



DESTINATION MAUI  
HOMEOWNER ASSOCIATION MANAGEMENT

# Wailea Fairway Villas Association

(A 118-Unit Hawaii Condominium Association)

## Financial Statements and Supplementary Information

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For the One Month and Two Months Ended  
February 28, 2018

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### Table of Contents

	Page
Financial Statements	
Balance Sheet - Tax Basis	1-2
Income Statement and Changes in Members' Equity - Tax Basis	3-5

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I have prepared the accompanying Balance Sheet - Tax Basis as of February 28, 2018, and the Income Statement and Changes in Members' Equity - Tax Basis and Statement of Cash Flows - Tax Basis for the One Month and Two Months then ended, along with the accompanying supplementary schedules described above, in my capacity as a stockholder and officer of Destination Maui, Inc. I have not prepared the statements in my capacity as a CPA in the practice of public accounting.

Management has elected to omit substantially all of the disclosures required by the generally accepted principles as issued by the U.S. Financial Accounting Standards Board. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Ronald A. Kawahara*

**Wailea Fairway Villas Association**  
**Balance Sheet - Tax Basis**  
**February 28, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 102,847.21	\$ 105,643.62
MMkt - MOO Savings *****2119	26,370.82	26,331.27
MMkt - HSB Savings *****1937	<u>235,148.30</u>	<u>234,037.35</u>
<b>Subtotal - Cash</b>	<u>364,366.33</u>	<u>366,012.24</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	3,023.84	674.00
A/R - Act 196 & Collection	29,030.75	30,134.75
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>10,331.33</u>	<u>9,085.49</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Int./Expns	925.04	0.00
Prepaid Rent	10.00	10.00
Prepaid Federal Income Tax	0.00	792.00
Prepaid State Income Tax	0.00	39.49
Unexpired Insurance	9,821.84	14,775.49
NJF Clearing Account	<u>50,318.90</u>	<u>35,139.78</u>
<b>Subtotal - Other Current Assets</b>	<u>61,075.78</u>	<u>50,756.76</u>
<b>TOTAL CURRENT ASSETS</b>	<u>435,773.44</u>	<u>425,854.49</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	394,806.25	224,185.03
CD - MOO Reserve - Exp 10/11/18	102,690.59	102,245.64
CDARS - MOO Reserves - Exp 03/09/18	141,121.38	140,770.00
CDARS - MOO Reserves - Exp 07/05/18	152,008.62	151,630.13
ICS - MOO Reserves *****2640	<u>703,323.94</u>	<u>702,480.53</u>
<b>Subtotal - Capital Reserves</b>	<u>1,493,950.78</u>	<u>1,321,311.33</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(10,230.00)</u>	<u>(6,252.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>64,170.00</u>	<u>68,148.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,558,120.78</u>	<u>1,389,459.33</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,993,894.22</u>	<u>\$ 1,815,313.82</u>

**Wailea Fairway Villas Association  
Balance Sheet - Tax Basis  
February 28, 2018 and 2017**

**Liabilities and Fund Balances**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 20,500.91	\$ 24,862.79
A/P Insur. Water Damage Claims	9,780.83	20,658.73
Owner Prepayments	31,664.01	31,470.65
A/P - NJF Units	50,318.90	35,139.78
A/P - Insurance	3,089.00	4,161.00
Accrued General Excise Tx	261.81	217.77
Accrued Federal Income Tax	3,503.00	0.00
Accrued State Income Tax	657.00	0.00
Accrued Salaries/Wages	100.00	0.00
Accrued Federal Tax W/H	41.20	0.00
Accrued State Tax W/H	21.98	253.08
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<b>Subtotal - Current Liabilities</b>	119,938.64	116,763.80
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<b>TOTAL CURRENT LIABILITIES</b>	119,938.64	116,763.80
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<b>TOTAL LIABILITIES</b>	119,938.64	116,763.80
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 <b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	380,004.80	377,238.69
Restricted Members' Equity	1,493,950.78	1,321,311.33
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<b>Subtotal Members' Equity</b>	1,873,955.58	1,698,550.02
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<b>TOTAL MEMBERS' EQUITY</b>	1,873,955.58	1,698,550.02
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 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	 \$ 1,993,894.22	 \$ 1,815,313.82
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**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 2 Months Ended February 28, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
<b>Revenues</b>										
<b>Membership Income</b>										
405 - Maintenance Fees	70,922.26	76.2	70,922	0	141,844.52	76.0	141,844	1	851,064	709,219
406 - Capital Reserve	19,257.74	20.7	19,258	(0)	38,515.48	20.6	38,516	(1)	231,093	192,578
415 - Delinquent Owners Late Fee	250.93	0.3	0	251	697.60	0.4	0	698	0	(698)
416 - Delinquent Owners Interest	26.71	0.0	0	27	93.19	0.0	0	93	0	(93)
<b>Total Membership Income</b>	<u>90,457.64</u>	<u>97.2</u>	<u>90,180</u>	<u>278</u>	<u>181,150.79</u>	<u>97.1</u>	<u>180,360</u>	<u>791</u>	<u>1,082,157</u>	<u>901,006</u>
<b>Non-Membership Income</b>										
430 - Interest Income	106.57	0.1	100	7	223.31	0.1	200	23	1,200	977
431 - Reserve Interest Income	104.96	0.1	130	(25)	296.00	0.2	260	36	1,560	1,264
440.80 - NJF Rental Income	2,250.00	2.4	2,250	0	4,500.00	2.4	4,500	0	27,000	22,500
441 - Kayak Rack Rental	90.00	0.1	0	90	375.00	0.2	0	375	0	(375)
499 - Other Income	40.00	0.0	50	(10)	40.00	0.0	100	(60)	600	560
<b>Total Non-Membership Income</b>	<u>2,591.53</u>	<u>2.8</u>	<u>2,530</u>	<u>62</u>	<u>5,434.31</u>	<u>2.9</u>	<u>5,060</u>	<u>374</u>	<u>30,360</u>	<u>24,926</u>
<b>Total Revenues</b>	<u>93,049.17</u>	<u>100.</u>	<u>92,710</u>	<u>339</u>	<u>186,585.10</u>	<u>100.</u>	<u>185,420</u>	<u>1,165</u>	<u>1,112,517</u>	<u>925,932</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	1,324.00	0.7	1,324	0	7,944	6,620
701.2 - NJF Unit - Rental Agent Fe	225.00	0.2	225	0	450.00	0.2	450	0	2,700	2,250
701.3 - NJF Repairs & Maint *	347.51	0.4	100	248	874.51	0.5	200	675	1,200	325
701.4 - NJF GET Expense	90.00	0.1	90	0	180.00	0.1	180	0	1,080	900
<b>Total NJF Unit Expenses</b>	<u>1,324.51</u>	<u>1.4</u>	<u>1,077</u>	<u>248</u>	<u>2,828.51</u>	<u>1.5</u>	<u>2,154</u>	<u>675</u>	<u>12,924</u>	<u>10,095</u>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	10.00	0.0	20	(10)	120	110
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	10	(10)	60	60
710 - Meetings *	300.00	0.3	217	83	300.00	0.2	434	(134)	2,604	2,304
715 - Office/Administration *	408.11	0.4	375	33	524.13	0.3	750	(226)	4,500	3,976
715.1 - Office/Admin - Site Office	61.42	0.1	175	(114)	345.75	0.2	350	(4)	2,100	1,754
720 - Operating Supplies	0.00	0.0	100	(100)	172.72	0.1	200	(27)	1,200	1,027
910 - Depreciation	310.00	0.3	0	310	620.00	0.3	0	620	0	(620)
<b>Total Administration Exp</b>	<u>1,079.53</u>	<u>1.2</u>	<u>882</u>	<u>198</u>	<u>1,972.60</u>	<u>1.1</u>	<u>1,764</u>	<u>209</u>	<u>10,584</u>	<u>8,611</u>
<b>Employee Costs</b>										
610 - Auto	57.77	0.1	100	(42)	57.77	0.0	200	(142)	1,200	1,142
648 - Education & Seminars	0.00	0.0	54	(54)	0.00	0.0	108	(108)	650	650
651 - Emp/Ben.-Bonuses *	8,000.00	8.6	1,000	7,000	8,000.00	4.3	2,000	6,000	12,000	4,000
653 - Emp/Ben.-Medical	925.04	1.0	996	(71)	1,850.08	1.0	1,992	(142)	11,952	10,102
780 - Salaries & Wages	8,899.61	9.6	9,137	(237)	13,361.82	7.2	18,275	(4,913)	109,648	96,286
801 - P/R Insurance - TDI & WC *	554.20	0.6	495	59	962.87	0.5	990	(27)	5,940	4,977

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 2 Months Ended February 28, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll *	1,934.53	2.1	997	938	2,463.74	1.3	1,994	470	11,964	9,500
812 - Uniforms *	<u>(29.16)</u>	<u>0.0</u>	<u>55</u>	<u>(84)</u>	<u>(29.16)</u>	<u>0.0</u>	<u>110</u>	<u>(139)</u>	<u>660</u>	<u>689</u>
<b>Total Employee Costs</b>	<b>20,341.99</b>	<b>21.9</b>	<b>12,834</b>	<b>7,508</b>	<b>26,667.12</b>	<b>14.3</b>	<b>25,669</b>	<b>998</b>	<b>154,014</b>	<b>127,347</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	34.58	0.0	35	(0)	69.16	0.0	70	(1)	420	351
679 - Ins. - Dir./Officers	159.83	0.2	160	(0)	319.66	0.2	320	(0)	1,920	1,600
680 - Ins. - Package	4,383.33	4.7	4,471	(88)	8,766.66	4.7	8,942	(175)	53,652	44,885
683 - Ins. - CGL	361.25	0.4	361	0	722.50	0.4	722	1	4,332	3,610
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>352.50</u>	<u>0.2</u>	<u>362</u>	<u>(10)</u>	<u>2,172</u>	<u>1,820</u>
<b>Total Insurance Expenses</b>	<b>5,115.24</b>	<b>5.5</b>	<b>5,208</b>	<b>(93)</b>	<b>10,230.48</b>	<b>5.5</b>	<b>10,416</b>	<b>(186)</b>	<b>62,496</b>	<b>52,266</b>
<b>Professional Services</b>										
705 - Management Fee	4,170.00	4.5	4,170	0	8,340.00	4.5	8,340	0	50,040	41,700
731 - Prof.Svc.- Audit	0.00	0.0	339	(339)	0.00	0.0	678	(678)	4,068	4,068
732 - Prof.Svc.- Legal	0.00	0.0	333	(333)	0.00	0.0	667	(667)	4,000	4,000
734 - Prof.Svc.- Y/E Acctng.	<u>0.00</u>	<u>0.0</u>	<u>82</u>	<u>(82)</u>	<u>0.00</u>	<u>0.0</u>	<u>165</u>	<u>(165)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>4,170.00</b>	<b>4.5</b>	<b>4,924</b>	<b>(754)</b>	<b>8,340.00</b>	<b>4.5</b>	<b>9,850</b>	<b>(1,510)</b>	<b>59,096</b>	<b>50,756</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	963.18	1.0	2,000	(1,037)	1,287.83	0.7	4,000	(2,712)	24,000	22,712
750 - R/M - Equipment	123.93	0.1	250	(126)	467.55	0.3	500	(32)	3,000	2,532
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	162.00	0.1	164	(2)	984	822
753 - R/M - Landscape Upgrades	71.61	0.1	167	(95)	71.61	0.0	334	(262)	2,004	1,932
754 - R/M - Grounds	144.79	0.2	417	(272)	518.36	0.3	833	(315)	5,000	4,482
755 - R/M - Grounds Contractor	17,400.00	18.7	17,660	(260)	34,800.00	18.7	35,320	(520)	211,920	177,120
756 - R/M - Irrigation *	779.47	0.8	704	75	779.47	0.4	1,409	(630)	8,452	7,673
760 - R/M - Pest Control	0.00	0.0	570	(570)	93.07	0.0	1,139	(1,046)	6,836	6,743
762 - R/M - Pool, Spa, BBQ	29.14	0.0	300	(271)	807.44	0.4	600	207	3,600	2,793
764 - R/M - Refuse Collection	5,493.01	5.9	1,734	3,759	5,493.01	2.9	3,468	2,025	20,808	15,315
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	2,297	(2,297)	13,780	13,780
767 - R/M - Security Contract *	<u>791.66</u>	<u>0.9</u>	<u>788</u>	<u>4</u>	<u>1,583.32</u>	<u>0.8</u>	<u>1,576</u>	<u>7</u>	<u>9,456</u>	<u>7,873</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>25,796.79</b>	<b>27.7</b>	<b>25,820</b>	<b>(23)</b>	<b>46,063.66</b>	<b>24.7</b>	<b>51,640</b>	<b>(5,576)</b>	<b>309,840</b>	<b>263,776</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	24.77	0.0	11	14	69.01	0.0	22	47	132	63
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	600	(600)	3,600	3,600
945 - State Income Taxes	<u>0.00</u>	<u>0.0</u>	<u>45</u>	<u>(45)</u>	<u>0.00</u>	<u>0.0</u>	<u>90</u>	<u>(90)</u>	<u>540</u>	<u>540</u>
<b>Total Tax Expenses</b>	<b>24.77</b>	<b>0.0</b>	<b>356</b>	<b>(331)</b>	<b>69.01</b>	<b>0.0</b>	<b>712</b>	<b>(643)</b>	<b>4,272</b>	<b>4,203</b>
<b>Utility Expense</b>										
826 - Util. - Cable TV *	5,152.58	5.5	4,868	285	10,305.16	5.5	9,736	569	58,416	48,111
828 - Util. - Electric	<u>2,173.88</u>	<u>2.3</u>	<u>2,347</u>	<u>(173)</u>	<u>3,486.76</u>	<u>1.9</u>	<u>4,694</u>	<u>(1,207)</u>	<u>28,164</u>	<u>24,677</u>

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 2 Months Ended February 28, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
830 - Util. - Gas *	136.82	0.1	75	62	207.79	0.1	150	58	900	692
832 - Util. - Sewer *	5,161.60	5.5	4,850	312	7,938.65	4.3	9,701	(1,762)	58,203	50,264
834 - Util. - Telephone *	322.15	0.3	221	101	641.12	0.3	442	199	2,653	2,012
838 - Util. - Water	<u>7,252.30</u>	<u>7.8</u>	<u>10,593</u>	<u>(3,341)</u>	<u>10,886.30</u>	<u>5.8</u>	<u>21,186</u>	<u>(10,300)</u>	<u>127,117</u>	<u>116,231</u>
<b>Total Utility Expenses</b>	20,199.33	21.7	22,954	(2,755)	33,465.78	17.9	45,909	(12,443)	275,453	241,987
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	19,257.74	20.7	19,258	(0)	38,515.48	20.6	38,516	(1)	231,093	192,578
916 - Reserves Interest	104.96	0.1	130	(25)	296.00	0.2	260	36	1,560	1,264
965 - Operating Contingencies	<u>0.00</u>	<u>0.0</u>	<u>667</u>	<u>(667)</u>	<u>0.00</u>	<u>0.0</u>	<u>1,333</u>	<u>(1,333)</u>	<u>8,000</u>	<u>8,000</u>
<b>Total Reserve &amp; Other Exp</b>	<u>19,362.70</u>	<u>20.8</u>	<u>20,055</u>	<u>(692)</u>	<u>38,811.48</u>	<u>20.8</u>	<u>40,109</u>	<u>(1,298)</u>	<u>240,653</u>	<u>201,842</u>
<b>Total Operating Expenses and</b>										
<b>Reserve Allocation</b>	<u>97,414.86</u>	<u>104.</u>	<u>94,110</u>	<u>3,305</u>	<u>168,448.64</u>	<u>90.3</u>	<u>188,223</u>	<u>(19,774)</u>	<u>1,129,332</u>	<u>960,883</u>
<b>Total Revenue Over Exp</b>	<u>(4,365.69)</u>	<u>(4.7)</u>	<u>(1,400)</u>	<u>(2,966)</u>	<u>18,136.46</u>	<u>9.7</u>	<u>(2,803)</u>	<u>20,939</u>	<u>(16,815)</u>	<u>(34,951)</u>
<b>Beginning Members' Equity</b>					<u>361,868.34</u>					
<b>Ending Members' Equity</b>					<u>380,004.80</u>					