



DESTINATION MAUI INC.
Property Management

Wailea Fairway Villas Association

(A 118-Unit Hawaii Condominium Association)

Financial Statements and Supplementary Information

For the One Month and Two Months Ended

February 28, 2019

(Subject to Audit Adjustments)

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I have prepared the accompanying Balance Sheet – Tax Basis as of February 28, 2019, and the Income Statement and Changes in Members' Equity – Tax Basis and Statement of Cash Flows – Tax Basis for the One Month and Two 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

Wailea Fairway Villas Association
Balance Sheet - Tax Basis
February 28, 2019 and 2018

Assets

	2019	2018
CURRENT ASSETS		
Ckg - MOO *****1241	\$ 127,310.71	\$ 102,847.21
MMkt - MOO Savings *****2119	26,444.96	26,370.82
MMkt - HSB Savings *****1937	<u>236,442.52</u>	<u>235,148.30</u>
Subtotal - Cash	<u>390,198.19</u>	<u>364,366.33</u>
ACCOUNTS RECEIVABLES		
A/R - Owners Balances	2,827.76	3,023.84
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>
Subtotal - Accounts Receivable	<u>10,067.97</u>	<u>10,331.33</u>
OTHER CURRENT ASSETS		
Prepaid Int./Expns	0.00	925.04
Prepaid Rent	0.00	10.00
Prepaid Federal Income Tax	3,542.00	0.00
Prepaid State Income Tax	130.00	0.00
Unexpired Insurance	15,552.69	9,821.84
NJF Clearing Account	<u>65,787.10</u>	<u>50,318.90</u>
Subtotal - Other Current Assets	<u>85,011.79</u>	<u>61,075.78</u>
TOTAL CURRENT ASSETS	<u>485,277.95</u>	<u>435,773.44</u>
CAPITAL RESERVE ACCOUNTS		
MMkt - MOO Reserves *****2640	119,854.24	394,806.25
CD - MOO Reserve - Exp 10/11/19 ****3754	103,308.57	102,690.59
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	0.00	703,323.94
Inv - MOO Wealth Mangement ****13974	1,350,000.00	0.00
MOO Inv Sweep Acct Reserves *****13974	<u>9.25</u>	<u>0.00</u>
Subtotal - Capital Reserves	(E) <u>1,725,180.68</u>	<u>1,493,950.78</u>
FIXED ASSETS		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(13,950.00)</u>	<u>(10,230.00)</u>
Subtotal - Fixed Assets	<u>60,450.00</u>	<u>64,170.00</u>
TOTAL OTHER ASSETS	<u>1,785,630.68</u>	<u>1,558,120.78</u>
TOTAL ASSETS	<u>\$ 2,270,908.63</u>	<u>\$ 1,993,894.22</u>

**Wailea Fairway Villas Association
Balance Sheet - Tax Basis
February 28, 2019 and 2018**

Liabilities and Fund Balances

	2019	2018
CURRENT LIABILITIES		
A/P - Trade	\$ 17,027.66	\$ 20,500.91
A/P Insur. Water Damage Claims	8,861.27	9,780.83
Owner Prepayments	38,464.41	31,664.01
A/P - NJF Units	65,787.10	50,318.90
A/P - Insurance	1,738.00	3,089.00
Accrued General Excise Tx	309.15	261.81
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	41.20
Accrued FICA Tax W/H	124.00	0.00
Accrued Medicare W/H	29.00	0.00
Accrued State Tax W/H	21.98	21.98
	<hr/>	<hr/>
Subtotal - Current Liabilities	136,663.77	119,938.64
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	136,663.77	119,938.64
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TOTAL LIABILITIES	136,663.77	119,938.64
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MEMBERS' EQUITY		
Unrestricted Members' Equity	409,064.18	380,004.80
Restricted Members' Equity	1,725,180.68	1,493,950.78
	<hr/>	<hr/>
Subtotal Members' Equity	2,134,244.86	1,873,955.58
	<hr/>	<hr/>
TOTAL MEMBERS' EQUITY	2,134,244.86	1,873,955.58
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,270,908.63	\$ 1,993,894.22
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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 2 Months Ended February 28, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
Revenues										
Membership Income										
405 - Maintenance Fees	71,226.33	75.4	71,208	18	142,452.66	75.0	142,416	37	854,496	712,043
406 - Capital Reserve	20,027.67	21.2	20,028	(0)	40,055.34	21.1	40,055	0	240,332	200,277
415 - Delinquent Owners Late Fee	<u>216.70</u>	<u>0.2</u>	<u>0</u>	<u>217</u>	<u>542.77</u>	<u>0.3</u>	<u>0</u>	<u>543</u>	<u>0</u>	<u>(543)</u>
Total Membership Income	91,470.70	96.8	91,236	235	183,050.77	96.4	182,471	580	1,094,828	911,777
Non-Membership Income										
430 - Interest Income	114.66	0.1	292	(177)	239.88	0.1	583	(343)	3,500	3,260
431 - Reserve Interest Income	455.73	0.5	2,167	(1,711)	1,234.84	0.7	4,333	(3,098)	26,000	24,765
440.80 - NJF Rental Income	2,460.00	2.6	2,500	(40)	4,960.00	2.6	5,000	(40)	30,000	25,040
441 - Kayak Rack Rental	15.00	0.0	0	15	480.00	0.3	0	480	0	(480)
499 - Other Income	<u>0.00</u>	<u>0.0</u>	<u>100</u>	<u>(100)</u>	<u>0.00</u>	<u>0.0</u>	<u>200</u>	<u>(200)</u>	<u>1,200</u>	<u>1,200</u>
Total Non-Membership Income	3,045.39	3.2	5,059	(2,014)	6,914.72	3.6	10,116	(3,201)	60,700	53,785
Total Revenues	<u>94,516.09</u>	<u>100.</u>	<u>96,295</u>	<u>(1,779)</u>	<u>189,965.49</u>	<u>100.</u>	<u>192,587</u>	<u>(2,622)</u>	<u>1,155,528</u>	<u>965,563</u>
Operating Expenses										
NJF Unit Expenses										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	1,340.00	0.7	1,340	0	8,040	6,700
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	500.00	0.3	500	0	3,000	2,500
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	0.00	0.0	200	(200)	1,200	1,200
701.4 - NJF GET Expense	<u>90.00</u>	<u>0.1</u>	<u>100</u>	<u>(10)</u>	<u>180.00</u>	<u>0.1</u>	<u>200</u>	<u>(20)</u>	<u>1,200</u>	<u>1,020</u>
Total NJF Unit Expenses	1,010.00	1.1	1,120	(110)	2,020.00	1.1	2,240	(220)	13,440	11,420
Administration Expenses										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	0.00	0.0	20	(20)	120	120
645 - Dues & Subscriptions	0.00	0.0	108	(108)	537.00	0.3	216	321	1,296	759
710 - Meetings	0.00	0.0	217	(217)	590.00	0.3	434	156	2,604	2,014
715 - Office/Administration *	532.42	0.6	375	157	979.78	0.5	750	230	4,500	3,520
715.1 - Office/Admin - Site Office	0.00	0.0	175	(175)	0.00	0.0	350	(350)	2,100	2,100
720 - Operating Supplies	0.00	0.0	100	(100)	66.73	0.0	200	(133)	1,200	1,133
910 - Depreciation	<u>310.00</u>	<u>0.3</u>	<u>310</u>	<u>0</u>	<u>620.00</u>	<u>0.3</u>	<u>620</u>	<u>0</u>	<u>3,720</u>	<u>3,100</u>
Total Administration Exp	842.42	0.9	1,295	(453)	2,793.51	1.5	2,590	204	15,540	12,746
Employee Costs										
610 - Auto	0.00	0.0	100	(100)	205.47	0.1	200	5	1,200	995
648 - Education & Seminars	0.00	0.0	54	(54)	60.00	0.0	108	(48)	650	590
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	500	(500)	3,000	3,000
653 - Emp/Ben.-Medical	1,024.78	1.1	1,245	(220)	2,049.56	1.1	2,490	(440)	14,940	12,890
780 - Salaries & Wages	10,202.88	10.8	10,144	59	20,147.39	10.6	20,287	(140)	121,724	101,577
801 - P/R Insurance - TDI & WC	362.00	0.4	549	(187)	842.59	0.4	1,098	(255)	6,588	5,745
802 - Taxes - Payroll *	1,136.24	1.2	1,074	62	2,275.86	1.2	2,148	128	12,888	10,612

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 2 Months Ended February 28, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
812 - Uniforms	0.00	0.0	55	(55)	469.86	0.2	110	360	660	190
Total Employee Costs	12,725.90	13.5	13,471	(745)	26,050.73	13.7	26,941	(890)	161,650	135,599
Insurance Expense										
677 - Ins. - Bond	35.50	0.0	35	1	71.00	0.0	70	1	420	349
678 - Ins. Business Interruption	95.25	0.1	0	95	190.50	0.1	0	191	0	(191)
679 - Ins. - Dir./Officers	167.58	0.2	173	(5)	335.16	0.2	346	(11)	2,076	1,741
680 - Ins. - Package	4,952.75	5.2	5,149	(196)	9,905.50	5.2	10,298	(393)	61,788	51,883
683 - Ins. - CGL	358.00	0.4	365	(7)	716.00	0.4	730	(14)	4,380	3,664
684 - Ins. - Umbrella	176.25	0.2	181	(5)	352.50	0.2	362	(10)	2,172	1,820
Total Insurance Expenses	5,785.33	6.1	5,903	(118)	11,570.66	6.1	11,806	(235)	70,836	59,265
Professional Services										
705 - Management Fee	4,264.00	4.5	4,264	0	8,528.00	4.5	8,528	0	51,168	42,640
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	0.00	0.0	703	(703)	4,219	4,219
732 - Prof.Svc.- Legal	27.08	0.0	333	(306)	27.08	0.0	667	(640)	4,000	3,973
734 - Prof.Svc.- Y/E Acctng.	0.00	0.0	82	(82)	0.00	0.0	165	(165)	988	988
Total Professional Exp	4,291.08	4.5	5,031	(740)	8,555.08	4.5	10,063	(1,508)	60,375	51,820
Repairs & Maint Expenses										
746 - R/M - Buildings	1,975.52	2.1	2,000	(24)	3,812.92	2.0	4,000	(187)	24,000	20,187
750 - R/M - Equipment	0.00	0.0	250	(250)	0.00	0.0	500	(500)	3,000	3,000
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	0.00	0.0	164	(164)	984	984
753 - R/M - Landscape Upgrades *	8,020.32	8.5	125	7,895	8,020.32	4.2	250	7,770	1,500	(6,520)
754 - R/M - Grounds *	520.80	0.6	167	354	520.80	0.3	333	188	2,000	1,479
755 - R/M - Grounds Contractor	17,660.00	18.7	18,190	(530)	35,320.00	18.6	36,380	(1,060)	218,278	182,958
756 - R/M - Irrigation	18.65	0.0	704	(685)	18.65	0.0	1,409	(1,390)	8,452	8,433
760 - R/M - Pest Control	0.00	0.0	511	(511)	1,597.91	0.8	1,023	575	6,136	4,538
762 - R/M - Pool, Spa, BBQ *	584.36	0.6	350	234	699.55	0.4	700	(0)	4,200	3,500
764 - R/M - Refuse Collection	292.28	0.3	1,265	(973)	3,139.22	1.7	2,530	609	15,180	12,041
764.1 - R/M - Recycling	518.69	0.5	974	(455)	518.69	0.3	1,948	(1,429)	11,687	11,168
767 - R/M - Security Contract	811.45	0.9	831	(20)	2,414.56	1.3	1,662	753	9,972	7,557
Total Repairs & Maint Exp	30,402.07	32.2	25,449	4,953	56,062.62	29.5	50,899	5,164	305,389	249,326
Tax Expenses										
796 - Taxes - Gen. Excise	58.72	0.1	102	(43)	126.54	0.1	204	(77)	1,224	1,097
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	0.00	0.0	2,000	(2,000)	12,000	12,000
945 - State Income Taxes	0.00	0.0	146	(146)	0.00	0.0	292	(292)	1,750	1,750
Total Tax Expenses	58.72	0.1	1,248	(1,189)	126.54	0.1	2,496	(2,369)	14,974	14,847
Utility Expense										
826 - Util. - Cable TV	3,758.39	4.0	3,818	(60)	7,516.78	4.0	7,635	(118)	45,810	38,293
828 - Util. - Electric *	2,625.50	2.8	1,750	876	5,138.56	2.7	3,500	1,639	21,002	15,863

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 2 Months Ended February 28, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
830 - Util. - Gas	0.00	0.0	100	(100)	0.00	0.0	200	(200)	1,200	1,200
832 - Util. - Sewer	4,979.38	5.3	4,996	(17)	9,287.60	4.9	9,992	(704)	59,949	50,661
834 - Util. - Telephone	189.03	0.2	225	(36)	378.06	0.2	451	(73)	2,703	2,325
838 - Util. - Water	<u>8,158.60</u>	<u>8.6</u>	<u>9,600</u>	<u>(1,441)</u>	<u>15,288.91</u>	<u>8.0</u>	<u>19,201</u>	<u>(3,912)</u>	<u>115,204</u>	<u>99,915</u>
Total Utility Expenses	<u>19,710.90</u>	<u>20.9</u>	<u>20,489</u>	<u>(778)</u>	<u>37,609.91</u>	<u>19.8</u>	<u>40,979</u>	<u>(3,369)</u>	<u>245,868</u>	<u>208,258</u>
Reserves & Other Exp										
915 - Capital Reserves	20,027.67	21.2	20,028	(0)	40,055.34	21.1	40,055	0	240,332	200,277
916 - Reserves Interest	<u>455.73</u>	<u>0.5</u>	<u>2,167</u>	<u>(1,711)</u>	<u>1,234.84</u>	<u>0.7</u>	<u>4,333</u>	<u>(3,098)</u>	<u>26,000</u>	<u>24,765</u>
Total Reserve & Other Exp	<u>20,483.40</u>	<u>21.7</u>	<u>22,195</u>	<u>(1,712)</u>	<u>41,290.18</u>	<u>21.7</u>	<u>44,388</u>	<u>(3,098)</u>	<u>266,332</u>	<u>225,042</u>
Total Operating Expenses and Reserve Allocation	<u>95,309.82</u>	<u>100.</u>	<u>96,201</u>	<u>(891)</u>	<u>186,079.23</u>	<u>98.0</u>	<u>192,402</u>	<u>(6,323)</u>	<u>1,154,404</u>	<u>968,325</u>
Total Revenue Over Exp	<u>(793.73)</u>	<u>(0.8)</u>	<u>94</u>	<u>(888)</u>	<u>3,886.26</u>	<u>2.0</u>	<u>185</u>	<u>3,701</u>	<u>1,124</u>	<u>(2,762)</u>
Beginning Members' Equity					<u>405,177.92</u>					
Ending Members' Equity					<u>409,064.18</u>					

Wailea Fairway Villas Association
Statement of Cash Flows - Tax Basis
For the 1 Month and 2 Months Ended February 28, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ (793.73)	\$ 3,886.26
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	620.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	528.30	2,325.76
Prepays	333.33	5,010.32
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(3,287.58)	(4,213.45)
Accrued Liabilities	(4,232.28)	5,425.93
Total Adjustments	<u>(6,348.23)</u>	<u>9,168.56</u>
Net Cash Provided By (Used in) Operating Activities	<u>(7,141.96)</u>	<u>13,054.82</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

(7,141.96) 13,054.82

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

397,340.15 377,143.37

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 390,198.19 \$ 390,198.19