



Wailea Fairway Villas Association

(A 118-Unit Hawaii Condominium Association)

Financial Statements and Supplementary Information

For the One Month and Eight Months Ended
August 31, 2018

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I have prepared the accompanying Balance Sheet - Tax Basis as of August 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 Eight 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
August 31, 2018 and 2017

Assets

	2018	2017
CURRENT ASSETS		
Ckg - MOO *****1241	\$ 114,580.82	\$ 102,078.78
MMkt - MOO Savings *****2119	26,395.17	26,351.21
MMkt - HSB Savings *****1937	<u>235,799.84</u>	<u>234,567.59</u>
Subtotal - Cash	<u>376,775.83</u>	<u>362,997.58</u>
ACCOUNTS RECEIVABLES		
A/R - Owners Balances	2,655.98	3,245.83
A/R - Act 196 & Collection	28,923.37	29,030.75
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
Subtotal - Accounts Receivable	<u>9,856.09</u>	<u>10,553.32</u>
OTHER CURRENT ASSETS		
Prepaid Rent	10.00	10.00
Prepaid Federal Income Tax	3,542.00	792.00
Prepaid State Income Tax	130.00	39.49
Prepaid Medical	0.00	925.04
Unexpired Insurance	48,141.01	42,965.35
NJF Clearing Account	<u>57,956.90</u>	<u>42,703.90</u>
Subtotal - Other Current Assets	<u>109,779.91</u>	<u>87,435.78</u>
TOTAL CURRENT ASSETS	<u>496,411.83</u>	<u>460,986.68</u>
CAPITAL RESERVE ACCOUNTS		
MMkt - MOO Reserves *****2640	1,349,092.00	310,105.89
CD - MOO Reserve - Exp 10/11/18 ****3754	102,996.57	102,423.25
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>702,940.90</u>
Subtotal - Capital Reserves	<u>1,604,097.19</u>	<u>1,408,600.04</u>
FIXED ASSETS		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(12,090.00)</u>	<u>(8,370.00)</u>
Subtotal - Fixed Assets	<u>62,310.00</u>	<u>66,030.00</u>
TOTAL OTHER ASSETS	<u>1,666,407.19</u>	<u>1,474,630.04</u>
TOTAL ASSETS	<u><u>\$ 2,162,819.02</u></u>	<u><u>\$ 1,935,616.72</u></u>

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

Liabilities and Fund Balances

	2018	2017
CURRENT LIABILITIES		
A/P - Trade	\$ 25,589.22	\$ 24,586.37
A/P Insur. Water Damage Claims	8,861.27	9,780.83
Owner Prepayments	31,809.65	30,406.93
A/P - NJF Units	57,956.90	42,703.90
A/P - Insurance	43,011.00	28,193.00
Accrued General Excise Tx	295.66	254.60
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	0.00	121.88
	<hr/>	<hr/>
Subtotal - Current Liabilities	171,999.88	136,147.51
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	171,999.88	136,147.51
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TOTAL LIABILITIES	171,999.88	136,147.51
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MEMBERS' EQUITY		
Unrestricted Members' Equity	386,721.95	390,869.17
Restricted Members' Equity	1,604,097.19	1,408,600.04
	<hr/>	<hr/>
Subtotal Members' Equity	1,990,819.14	1,799,469.21
	<hr/>	<hr/>
TOTAL MEMBERS' EQUITY	1,990,819.14	1,799,469.21
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,162,819.02	\$ 1,935,616.72
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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 8 Months Ended August 31, 2018

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
Revenues										
Membership Income										
405 - Maintenance Fees	70,922.26	75.7	70,922	0	567,378.08	75.9	567,376	2	851,064	283,686
406 - Capital Reserve	19,257.74	20.6	19,258	(0)	154,061.92	20.6	154,062	(0)	231,093	77,031
415 - Delinquent Owners Late Fee	290.00	0.3	0	290	2,445.01	0.3	0	2,445	0	(2,445)
416 - Delinquent Owners Interest	23.67	0.0	0	24	269.92	0.0	0	270	0	(270)
425 - House Rule Violations	<u>150.00</u>	<u>0.2</u>	<u>0</u>	<u>150</u>	<u>150.00</u>	<u>0.0</u>	<u>0</u>	<u>150</u>	<u>0</u>	<u>(150)</u>
Total Membership Income	90,643.67	96.8	90,180	464	724,304.93	96.9	721,438	2,867	1,082,157	357,852
Non-Membership Income										
430 - Interest Income	120.87	0.1	100	21	932.78	0.1	800	133	1,200	267
431 - Reserve Interest Income	507.60	0.5	130	378	2,895.90	0.4	1,040	1,856	1,560	(1,336)
440.80 - NJF Rental Income	2,250.00	2.4	2,250	0	18,000.00	2.4	18,000	0	27,000	9,000
441 - Kayak Rack Rental	90.00	0.1	0	90	1,200.00	0.2	0	1,200	0	(1,200)
499 - Other Income	<u>20.00</u>	<u>0.0</u>	<u>50</u>	<u>(30)</u>	<u>80.00</u>	<u>0.0</u>	<u>400</u>	<u>(320)</u>	<u>600</u>	<u>520</u>
Total Non-Membership Income	2,988.47	3.2	2,530	458	23,108.68	3.1	20,240	2,869	30,360	7,251
Total Revenues	<u>93,632.14</u>	<u>100.</u>	<u>92,710</u>	<u>922</u>	<u>747,413.61</u>	<u>100.</u>	<u>741,678</u>	<u>5,736</u>	<u>1,112,517</u>	<u>365,103</u>
Operating Expenses										
NJF Unit Expenses										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	5,296.00	0.7	5,296	0	7,944	2,648
701.2 - NJF Unit - Rental Agent Fe	225.00	0.2	225	0	1,800.00	0.2	1,800	0	2,700	900
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	3,305.06	0.4	800	2,505	1,200	(2,105)
701.4 - NJF GET Expense	<u>90.00</u>	<u>0.1</u>	<u>90</u>	<u>0</u>	<u>720.00</u>	<u>0.1</u>	<u>720</u>	<u>0</u>	<u>1,080</u>	<u>360</u>
Total NJF Unit Expenses	977.00	1.0	1,077	(100)	11,121.06	1.5	8,616	2,505	12,924	1,803
Administration Expenses										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	40.00	0.0	80	(40)	120	80
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	40	(40)	60	60
710 - Meetings	0.00	0.0	217	(217)	1,043.07	0.1	1,736	(693)	2,604	1,561
715 - Office/Administration	287.39	0.3	375	(88)	3,783.62	0.5	3,000	784	4,500	716
715.1 - Office/Admin - Site Office	0.00	0.0	175	(175)	436.10	0.1	1,400	(964)	2,100	1,664
720 - Operating Supplies	13.06	0.0	100	(87)	520.81	0.1	800	(279)	1,200	679
910 - Depreciation *	<u>310.00</u>	<u>0.3</u>	<u>0</u>	<u>310</u>	<u>2,480.00</u>	<u>0.3</u>	<u>0</u>	<u>2,480</u>	<u>0</u>	<u>(2,480)</u>
Total Administration Exp	610.45	0.7	882	(272)	8,303.60	1.1	7,056	1,248	10,584	2,280
Employee Costs										
610 - Auto	0.00	0.0	100	(100)	122.08	0.0	800	(678)	1,200	1,078
648 - Education & Seminars	0.00	0.0	54	(54)	0.00	0.0	433	(433)	650	650
651 - Emp/Ben.-Bonuses	0.00	0.0	1,000	(1,000)	10,000.00	1.3	8,000	2,000	12,000	2,000
653 - Emp/Ben.-Medical	1,024.78	1.1	996	29	7,599.80	1.0	7,968	(368)	11,952	4,352
780 - Salaries & Wages	8,955.66	9.6	9,137	(181)	66,695.05	8.9	73,099	(6,404)	109,648	42,953

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 8 Months Ended August 31, 2018

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
801 - P/R Insurance - TDI & WC	371.67	0.4	495	(123)	3,445.61	0.5	3,960	(514)	5,940	2,494
802 - Taxes - Payroll	808.24	0.9	997	(189)	8,379.13	1.1	7,976	403	11,964	3,585
812 - Uniforms	0.00	0.0	55	(55)	61.12	0.0	440	(379)	660	599
Total Employee Costs	11,160.35	11.9	12,834	(1,674)	96,302.79	12.9	102,676	(6,373)	154,014	57,711
Insurance Expense										
677 - Ins. - Bond	35.50	0.0	35	1	280.32	0.0	280	0	420	140
678 - Ins. Business Interruption	95.25	0.1	0	95	391.00	0.1	0	391	0	(391)
679 - Ins. - Dir./Officers	167.58	0.2	160	8	1,309.64	0.2	1,280	30	1,920	610
680 - Ins. - Package	4,952.75	5.3	4,471	482	34,271.32	4.6	35,768	(1,497)	53,652	19,381
683 - Ins. - CGL	358.00	0.4	361	(3)	2,877.00	0.4	2,888	(11)	4,332	1,455
684 - Ins. - Umbrella	176.25	0.2	181	(5)	1,410.00	0.2	1,448	(38)	2,172	762
Total Insurance Expenses	5,785.33	6.2	5,208	577	40,539.28	5.4	41,664	(1,125)	62,496	21,957
Professional Services										
705 - Management Fee	4,170.00	4.5	4,170	0	33,360.00	4.5	33,360	0	50,040	16,680
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	2,712	(2,556)	4,068	3,912
732 - Prof.Svc.- Legal *	437.17	0.5	333	104	3,168.24	0.4	2,667	501	4,000	832
734 - Prof.Svc.- Y/E Acctng.	0.00	0.0	82	(82)	0.00	0.0	659	(659)	988	988
Total Professional Exp	4,607.17	4.9	4,924	(317)	36,899.49	4.9	39,398	(2,499)	59,096	22,197
Repairs & Maint Expenses										
746 - R/M - Buildings *	13,821.33	14.8	2,000	11,821	25,672.49	3.4	16,000	9,672	24,000	(1,672)
750 - R/M - Equipment *	593.91	0.6	250	344	1,641.93	0.2	2,000	(358)	3,000	1,358
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	426.00	0.1	656	(230)	984	558
753 - R/M - Landscape Upgrades	0.00	0.0	167	(167)	991.08	0.1	1,336	(345)	2,004	1,013
754 - R/M - Grounds	0.00	0.0	417	(417)	518.36	0.1	3,333	(2,815)	5,000	4,482
755 - R/M - Grounds Contractor	17,400.00	18.6	17,660	(260)	139,200.00	18.6	141,280	(2,080)	211,920	72,720
756 - R/M - Irrigation	132.29	0.1	704	(572)	3,468.28	0.5	5,635	(2,167)	8,452	4,984
760 - R/M - Pest Control	0.00	0.0	570	(570)	3,288.89	0.4	4,557	(1,268)	6,836	3,547
762 - R/M - Pool, Spa, BBQ	147.67	0.2	300	(152)	4,034.55	0.5	2,400	1,635	3,600	(435)
764 - R/M - Refuse Collection ***	2,841.97	3.0	1,734	1,108	22,565.97	3.0	13,872	8,694	20,808	(1,758)
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	9,187	(9,187)	13,780	13,780
767 - R/M - Security Contract	791.66	0.8	788	4	6,333.28	0.8	6,304	29	9,456	3,123
Total Repairs & Maint Exp	35,728.83	38.2	25,820	9,909	208,140.83	27.8	206,560	1,581	309,840	101,699
Tax Expenses										
796 - Taxes - Gen. Excise	48.09	0.1	11	37	318.94	0.0	88	231	132	(187)
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	2,400	(2,400)	3,600	3,600
945 - State Income Taxes	0.00	0.0	45	(45)	0.00	0.0	360	(360)	540	540
Total Tax Expenses	48.09	0.1	356	(308)	318.94	0.0	2,848	(2,529)	4,272	3,953

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 8 Months Ended August 31, 2018

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
Utility Expense										
826 - Util. - Cable TV	3,758.39	4.0	4,868	(1,110)	40,682.65	5.4	38,944	1,739	58,416	17,733
828 - Util. - Electric	1,630.02	1.7	2,347	(717)	14,403.93	1.9	18,776	(4,372)	28,164	13,760
830 - Util. - Gas	70.97	0.1	75	(4)	684.68	0.1	600	85	900	215
832 - Util. - Sewer	4,962.98	5.3	4,850	113	38,079.93	5.1	38,802	(722)	58,203	20,123
834 - Util. - Telephone	60.70	0.1	221	(160)	2,324.20	0.3	1,769	555	2,653	329
838 - Util. - Water	<u>9,942.70</u>	<u>10.6</u>	<u>10,593</u>	<u>(650)</u>	<u>67,800.80</u>	<u>9.1</u>	<u>84,745</u>	<u>(16,944)</u>	<u>127,117</u>	<u>59,316</u>
Total Utility Expenses	20,425.76	21.8	22,954	(2,528)	163,976.19	21.9	183,636	(19,660)	275,453	111,477
Reserves & Other Exp										
915 - Capital Reserves	19,257.74	20.6	19,258	(0)	154,061.92	20.6	154,062	(0)	231,093	77,031
916 - Reserves Interest *	507.60	0.5	130	378	2,895.90	0.4	1,040	1,856	1,560	(1,336)
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>5,333</u>	<u>(5,333)</u>	<u>8,000</u>	<u>8,000</u>
Total Reserve & Other Exp	<u>19,765.34</u>	<u>21.1</u>	<u>20,055</u>	<u>(290)</u>	<u>156,957.82</u>	<u>21.0</u>	<u>160,435</u>	<u>(3,477)</u>	<u>240,653</u>	<u>83,695</u>
Total Operating Expenses and Reserve Allocation	<u>99,108.32</u>	<u>105.</u>	<u>94,110</u>	<u>4,998</u>	<u>722,560.00</u>	<u>96.7</u>	<u>752,889</u>	<u>(30,329)</u>	<u>1,129,332</u>	<u>406,772</u>
Total Revenue Over Exp	<u>(5,476.18)</u>	<u>(5.8)</u>	<u>(1,400)</u>	<u>(4,076)</u>	24,853.61	3.3	(11,211)	36,065	(16,815)	(41,669)
Beginning Members' Equity					<u>361,868.34</u>					
Ending Members' Equity					<u>386,721.95</u>					

Wailea Fairway Villas Association
Statement of Cash Flows - Tax Basis
For the 1 Month and 8 Months Ended August 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ (5,476.18)	\$ 24,853.61
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	2,480.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	1,667.24	2,402.88
Prepays	4,884.00	(40,202.30)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,114.51	(22,516.27)
Accrued Liabilities	2,891.66	39,509.59
Total Adjustments	<u>12,867.41</u>	<u>(18,326.10)</u>
Net Cash Provided By (Used in) Operating Activities	<u>7,391.23</u>	<u>6,527.51</u>

CASH FLOWS FROM FINANCING ACTIVITIES

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

7,391.23 6,527.51

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

369,384.60 370,248.32

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 376,775.83 \$ 376,775.83