



**DESTINATION MAUI** INC  
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 Ten Months Ended  
October 31, 2018

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

**Assets**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 109,896.49	\$ 109,532.93
MMkt - MOO Savings *****2119	26,410.21	26,357.82
MMkt - HSB Savings *****1937	<u>236,016.24</u>	<u>234,654.15</u>
<b>Subtotal - Cash</b>	<u>372,322.94</u>	<u>370,544.90</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	3,612.77	3,923.53
A/R - Act 196 & Collection	28,936.39	29,030.75
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>10,825.90</u>	<u>11,231.02</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	35,827.01	31,917.53
NJF Clearing Account	<u>60,502.90</u>	<u>45,275.90</u>
<b>Subtotal - Other Current Assets</b>	<u>100,011.91</u>	<u>78,959.96</u>
<b>TOTAL CURRENT ASSETS</b>	<u>483,160.75</u>	<u>460,735.88</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	1,388,803.36	316,383.25
CD - MOO Reserve - Exp 10/11/19 ****3754	103,099.90	102,483.17
CDARS - MOO Reserves - Exp 03/09/18 ****7219	0.00	141,121.38
CDARS - MOO Reserves - Exp 07/05/19 ****5144	152,008.62	152,008.62
ICS - MOO Reserves *****2640	<u>0.00</u>	<u>703,093.60</u>
<b>Subtotal - Capital Reserves</b>	<u>1,643,911.88</u>	<u>1,415,090.02</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(12,710.00)</u>	<u>(8,990.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>61,690.00</u>	<u>65,410.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,705,601.88</u>	<u>1,480,500.02</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,188,762.63</u>	<u>\$ 1,941,235.90</u>

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

**Liabilities and Fund Balances**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 12,008.73	\$ 25,987.79
A/P Insur. Water Damage Claims	8,861.27	16,983.77
Owner Prepayments	28,593.47	28,063.91
A/P - NJF Units	60,502.90	45,275.90
A/P - Insurance	19,116.00	19,825.00
Accrued General Excise Tx	137.31	105.57
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>	133,695.86	136,463.82
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	133,695.86	136,463.82
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<b>TOTAL LIABILITIES</b>	133,695.86	136,463.82
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<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	411,154.89	389,682.06
Restricted Members' Equity	1,643,911.88	1,415,090.02
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<b>Subtotal Members' Equity</b>	2,055,066.77	1,804,772.08
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<b>TOTAL MEMBERS' EQUITY</b>	2,055,066.77	1,804,772.08
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,188,762.63	\$ 1,941,235.90
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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 10 Months Ended October 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	75.8	70,922	0	709,222.60	75.9	709,220	3	851,064	141,841
406 - Capital Reserve	19,257.74	20.6	19,258	(0)	192,577.40	20.6	192,578	(1)	231,093	38,516
415 - Delinquent Owners Late Fee	172.50	0.2	0	173	2,835.71	0.3	0	2,836	0	(2,836)
416 - Delinquent Owners Interest	0.00	0.0	0	0	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>	<u>90,352.50</u>	<u>96.6</u>	<u>90,180</u>	<u>173</u>	<u>905,086.11</u>	<u>96.9</u>	<u>901,798</u>	<u>3,288</u>	<u>1,082,157</u>	<u>177,071</u>
<b>Non-Membership Income</b>										
430 - Interest Income	123.72	0.1	100	24	1,173.74	0.1	1,000	174	1,200	26
431 - Reserve Interest Income	806.81	0.9	130	677	4,195.11	0.4	1,300	2,895	1,560	(2,635)
440.80 - NJF Rental Income	2,250.00	2.4	2,250	0	22,530.00	2.4	22,500	30	27,000	4,470
441 - Kayak Rack Rental	15.00	0.0	0	15	1,230.00	0.1	0	1,230	0	(1,230)
499 - Other Income	0.00	0.0	50	(50)	80.00	0.0	500	(420)	600	520
<b>Total Non-Membership Income</b>	<u>3,195.53</u>	<u>3.4</u>	<u>2,530</u>	<u>666</u>	<u>29,208.85</u>	<u>3.1</u>	<u>25,300</u>	<u>3,909</u>	<u>30,360</u>	<u>1,151</u>
<b>Total Revenues</b>	<u>93,548.03</u>	<u>100.</u>	<u>92,710</u>	<u>838</u>	<u>934,294.96</u>	<u>100.</u>	<u>927,098</u>	<u>7,197</u>	<u>1,112,517</u>	<u>178,222</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	6,620.00	0.7	6,620	0	7,944	1,324
701.2 - NJF Unit - Rental Agent Fe	225.00	0.2	225	0	2,250.00	0.2	2,250	0	2,700	450
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	3,305.06	0.4	1,000	2,305	1,200	(2,105)
701.4 - NJF GET Expense	90.00	0.1	90	0	900.00	0.1	900	0	1,080	180
<b>Total NJF Unit Expenses</b>	<u>977.00</u>	<u>1.0</u>	<u>1,077</u>	<u>(100)</u>	<u>13,075.06</u>	<u>1.4</u>	<u>10,770</u>	<u>2,305</u>	<u>12,924</u>	<u>(151)</u>
<b>Adminstration Expenses</b>										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	50.00	0.0	100	(50)	120	70
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	50	(50)	60	60
710 - Meetings	0.00	0.0	217	(217)	1,368.07	0.1	2,170	(802)	2,604	1,236
715 - Office/Administration	306.57	0.3	375	(68)	4,373.51	0.5	3,750	624	4,500	126
715.1 - Office/Admin - Site Office	0.00	0.0	175	(175)	436.10	0.0	1,750	(1,314)	2,100	1,664
720 - Operating Supplies	0.00	0.0	100	(100)	707.10	0.1	1,000	(293)	1,200	493
910 - Depreciation	310.00	0.3	0	310	3,100.00	0.3	0	3,100	0	(3,100)
<b>Total Administration Exp</b>	<u>616.57</u>	<u>0.7</u>	<u>882</u>	<u>(265)</u>	<u>10,034.78</u>	<u>1.1</u>	<u>8,820</u>	<u>1,215</u>	<u>10,584</u>	<u>549</u>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	246.34	0.0	1,000	(754)	1,200	954
648 - Education & Seminars	0.00	0.0	54	(54)	0.00	0.0	542	(542)	650	650
651 - Emp/Ben.-Bonuses	0.00	0.0	1,000	(1,000)	10,506.20	1.1	10,000	506	12,000	1,494
653 - Emp/Ben.-Medical	1,024.78	1.1	996	29	9,649.36	1.0	9,960	(311)	11,952	2,303
780 - Salaries & Wages	4,316.95	4.6	9,137	(4,820)	81,355.08	8.7	91,373	(10,018)	109,648	28,293

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 10 Months Ended October 31, 2018**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
801 - P/R Insurance - TDI & WC	516.08	0.6	495	21	4,333.36	0.5	4,950	(617)	5,940	1,607
802 - Taxes - Payroll	473.23	0.5	997	(524)	9,778.24	1.0	9,970	(192)	11,964	2,186
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>550</u>	<u>(489)</u>	<u>660</u>	<u>599</u>
<b>Total Employee Costs</b>	<b>6,331.04</b>	<b>6.8</b>	<b>12,834</b>	<b>(6,503)</b>	<b>115,929.70</b>	<b>12.4</b>	<b>128,345</b>	<b>(12,415)</b>	<b>154,014</b>	<b>38,084</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	351.32	0.0	350	1	420	69
678 - Ins. Business Interruption	95.25	0.1	0	95	581.50	0.1	0	582	0	(582)
679 - Ins. - Dir./Officers	167.58	0.2	160	8	1,644.80	0.2	1,600	45	1,920	275
680 - Ins. - Package	4,952.75	5.3	4,471	482	44,176.82	4.7	44,710	(533)	53,652	9,475
683 - Ins. - CGL	358.00	0.4	361	(3)	3,593.00	0.4	3,610	(17)	4,332	739
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,762.50</u>	<u>0.2</u>	<u>1,810</u>	<u>(48)</u>	<u>2,172</u>	<u>410</u>
<b>Total Insurance Expenses</b>	<b>5,785.33</b>	<b>6.2</b>	<b>5,208</b>	<b>577</b>	<b>52,109.94</b>	<b>5.6</b>	<b>52,080</b>	<b>30</b>	<b>62,496</b>	<b>10,386</b>
<b>Professional Services</b>										
705 - Management Fee	4,170.00	4.5	4,170	0	41,700.00	4.5	41,700	0	50,040	8,340
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	3,390	(3,234)	4,068	3,912
732 - Prof.Svc.- Legal	354.14	0.4	333	21	3,551.54	0.4	3,333	219	4,000	448
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>823</u>	<u>(823)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>4,524.14</b>	<b>4.8</b>	<b>4,924</b>	<b>(400)</b>	<b>45,622.79</b>	<b>4.9</b>	<b>49,246</b>	<b>(3,623)</b>	<b>59,096</b>	<b>13,473</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	0.00	0.0	2,000	(2,000)	26,795.92	2.9	20,000	6,796	24,000	(2,796)
750 - R/M - Equipment	0.00	0.0	250	(250)	1,641.93	0.2	2,500	(858)	3,000	1,358
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	426.00	0.0	820	(394)	984	558
753 - R/M - Landscape Upgrades	0.00	0.0	167	(167)	991.08	0.1	1,670	(679)	2,004	1,013
754 - R/M - Grounds	0.00	0.0	417	(417)	518.36	0.1	4,167	(3,649)	5,000	4,482
755 - R/M - Grounds Contractor	17,660.00	18.9	17,660	0	174,520.00	18.7	176,600	(2,080)	211,920	37,400
756 - R/M - Irrigation	0.00	0.0	704	(704)	4,051.66	0.4	7,043	(2,991)	8,452	4,400
760 - R/M - Pest Control	0.00	0.0	570	(570)	3,288.89	0.4	5,697	(2,408)	6,836	3,547
762 - R/M - Pool, Spa, BBQ	0.00	0.0	300	(300)	4,034.55	0.4	3,000	1,035	3,600	(435)
764 - R/M - Refuse Collection	245.84	0.3	1,734	(1,488)	26,726.19	2.9	17,340	9,386	20,808	(5,918)
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	11,483	(11,483)	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>0.7</u>	<u>7,880</u>	<u>(1,547)</u>	<u>9,456</u>	<u>3,123</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>17,905.84</b>	<b>19.1</b>	<b>25,820</b>	<b>(7,914)</b>	<b>249,327.86</b>	<b>26.7</b>	<b>258,200</b>	<b>(8,872)</b>	<b>309,840</b>	<b>60,512</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	44.72	0.0	11	34	398.59	0.0	110	289	132	(267)
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	3,000	(3,000)	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>450</u>	<u>(450)</u>	<u>540</u>	<u>540</u>
<b>Total Tax Expenses</b>	<b>44.72</b>	<b>0.0</b>	<b>356</b>	<b>(311)</b>	<b>398.59</b>	<b>0.0</b>	<b>3,560</b>	<b>(3,161)</b>	<b>4,272</b>	<b>3,873</b>

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 10 Months Ended October 31, 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)	48,199.43	5.2	48,680	(481)	58,416	10,217
828 - Util. - Electric	1,604.97	1.7	2,347	(742)	17,678.63	1.9	23,470	(5,791)	28,164	10,485
830 - Util. - Gas	0.00	0.0	75	(75)	684.68	0.1	750	(65)	900	215
832 - Util. - Sewer	4,716.98	5.0	4,850	(133)	47,915.69	5.1	48,503	(587)	58,203	10,287
834 - Util. - Telephone	235.20	0.3	221	14	2,747.45	0.3	2,211	536	2,653	(94)
838 - Util. - Water	<u>7,183.90</u>	<u>7.7</u>	<u>10,593</u>	<u>(3,409)</u>	<u>84,511.30</u>	<u>9.0</u>	<u>105,931</u>	<u>(21,420)</u>	<u>127,117</u>	<u>42,606</u>
<b>Total Utility Expenses</b>	<u>17,499.44</u>	<u>18.7</u>	<u>22,954</u>	<u>(5,455)</u>	<u>201,737.18</u>	<u>21.6</u>	<u>229,545</u>	<u>(27,808)</u>	<u>275,453</u>	<u>73,716</u>
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	19,257.74	20.6	19,258	(0)	192,577.40	20.6	192,578	(1)	231,093	38,516
916 - Reserves Interest	806.81	0.9	130	677	4,195.11	0.4	1,300	2,895	1,560	(2,635)
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>6,667</u>	<u>(6,667)</u>	<u>8,000</u>	<u>8,000</u>
<b>Total Reserve &amp; Other Exp</b>	<u>20,064.55</u>	<u>21.4</u>	<u>20,055</u>	<u>10</u>	<u>196,772.51</u>	<u>21.1</u>	<u>200,545</u>	<u>(3,772)</u>	<u>240,653</u>	<u>43,880</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>73,748.63</u>	<u>78.8</u>	<u>94,110</u>	<u>(20,361)</u>	<u>885,008.41</u>	<u>94.7</u>	<u>941,111</u>	<u>(56,103)</u>	<u>1,129,332</u>	<u>244,324</u>
<b>Total Revenue Over Exp</b>	<u>19,799.40</u>	<u>21.2</u>	<u>(1,400)</u>	<u>21,199</u>	<u>49,286.55</u>	<u>5.3</u>	<u>(14,013)</u>	<u>63,300</u>	<u>(16,815)</u>	<u>(66,102)</u>
<b>Beginning Members' Equity</b>					<u>361,868.34</u>					
<b>Ending Members' Equity</b>					<u>411,154.89</u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 10 Months Ended October 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ 19,799.40	\$ 49,286.55
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	3,100.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(256.78)	1,433.07
Prepays	4,884.00	(30,434.30)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(5,600.56)	(36,096.76)
Accrued Liabilities	(2,987.08)	14,786.06
Total Adjustments	<u>(3,650.42)</u>	<u>(47,211.93)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>16,148.98</u>	<u>2,074.62</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**

16,148.98                      2,074.62

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

356,173.96                      370,248.32

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

\$ 372,322.94                      \$ 372,322.94

**Wailea Fairway Villas Association  
Supplementary Schedule VI  
Note to the Financial Statement  
October 31, 2018**

1. I have prepared the accompanying Balance Sheet – Tax Basis as of October 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 Ten 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*