



**DESTINATION MAUI** <sup>INC</sup>  
Property 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 Nine Months Ended  
September 30, 2018

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

**Assets**

|  | <b>2018</b>            | <b>2017</b>            |
|--|------------------------|------------------------|
| <b>CURRENT ASSETS</b>                        |                        |                        |
| Ckg - MOO *****1241                          | \$ 93,866.48           | \$ 128,706.97          |
| MMkt - MOO Savings *****2119                 | 26,401.24              | 26,354.46              |
| MMkt - HSB Savings *****1937                 | <u>235,906.24</u>      | <u>234,567.59</u>      |
| <b>Subtotal - Cash</b>                       | <u>356,173.96</u>      | <u>389,629.02</u>      |
| <b>ACCOUNTS RECEIVABLES</b>                  |                        |                        |
| A/R - Owners Balances                        | 3,383.07               | 2,460.88               |
| A/R - Act 196 & Collection                   | 28,909.31              | 29,030.75              |
| Allowance for Bad Debts                      | <u>(21,723.26)</u>     | <u>(21,723.26)</u>     |
| <b>Subtotal - Accounts Receivable</b>        | <u>10,569.12</u>       | <u>9,768.37</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                  |
| Prepaid Medical                              | 0.00                   | 925.04                 |
| Unexpired Insurance                          | 41,984.01              | 37,441.44              |
| NJF Clearing Account                         | <u>59,229.90</u>       | <u>43,989.90</u>       |
| <b>Subtotal - Other Current Assets</b>       | <u>104,895.91</u>      | <u>83,197.87</u>       |
| <b>TOTAL CURRENT ASSETS</b>                  | <u>471,638.99</u>      | <u>482,595.26</u>      |
| <b>CAPITAL RESERVE ACCOUNTS</b>              |                        |                        |
| MMkt - MOO Reserves *****2640                | 1,368,842.14           | 297,633.85             |
| CD - MOO Reserve - Exp 10/11/18 ****3754     | 102,996.57             | 102,453.70             |
| 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>703,015.99</u>      |
| <b>Subtotal - Capital Reserves</b>           | <u>1,623,847.33</u>    | <u>1,396,233.54</u>    |
| <b>FIXED ASSETS</b>                          |                        |                        |
| Equipment - PV System                        | 74,400.00              | 74,400.00              |
| Less: Accumulated Depreciation               | <u>(12,400.00)</u>     | <u>(8,680.00)</u>      |
| <b>Subtotal - Fixed Assets</b>               | <u>62,000.00</u>       | <u>65,720.00</u>       |
| <b>TOTAL OTHER ASSETS</b>                    | <u>1,685,847.33</u>    | <u>1,461,953.54</u>    |
| <b>TOTAL ASSETS</b>                          | <u>\$ 2,157,486.32</u> | <u>\$ 1,944,548.80</u> |

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

**Liabilities and Fund Balances**

|  | <b>2018</b>     | <b>2017</b>     |
|--|-----------------|-----------------|
| <b>CURRENT LIABILITIES</b>                       |                 |                 |
| A/P - Trade                                      | \$ 17,609.29    | \$ 55,347.04    |
| A/P Insur. Water Damage Claims                   | 8,861.27        | 9,780.83        |
| Owner Prepayments                                | 27,791.27       | 24,183.51       |
| A/P - NJF Units                                  | 59,229.90       | 43,989.90       |
| A/P - Insurance                                  | 23,895.00       | 24,009.00       |
| Accrued General Excise Tx                        | 420.59          | 362.29          |
| 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/>           |
| <b>Subtotal - Current Liabilities</b>            | 142,283.50      | 157,894.45      |
|  | <hr/>           | <hr/>           |
| <b>TOTAL CURRENT LIABILITIES</b>                 | 142,283.50      | 157,894.45      |
|  | <hr/>           | <hr/>           |
| <b>TOTAL LIABILITIES</b>                         | 142,283.50      | 157,894.45      |
|  | <hr/>           | <hr/>           |
| <b>MEMBERS' EQUITY</b>                           |                 |                 |
| Unrestricted Members' Equity                     | 391,355.49      | 390,420.81      |
| Restricted Members' Equity                       | 1,623,847.33    | 1,396,233.54    |
|  | <hr/>           | <hr/>           |
| <b>Subtotal Members' Equity</b>                  | 2,015,202.82    | 1,786,654.35    |
|  | <hr/>           | <hr/>           |
| <b>TOTAL MEMBERS' EQUITY</b>                     | 2,015,202.82    | 1,786,654.35    |
|  | <hr/>           | <hr/>           |
| <b>TOTAL LIABILITIES AND<br/>MEMBERS' EQUITY</b> | \$ 2,157,486.32 | \$ 1,944,548.80 |
|  | <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 9 Months Ended September 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        | 76.0        | 70,922        | 0            | 638,300.34        | 75.9        | 638,298        | 2            | 851,064          | 212,764        |
| 406 - Capital Reserve              | 19,257.74        | 20.6        | 19,258        | (0)          | 173,319.66        | 20.6        | 173,320        | (0)          | 231,093          | 57,773         |
| 415 - Delinquent Owners Late Fee   | 218.20           | 0.2         | 0             | 218          | 2,663.21          | 0.3         | 0              | 2,663        | 0                | (2,663)        |
| 416 - Delinquent Owners Interest   | 30.48            | 0.0         | 0             | 30           | 300.40            | 0.0         | 0              | 300          | 0                | (300)          |
| 425 - House Rule Violations        | 0.00             | 0.0         | 0             | 0            | 150.00            | 0.0         | 0              | 150          | 0                | (150)          |
| <b>Total Membership Income</b>     | <b>90,428.68</b> | <b>96.9</b> | <b>90,180</b> | <b>249</b>   | <b>814,733.61</b> | <b>96.9</b> | <b>811,618</b> | <b>3,116</b> | <b>1,082,157</b> | <b>267,423</b> |
| <b>Non-Membership Income</b>       |                  |             |               |              |                   |             |                |              |                  |                |
| 430 - Interest Income              | 117.24           | 0.1         | 100           | 17           | 1,050.02          | 0.1         | 900            | 150          | 1,200            | 150            |
| 431 - Reserve Interest Income      | 492.40           | 0.5         | 130           | 362          | 3,388.30          | 0.4         | 1,170          | 2,218        | 1,560            | (1,828)        |
| 440.80 - NJF Rental Income         | 2,280.00         | 2.4         | 2,250         | 30           | 20,280.00         | 2.4         | 20,250         | 30           | 27,000           | 6,720          |
| 441 - Kayak Rack Rental            | 15.00            | 0.0         | 0             | 15           | 1,215.00          | 0.1         | 0              | 1,215        | 0                | (1,215)        |
| 499 - Other Income                 | 0.00             | 0.0         | 50            | (50)         | 80.00             | 0.0         | 450            | (370)        | 600              | 520            |
| <b>Total Non-Membership Income</b> | <b>2,904.64</b>  | <b>3.1</b>  | <b>2,530</b>  | <b>375</b>   | <b>26,013.32</b>  | <b>3.1</b>  | <b>22,770</b>  | <b>3,243</b> | <b>30,360</b>    | <b>4,347</b>   |
| <b>Total Revenues</b>              | <b>93,333.32</b> | <b>100.</b> | <b>92,710</b> | <b>623</b>   | <b>840,746.93</b> | <b>100.</b> | <b>834,388</b> | <b>6,359</b> | <b>1,112,517</b> | <b>271,770</b> |
| <b>Operating Expenses</b>          |                  |             |               |              |                   |             |                |              |                  |                |
| <b>NJF Unit Expenses</b>           |                  |             |               |              |                   |             |                |              |                  |                |
| 701.1 - NJF Unit Maint Fees        | 662.00           | 0.7         | 662           | 0            | 5,958.00          | 0.7         | 5,958          | 0            | 7,944            | 1,986          |
| 701.2 - NJF Unit - Rental Agent Fe | 225.00           | 0.2         | 225           | 0            | 2,025.00          | 0.2         | 2,025          | 0            | 2,700            | 675            |
| 701.3 - NJF Repairs & Maint        | 0.00             | 0.0         | 100           | (100)        | 3,305.06          | 0.4         | 900            | 2,405        | 1,200            | (2,105)        |
| 701.4 - NJF GET Expense            | 90.00            | 0.1         | 90            | 0            | 810.00            | 0.1         | 810            | 0            | 1,080            | 270            |
| <b>Total NJF Unit Expenses</b>     | <b>977.00</b>    | <b>1.0</b>  | <b>1,077</b>  | <b>(100)</b> | <b>12,098.06</b>  | <b>1.4</b>  | <b>9,693</b>   | <b>2,405</b> | <b>12,924</b>    | <b>826</b>     |
| <b>Administration Expenses</b>     |                  |             |               |              |                   |             |                |              |                  |                |
| 625 - Bank Charges/Merchant        | 10.00            | 0.0         | 10            | 0            | 50.00             | 0.0         | 90             | (40)         | 120              | 70             |
| 645 - Dues & Subscriptions         | 0.00             | 0.0         | 5             | (5)          | 0.00              | 0.0         | 45             | (45)         | 60               | 60             |
| 710 - Meetings*                    | 325.00           | 0.3         | 217           | 108          | 1,368.07          | 0.2         | 1,953          | (585)        | 2,604            | 1,236          |
| 715 - Office/Administration        | 283.32           | 0.3         | 375           | (92)         | 4,066.94          | 0.5         | 3,375          | 692          | 4,500            | 433            |
| 715.1 - Office/Admin - Site Office | 0.00             | 0.0         | 175           | (175)        | 436.10            | 0.1         | 1,575          | (1,139)      | 2,100            | 1,664          |
| 720 - Operating Supplies           | 186.29           | 0.2         | 100           | 86           | 707.10            | 0.1         | 900            | (193)        | 1,200            | 493            |
| 910 - Depreciation                 | 310.00           | 0.3         | 0             | 310          | 2,790.00          | 0.3         | 0              | 2,790        | 0                | (2,790)        |
| <b>Total Administration Exp</b>    | <b>1,114.61</b>  | <b>1.2</b>  | <b>882</b>    | <b>233</b>   | <b>9,418.21</b>   | <b>1.1</b>  | <b>7,938</b>   | <b>1,480</b> | <b>10,584</b>    | <b>1,166</b>   |
| <b>Employee Costs</b>              |                  |             |               |              |                   |             |                |              |                  |                |
| 610 - Auto                         | 124.26           | 0.1         | 100           | 24           | 246.34            | 0.0         | 900            | (654)        | 1,200            | 954            |
| 648 - Education & Seminars         | 0.00             | 0.0         | 54            | (54)         | 0.00              | 0.0         | 488            | (488)        | 650              | 650            |
| 651 - Emp/Ben.-Bonuses             | 506.20           | 0.5         | 1,000         | (494)        | 10,506.20         | 1.2         | 9,000          | 1,506        | 12,000           | 1,494          |
| 653 - Emp/Ben.-Medical             | 1,024.78         | 1.1         | 996           | 29           | 8,624.58          | 1.0         | 8,964          | (339)        | 11,952           | 3,327          |
| 780 - Salaries & Wages             | 10,343.08        | 11.1        | 9,137         | 1,206        | 77,038.13         | 9.2         | 82,236         | (5,198)      | 109,648          | 32,610         |

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 9 Months Ended September 30, 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)          | 3,817.28          | 0.5         | 4,455          | (638)          | 5,940          | 2,123         |
| 802 - Taxes - Payroll                | 925.88           | 1.0         | 997           | (71)           | 9,305.01          | 1.1         | 8,973          | 332            | 11,964         | 2,659         |
| 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>495</u>     | <u>(434)</u>   | <u>660</u>     | <u>599</u>    |
| <b>Total Employee Costs</b>          | <b>13,295.87</b> | <b>14.2</b> | <b>12,834</b> | <b>462</b>     | <b>109,598.66</b> | <b>13.0</b> | <b>115,511</b> | <b>(5,912)</b> | <b>154,014</b> | <b>44,415</b> |
| <b>Insurance Expense</b>             |                  |             |               |                |                   |             |                |                |                |               |
| 677 - Ins. - Bond                    | 35.50            | 0.0         | 35            | 1              | 315.82            | 0.0         | 315            | 1              | 420            | 104           |
| 678 - Ins. Business Interruption     | 95.25            | 0.1         | 0             | 95             | 486.25            | 0.1         | 0              | 486            | 0              | (486)         |
| 679 - Ins. - Dir./Officers           | 167.58           | 0.2         | 160           | 8              | 1,477.22          | 0.2         | 1,440          | 37             | 1,920          | 443           |
| 680 - Ins. - Package                 | 4,952.75         | 5.3         | 4,471         | 482            | 39,224.07         | 4.7         | 40,239         | (1,015)        | 53,652         | 14,428        |
| 683 - Ins. - CGL                     | 358.00           | 0.4         | 361           | (3)            | 3,235.00          | 0.4         | 3,249          | (14)           | 4,332          | 1,097         |
| 684 - Ins. - Umbrella                | <u>176.25</u>    | <u>0.2</u>  | <u>181</u>    | <u>(5)</u>     | <u>1,586.25</u>   | <u>0.2</u>  | <u>1,629</u>   | <u>(43)</u>    | <u>2,172</u>   | <u>586</u>    |
| <b>Total Insurance Expenses</b>      | <b>5,785.33</b>  | <b>6.2</b>  | <b>5,208</b>  | <b>577</b>     | <b>46,324.61</b>  | <b>5.5</b>  | <b>46,872</b>  | <b>(547)</b>   | <b>62,496</b>  | <b>16,171</b> |
| <b>Professional Services</b>         |                  |             |               |                |                   |             |                |                |                |               |
| 705 - Management Fee                 | 4,170.00         | 4.5         | 4,170         | 0              | 37,530.00         | 4.5         | 37,530         | 0              | 50,040         | 12,510        |
| 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         | 3,051          | (2,895)        | 4,068          | 3,912         |
| 732 - Prof.Svc.- Legal               | 29.16            | 0.0         | 333           | (304)          | 3,197.40          | 0.4         | 3,000          | 197            | 4,000          | 803           |
| 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>741</u>     | <u>(741)</u>   | <u>988</u>     | <u>988</u>    |
| <b>Total Professional Exp</b>        | <b>4,199.16</b>  | <b>4.5</b>  | <b>4,924</b>  | <b>(725)</b>   | <b>41,098.65</b>  | <b>4.9</b>  | <b>44,322</b>  | <b>(3,223)</b> | <b>59,096</b>  | <b>17,997</b> |
| <b>Repairs &amp; Maint Expenses</b>  |                  |             |               |                |                   |             |                |                |                |               |
| 746 - R/M - Buildings                | 1,123.43         | 1.2         | 2,000         | (877)          | 26,795.92         | 3.2         | 18,000         | 8,796          | 24,000         | (2,796)       |
| 750 - R/M - Equipment                | 0.00             | 0.0         | 250           | (250)          | 1,641.93          | 0.2         | 2,250          | (608)          | 3,000          | 1,358         |
| 752 - R/M - Fire Equip.              | 0.00             | 0.0         | 82            | (82)           | 426.00            | 0.1         | 738            | (312)          | 984            | 558           |
| 753 - R/M - Landscape Upgrades       | 0.00             | 0.0         | 167           | (167)          | 991.08            | 0.1         | 1,503          | (512)          | 2,004          | 1,013         |
| 754 - R/M - Grounds                  | 0.00             | 0.0         | 417           | (417)          | 518.36            | 0.1         | 3,750          | (3,232)        | 5,000          | 4,482         |
| 755 - R/M - Grounds Contractor       | 17,660.00        | 18.9        | 17,660        | 0              | 156,860.00        | 18.7        | 158,940        | (2,080)        | 211,920        | 55,060        |
| 756 - R/M - Irrigation               | 583.38           | 0.6         | 704           | (121)          | 4,051.66          | 0.5         | 6,339          | (2,287)        | 8,452          | 4,400         |
| 760 - R/M - Pest Control             | 0.00             | 0.0         | 570           | (570)          | 3,288.89          | 0.4         | 5,127          | (1,838)        | 6,836          | 3,547         |
| 762 - R/M - Pool, Spa, BBQ           | 0.00             | 0.0         | 300           | (300)          | 4,034.55          | 0.5         | 2,700          | 1,335          | 3,600          | (435)         |
| 764 - R/M - Refuse Collection ***    | 3,914.38         | 4.2         | 1,734         | 2,180          | 26,480.35         | 3.1         | 15,606         | 10,874         | 20,808         | (5,672)       |
| 764.1 - R/M - Recycling              | 0.00             | 0.0         | 1,148         | (1,148)        | 0.00              | 0.0         | 10,335         | (10,335)       | 13,780         | 13,780        |
| 767 - R/M - Security Contract        | <u>0.00</u>      | <u>0.0</u>  | <u>788</u>    | <u>(788)</u>   | <u>6,333.28</u>   | <u>0.8</u>  | <u>7,092</u>   | <u>(759)</u>   | <u>9,456</u>   | <u>3,123</u>  |
| <b>Total Repairs &amp; Maint Exp</b> | <b>23,281.19</b> | <b>24.9</b> | <b>25,820</b> | <b>(2,539)</b> | <b>231,422.02</b> | <b>27.5</b> | <b>232,380</b> | <b>(958)</b>   | <b>309,840</b> | <b>78,418</b> |
| <b>Tax Expenses</b>                  |                  |             |               |                |                   |             |                |                |                |               |
| 796 - Taxes - Gen. Excise            | 34.93            | 0.0         | 11            | 24             | 353.87            | 0.0         | 99             | 255            | 132            | (222)         |
| 940 - Federal Income Taxes           | 0.00             | 0.0         | 300           | (300)          | 0.00              | 0.0         | 2,700          | (2,700)        | 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>405</u>     | <u>(405)</u>   | <u>540</u>     | <u>540</u>    |
| <b>Total Tax Expenses</b>            | <b>34.93</b>     | <b>0.0</b>  | <b>356</b>    | <b>(321)</b>   | <b>353.87</b>     | <b>0.0</b>  | <b>3,204</b>   | <b>(2,850)</b> | <b>4,272</b>   | <b>3,918</b>  |

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 9 Months Ended September 30, 2018**

|  | CURRENT MONTH           |                    |                       |                       | YEAR TO DATE             |                    |                        |                        | BUDGET                  |                        |
|--|-------------------------|--------------------|-----------------------|-----------------------|--------------------------|--------------------|------------------------|------------------------|-------------------------|------------------------|
|  | Actual                  | %                  | Budget                | Variance              | Actual                   | %                  | Budget                 | Variance               | Annual                  | Unexpended             |
| <b>Utility Expense</b>                                 |                         |                    |                       |                       |                          |                    |                        |                        |                         |                        |
| 826 - Util. - Cable TV                                 | 3,758.39                | 4.0                | 4,868                 | (1,110)               | 44,441.04                | 5.3                | 43,812                 | 629                    | 58,416                  | 13,975                 |
| 828 - Util. - Electric                                 | 1,669.73                | 1.8                | 2,347                 | (677)                 | 16,073.66                | 1.9                | 21,123                 | (5,049)                | 28,164                  | 12,090                 |
| 830 - Util. - Gas                                      | 0.00                    | 0.0                | 75                    | (75)                  | 684.68                   | 0.1                | 675                    | 10                     | 900                     | 215                    |
| 832 - Util. - Sewer                                    | 5,118.78                | 5.5                | 4,850                 | 269                   | 43,198.71                | 5.1                | 43,652                 | (453)                  | 58,203                  | 15,004                 |
| 834 - Util. - Telephone                                | 188.05                  | 0.2                | 221                   | (33)                  | 2,512.25                 | 0.3                | 1,990                  | 522                    | 2,653                   | 141                    |
| 838 - Util. - Water                                    | <u>9,526.60</u>         | <u>10.2</u>        | <u>10,593</u>         | <u>(1,066)</u>        | <u>77,327.40</u>         | <u>9.2</u>         | <u>95,338</u>          | <u>(18,011)</u>        | <u>127,117</u>          | <u>49,790</u>          |
| <b>Total Utility Expenses</b>                          | <b>20,261.55</b>        | <b>21.7</b>        | <b>22,954</b>         | <b>(2,692)</b>        | <b>184,237.74</b>        | <b>21.9</b>        | <b>206,590</b>         | <b>(22,352)</b>        | <b>275,453</b>          | <b>91,215</b>          |
| <b>Reserves &amp; Other Exp</b>                        |                         |                    |                       |                       |                          |                    |                        |                        |                         |                        |
| 915 - Capital Reserves                                 | 19,257.74               | 20.6               | 19,258                | (0)                   | 173,319.66               | 20.6               | 173,320                | (0)                    | 231,093                 | 57,773                 |
| 916 - Reserves Interest                                | 492.40                  | 0.5                | 130                   | 362                   | 3,388.30                 | 0.4                | 1,170                  | 2,218                  | 1,560                   | (1,828)                |
| 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>6,000</u>           | <u>(6,000)</u>         | <u>8,000</u>            | <u>8,000</u>           |
| <b>Total Reserve &amp; Other Exp</b>                   | <b><u>19,750.14</u></b> | <b><u>21.2</u></b> | <b><u>20,055</u></b>  | <b><u>(305)</u></b>   | <b><u>176,707.96</u></b> | <b><u>21.0</u></b> | <b><u>180,490</u></b>  | <b><u>(3,782)</u></b>  | <b><u>240,653</u></b>   | <b><u>63,945</u></b>   |
| <b>Total Operating Expenses and Reserve Allocation</b> | <b><u>88,699.78</u></b> | <b><u>95.0</u></b> | <b><u>94,110</u></b>  | <b><u>(5,410)</u></b> | <b><u>811,259.78</u></b> | <b><u>96.5</u></b> | <b><u>847,000</u></b>  | <b><u>(35,740)</u></b> | <b><u>1,129,332</u></b> | <b><u>318,072</u></b>  |
| <b>Total Revenue Over Exp</b>                          | <b><u>4,633.54</u></b>  | <b><u>5.0</u></b>  | <b><u>(1,400)</u></b> | <b><u>6,034</u></b>   | <b><u>29,487.15</u></b>  | <b><u>3.5</u></b>  | <b><u>(12,612)</u></b> | <b><u>42,099</u></b>   | <b><u>(16,815)</u></b>  | <b><u>(46,302)</u></b> |
| <b>Beginning Members' Equity</b>                       |                         |                    |                       |                       | <u>361,868.34</u>        |                    |                        |                        |                         |                        |
| <b>Ending Members' Equity</b>                          |                         |                    |                       |                       | <u>391,355.49</u>        |                    |                        |                        |                         |                        |

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 9 Months Ended September 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                    |                    |
|--|--------------------|--------------------|
| Net Income (Loss)  | \$ 4,633.54        | \$ 29,487.15       |
| Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities: |                    |                    |
| Depreciation   | 310.00             | 2,790.00           |
| Decrease (Increase) in Operating Assets:   |                    |                    |
| Accounts Receivable  | (713.03)           | 1,689.85           |
| Prepays  | 4,884.00           | (35,318.30)        |
| Increase (Decrease) in Operating Liabilities:  |                    |                    |
| Accounts Payable   | (7,979.93)         | (30,496.20)        |
| Accrued Liabilities  | <u>(21,736.45)</u> | <u>17,773.14</u>   |
| Total Adjustments  | <u>(25,235.41)</u> | <u>(43,561.51)</u> |
| <b>Net Cash Provided By (Used in) Operating Activities</b>   | <u>(20,601.87)</u> | <u>(14,074.36)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

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

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

(20,601.87) (14,074.36)

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

376,775.83 370,248.32

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

\$ 356,173.96 \$ 356,173.96

**Wailea Fairway Villas Association  
Supplementary Schedule VII  
Note to the Financial Statement  
September 30, 2018**

1. I have prepared the accompanying Balance Sheet – Tax Basis as of September 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 Nine Months then ended, along with the accompanying 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*