
Vehicles	186,036
	<u>4,073,390</u>
 Less: Accumulated Depreciation	 (2,341,588)
Total Fixed Assets	<u>1,731,802</u>
TOTAL ASSETS	<u><u>\$2,371,451</u></u>
 LIABILITIES AND FUND BALANCES	
Building Plan Deposits	\$0
HSA Withholding	225
Employee FICA/MED W/H	(3)
AFLAC W/H	19
Employee IRA W/H	133
Loan Payable - Joseph Manzo	78,018
Loan Payable - Andover Bank	594,748
TOTAL LIABILITIES	<u>673,140</u>
 FUND BALANCE	 <u>1,698,311</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$2,371,451</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 MAY 31, 2013

REVENUES	
Operating Income	\$ 941,285
EXPENSES	
Operating	<u>356,671</u>
Excess (Deficiency) of Revenues over Expenses	<u>584,614</u>
Beginning Fund Balance	<u>1,113,697</u>
Ending Fund Balance	<u><u>\$ 1,698,311</u></u>

See accompanying notes and accountant's compilation report.

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

Cash flows from Operating Activities		
Excess (deficiency) of revenues over expenses	584,614	Note 1
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	76,260	
Increase (decrease) in Assets/Liabilities:		
Prepaid Payroll Taxes	0	
N/P Joseph Manzo	78,018	
N/P Andover Bank Loan	(36,796)	
Employee W/H	495	
	<u>41,717</u>	
Net Cash Provided (Used) by Operating Activities	702,591	
Cash Flows from Investing Activities		
Acquisition of Improvements/Equipment	<u>(115,559)</u>	Note 2
Net Increase (Decrease) in Cash	587,032	
Cash at Beginning of Year	<u>52,617</u>	
Cash at End of Period	<u><u>\$ 639,649</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 MAY 31, 2013

REVENUE	MAY 31 2013 MTD	MAY 31 2013 YTD	TWELVE MONTH BUDGET
Dues	29,848	90,614	97,374
General Assessment	117,393	336,968	384,243
RSV Road Maintenance	0	0	10,000
Capital Improvement	37,417	117,403	123,964
Boat Decals	38,870	54,460	74,276
Interest Income	64	139	840
Miscellaneous	249	6,142	18,350
Clubhouse Rental	850	1,650	7,157
Concession Stand	214	214	7,991
Late Fees	2,644	2,644	6,625
Collections	3,553	11,300	49,368
New Member Impact Fee	8,500	24,500	48,999
Roads Assessment	86,562	295,252	286,769
Total Revenue	\$ 326,164	\$ 941,285	\$ 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 MAY 31, 2013

EXPENSES	MAY 31 2013 MTD	MAY 31 2013 YTD	TWELVE MONTH BUDGET
Wages & Salaries	23,553	122,154	335,293
Employer Taxes	1,758	17,370	36,771
Employer IRA Match	582	3,239	7,689
Employer Medical Insurance	7,265	30,669	49,500
License & Permits	0	1,400	3,249
Insurance General	0	0	5,593
Legal Fees-Schraff & King	2,395	5,884	21,424
Collection Fees	0	1,255	21,258
Accounting Fees	400	2,000	4,799
ADP P/R Fees	366	1,509	3,546
Travel Expense	1,237	1,250	3,001
Gas & Fuel Oil	1,163	6,221	15,000
Equipment and Maintenance	3,245	15,887	30,050
Utilities	3,872	17,704	45,001
Bank Charges/CC Fees	120	331	1,002
Office Miscellaneous	750	6,880	10,703
Concession Supplies	1,767	1,767	5,600
Cleaning Services	0	1,138	8,407
Real Estate Taxes	0	7,598	14,035
Grounds Trash Removal	327	1,594	5,080
Grounds Landscaping	0	0	1,999
Culvert Pipe	1,996	1,996	6,657
Buildings & Maintenance	387	3,569	11,381
RomeRock News	0	33	7,000
Pools	3,177	5,688	10,567
Social Activity/F.W.	234	1,875	6,000
Early Bird Contests	0	2,750	2,750
Andover Bank Interest	2,808	14,033	118,656
Andover Bank Loan Fees	0	0	500
Road Maintenance	358	4,265	17,000

See accompanying notes and accountant's compilation report.

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

EXPENSES	MAY 31 2013 MTD	MAY 31 2013 YTD	TWELVE MONTH BUDGET
Lake Management	0	0	15,000
Lake Safety Comm. Requests	0	354	0
RSV Dam Maintenance	0	0	4,000
Dredging Operating	0	0	100,000
Depreciation Expense	15,252	76,260	0
Total of Expenses	73,011	356,671	928,511
Excess Revenue over Expense	<u>253,153</u>	<u>584,614</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 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 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>May 31, 2013</u>
Petty cash	\$ 600
Cash in checking	68,597
Cash in money market	570,452
Total	<u>\$ 639,649</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:

	May 31, 2013
Buildings and improvements	\$ 3,763,952
Equipment	123,402
Vehicles	186,036
	4,073,390
Less accumulated depreciation	2,341,588
Net fixed assets	\$ 1,731,802

LONG-TERM DEBT

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

	May 31, 2013
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.	\$ 594,748
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.	\$ 78,018
	672,766
Less current maturities	111,977
Net long-term debt	\$ 560,789

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	\$	63,199
2014		126,000
2015		131,000
2016		104,000
2017		108,000
Thereafter		140,567
	\$	<u>672,766</u>

SUBSEQUENT EVENTS

Subsequent events were evaluated through June 20, 2013, which is the date the financial statements were available.

See accountant's compilation report.