



DESTINATION MAUI INC  
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 Six Months Ended  
June 30, 2018

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I have prepared the accompanying Balance Sheet - Tax Basis as of June 30, 2018, and the Income Statement and Changes in Members' Equity - Tax Basis and Statement of Cash Flows - Tax Basis for the One Month and Six 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**  
**June 30, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 99,094.83	\$ 99,342.24
MMkt - MOO Savings *****2119	26,384.04	26,344.49
MMkt - HSB Savings *****1937	<u>235,580.10</u>	<u>234,388.79</u>
<b>Subtotal - Cash</b>	<u>361,058.97</u>	<u>360,075.52</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	3,420.16	3,451.90
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>10,606.21</u>	<u>11,863.39</u>
<b>OTHER CURRENT ASSETS</b>		
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	61,608.01	54,013.17
NJF Clearing Account	<u>55,410.90</u>	<u>40,131.90</u>
<b>Subtotal - Other Current Assets</b>	<u>120,700.91</u>	<u>94,986.56</u>
<b>TOTAL CURRENT ASSETS</b>	<u>492,366.09</u>	<u>466,925.47</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	1,316,672.37	283,020.55
CD - MOO Reserve - Exp 10/11/18 ****3754	102,840.93	102,363.35
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>702,785.75</u>
<b>Subtotal - Capital Reserves</b>	<u>1,571,521.92</u>	<u>1,380,921.16</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(11,470.00)</u>	<u>(7,750.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>62,930.00</u>	<u>66,650.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,634,451.92</u>	<u>1,447,571.16</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,126,818.01</u>	<u>\$ 1,914,496.63</u>

**Wailea Fairway Villas Association**  
**Balance Sheet - Tax Basis**  
**June 30, 2018 and 2017**

**Liabilities and Fund Balances**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 22,530.03	\$ 28,663.63
A/P Insur. Water Damage Claims	8,861.27	9,780.83
Owner Prepayments	31,460.93	34,572.08
A/P - NJF Units	55,410.90	40,131.90
A/P - Insurance	43,011.00	32,377.00
Accrued General Excise Tx	364.80	331.68
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>	166,115.11	145,979.00
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	166,115.11	145,979.00
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<b>TOTAL LIABILITIES</b>	166,115.11	145,979.00
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	389,180.98	387,596.47
Restricted Members' Equity	1,571,521.92	1,380,921.16
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	1,960,702.90	1,768,517.63
	<hr/>	<hr/>
<b>TOTAL MEMBERS' EQUITY</b>	1,960,702.90	1,768,517.63
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,126,818.01	\$ 1,914,496.63
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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 6 Months Ended June 30, 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	75.8	70,922	0	425,533.56	76.0	425,532	2	851,064	425,530
406 - Capital Reserve	19,257.74	20.6	19,258	(0)	115,546.44	20.6	115,547	(1)	231,093	115,547
415 - Delinquent Owners Late Fee	509.80	0.5	0	510	1,731.21	0.3	0	1,731	0	(1,731)
416 - Delinquent Owners Interest	30.09	0.0	0	30	207.19	0.0	0	207	0	(207)
<b>Total Membership Income</b>	<u>90,719.89</u>	<u>97.0</u>	<u>90,180</u>	<u>540</u>	<u>543,018.40</u>	<u>97.0</u>	<u>541,079</u>	<u>1,939</u>	<u>1,082,157</u>	<u>539,139</u>
<b>Non-Membership Income</b>										
430 - Interest Income	114.16	0.1	100	14	691.46	0.1	600	91	1,200	509
431 - Reserve Interest Income	245.95	0.3	130	116	1,842.40	0.3	780	1,062	1,560	(282)
440.80 - NJF Rental Income	2,250.00	2.4	2,250	0	13,500.00	2.4	13,500	0	27,000	13,500
441 - Kayak Rack Rental	195.00	0.2	0	195	645.00	0.1	0	645	0	(645)
499 - Other Income	20.00	0.0	50	(30)	60.00	0.0	300	(240)	600	540
<b>Total Non-Membership Income</b>	<u>2,825.11</u>	<u>3.0</u>	<u>2,530</u>	<u>295</u>	<u>16,738.86</u>	<u>3.0</u>	<u>15,180</u>	<u>1,559</u>	<u>30,360</u>	<u>13,621</u>
<b>Total Revenues</b>	<u>93,545.00</u>	<u>100.</u>	<u>92,710</u>	<u>835</u>	<u>559,757.26</u>	<u>100.</u>	<u>556,259</u>	<u>3,498</u>	<u>1,112,517</u>	<u>552,760</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	3,972.00	0.7	3,972	0	7,944	3,972
701.2 - NJF Unit - Rental Agent Fe	225.00	0.2	225	0	1,350.00	0.2	1,350	0	2,700	1,350
701.3 - NJF Repairs & Maint***	488.73	0.5	100	389	3,305.06	0.6	600	2,705	1,200	(2,105)
701.4 - NJF GET Expense	90.00	0.1	90	0	540.00	0.1	540	0	1,080	540
<b>Total NJF Unit Expenses</b>	<u>1,465.73</u>	<u>1.6</u>	<u>1,077</u>	<u>389</u>	<u>9,167.06</u>	<u>1.6</u>	<u>6,462</u>	<u>2,705</u>	<u>12,924</u>	<u>3,757</u>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	30.00	0.0	60	(30)	120	90
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	30	(30)	60	60
710 - Meetings	0.00	0.0	217	(217)	1,043.07	0.2	1,302	(259)	2,604	1,561
715 - Office/Administration	445.04	0.5	375	70	2,979.42	0.5	2,250	729	4,500	1,521
715.1 - Office/Admin - Site Office	0.00	0.0	175	(175)	436.10	0.1	1,050	(614)	2,100	1,664
720 - Operating Supplies	0.00	0.0	100	(100)	402.02	0.1	600	(198)	1,200	798
910 - Depreciation	310.00	0.3	0	310	1,860.00	0.3	0	1,860	0	(1,860)
<b>Total Administration Exp</b>	<u>755.04</u>	<u>0.8</u>	<u>882</u>	<u>(127)</u>	<u>6,750.61</u>	<u>1.2</u>	<u>5,292</u>	<u>1,459</u>	<u>10,584</u>	<u>3,833</u>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	122.08	0.0	600	(478)	1,200	1,078
648 - Education & Seminars	0.00	0.0	54	(54)	0.00	0.0	325	(325)	650	650
651 - Emp/Ben.-Bonuses	0.00	0.0	1,000	(1,000)	10,000.00	1.8	6,000	4,000	12,000	2,000
653 - Emp/Ben.-Medical	925.04	1.0	996	(71)	5,550.24	1.0	5,976	(426)	11,952	6,402
780 - Salaries & Wages	8,991.29	9.6	9,137	(146)	48,878.28	8.7	54,824	(5,946)	109,648	60,770
801 - P/R Insurance - TDI & WC	521.99	0.6	495	27	2,702.27	0.5	2,970	(268)	5,940	3,238

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 6 Months Ended June 30, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll	979.22	1.0	997	(18)	6,606.55	1.2	5,982	625	11,964	5,357
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>330</u>	<u>(269)</u>	<u>660</u>	<u>599</u>
<b>Total Employee Costs</b>	<b>11,417.54</b>	<b>12.2</b>	<b>12,834</b>	<b>(1,416)</b>	<b>73,920.54</b>	<b>13.2</b>	<b>77,007</b>	<b>(3,086)</b>	<b>154,014</b>	<b>80,093</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	209.32	0.0	210	(1)	420	211
678 - Ins. Business Interruption	95.25	0.1	0	95	200.50	0.0	0	201	0	(201)
679 - Ins. - Dir./Officers	167.58	0.2	160	8	974.48	0.2	960	14	1,920	946
680 - Ins. - Package	4,952.75	5.3	4,471	482	24,365.82	4.4	26,826	(2,460)	53,652	29,286
683 - Ins. - CGL	358.00	0.4	361	(3)	2,161.00	0.4	2,166	(5)	4,332	2,171
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,057.50</u>	<u>0.2</u>	<u>1,086</u>	<u>(29)</u>	<u>2,172</u>	<u>1,115</u>
<b>Total Insurance Expenses</b>	<b>5,785.33</b>	<b>6.2</b>	<b>5,208</b>	<b>577</b>	<b>28,968.62</b>	<b>5.2</b>	<b>31,248</b>	<b>(2,279)</b>	<b>62,496</b>	<b>33,527</b>
<b>Professional Services</b>										
705 - Management Fee	4,170.00	4.5	4,170	0	25,020.00	4.5	25,020	0	50,040	25,020
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	2,034	(1,878)	4,068	3,912
732 - Prof.Svc.- Legal ***	2,195.69	2.3	333	1,863	2,416.51	0.4	2,000	417	4,000	1,583
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>494</u>	<u>(494)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>6,365.69</b>	<b>6.8</b>	<b>4,924</b>	<b>1,442</b>	<b>27,807.76</b>	<b>5.0</b>	<b>29,548</b>	<b>(1,740)</b>	<b>59,096</b>	<b>31,288</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	232.46	0.2	2,000	(1,768)	11,268.82	2.0	12,000	(731)	24,000	12,731
750 - R/M - Equipment	0.00	0.0	250	(250)	907.40	0.2	1,500	(593)	3,000	2,093
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	162.00	0.0	492	(330)	984	822
753 - R/M - Landscape Upgrades	52.08	0.1	167	(115)	496.08	0.1	1,002	(506)	2,004	1,508
754 - R/M - Grounds	0.00	0.0	417	(417)	518.36	0.1	2,500	(1,982)	5,000	4,482
755 - R/M - Grounds Contractor	17,400.00	18.6	17,660	(260)	104,400.00	18.7	105,960	(1,560)	211,920	107,520
756 - R/M - Irrigation	0.00	0.0	704	(704)	1,361.18	0.2	4,226	(2,865)	8,452	7,091
760 - R/M - Pest Control	0.00	0.0	570	(570)	1,690.98	0.3	3,418	(1,727)	6,836	5,145
762 - R/M - Pool, Spa, BBQ	196.92	0.2	300	(103)	2,406.54	0.4	1,800	607	3,600	1,193
764 - R/M - Refuse Collection ***	2,983.85	3.2	1,734	1,250	16,882.03	3.0	10,404	6,478	20,808	3,926
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	6,890	(6,890)	13,780	13,780
767 - R/M - Security Contract	<u>791.66</u>	<u>0.8</u>	<u>788</u>	<u>4</u>	<u>4,749.96</u>	<u>0.8</u>	<u>4,728</u>	<u>22</u>	<u>9,456</u>	<u>4,706</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>21,656.97</b>	<b>23.2</b>	<b>25,820</b>	<b>(4,163)</b>	<b>144,843.35</b>	<b>25.9</b>	<b>154,920</b>	<b>(10,077)</b>	<b>309,840</b>	<b>164,997</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	44.60	0.0	11	34	207.08	0.0	66	141	132	(75)
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	1,800	(1,800)	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>270</u>	<u>(270)</u>	<u>540</u>	<u>540</u>
<b>Total Tax Expenses</b>	<b>44.60</b>	<b>0.0</b>	<b>356</b>	<b>(311)</b>	<b>207.08</b>	<b>0.0</b>	<b>2,136</b>	<b>(1,929)</b>	<b>4,272</b>	<b>4,065</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 6 Months Ended June 30, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
826 - Util. - Cable TV ***	7,402.97	7.9	4,868	2,535	33,165.87	5.9	29,208	3,958	58,416	25,250
828 - Util. - Electric	1,725.85	1.8	2,347	(621)	11,210.86	2.0	14,082	(2,871)	28,164	16,953
830 - Util. - Gas	70.97	0.1	75	(4)	474.62	0.1	450	25	900	425
832 - Util. - Sewer	4,916.38	5.3	4,850	66	28,456.41	5.1	29,102	(646)	58,203	29,747
834 - Util. - Telephone ***	320.57	0.3	221	100	1,928.20	0.3	1,326	602	2,653	725
838 - Util. - Water ***	<u>12,901.00</u>	<u>13.8</u>	<u>10,593</u>	<u>2,308</u>	<u>48,154.80</u>	<u>8.6</u>	<u>63,558</u>	<u>(15,403)</u>	<u>127,117</u>	<u>78,962</u>
<b>Total Utility Expenses</b>	<b>27,337.74</b>	<b>29.2</b>	<b>22,954</b>	<b>4,384</b>	<b>123,390.76</b>	<b>22.0</b>	<b>137,726</b>	<b>(14,335)</b>	<b>275,453</b>	<b>152,062</b>
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	19,257.74	20.6	19,258	(0)	115,546.44	20.6	115,547	(1)	231,093	115,547
916 - Reserves Interest	245.95	0.3	130	116	1,842.40	0.3	780	1,062	1,560	(282)
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>4,000</u>	<u>(4,000)</u>	<u>8,000</u>	<u>8,000</u>
<b>Total Reserve &amp; Other Exp</b>	<b><u>19,503.69</u></b>	<b><u>20.8</u></b>	<b><u>20,055</u></b>	<b><u>(551)</u></b>	<b><u>117,388.84</u></b>	<b><u>21.0</u></b>	<b><u>120,327</u></b>	<b><u>(2,938)</u></b>	<b><u>240,653</u></b>	<b><u>123,264</u></b>
<b>Total Operating Expenses and Reserve Allocation</b>										
	<u>94,332.33</u>	<u>100.</u>	<u>94,110</u>	<u>222</u>	<u>532,444.62</u>	<u>95.1</u>	<u>564,666</u>	<u>(32,221)</u>	<u>1,129,332</u>	<u>596,887</u>
<b>Total Revenue Over Exp</b>	<b><u>(787.33)</u></b>	<b><u>(0.8)</u></b>	<b><u>(1,400)</u></b>	<b><u>613</u></b>	<b><u>27,312.64</u></b>	<b><u>4.9</u></b>	<b><u>(8,407)</u></b>	<b><u>35,720</u></b>	<b><u>(16,815)</u></b>	<b><u>(44,128)</u></b>
<b>Beginning Members' Equity</b>					<u>361,868.34</u>					
<b>Ending Members' Equity</b>					<u>389,180.98</u>					

**Wailea Fairway Villas Association  
Statement of Cash Flows - Tax Basis  
For the 1 Month and 6 Months Ended June 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (787.33)	\$ 27,312.64
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	1,860.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(1,296.33)	1,652.76
Prepays	3,798.04	(51,123.30)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	156.14	(25,575.46)
Accrued Liabilities	3,584.40	36,684.01
Total Adjustments	<u>6,552.25</u>	<u>(36,501.99)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>5,764.92</u>	<u>(9,189.35)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>0.00</u>	<u>0.00</u>
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**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

5,764.92 (9,189.35)

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

355,294.05 370,248.32

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

\$ 361,058.97 \$ 361,058.97