



**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 Twelve Months Ended  
December 31, 2018

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

**Assets**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 114,482.67	\$ 108,674.67
MMkt - MOO Savings *****2119	26,427.87	26,364.43
MMkt - HSB Savings *****1937	<u>236,232.83</u>	<u>234,939.76</u>
<b>Subtotal - Cash</b>	<u>377,143.37</u>	<u>369,978.86</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	5,153.52	4,951.48
A/R - Act 196 & Collection	28,963.47	29,030.75
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>12,393.73</u>	<u>12,258.97</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Rent	10.00	10.00
Prepaid Federal Income Tax	3,542.00	0.00
Prepaid State Income Tax	130.00	0.00
Prepaid Medical	0.00	925.04
Unexpired Insurance	23,513.01	20,869.67
NJF Clearing Account	<u>62,827.10</u>	<u>47,772.90</u>
<b>Subtotal - Other Current Assets</b>	<u>90,022.11</u>	<u>69,577.61</u>
<b>TOTAL CURRENT ASSETS</b>	<u>479,559.21</u>	<u>451,815.44</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	1,428,729.43	356,176.98
CD - MOO Reserve - Exp 10/11/18 ****3754	103,152.45	102,585.99
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>703,246.33</u>
<b>Subtotal - Capital Reserves</b>	<u>1,683,890.50</u>	<u>1,455,139.30</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(13,330.00)</u>	<u>(9,610.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>61,070.00</u>	<u>64,790.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,744,960.50</u>	<u>1,519,929.30</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,224,519.71</u></u>	<u><u>\$ 1,971,744.74</u></u>

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

**Liabilities and Fund Balances**

	<b>2018</b>	<b>2017</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 21,241.11	\$ 48,105.49
A/P Insur. Water Damage Claims	8,861.27	9,780.83
Owner Prepayments	32,852.62	40,493.41
A/P - NJF Units	62,827.10	47,772.90
A/P - Insurance	4,779.00	3,089.00
Accrued General Excise Tx	414.01	345.68
Accrued Federal Income Tax	3,503.00	3,503.00
Accrued State Income Tax	657.00	657.00
Accrued Salaries/Wages	100.00	100.00
Accrued Federal Tax W/H	41.20	395.13
Accrued FICA Tax W/H	124.00	269.27
Accrued Medicare W/H	29.00	62.98
Accrued State Tax W/H	21.98	194.87
Garnishee W/H	0.00	237.00
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	135,451.29	155,006.56
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<b>TOTAL CURRENT LIABILITIES</b>	135,451.29	155,006.56
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<b>TOTAL LIABILITIES</b>	135,451.29	155,006.56
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<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	405,177.92	361,598.88
Restricted Members' Equity	1,683,890.50	1,455,139.30
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<b>Subtotal Members' Equity</b>	2,089,068.42	1,816,738.18
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<b>TOTAL MEMBERS' EQUITY</b>	2,089,068.42	1,816,738.18
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,224,519.71	\$ 1,971,744.74
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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 12 Months Ended December 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	74.1	70,922	0	851,067.12	75.9	851,064	3	851,064	(3)
406 - Capital Reserve	19,257.74	20.1	19,258	(0)	231,092.88	20.6	231,093	(0)	231,093	0
415 - Delinquent Owners Late Fee	33.29	0.0	0	33	2,981.60	0.3	0	2,982	0	(2,982)
416 - Delinquent Owners Interest	(19.08)	0.0	0	(19)	297.47	0.0	0	297	0	(297)
425 - House Rule Violations	0.00	0.0	0	0	150.00	0.0	0	150	0	(150)
<b>Total Membership Income</b>	<b>90,194.21</b>	<b>94.2</b>	<b>90,180</b>	<b>14</b>	<b>1,085,589.07</b>	<b>96.8</b>	<b>1,082,157</b>	<b>3,432</b>	<b>1,082,157</b>	<b>(3,432)</b>
<b>Non-Membership Income</b>										
430 - Interest Income	125.31	0.1	100	25	1,419.44	0.1	1,200	219	1,200	(219)
431 - Reserve Interest Income	720.52	0.8	130	591	5,658.25	0.5	1,560	4,098	1,560	(4,098)
440.80 - NJF Rental Income	4,683.27	4.9	2,250	2,433	27,438.27	2.4	27,000	438	27,000	(438)
441 - Kayak Rack Rental	15.00	0.0	0	15	1,260.00	0.1	0	1,260	0	(1,260)
499 - Other Income	0.00	0.0	50	(50)	207.35	0.0	600	(393)	600	393
<b>Total Non-Membership Income</b>	<b>5,544.10</b>	<b>5.8</b>	<b>2,530</b>	<b>3,014</b>	<b>35,983.31</b>	<b>3.2</b>	<b>30,360</b>	<b>5,623</b>	<b>30,360</b>	<b>(5,623)</b>
<b>Total Revenues</b>	<b>95,738.31</b>	<b>100.</b>	<b>92,710</b>	<b>3,028</b>	<b>1,121,572.38</b>	<b>100.</b>	<b>1,112,517</b>	<b>9,055</b>	<b>1,112,517</b>	<b>(9,055)</b>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	662.00	0.7	662	0	7,944.00	0.7	7,944	0	7,944	0
701.2 - NJF Unit - Rental Agent Fe	265.83	0.3	225	41	2,740.83	0.2	2,700	41	2,700	(41)
701.3 - NJF Repairs & Maint *	572.91	0.6	100	473	3,877.97	0.3	1,200	2,678	1,200	(2,678)
701.4 - NJF GET Expense	106.33	0.1	90	16	1,096.33	0.1	1,080	16	1,080	(16)
<b>Total NJF Unit Expenses</b>	<b>1,607.07</b>	<b>1.7</b>	<b>1,077</b>	<b>530</b>	<b>15,659.13</b>	<b>1.4</b>	<b>12,924</b>	<b>2,735</b>	<b>12,924</b>	<b>(2,735)</b>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	10.00	0.0	10	0	60.00	0.0	120	(60)	120	60
645 - Dues & Subscriptions	0.00	0.0	5	(5)	0.00	0.0	60	(60)	60	60
710 - Meetings	0.00	0.0	217	(217)	1,412.07	0.1	2,604	(1,192)	2,604	1,192
715 - Office/Administration *	628.68	0.7	375	254	5,267.99	0.5	4,500	768	4,500	(768)
715.1 - Office/Admin - Site Office *	1,125.34	1.2	175	950	1,561.44	0.1	2,100	(539)	2,100	539
720 - Operating Supplies *	441.17	0.5	100	341	1,148.27	0.1	1,200	(52)	1,200	52
910 - Depreciation	310.00	0.3	0	310	3,720.00	0.3	0	3,720	0	(3,720)
<b>Total Administration Exp</b>	<b>2,515.19</b>	<b>2.6</b>	<b>882</b>	<b>1,633</b>	<b>13,169.77</b>	<b>1.2</b>	<b>10,584</b>	<b>2,586</b>	<b>10,584</b>	<b>(2,586)</b>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	246.34	0.0	1,200	(954)	1,200	954
648 - Education & Seminars	0.00	0.0	54	(54)	55.00	0.0	650	(595)	650	595
651 - Emp/Ben.-Bonuses *	1,500.00	1.6	1,000	500	12,006.20	1.1	12,000	6	12,000	(6)
653 - Emp/Ben.-Medical *	1,024.78	1.1	996	29	11,698.92	1.0	11,952	(253)	11,952	253
780 - Salaries & Wages	8,684.06	9.1	9,137	(453)	94,730.65	8.4	109,648	(14,917)	109,648	14,917

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 12 Months Ended December 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)	5,076.70	0.5	5,940	(863)	5,940	863
802 - Taxes - Payroll *	1,136.87	1.2	997	140	11,430.30	1.0	11,964	(534)	11,964	534
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>660</u>	<u>(599)</u>	<u>660</u>	<u>599</u>
<b>Total Employee Costs</b>	<b>12,717.38</b>	<b>13.3</b>	<b>12,834</b>	<b>(117)</b>	<b>135,305.23</b>	<b>12.1</b>	<b>154,014</b>	<b>(18,709)</b>	<b>154,014</b>	<b>18,709</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	422.32	0.0	420	2	420	(2)
678 - Ins. Business Interruption	95.25	0.1	0	95	772.00	0.1	0	772	0	(772)
679 - Ins. - Dir./Officers	167.58	0.2	160	8	1,979.96	0.2	1,920	60	1,920	(60)
680 - Ins. - Package	4,952.75	5.2	4,471	482	54,082.32	4.8	53,652	430	53,652	(430)
683 - Ins. - CGL	358.00	0.4	361	(3)	4,309.00	0.4	4,332	(23)	4,332	23
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>2,115.00</u>	<u>0.2</u>	<u>2,172</u>	<u>(57)</u>	<u>2,172</u>	<u>57</u>
<b>Total Insurance Expenses</b>	<b>5,785.33</b>	<b>6.0</b>	<b>5,208</b>	<b>577</b>	<b>63,680.60</b>	<b>5.7</b>	<b>62,496</b>	<b>1,185</b>	<b>62,496</b>	<b>(1,185)</b>
<b>Professional Services</b>										
705 - Management Fee	4,170.00	4.4	4,170	0	50,040.00	4.5	50,040	0	50,040	0
725 - Outside Service	0.00	0.0	0	0	215.00	0.0	0	215	0	(215)
731 - Prof.Svc.- Audit *	4,250.00	4.4	339	3,911	4,406.25	0.4	4,068	338	4,068	(338)
732 - Prof.Svc.- Legal *	558.61	0.6	333	226	4,110.15	0.4	4,000	110	4,000	(110)
734 - Prof.Svc.- Y/E Acctng. *	<u>988.00</u>	<u>1.0</u>	<u>82</u>	<u>906</u>	<u>988.00</u>	<u>0.1</u>	<u>988</u>	<u>0</u>	<u>988</u>	<u>0</u>
<b>Total Professional Exp</b>	<b>9,966.61</b>	<b>10.4</b>	<b>4,924</b>	<b>5,043</b>	<b>59,759.40</b>	<b>5.3</b>	<b>59,096</b>	<b>663</b>	<b>59,096</b>	<b>(663)</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	752.86	0.8	2,000	(1,247)	27,548.78	2.5	24,000	3,549	24,000	(3,549)
750 - R/M - Equipment	0.00	0.0	250	(250)	1,641.93	0.1	3,000	(1,358)	3,000	1,358
752 - R/M - Fire Equip. *	443.75	0.5	82	362	869.75	0.1	984	(114)	984	114
753 - R/M - Landscape Upgrades	0.00	0.0	167	(167)	991.08	0.1	2,004	(1,013)	2,004	1,013
754 - R/M - Grounds *	2,536.49	2.6	417	2,119	3,054.85	0.3	5,000	(1,945)	5,000	1,945
755 - R/M - Grounds Contractor *	27,760.32	29.0	17,660	10,100	219,940.32	19.6	211,920	8,020	211,920	(8,020)
756 - R/M - Irrigation	0.00	0.0	704	(704)	4,051.66	0.4	8,452	(4,400)	8,452	4,400
760 - R/M - Pest Control *	1,621.89	1.7	570	1,052	4,910.78	0.4	6,836	(1,925)	6,836	1,925
762 - R/M - Pool, Spa, BBQ	236.60	0.2	300	(63)	4,271.15	0.4	3,600	671	3,600	(671)
764 - R/M - Refuse Collection *	5,070.34	5.3	1,734	3,336	34,643.47	3.1	20,808	13,835	20,808	(13,835)
764.1 - R/M - Recycling	0.00	0.0	1,148	(1,148)	0.00	0.0	13,780	(13,780)	13,780	13,780
767 - R/M - Security Contract *	<u>2,374.98</u>	<u>2.5</u>	<u>788</u>	<u>1,587</u>	<u>8,708.26</u>	<u>0.8</u>	<u>9,456</u>	<u>(748)</u>	<u>9,456</u>	<u>748</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>40,797.23</b>	<b>42.6</b>	<b>25,820</b>	<b>14,977</b>	<b>310,632.03</b>	<b>27.7</b>	<b>309,840</b>	<b>792</b>	<b>309,840</b>	<b>(792)</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	35.00	0.0	11	24	478.96	0.0	132	347	132	(347)
940 - Federal Income Taxes	0.00	0.0	300	(300)	0.00	0.0	3,600	(3,600)	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>540</u>	<u>(540)</u>	<u>540</u>	<u>540</u>
<b>Total Tax Expenses</b>	<b>35.00</b>	<b>0.0</b>	<b>356</b>	<b>(321)</b>	<b>478.96</b>	<b>0.0</b>	<b>4,272</b>	<b>(3,793)</b>	<b>4,272</b>	<b>3,793</b>

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 12 Months Ended December 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	3.9	4,868	(1,110)	55,716.21	5.0	58,416	(2,700)	58,416	2,700
828 - Util. - Electric	2,191.72	2.3	2,347	(155)	21,832.64	1.9	28,164	(6,331)	28,164	6,331
830 - Util. - Gas *	129.44	0.1	75	54	814.12	0.1	900	(86)	900	86
832 - Util. - Sewer *	5,471.38	5.7	4,850	621	58,534.55	5.2	58,203	332	58,203	(332)
834 - Util. - Telephone	188.33	0.2	221	(33)	3,139.73	0.3	2,653	487	2,653	(487)
838 - Util. - Water	<u>9,093.40</u>	<u>9.5</u>	<u>10,593</u>	<u>(1,500)</u>	<u>102,789.30</u>	<u>9.2</u>	<u>127,117</u>	<u>(24,328)</u>	<u>127,117</u>	<u>24,328</u>
<b>Total Utility Expenses</b>	20,832.66	21.8	22,954	(2,121)	242,826.55	21.7	275,453	(32,626)	275,453	32,626
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	19,257.74	20.1	19,258	(0)	231,092.88	20.6	231,093	(0)	231,093	0
916 - Reserves Interest	720.52	0.8	130	591	5,658.25	0.5	1,560	4,098	1,560	(4,098)
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>8,000</u>	<u>(8,000)</u>	<u>8,000</u>	<u>8,000</u>
<b>Total Reserve &amp; Other Exp</b>	<u>19,978.26</u>	<u>20.9</u>	<u>20,055</u>	<u>(77)</u>	<u>236,751.13</u>	<u>21.1</u>	<u>240,653</u>	<u>(3,902)</u>	<u>240,653</u>	<u>3,902</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>114,234.73</u>	<u>119.</u>	<u>94,110</u>	<u>20,125</u>	<u>1,078,262.80</u>	<u>96.1</u>	<u>1,129,332</u>	<u>(51,069)</u>	<u>1,129,332</u>	<u>51,069</u>
<b>Total Revenue Over Exp</b>	<u>(18,496.42)</u>	<u>(19.3)</u>	<u>(1,400)</u>	<u>(17,096)</u>	43,309.58	3.9	(16,815)	60,125	(16,815)	(60,125)
<b>Beginning Members' Equity</b>					<u>361,868.34</u>					
<b>Ending Members' Equity</b>					<u>405,177.92</u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 12 Months Ended December 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (18,496.42)	\$ 43,309.58
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	3,720.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(2,259.04)	(134.76)
Prepays	3,170.80	(20,444.50)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,985.49	(26,864.38)
Accrued Liabilities	(2,690.32)	7,309.11
Total Adjustments	<u>2,516.93</u>	<u>(36,414.53)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(15,979.49)</u>	<u>6,895.05</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**

(15,979.49) 6,895.05

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

393,122.86 370,248.32

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

\$ 377,143.37 \$ 377,143.37

**Wailea Fairway Villas Association  
Supplementary Schedule VII  
Note to the Financial Statement  
December 31, 2018**

1. I have prepared the accompanying Balance Sheet – Tax Basis as of December 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 Twelve 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*