



**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 Four Months Ended

April 30, 2019

(Subject to 2018 Audit Adjustments)

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I have prepared the accompanying Balance Sheet – Tax Basis as of April 30, 2019, and the Income Statement and Changes in Members' Equity – Tax Basis and Statement of Cash Flows – Tax Basis for the One Month and Four 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  
April 30, 2019 and 2018**

**Assets**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 138,078.86	\$ 131,101.64
MMkt - MOO Savings *****2119	26,462.65	26,377.43
MMkt - HSB Savings *****1937	36,569.26	235,364.10
CD - HSB Savings - Exp 3/1/20	200,000.00	0.00
Petty Cash - MOO Ckg *****4202	<u>3,000.00</u>	<u>0.00</u>
<b>Subtotal - Cash</b>	<u>404,110.77</u>	<u>392,843.17</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	2,839.37	6,328.43
A/R - Act 196 & Collection	28,963.47	28,909.31
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>10,079.58</u>	<u>13,514.48</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Int./Expns	0.00	925.04
Prepaid Rent	0.00	10.00
Prepaid Federal Income Tax	5,704.00	3,542.00
Prepaid State Income Tax	200.00	130.00
Unexpired Insurance	77,827.03	3,345.01
NJF Clearing Account	<u>68,857.10</u>	<u>52,864.90</u>
<b>Subtotal - Other Current Assets</b>	<u>152,588.13</u>	<u>60,816.95</u>
<b>TOTAL CURRENT ASSETS</b>	<u>566,778.48</u>	<u>467,174.60</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
MMkt - MOO Reserves *****2640	122,959.93	1,277,660.76
CD - MOO Reserve - Exp 10/11/19 ****3754	103,408.81	102,790.23
CDARS - MOO Reserves - Exp 07/05/19 ****5144	152,464.06	152,008.62
Inv - MOO Wealth Mangement ****13974	<u>1,350,009.25</u>	<u>0.00</u>
<b>Subtotal - Capital Reserves</b>	<u>1,728,842.05</u>	<u>1,532,459.61</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(14,570.00)</u>	<u>(10,850.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>59,830.00</u>	<u>63,550.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,788,672.05</u>	<u>1,596,009.61</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,355,450.53</u>	<u>\$ 2,063,184.21</u>

**Wailea Fairway Villas Association  
Balance Sheet - Tax Basis  
April 30, 2019 and 2018**

**Liabilities and Fund Balances**

	<b>2019</b>	<b>2018</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 17,698.15	\$ 19,994.15
A/P Insur. Water Damage Claims	8,861.27	33,685.30
Owner Prepayments	43,421.08	32,509.03
A/P - NJF Units	68,857.10	52,864.90
A/P - Insurance	69,897.00	4,184.00
Accrued General Excise Tx	112.52	115.96
Accrued Federal Income Tax	0.00	3,503.00
Accrued State Income Tax	527.00	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/>
<b>Subtotal - Current Liabilities</b>	209,690.30	147,676.52
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	209,690.30	147,676.52
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	209,690.30	147,676.52
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	416,918.18	383,048.08
Restricted Members' Equity	1,728,842.05	1,532,459.61
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	2,145,760.23	1,915,507.69
	<hr/>	<hr/>
<b>TOTAL MEMBERS' EQUITY</b>	2,145,760.23	1,915,507.69
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,355,450.53	\$ 2,063,184.21
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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 4 Months Ended April 30, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
<b>Revenues</b>										
<b>Membership Income</b>										
405 - Maintenance Fees	71,226.33	75.7	71,208	18	284,905.32	75.2	284,832	73	854,496	569,591
406 - Capital Reserve	20,027.67	21.3	20,028	(0)	80,110.68	21.2	80,111	(0)	240,332	160,221
415 - Delinquent Owners Late Fee	154.74	0.2	0	155	715.81	0.2	0	716	0	(716)
<b>Total Membership Income</b>	<u>91,408.74</u>	<u>97.2</u>	<u>91,236</u>	<u>173</u>	<u>365,731.81</u>	<u>96.6</u>	<u>364,943</u>	<u>789</u>	<u>1,094,828</u>	<u>729,096</u>
<b>Non-Membership Income</b>										
430 - Interest Income	34.33	0.0	292	(258)	402.19	0.1	1,167	(765)	3,500	3,098
431 - Reserve Interest Income	78.94	0.1	2,167	(2,088)	1,843.88	0.5	8,667	(6,823)	26,000	24,156
440.80 - NJF Rental Income	2,500.00	2.7	2,500	0	9,990.00	2.6	10,000	(10)	30,000	20,010
441 - Kayak Rack Rental	45.00	0.0	0	45	570.00	0.2	0	570	0	(570)
499 - Other Income	0.00	0.0	100	(100)	105.00	0.0	400	(295)	1,200	1,095
<b>Total Non-Membership Income</b>	<u>2,658.27</u>	<u>2.8</u>	<u>5,059</u>	<u>(2,401)</u>	<u>12,911.07</u>	<u>3.4</u>	<u>20,234</u>	<u>(7,323)</u>	<u>60,700</u>	<u>47,789</u>
<b>Total Revenues</b>	<u>94,067.01</u>	<u>100.</u>	<u>96,295</u>	<u>(2,228)</u>	<u>378,642.88</u>	<u>100.</u>	<u>385,177</u>	<u>(6,534)</u>	<u>1,155,528</u>	<u>776,885</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	2,680.00	0.7	2,680	0	8,040	5,360
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	1,000.00	0.3	1,000	0	3,000	2,000
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	0.00	0.0	400	(400)	1,200	1,200
701.4 - NJF GET Expense	100.00	0.1	100	0	380.00	0.1	400	(20)	1,200	820
<b>Total NJF Unit Expenses</b>	<u>1,020.00</u>	<u>1.1</u>	<u>1,120</u>	<u>(100)</u>	<u>4,060.00</u>	<u>1.1</u>	<u>4,480</u>	<u>(420)</u>	<u>13,440</u>	<u>9,380</u>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	10.00	0.0	10	0	20.00	0.0	40	(20)	120	100
645 - Dues & Subscriptions	0.00	0.0	108	(108)	537.00	0.1	432	105	1,296	759
710 - Meetings	144.83	0.2	217	(72)	2,227.07	0.6	868	1,359	2,604	377
715 - Office/Administration	391.25	0.4	375	16	2,144.05	0.6	1,500	644	4,500	2,356
715.1 - Office/Admin - Site Office	17.70	0.0	175	(157)	133.74	0.0	700	(566)	2,100	1,966
720 - Operating Supplies	111.95	0.1	100	12	771.18	0.2	400	371	1,200	429
910 - Depreciation	310.00	0.3	310	0	1,240.00	0.3	1,240	0	3,720	2,480
<b>Total Administration Exp</b>	<u>985.73</u>	<u>1.0</u>	<u>1,295</u>	<u>(309)</u>	<u>7,073.04</u>	<u>1.9</u>	<u>5,180</u>	<u>1,893</u>	<u>15,540</u>	<u>8,467</u>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	434.57	0.1	400	35	1,200	765
648 - Education & Seminars	75.00	0.1	54	21	530.00	0.1	217	313	650	120
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	1,000	(1,000)	3,000	3,000
653 - Emp/Ben.-Medical	1,245.51	1.3	1,245	1	4,982.04	1.3	4,980	2	14,940	9,958
780 - Salaries & Wages	10,221.63	10.9	10,144	78	40,132.02	10.6	40,575	(443)	121,724	81,592
801 - P/R Insurance - TDI & WC	545.99	0.6	549	(3)	1,750.58	0.5	2,196	(445)	6,588	4,837
802 - Taxes - Payroll	1,114.04	1.2	1,074	40	4,456.46	1.2	4,296	160	12,888	8,432

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 4 Months Ended April 30, 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	0.1	220	250	660	190
<b>Total Employee Costs</b>	<b>13,202.17</b>	<b>14.0</b>	<b>13,471</b>	<b>(269)</b>	<b>52,755.53</b>	<b>13.9</b>	<b>53,884</b>	<b>(1,128)</b>	<b>161,650</b>	<b>108,894</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	142.00	0.0	140	2	420	278
678 - Ins. Business Interruption	95.25	0.1	0	95	381.00	0.1	0	381	0	(381)
679 - Ins. - Dir./Officers	167.58	0.2	173	(5)	670.32	0.2	692	(22)	2,076	1,406
680 - Ins. - Package	4,952.75	5.3	5,149	(196)	19,811.00	5.2	20,596	(785)	61,788	41,977
683 - Ins. - CGL	358.00	0.4	365	(7)	1,432.00	0.4	1,460	(28)	4,380	2,948
684 - Ins. - Umbrella	176.25	0.2	181	(5)	705.00	0.2	724	(19)	2,172	1,467
<b>Total Insurance Expenses</b>	<b>5,785.33</b>	<b>6.2</b>	<b>5,903</b>	<b>(118)</b>	<b>23,141.32</b>	<b>6.1</b>	<b>23,612</b>	<b>(471)</b>	<b>70,836</b>	<b>47,695</b>
<b>Professional Services</b>										
705 - Management Fee	4,264.00	4.5	4,264	0	17,056.00	4.5	17,056	0	51,168	34,112
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	1,406	(1,359)	4,219	4,172
732 - Prof.Svc.- Legal	0.00	0.0	333	(333)	231.23	0.1	1,333	(1,102)	4,000	3,769
733 - Prof.Svc.- Reserve	(1,175.00)	(1.2)	0	(1,175)	0.00	0.0	0	0	0	0
734 - Prof.Svc.- Y/E Acctng.	0.00	0.0	82	(82)	0.00	0.0	329	(329)	988	988
<b>Total Professional Exp</b>	<b>3,089.00</b>	<b>3.3</b>	<b>5,031</b>	<b>(1,942)</b>	<b>17,334.10</b>	<b>4.6</b>	<b>20,124</b>	<b>(2,790)</b>	<b>60,375</b>	<b>43,041</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	1,195.89	1.3	2,000	(804)	10,705.38	2.8	8,000	2,705	24,000	13,295
750 - R/M - Equipment	0.00	0.0	250	(250)	330.24	0.1	1,000	(670)	3,000	2,670
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	0.00	0.0	328	(328)	984	984
753 - R/M - Landscape Upgrades	0.00	0.0	125	(125)	0.00	0.0	500	(500)	1,500	1,500
754 - R/M - Grounds	474.98	0.5	167	308	995.78	0.3	667	329	2,000	1,004
755 - R/M - Grounds Contractor	18,400.00	19.6	18,190	210	71,770.00	19.0	72,759	(989)	218,278	146,508
756 - R/M - Irrigation	645.73	0.7	704	(58)	664.38	0.2	2,817	(2,153)	8,452	7,788
760 - R/M - Pest Control	1,597.91	1.7	511	1,087	3,195.82	0.8	2,045	1,151	6,136	2,940
762 - R/M - Pool, Spa, BBQ	1,286.83	1.4	350	937	1,986.38	0.5	1,400	586	4,200	2,214
764 - R/M - Refuse Collection	1,751.48	1.9	1,265	486	6,642.18	1.8	5,060	1,582	15,180	8,538
764.1 - R/M - Recycling	300.84	0.3	974	(673)	1,120.37	0.3	3,896	(2,776)	11,687	10,567
767 - R/M - Security Contract	811.45	0.9	831	(20)	4,037.46	1.1	3,324	713	9,972	5,935
<b>Total Repairs &amp; Maint Exp</b>	<b>26,465.11</b>	<b>28.1</b>	<b>25,449</b>	<b>1,016</b>	<b>101,447.99</b>	<b>26.8</b>	<b>101,796</b>	<b>(348)</b>	<b>305,389</b>	<b>203,941</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	27.42	0.0	102	(75)	162.49	0.0	408	(246)	1,224	1,062
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	4,000	(3,961)	12,000	11,961
945 - State Income Taxes	700.00	0.7	146	554	700.00	0.2	583	117	1,750	1,050
<b>Total Tax Expenses</b>	<b>727.42</b>	<b>0.8</b>	<b>1,248</b>	<b>(521)</b>	<b>901.49</b>	<b>0.2</b>	<b>4,991</b>	<b>(4,090)</b>	<b>14,974</b>	<b>14,073</b>
<b>Utility Expense</b>										
826 - Util. - Cable TV	3,758.39	4.0	3,818	(60)	15,033.56	4.0	15,270	(236)	45,810	30,776

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 4 Months Ended April 30, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
828 - Util. - Electric	1,879.72	2.0	1,750	130	9,281.85	2.5	7,001	2,281	21,002	11,720
830 - Util. - Gas	0.00	0.0	100	(100)	0.00	0.0	400	(400)	1,200	1,200
832 - Util. - Sewer	4,971.18	5.3	4,996	(25)	19,156.16	5.1	19,983	(827)	59,949	40,793
834 - Util. - Telephone	188.18	0.2	225	(37)	757.21	0.2	901	(144)	2,703	1,946
838 - Util. - Water	<u>10,450.00</u>	<u>11.1</u>	<u>9,600</u>	<u>850</u>	<u>34,005.81</u>	<u>9.0</u>	<u>38,401</u>	<u>(4,395)</u>	<u>115,204</u>	<u>81,198</u>
<b>Total Utility Expenses</b>	21,247.47	22.6	20,489	758	78,234.59	20.7	81,956	(3,721)	245,868	167,633
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	20,027.67	21.3	20,028	(0)	80,110.68	21.2	80,111	(0)	240,332	160,221
916 - Reserves Interest	<u>78.94</u>	<u>0.1</u>	<u>2,167</u>	<u>(2,088)</u>	<u>1,843.88</u>	<u>0.5</u>	<u>8,667</u>	<u>(6,823)</u>	<u>26,000</u>	<u>24,156</u>
<b>Total Reserve &amp; Other Exp</b>	<u>20,106.61</u>	<u>21.4</u>	<u>22,195</u>	<u>(2,088)</u>	<u>81,954.56</u>	<u>21.6</u>	<u>88,778</u>	<u>(6,823)</u>	<u>266,332</u>	<u>184,377</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>92,628.84</u>	<u>98.5</u>	<u>96,201</u>	<u>(3,572)</u>	<u>366,902.62</u>	<u>96.9</u>	<u>384,801</u>	<u>(17,898)</u>	<u>1,154,404</u>	<u>787,501</u>
<b>Total Revenue Over Exp</b>	<u>1,438.17</u>	<u>1.5</u>	<u>94</u>	<u>1,344</u>	<u>11,740.26</u>	<u>3.1</u>	<u>376</u>	<u>11,364</u>	<u>1,124</u>	<u>(10,616)</u>
<b>Beginning Members' Equity</b>					<u>405,177.92</u>					
<b>Ending Members' Equity</b>					<u>416,918.18</u>					

**Wailea Fairway Villas Association  
Statement of Cash Flows - Tax Basis  
For the 1 Month and 4 Months Ended April 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ 1,438.17	\$ 11,740.26
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	1,240.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(227.31)	2,314.15
Prepays	(75,805.67)	(62,566.02)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,482.25	(3,542.96)
Accrued Liabilities	72,776.51	77,781.97
Total Adjustments	<u>535.78</u>	<u>15,227.14</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>1,973.95</u>	<u>26,967.40</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**

1,973.95	26,967.40
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**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**

<u>402,136.82</u>	<u>377,143.37</u>
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**CASH AND CASH EQUIVALENTS AT END OF PERIOD**

<u>\$ 404,110.77</u>	<u>\$ 404,110.77</u>
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