



# Wailea Fairway Villas Association

(A 118-Unit Hawaii Condominium Association)

## Financial Statements and Supplementary Information

---

For the One Month and Five Months Ended  
May 31, 2018

---

### Table of Contents

	Page
Financial Statements	
Balance Sheet - Tax Basis	1-2
Income Statement and Changes in Members' Equity - Tax Basis	3-5
Statement of Cash Flows - Tax Basis	6

---

I have prepared the accompanying Balance Sheet - Tax Basis as of May 31, 2018, and the Income Statement and Changes in Members' Equity - Tax Basis and Statement of Cash Flows - Tax Basis for the One Month and Five 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**  
**May 31, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 93,439.42	\$ 97,955.44
MMkt - MOO Savings *****2119	26,380.79	26,341.24
MMkt - HSB Savings *****1937	<u>235,473.84</u>	<u>234,302.32</u>
<b>Subtotal - Cash</b>	<u>355,294.05</u>	<u>358,599.00</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	2,123.83	4,723.78
A/R - Act 196 & Collection	28,909.31	30,134.75
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>9,309.88</u>	<u>13,135.27</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Int./Expns	925.04	0.00
Prepaid Rent	10.00	10.00
Prepaid Federal Income Tax	3,542.00	792.00
Prepaid State Income Tax	130.00	39.49
Unexpired Insurance	65,754.01	59,537.08
NJF Clearing Account	<u>54,137.90</u>	<u>38,845.90</u>
<b>Subtotal - Other Current Assets</b>	<u>124,498.95</u>	<u>99,224.47</u>
<b>TOTAL CURRENT ASSETS</b>	<u>489,102.88</u>	<u>470,958.74</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	1,297,168.68	269,068.99
CD - MOO Reserve - Exp 10/11/18 ****3754	102,840.93	102,332.93
CDARS - MOO Reserves - Exp 03/09/18 ****7219	0.00	141,121.38
CDARS - MOO Reserves - Exp 07/05/18 ****5144	152,008.62	151,630.13
ICS - MOO Reserves *****2640	<u>0.00</u>	<u>702,710.69</u>
<b>Subtotal - Capital Reserves</b>	<u>1,552,018.23</u>	<u>1,366,864.12</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(11,160.00)</u>	<u>(7,440.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>63,240.00</u>	<u>66,960.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,615,258.23</u>	<u>1,433,824.12</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,104,361.11</u></u>	<u><u>\$ 1,904,782.86</u></u>

**Wailea Fairway Villas Association  
Balance Sheet - Tax Basis  
May 31, 2018 and 2017**

**Liabilities and Fund Balances**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 22,373.89	\$ 31,813.71
A/P Insur. Water Damage Claims	8,861.27	9,780.83
Owner Prepayments	29,284.13	31,607.82
A/P - NJF Units	54,137.90	38,845.90
A/P - Insurance	43,011.00	36,561.00
Accrued General Excise Tx	230.20	225.76
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 FICA Tax W/H	124.00	0.00
Accrued Medicare W/H	29.00	0.00
Accrued State Tax W/H	21.98	0.00
Unearned Income	0.00	121.88
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	162,374.57	148,956.90
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	162,374.57	148,956.90
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	162,374.57	148,956.90
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	389,968.31	388,961.84
Restricted Members' Equity	1,552,018.23	1,366,864.12
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	1,941,986.54	1,755,825.96
	<hr/>	<hr/>
<b>TOTAL MEMBERS' EQUITY</b>	1,941,986.54	1,755,825.96
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,104,361.11	\$ 1,904,782.86
	<hr/> <hr/>	<hr/> <hr/>

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 5 Months Ended May 31, 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	354,611.30	76.1	354,610	1	851,064	496,453
406 - Capital Reserve	19,257.74	20.7	19,258	(0)	96,288.70	20.7	96,289	(0)	231,093	134,804
415 - Delinquent Owners Late Fee	132.63	0.1	0	133	1,221.41	0.3	0	1,221	0	(1,221)
416 - Delinquent Owners Interest	8.60	0.0	0	9	177.10	0.0	0	177	0	(177)
<b>Total Membership Income</b>	<u>90,321.23</u>	<u>97.1</u>	<u>90,180</u>	<u>141</u>	<u>452,298.51</u>	<u>97.0</u>	<u>450,899</u>	<u>1,400</u>	<u>1,082,157</u>	<u>629,858</u>
<b>Non-Membership Income</b>										
430 - Interest Income	119.22	0.1	100	19	577.30	0.1	500	77	1,200	623
431 - Reserve Interest Income	300.88	0.3	130	171	1,596.45	0.3	650	946	1,560	(36)
440.80 - NJF Rental Income	2,250.00	2.4	2,250	0	11,250.00	2.4	11,250	0	27,000	15,750
441 - Kayak Rack Rental	45.00	0.0	0	45	450.00	0.1	0	450	0	(450)
499 - Other Income	0.00	0.0	50	(50)	40.00	0.0	250	(210)	600	560
<b>Total Non-Membership Income</b>	<u>2,715.10</u>	<u>2.9</u>	<u>2,530</u>	<u>185</u>	<u>13,913.75</u>	<u>3.0</u>	<u>12,650</u>	<u>1,264</u>	<u>30,360</u>	<u>16,446</u>
<b>Total Revenues</b>	<u>93,036.33</u>	<u>100.</u>	<u>92,710</u>	<u>326</u>	<u>466,212.26</u>	<u>100.</u>	<u>463,549</u>	<u>2,663</u>	<u>1,112,517</u>	<u>646,305</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	3,310.00	0.7	3,310	0	7,944	4,634
701.2 - NJF Unit - Rental Agent Fe	225.00	0.2	225	0	1,125.00	0.2	1,125	0	2,700	1,575
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	2,816.33	0.6	500	2,316	1,200	(1,616)
701.4 - NJF GET Expense	90.00	0.1	90	0	450.00	0.1	450	0	1,080	630
<b>Total NJF Unit Expenses</b>	<u>977.00</u>	<u>1.1</u>	<u>1,077</u>	<u>(100)</u>	<u>7,701.33</u>	<u>1.7</u>	<u>5,385</u>	<u>2,316</u>	<u>12,924</u>	<u>5,223</u>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	10.00	0.0	10	0	30.00	0.0	50	(20)	120	90
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	25	(25)	60	60
710 - Meetings	0.00	0.0	217	(217)	1,043.07	0.2	1,085	(42)	2,604	1,561
715 - Office/Administration	249.34	0.3	375	(126)	2,534.38	0.5	1,875	659	4,500	1,966
715.1 - Office/Admin - Site Office	0.00	0.0	175	(175)	436.10	0.1	875	(439)	2,100	1,664
720 - Operating Supplies	133.63	0.1	100	34	402.02	0.1	500	(98)	1,200	798
910 - Depreciation	310.00	0.3	0	310	1,550.00	0.3	0	1,550	0	(1,550)
<b>Total Administration Exp</b>	<u>702.97</u>	<u>0.8</u>	<u>882</u>	<u>(179)</u>	<u>5,995.57</u>	<u>1.3</u>	<u>4,410</u>	<u>1,586</u>	<u>10,584</u>	<u>4,588</u>
<b>Employee Costs</b>										
610 - Auto	64.31	0.1	100	(36)	122.08	0.0	500	(378)	1,200	1,078
648 - Education & Seminars	0.00	0.0	54	(54)	0.00	0.0	271	(271)	650	650
651 - Emp/Ben.-Bonuses	2,000.00	2.1	1,000	1,000	10,000.00	2.1	5,000	5,000	12,000	2,000
653 - Emp/Ben.-Medical	925.04	1.0	996	(71)	4,625.20	1.0	4,980	(355)	11,952	7,327
780 - Salaries & Wages	8,912.35	9.6	9,137	(225)	39,886.99	8.6	45,687	(5,800)	109,648	69,761
801 - P/R Insurance - TDI & WC	371.67	0.4	495	(123)	2,180.28	0.5	2,475	(295)	5,940	3,760

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 5 Months Ended May 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll ***	1,326.63	1.4	997	330	5,627.33	1.2	4,985	642	11,964	6,337
812 - Uniforms	<u>0.00</u>	<u>0.0</u>	<u>55</u>	<u>(55)</u>	<u>61.12</u>	<u>0.0</u>	<u>275</u>	<u>(214)</u>	<u>660</u>	<u>599</u>
<b>Total Employee Costs</b>	<b>13,600.00</b>	<b>14.6</b>	<b>12,834</b>	<b>766</b>	<b>62,503.00</b>	<b>13.4</b>	<b>64,173</b>	<b>(1,670)</b>	<b>154,014</b>	<b>91,511</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	173.82	0.0	175	(1)	420	246
678 - Ins. Business Interruption ***	(1,015.75)	(1.1)	0	(1,016)	105.25	0.0	0	105	0	(105)
679 - Ins. - Dir./Officers	167.58	0.2	160	8	806.90	0.2	800	7	1,920	1,113
680 - Ins. - Package	1,879.75	2.0	4,471	(2,591)	19,413.07	4.2	22,355	(2,942)	53,652	34,239
683 - Ins. - CGL	358.00	0.4	361	(3)	1,803.00	0.4	1,805	(2)	4,332	2,529
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>881.25</u>	<u>0.2</u>	<u>905</u>	<u>(24)</u>	<u>2,172</u>	<u>1,291</u>
<b>Total Insurance Expenses</b>	<b>1,601.33</b>	<b>1.7</b>	<b>5,208</b>	<b>(3,607)</b>	<b>23,183.29</b>	<b>5.0</b>	<b>26,040</b>	<b>(2,857)</b>	<b>62,496</b>	<b>39,313</b>
<b>Professional Services</b>										
705 - Management Fee	4,170.00	4.5	4,170	0	20,850.00	4.5	20,850	0	50,040	29,190
725 - Outside Service	0.00	0.0	0	0	215.00	0.0	0	215	0	(215)
731 - Prof.Svc.- Audit	0.00	0.0	339	(339)	156.25	0.0	1,695	(1,539)	4,068	3,912
732 - Prof.Svc.- Legal	220.82	0.2	333	(112)	220.82	0.0	1,667	(1,446)	4,000	3,779
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>412</u>	<u>(412)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>4,390.82</b>	<b>4.7</b>	<b>4,924</b>	<b>(533)</b>	<b>21,442.07</b>	<b>4.6</b>	<b>24,624</b>	<b>(3,182)</b>	<b>59,096</b>	<b>37,654</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings ***	2,353.82	2.5	2,000	354	11,036.36	2.4	10,000	1,036	24,000	12,964
750 - R/M - Equipment ***	388.16	0.4	250	138	907.40	0.2	1,250	(343)	3,000	2,093
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	162.00	0.0	410	(248)	984	822
753 - R/M - Landscape Upgrades	216.14	0.2	167	49	444.00	0.1	835	(391)	2,004	1,560
754 - R/M - Grounds	0.00	0.0	417	(417)	518.36	0.1	2,083	(1,565)	5,000	4,482
755 - R/M - Grounds Contractor	17,400.00	18.7	17,660	(260)	87,000.00	18.7	88,300	(1,300)	211,920	124,920
756 - R/M - Irrigation	53.49	0.1	704	(651)	1,361.18	0.3	3,522	(2,161)	8,452	7,091
760 - R/M - Pest Control	0.00	0.0	570	(570)	1,690.98	0.4	2,848	(1,157)	6,836	5,145
762 - R/M - Pool, Spa, BBQ	212.49	0.2	300	(88)	2,209.62	0.5	1,500	710	3,600	1,390
764 - R/M - Refuse Collection ***	2,868.10	3.1	1,734	1,134	13,898.18	3.0	8,670	5,228	20,808	6,910
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	5,742	(5,742)	13,780	13,780
767 - R/M - Security Contract	<u>791.66</u>	<u>0.9</u>	<u>788</u>	<u>4</u>	<u>3,958.30</u>	<u>0.8</u>	<u>3,940</u>	<u>18</u>	<u>9,456</u>	<u>5,498</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>24,283.86</b>	<b>26.1</b>	<b>25,820</b>	<b>(1,536)</b>	<b>123,186.38</b>	<b>26.4</b>	<b>129,100</b>	<b>(5,914)</b>	<b>309,840</b>	<b>186,654</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	24.24	0.0	11	13	162.48	0.0	55	107	132	(30)
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	1,500	(1,500)	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>225</u>	<u>(225)</u>	<u>540</u>	<u>540</u>
<b>Total Tax Expenses</b>	<b>24.24</b>	<b>0.0</b>	<b>356</b>	<b>(332)</b>	<b>162.48</b>	<b>0.0</b>	<b>1,780</b>	<b>(1,618)</b>	<b>4,272</b>	<b>4,110</b>
<b>Utility Expense</b>										

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 5 Months Ended May 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
826 - Util. - Cable TV ***	5,152.58	5.5	4,868	285	25,762.90	5.5	24,340	1,423	58,416	32,653
828 - Util. - Electric	1,784.07	1.9	2,347	(563)	9,485.01	2.0	11,735	(2,250)	28,164	18,679
830 - Util. - Gas	135.11	0.1	75	60	403.65	0.1	375	29	900	496
832 - Util. - Sewer	5,125.42	5.5	4,850	275	23,540.03	5.0	24,251	(711)	58,203	34,663
834 - Util. - Telephone	319.38	0.3	221	98	1,607.63	0.3	1,105	503	2,653	1,045
838 - Util. - Water	<u>8,460.70</u>	<u>9.1</u>	<u>10,593</u>	<u>(2,132)</u>	<u>35,253.80</u>	<u>7.6</u>	<u>52,965</u>	<u>(17,711)</u>	<u>127,117</u>	<u>91,863</u>
<b>Total Utility Expenses</b>	<b>20,977.26</b>	<b>22.5</b>	<b>22,954</b>	<b>(1,977)</b>	<b>96,053.02</b>	<b>20.6</b>	<b>114,771</b>	<b>(18,718)</b>	<b>275,453</b>	<b>179,400</b>
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	19,257.74	20.7	19,258	(0)	96,288.70	20.7	96,289	(0)	231,093	134,804
916 - Reserves Interest	300.88	0.3	130	171	1,596.45	0.3	650	946	1,560	(36)
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>3,333</u>	<u>(3,333)</u>	<u>8,000</u>	<u>8,000</u>
<b>Total Reserve &amp; Other Exp</b>	<b><u>19,558.62</u></b>	<b><u>21.0</u></b>	<b><u>20,055</u></b>	<b><u>(496)</u></b>	<b><u>97,885.15</u></b>	<b><u>21.0</u></b>	<b><u>100,272</u></b>	<b><u>(2,387)</u></b>	<b><u>240,653</u></b>	<b><u>142,768</u></b>
<b>Total Operating Expenses and Reserve Allocation</b>										
	<u>86,116.10</u>	<u>92.6</u>	<u>94,110</u>	<u>(7,994)</u>	<u>438,112.29</u>	<u>94.0</u>	<u>470,555</u>	<u>(32,443)</u>	<u>1,129,332</u>	<u>691,220</u>
<b>Total Revenue Over Exp</b>	<b><u>6,920.23</u></b>	<b><u>7.4</u></b>	<b><u>(1,400)</u></b>	<b><u>8,320</u></b>	<b><u>28,099.97</u></b>	<b><u>6.0</u></b>	<b><u>(7,006)</u></b>	<b><u>35,106</u></b>	<b><u>(16,815)</u></b>	<b><u>(44,915)</u></b>
<b>Beginning Members' Equity</b>					<u>361,868.34</u>					
<b>Ending Members' Equity</b>					<u>389,968.31</u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 5 Months Ended May 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ 6,920.23	\$ 28,099.97
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	1,550.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	4,204.60	2,949.09
Prepays	(63,682.00)	(54,921.34)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,379.74	(25,731.60)
Accrued Liabilities	12,318.31	33,099.61
Total Adjustments	<u>(44,469.35)</u>	<u>(43,054.24)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(37,549.12)</u>	<u>(14,954.27)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net Cash Provided By (Used In) Financing Activities	<u>0.00</u>	<u>0.00</u>
---	-------------	-------------

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

(37,549.12) (14,954.27)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**

392,843.17 370,248.32

**CASH AND CASH EQUIVALENTS AT END OF PERIOD**

\$ 355,294.05 \$ 355,294.05