



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 Five Months Ended

May 31, 2019

(Subject to 2018 Audit Adjustments)

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I have prepared the accompanying Balance Sheet – Tax Basis as of May 31, 2019, and the Income Statement and Changes in Members' Equity – Tax Basis and Statement of Cash Flows – Tax Basis for the One Month and Five 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
May 31, 2019 and 2018**

Assets

	2019	2018
CURRENT ASSETS		
Ckg - MOO *****1241	\$ 112,861.51	\$ 93,439.42
Cash - MOB- Debit Card #****4202	2,592.22	0.00
MMkt - MOO Savings *****2119	26,471.35	26,380.79
MMkt - HSB Savings *****1937	36,586.31	235,473.84
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>
Subtotal - Cash	<u>381,511.39</u>	<u>355,294.05</u>
ACCOUNTS RECEIVABLES		
A/R - Owners Balances	1,493.17	2,123.83
A/R - Act 196 & Collection	28,992.63	28,909.31
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
Subtotal - Accounts Receivable	<u>8,762.54</u>	<u>9,309.88</u>
OTHER CURRENT ASSETS		
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	71,310.95	65,754.01
NJF Clearing Account	<u>69,047.06</u>	<u>54,137.90</u>
Subtotal - Other Current Assets	<u>146,262.01</u>	<u>124,498.95</u>
TOTAL CURRENT ASSETS	<u>536,535.94</u>	<u>489,102.88</u>
CAPITAL RESERVE ACCOUNTS		
MMkt - MOO Reserves *****2640	143,053.08	1,297,168.68
CD - MOO Reserve - Exp 10/11/19 ****3754	103,456.36	102,840.93
CDARS - MOO Reserves - Exp 07/05/19 ****5144	152,464.06	152,008.62
Inv - MOO Wealth Mangement ****13974	1,350,453.68	0.00
MOO Inv Cash Sweep Acct Reserves *****13974	<u>9.25</u>	<u>0.00</u>
Subtotal - Capital Reserves	<u>1,749,436.43</u>	<u>1,552,018.23</u>
FIXED ASSETS		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(14,880.00)</u>	<u>(11,160.00)</u>
Subtotal - Fixed Assets	<u>59,520.00</u>	<u>63,240.00</u>
TOTAL OTHER ASSETS	<u>1,808,956.43</u>	<u>1,615,258.23</u>
TOTAL ASSETS	<u>\$ 2,345,492.37</u>	<u>\$ 2,104,361.11</u>

**Wailea Fairway Villas Association
Balance Sheet - Tax Basis
May 31, 2019 and 2018**

Liabilities and Fund Balances

	2019	2018
CURRENT LIABILITIES		
A/P - Trade	\$ 20,633.51	\$ 22,373.89
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	42,225.48	29,284.13
A/P - NJF Units	69,047.06	54,137.90
A/P - Insurance	42,626.00	43,011.00
Accrued General Excise Tx	188.34	230.20
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	124.00
Accrued Medicare W/H	29.00	29.00
Accrued State Tax W/H	21.98	21.98
Garnishee W/H	487.00	0.00
	<hr/>	<hr/>
Subtotal - Current Liabilities	184,911.84	162,374.57
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	184,911.84	162,374.57
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TOTAL LIABILITIES	184,911.84	162,374.57
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MEMBERS' EQUITY		
Unrestricted Members' Equity	411,144.10	389,968.31
Restricted Members' Equity	1,749,436.43	1,552,018.23
	<hr/>	<hr/>
Subtotal Members' Equity	2,160,580.53	1,941,986.54
	<hr/>	<hr/>
TOTAL MEMBERS' EQUITY	2,160,580.53	1,941,986.54
	<hr/>	<hr/>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,345,492.37	\$ 2,104,361.11
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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 5 Months Ended May 31, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
Revenues										
Membership Income										
405 - Maintenance Fees	71,226.33	76.5	71,208	18	356,131.65	75.5	356,040	92	854,496	498,364
406 - Capital Reserve	20,027.67	21.5	20,028	(0)	100,138.35	21.2	100,138	0	240,332	140,194
415 - Delinquent Owners Late Fee	<u>233.58</u>	<u>0.3</u>	<u>0</u>	<u>234</u>	<u>949.39</u>	<u>0.2</u>	<u>0</u>	<u>949</u>	<u>0</u>	<u>(949)</u>
Total Membership Income	91,487.58	98.2	91,236	252	457,219.39	96.9	456,178	1,041	1,094,828	637,609
Non-Membership Income										
430 - Interest Income	30.32	0.0	292	(262)	432.51	0.1	1,458	(1,025)	3,500	3,067
431 - Reserve Interest Income	566.71	0.6	2,167	(1,600)	2,410.59	0.5	10,833	(8,422)	26,000	23,589
440.80 - NJF Rental Income	999.96	1.1	2,500	(1,500)	10,989.96	2.3	12,500	(1,510)	30,000	19,010
441 - Kayak Rack Rental	45.00	0.0	0	45	615.00	0.1	0	615	0	(615)
499 - Other Income	<u>20.00</u>	<u>0.0</u>	<u>100</u>	<u>(80)</u>	<u>125.00</u>	<u>0.0</u>	<u>500</u>	<u>(375)</u>	<u>1,200</u>	<u>1,075</u>
Total Non-Membership Income	1,661.99	1.8	5,059	(3,397)	14,573.06	3.1	25,291	(10,718)	60,700	46,127
Total Revenues	<u>93,149.57</u>	<u>100.</u>	<u>96,295</u>	<u>(3,145)</u>	<u>471,792.45</u>	<u>100.</u>	<u>481,469</u>	<u>(9,677)</u>	<u>1,155,528</u>	<u>683,736</u>
Operating Expenses										
NJF Unit Expenses										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	3,350.00	0.7	3,350	0	8,040	4,690
701.2 - NJF Unit - Rental Agent Fe	100.00	0.1	250	(150)	1,100.00	0.2	1,250	(150)	3,000	1,900
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	0.00	0.0	500	(500)	1,200	1,200
701.4 - NJF GET Expense	<u>40.00</u>	<u>0.0</u>	<u>100</u>	<u>(60)</u>	<u>420.00</u>	<u>0.1</u>	<u>500</u>	<u>(80)</u>	<u>1,200</u>	<u>780</u>
Total NJF Unit Expenses	810.00	0.9	1,120	(310)	4,870.00	1.0	5,600	(730)	13,440	8,570
Administration Expenses										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	20.00	0.0	50	(30)	120	100
645 - Dues & Subscriptions	0.00	0.0	108	(108)	537.00	0.1	540	(3)	1,296	759
710 - Meetings *	435.00	0.5	217	218	2,662.07	0.6	1,085	1,577	2,604	(58)
715 - Office/Administration *	692.58	0.7	375	318	2,836.63	0.6	1,875	962	4,500	1,663
715.1 - Office/Admin - Site Office	61.70	0.1	175	(113)	195.44	0.0	875	(680)	2,100	1,905
720 - Operating Supplies *	154.97	0.2	100	55	926.15	0.2	500	426	1,200	274
910 - Depreciation	<u>310.00</u>	<u>0.3</u>	<u>310</u>	<u>0</u>	<u>1,550.00</u>	<u>0.3</u>	<u>1,550</u>	<u>0</u>	<u>3,720</u>	<u>2,170</u>
Total Administration Exp	1,654.25	1.8	1,295	359	8,727.29	1.8	6,475	2,252	15,540	6,813
Employee Costs										
610 - Auto *	202.42	0.2	100	102	636.99	0.1	500	137	1,200	563
648 - Education & Seminars *	75.00	0.1	54	21	605.00	0.1	271	334	650	45
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	1,250	(1,250)	3,000	3,000
653 - Emp/Ben.-Medical *	1,245.51	1.3	1,245	1	6,227.55	1.3	6,225	3	14,940	8,712
780 - Salaries & Wages	10,013.13	10.7	10,144	(131)	50,145.15	10.6	50,718	(573)	121,724	71,579
801 - P/R Insurance - TDI & WC	254.00	0.3	549	(295)	2,004.58	0.4	2,745	(740)	6,588	4,583
802 - Taxes - Payroll *	1,091.36	1.2	1,074	17	5,547.82	1.2	5,370	178	12,888	7,340

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 5 Months Ended May 31, 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	275	195	660	190
Total Employee Costs	12,881.42	13.8	13,471	(590)	65,636.95	13.9	67,354	(1,717)	161,650	96,013
Insurance Expense										
677 - Ins. - Bond	35.50	0.0	35	1	177.50	0.0	175	3	420	243
678 - Ins. Business Interruption	97.33	0.1	0	97	478.33	0.1	0	478	0	(478)
679 - Ins. - Dir./Officers	225.08	0.2	173	52	895.40	0.2	865	30	2,076	1,181
680 - Ins. - Package	5,321.92	5.7	5,149	173	25,132.92	5.3	25,745	(612)	61,788	36,655
683 - Ins. - CGL	358.00	0.4	365	(7)	1,790.00	0.4	1,825	(35)	4,380	2,590
684 - Ins. - Umbrella	176.25	0.2	181	(5)	881.25	0.2	905	(24)	2,172	1,291
Total Insurance Expenses	6,214.08	6.7	5,903	311	29,355.40	6.2	29,515	(160)	70,836	41,481
Professional Services										
705 - Management Fee	4,264.00	4.6	4,264	0	21,320.00	4.5	21,320	0	51,168	29,848
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	1,758	(1,711)	4,219	4,172
732 - Prof.Svc.- Legal *	5,274.53	5.7	333	4,942	5,505.76	1.2	1,667	3,839	4,000	(1,506)
734 - Prof.Svc.- Y/E Acctng.	0.00	0.0	82	(82)	0.00	0.0	412	(412)	988	988
Total Professional Exp	9,538.53	10.2	5,031	4,508	26,872.63	5.7	25,157	1,716	60,375	33,502
Repairs & Maint Expenses										
746 - R/M - Buildings	1,386.84	1.5	2,000	(613)	12,092.22	2.6	10,000	2,092	24,000	11,908
750 - R/M - Equipment	0.00	0.0	250	(250)	330.24	0.1	1,250	(920)	3,000	2,670
752 - R/M - Fire Equip. *	1,520.83	1.6	82	1,439	1,520.83	0.3	410	1,111	984	(537)
753 - R/M - Landscape Upgrades	0.00	0.0	125	(125)	0.00	0.0	625	(625)	1,500	1,500
754 - R/M - Grounds	0.00	0.0	167	(167)	995.78	0.2	833	163	2,000	1,004
755 - R/M - Grounds Contractor *	18,400.00	19.8	18,190	210	90,170.00	19.1	90,949	(779)	218,278	128,108
756 - R/M - Irrigation *	2,314.73	2.5	704	1,611	2,979.11	0.6	3,522	(543)	8,452	5,473
760 - R/M - Pest Control	0.00	0.0	511	(511)	3,195.82	0.7	2,557	639	6,136	2,940
762 - R/M - Pool, Spa, BBQ *	785.48	0.8	350	435	2,771.86	0.6	1,750	1,022	4,200	1,428
764 - R/M - Refuse Collection *	1,318.48	1.4	1,265	53	7,960.66	1.7	6,325	1,636	15,180	7,219
764.1 - R/M - Recycling	0.00	0.0	974	(974)	1,120.37	0.2	4,870	(3,750)	11,687	10,567
767 - R/M - Security Contract	811.45	0.9	831	(20)	4,848.91	1.0	4,155	694	9,972	5,123
Total Repairs & Maint Exp	26,537.81	28.5	25,449	1,089	127,985.80	27.1	127,246	740	305,389	177,403
Tax Expenses										
796 - Taxes - Gen. Excise	35.82	0.0	102	(66)	198.31	0.0	510	(312)	1,224	1,026
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	5,000	(4,961)	12,000	11,961
945 - State Income Taxes	0.00	0.0	146	(146)	700.00	0.1	729	(29)	1,750	1,050
Total Tax Expenses	35.82	0.0	1,248	(1,212)	937.31	0.2	6,239	(5,302)	14,974	14,037
Utility Expense										
826 - Util. - Cable TV	3,758.39	4.0	3,818	(60)	18,791.95	4.0	19,088	(296)	45,810	27,018
828 - Util. - Electric	1,570.76	1.7	1,750	(179)	10,852.61	2.3	8,751	2,102	21,002	10,149

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 5 Months Ended May 31, 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	500	(500)	1,200	1,200
832 - Util. - Sewer	4,856.38	5.2	4,996	(140)	24,012.54	5.1	24,979	(966)	59,949	35,936
834 - Util. - Telephone	204.23	0.2	225	(21)	961.44	0.2	1,126	(165)	2,703	1,742
838 - Util. - Water *	<u>10,267.60</u>	<u>11.0</u>	<u>9,600</u>	<u>668</u>	<u>44,273.41</u>	<u>9.4</u>	<u>48,002</u>	<u>(3,729)</u>	<u>115,204</u>	<u>70,931</u>
Total Utility Expenses	20,657.36	22.2	20,489	168	98,891.95	21.0	102,446	(3,554)	245,868	146,976
Reserves & Other Exp										
915 - Capital Reserves	20,027.67	21.5	20,028	(0)	100,138.35	21.2	100,138	0	240,332	140,194
916 - Reserves Interest	<u>566.71</u>	<u>0.6</u>	<u>2,167</u>	<u>(1,600)</u>	<u>2,410.59</u>	<u>0.5</u>	<u>10,833</u>	<u>(8,422)</u>	<u>26,000</u>	<u>23,589</u>
Total Reserve & Other Exp	<u>20,594.38</u>	<u>22.1</u>	<u>22,195</u>	<u>(1,601)</u>	<u>102,548.94</u>	<u>21.7</u>	<u>110,971</u>	<u>(8,422)</u>	<u>266,332</u>	<u>163,783</u>
Total Operating Expenses and Reserve Allocation	<u>98,923.65</u>	<u>106.</u>	<u>96,201</u>	<u>2,723</u>	<u>465,826.27</u>	<u>98.7</u>	<u>481,003</u>	<u>(15,177)</u>	<u>1,154,404</u>	<u>688,578</u>
Total Revenue Over Exp	<u>(5,774.08)</u>	<u>(6.2)</u>	<u>94</u>	<u>(5,868)</u>	<u>5,966.18</u>	<u>1.3</u>	<u>466</u>	<u>5,500</u>	<u>1,124</u>	<u>(4,842)</u>
Beginning Members' Equity					<u>405,177.92</u>					
Ending Members' Equity					<u>411,144.10</u>					

Wailea Fairway Villas Association
Statement of Cash Flows - Tax Basis
For the 1 Month and 5 Months Ended May 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ (5,774.08)	\$ 5,966.18
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	1,550.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	1,317.04	3,631.19
Prepays	6,326.12	(56,239.90)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,935.36	(607.60)
Accrued Liabilities	<u>(27,713.82)</u>	<u>50,068.15</u>
Total Adjustments	<u>(16,825.30)</u>	<u>(1,598.16)</u>
Net Cash Provided By (Used in) Operating Activities	<u>(22,599.38)</u>	<u>4,368.02</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

(22,599.38) 4,368.02

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

404,110.77 377,143.37

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 381,511.39 \$ 381,511.39