



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 Seven Months Ended  
July 31, 2018

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I have prepared the accompanying Balance Sheet - Tax Basis as of July 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 Seven 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**  
**July 31, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 107,305.09	\$ 103,709.92
MMkt - MOO Savings *****2119	26,389.57	26,347.85
MMkt - HSB Savings *****1937	<u>235,689.94</u>	<u>234,478.17</u>
<b>Subtotal - Cash</b>	<u>369,384.60</u>	<u>364,535.94</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	4,337.28	1,755.09
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>11,523.33</u>	<u>10,166.58</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	54,298.01	48,489.26
NJF Clearing Account	<u>56,683.90</u>	<u>41,417.90</u>
<b>Subtotal - Other Current Assets</b>	<u>114,663.91</u>	<u>90,748.65</u>
<b>TOTAL CURRENT ASSETS</b>	<u>495,571.84</u>	<u>465,451.17</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	1,329,379.13	301,761.99
CD - MOO Reserve - Exp 10/11/18 ****3754	102,944.10	102,392.81
CDARS - MOO Reserves - Exp 03/09/18 ****7219	0.00	141,121.38
CDARS - MOO Reserves - Exp 07/05/18 ****5144	152,008.62	152,008.62
ICS - MOO Reserves *****2640	<u>0.00</u>	<u>702,863.31</u>
<b>Subtotal - Capital Reserves</b>	<u>1,584,331.85</u>	<u>1,400,148.11</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(11,780.00)</u>	<u>(8,060.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>62,620.00</u>	<u>66,340.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,646,951.85</u>	<u>1,466,488.11</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,142,523.69</u>	<u>\$ 1,931,939.28</u>

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

**Liabilities and Fund Balances**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 22,474.71	\$ 31,305.19
A/P Insur. Water Damage Claims	8,861.27	9,780.83
Owner Prepayments	30,299.08	33,403.18
A/P - NJF Units	56,683.90	41,417.90
A/P - Insurance	43,011.00	28,193.00
Accrued General Excise Tx	157.57	145.44
Accrued Federal Income Tax	3,503.00	0.00
Accrued State Income Tax	657.00	0.00
Accrued Salaries/Wages	100.00	100.00
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	30.00	121.88
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	165,993.71	144,467.42
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<b>TOTAL CURRENT LIABILITIES</b>	165,993.71	144,467.42
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<b>TOTAL LIABILITIES</b>	165,993.71	144,467.42
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	392,198.13	387,323.75
Restricted Members' Equity	1,584,331.85	1,400,148.11
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	1,976,529.98	1,787,471.86
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<b>TOTAL MEMBERS' EQUITY</b>	1,976,529.98	1,787,471.86
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,142,523.69	\$ 1,931,939.28
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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 7 Months Ended July 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	75.4	70,922	0	496,455.82	75.9	496,454	2	851,064	354,608
406 - Capital Reserve	19,257.74	20.5	19,258	(0)	134,804.18	20.6	134,804	0	231,093	96,289
415 - Delinquent Owners Late Fee	423.80	0.5	0	424	2,155.01	0.3	0	2,155	0	(2,155)
416 - Delinquent Owners Interest	39.06	0.0	0	39	246.25	0.0	0	246	0	(246)
<b>Total Membership Income</b>	<u>90,642.86</u>	<u>96.4</u>	<u>90,180</u>	<u>463</u>	<u>633,661.26</u>	<u>96.9</u>	<u>631,258</u>	<u>2,403</u>	<u>1,082,157</u>	<u>448,496</u>
<b>Non-Membership Income</b>										
430 - Interest Income	120.45	0.1	100	20	811.91	0.1	700	112	1,200	388
431 - Reserve Interest Income	545.90	0.6	130	416	2,388.30	0.4	910	1,478	1,560	(828)
440.80 - NJF Rental Income	2,250.00	2.4	2,250	0	15,750.00	2.4	15,750	0	27,000	11,250
441 - Kayak Rack Rental	465.00	0.5	0	465	1,110.00	0.2	0	1,110	0	(1,110)
499 - Other Income	0.00	0.0	50	(50)	60.00	0.0	350	(290)	600	540
<b>Total Non-Membership Income</b>	<u>3,381.35</u>	<u>3.6</u>	<u>2,530</u>	<u>851</u>	<u>20,120.21</u>	<u>3.1</u>	<u>17,710</u>	<u>2,410</u>	<u>30,360</u>	<u>10,240</u>
<b>Total Revenues</b>	<u>94,024.21</u>	<u>100.</u>	<u>92,710</u>	<u>1,314</u>	<u>653,781.47</u>	<u>100.</u>	<u>648,968</u>	<u>4,813</u>	<u>1,112,517</u>	<u>458,736</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	4,634.00	0.7	4,634	0	7,944	3,310
701.2 - NJF Unit - Rental Agent Fe	225.00	0.2	225	0	1,575.00	0.2	1,575	0	2,700	1,125
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	3,305.06	0.5	700	2,605	1,200	(2,105)
701.4 - NJF GET Expense	90.00	0.1	90	0	630.00	0.1	630	0	1,080	450
<b>Total NJF Unit Expenses</b>	<u>977.00</u>	<u>1.0</u>	<u>1,077</u>	<u>(100)</u>	<u>10,144.06</u>	<u>1.6</u>	<u>7,539</u>	<u>2,605</u>	<u>12,924</u>	<u>2,780</u>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	10.00	0.0	10	0	40.00	0.0	70	(30)	120	80
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	35	(35)	60	60
710 - Meetings	0.00	0.0	217	(217)	1,043.07	0.2	1,519	(476)	2,604	1,561
715 - Office/Administration ***	516.81	0.5	375	142	3,496.23	0.5	2,625	871	4,500	1,004
715.1 - Office/Admin - Site Office	0.00	0.0	175	(175)	436.10	0.1	1,225	(789)	2,100	1,664
720 - Operating Supplies	105.73	0.1	100	6	507.75	0.1	700	(192)	1,200	692
910 - Depreciation	310.00	0.3	0	310	2,170.00	0.3	0	2,170	0	(2,170)
<b>Total Administration Exp</b>	<u>942.54</u>	<u>1.0</u>	<u>882</u>	<u>61</u>	<u>7,693.15</u>	<u>1.2</u>	<u>6,174</u>	<u>1,519</u>	<u>10,584</u>	<u>2,891</u>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	122.08	0.0	700	(578)	1,200	1,078
648 - Education & Seminars	0.00	0.0	54	(54)	0.00	0.0	379	(379)	650	650
651 - Emp/Ben.-Bonuses	0.00	0.0	1,000	(1,000)	10,000.00	1.5	7,000	3,000	12,000	2,000
653 - Emp/Ben.-Medical	1,024.78	1.1	996	29	6,575.02	1.0	6,972	(397)	11,952	5,377
780 - Salaries & Wages	8,861.11	9.4	9,137	(276)	57,739.39	8.8	63,961	(6,222)	109,648	51,909
801 - P/R Insurance - TDI & WC	371.67	0.4	495	(123)	3,073.94	0.5	3,465	(391)	5,940	2,866

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 7 Months Ended July 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll	964.34	1.0	997	(33)	7,570.89	1.2	6,979	592	11,964	4,393
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>385</u>	<u>(324)</u>	<u>660</u>	<u>599</u>
<b>Total Employee Costs</b>	<b>11,221.90</b>	<b>11.9</b>	<b>12,834</b>	<b>(1,612)</b>	<b>85,142.44</b>	<b>13.0</b>	<b>89,841</b>	<b>(4,699)</b>	<b>154,014</b>	<b>68,872</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	244.82	0.0	245	(0)	420	175
678 - Ins. Business Interruption	95.25	0.1	0	95	295.75	0.0	0	296	0	(296)
679 - Ins. - Dir./Officers	167.58	0.2	160	8	1,142.06	0.2	1,120	22	1,920	778
680 - Ins. - Package	4,952.75	5.3	4,471	482	29,318.57	4.5	31,297	(1,978)	53,652	24,333
683 - Ins. - CGL	358.00	0.4	361	(3)	2,519.00	0.4	2,527	(8)	4,332	1,813
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,233.75</u>	<u>0.2</u>	<u>1,267</u>	<u>(33)</u>	<u>2,172</u>	<u>938</u>
<b>Total Insurance Expenses</b>	<b>5,785.33</b>	<b>6.2</b>	<b>5,208</b>	<b>577</b>	<b>34,753.95</b>	<b>5.3</b>	<b>36,456</b>	<b>(1,702)</b>	<b>62,496</b>	<b>27,742</b>
<b>Professional Services</b>										
705 - Management Fee	4,170.00	4.4	4,170	0	29,190.00	4.5	29,190	0	50,040	20,850
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	2,373	(2,217)	4,068	3,912
732 - Prof.Svc.- Legal	314.56	0.3	333	(18)	2,731.07	0.4	2,333	398	4,000	1,269
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>576</u>	<u>(576)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>4,484.56</b>	<b>4.8</b>	<b>4,924</b>	<b>(439)</b>	<b>32,292.32</b>	<b>4.9</b>	<b>34,472</b>	<b>(2,180)</b>	<b>59,096</b>	<b>26,804</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	582.34	0.6	2,000	(1,418)	11,851.16	1.8	14,000	(2,149)	24,000	12,149
750 - R/M - Equipment	140.62	0.1	250	(109)	1,048.02	0.2	1,750	(702)	3,000	1,952
752 - R/M - Fire Equip. ***	264.00	0.3	82	182	426.00	0.1	574	(148)	984	558
753 - R/M - Landscape Upgrades ***	495.00	0.5	167	328	991.08	0.2	1,169	(178)	2,004	1,013
754 - R/M - Grounds	0.00	0.0	417	(417)	518.36	0.1	2,917	(2,399)	5,000	4,482
755 - R/M - Grounds Contractor	17,400.00	18.5	17,660	(260)	121,800.00	18.6	123,620	(1,820)	211,920	90,120
756 - R/M - Irrigation ***	1,974.81	2.1	704	1,271	3,335.99	0.5	4,930	(1,594)	8,452	5,116
760 - R/M - Pest Control ***	1,597.91	1.7	570	1,028	3,288.89	0.5	3,988	(699)	6,836	3,547
762 - R/M - Pool, Spa, BBQ ***	1,480.34	1.6	300	1,180	3,886.88	0.6	2,100	1,787	3,600	(287)
764 - R/M - Refuse Collection ***	2,841.97	3.0	1,734	1,108	19,724.00	3.0	12,138	7,586	20,808	1,084
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	8,038	(8,038)	13,780	13,780
767 - R/M - Security Contract	<u>791.66</u>	<u>0.8</u>	<u>788</u>	<u>4</u>	<u>5,541.62</u>	<u>0.8</u>	<u>5,516</u>	<u>26</u>	<u>9,456</u>	<u>3,914</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>27,568.65</b>	<b>29.3</b>	<b>25,820</b>	<b>1,749</b>	<b>172,412.00</b>	<b>26.4</b>	<b>180,740</b>	<b>(8,328)</b>	<b>309,840</b>	<b>137,428</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	63.77	0.1	11	53	270.85	0.0	77	194	132	(139)
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	2,100	(2,100)	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>315</u>	<u>(315)</u>	<u>540</u>	<u>540</u>
<b>Total Tax Expenses</b>	<b>63.77</b>	<b>0.1</b>	<b>356</b>	<b>(292)</b>	<b>270.85</b>	<b>0.0</b>	<b>2,492</b>	<b>(2,221)</b>	<b>4,272</b>	<b>4,001</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 7 Months Ended July 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
826 - Util. - Cable TV	3,758.39	4.0	4,868	(1,110)	36,924.26	5.6	34,076	2,848	58,416	21,492
828 - Util. - Electric	1,563.05	1.7	2,347	(784)	12,773.91	2.0	16,429	(3,655)	28,164	15,390
830 - Util. - Gas	139.09	0.1	75	64	613.71	0.1	525	89	900	286
832 - Util. - Sewer	4,660.54	5.0	4,850	(189)	33,116.95	5.1	33,952	(835)	58,203	25,086
834 - Util. - Telephone ***	335.30	0.4	221	114	2,263.50	0.3	1,548	716	2,653	390
838 - Util. - Water	<u>9,703.30</u>	<u>10.3</u>	<u>10,593</u>	<u>(890)</u>	<u>57,858.10</u>	<u>8.8</u>	<u>74,152</u>	<u>(16,294)</u>	<u>127,117</u>	<u>69,259</u>
<b>Total Utility Expenses</b>	<b>20,159.67</b>	<b>21.4</b>	<b>22,954</b>	<b>(2,794)</b>	<b>143,550.43</b>	<b>22.0</b>	<b>160,682</b>	<b>(17,132)</b>	<b>275,453</b>	<b>131,903</b>
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	19,257.74	20.5	19,258	(0)	134,804.18	20.6	134,804	0	231,093	96,289
916 - Reserves Interest ***	545.90	0.6	130	416	2,388.30	0.4	910	1,478	1,560	(828)
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>4,667</u>	<u>(4,667)</u>	<u>8,000</u>	<u>8,000</u>
<b>Total Reserve &amp; Other Exp</b>	<b><u>19,803.64</u></b>	<b><u>21.1</u></b>	<b><u>20,055</u></b>	<b><u>(251)</u></b>	<b><u>137,192.48</u></b>	<b><u>21.0</u></b>	<b><u>140,381</u></b>	<b><u>(3,189)</u></b>	<b><u>240,653</u></b>	<b><u>103,461</u></b>
<b>Total Operating Expenses and Reserve Allocation</b>										
	<u>91,007.06</u>	<u>96.8</u>	<u>94,110</u>	<u>(3,103)</u>	<u>623,451.68</u>	<u>95.4</u>	<u>658,777</u>	<u>(35,325)</u>	<u>1,129,332</u>	<u>505,880</u>
<b>Total Revenue Over Exp</b>	<b><u>3,017.15</u></b>	<b><u>3.2</u></b>	<b><u>(1,400)</u></b>	<b><u>4,417</u></b>	<b><u>30,329.79</u></b>	<b><u>4.6</u></b>	<b><u>(9,809)</u></b>	<b><u>40,139</u></b>	<b><u>(16,815)</u></b>	<b><u>(47,145)</u></b>
<b>Beginning Members' Equity</b>					<u>361,868.34</u>					
<b>Ending Members' Equity</b>					<u>392,198.13</u>					

**Wailea Fairway Villas Association  
Statement of Cash Flows - Tax Basis  
For the 1 Month and 7 Months Ended July 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ 3,017.15	\$ 30,329.79
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	2,170.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(89,873.49)	735.64
Prepays	6,037.00	(45,086.30)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(55.32)	(25,630.78)
Accrued Liabilities	88,890.29	36,617.93
Total Adjustments	<u>5,308.48</u>	<u>(31,193.51)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>8,325.63</u>	<u>(863.72)</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**

8,325.63 (863.72)

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

361,058.97 370,248.32

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

\$ 369,384.60 \$ 369,384.60