



**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 Seven Months Ended

July 31, 2019

(Subject to 2018 Audit Adjustments)

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I have prepared the accompanying Balance Sheet – Tax Basis as of July 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 Seven 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**  
**July 31, 2019 and 2018**

**Assets**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 102,511.49	\$ 107,305.09
Cash - MOB- Debit Card #****4202	2,475.93	0.00
MMkt - MOO Savings *****2119	26,489.34	26,389.57
MMkt - HSB Savings *****1937	36,602.82	235,689.94
CD - HSB Savings - Exp 3/1/20	<u>200,000.00</u>	<u>0.00</u>
<b>Subtotal - Cash</b>	<u>368,079.58</u>	<u>369,384.60</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	3,024.09	4,337.28
A/R - Act 196 & Collection	30,214.96	28,909.31
Allowance for Bad Debts	(21,723.26)	(21,723.26)
A/R - Missing Credit Card Receipts	<u>87.90</u>	<u>0.00</u>
<b>Subtotal - Accounts Receivable</b>	<u>11,603.69</u>	<u>11,523.33</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Rent	0.00	10.00
Prepaid Federal Income Tax	6,904.00	3,542.00
Prepaid State Income Tax	400.00	130.00
Unexpired Insurance	58,144.04	54,298.01
NJF Clearing Account	<u>71,021.01</u>	<u>56,683.90</u>
<b>Subtotal - Other Current Assets</b>	<u>136,469.05</u>	<u>114,663.91</u>
<b>TOTAL CURRENT ASSETS</b>	<u>516,152.32</u>	<u>495,571.84</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
Mutual of Omaha	438,802.01	1,584,331.85
Wealth Management	<u>1,350,464.85</u>	<u>0.00</u>
<b>Subtotal - Capital Reserves</b>	<u>1,789,266.86</u>	<u>1,584,331.85</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(15,500.00)</u>	<u>(11,780.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>58,900.00</u>	<u>62,620.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,848,166.86</u>	<u>1,646,951.85</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,364,319.18</u></u>	<u><u>\$ 2,142,523.69</u></u>

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

**Liabilities and Fund Balances**

	<b>2019</b>	<b>2018</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 17,189.62	\$ 22,474.71
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	36,483.70	30,299.08
A/P - NJF Units	71,021.01	56,683.90
A/P - Insurance	30,666.00	43,011.00
Accrued General Excise Tx	175.53	157.57
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
Unearned Income	0.00	30.00
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	165,727.31	165,993.71
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	165,727.31	165,993.71
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	165,727.31	165,993.71
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	409,325.01	392,198.13
Restricted Members' Equity	1,789,266.86	1,584,331.85
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	2,198,591.87	1,976,529.98
	<hr/>	<hr/>
<b>TOTAL MEMBERS' EQUITY</b>	2,198,591.87	1,976,529.98
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,364,319.18	\$ 2,142,523.69
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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 7 Months Ended July 31, 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	74.5	71,208	18	498,584.31	75.4	498,456	128	854,496	355,912
406 - Capital Reserve	20,027.67	21.0	20,028	(0)	140,193.69	21.2	140,194	(0)	240,332	100,138
415 - Delinquent Owners Late Fee	<u>581.78</u>	<u>0.6</u>	<u>0</u>	<u>582</u>	<u>1,765.67</u>	<u>0.3</u>	<u>0</u>	<u>1,766</u>	<u>0</u>	<u>(1,766)</u>
<b>Total Membership Income</b>	<b>91,835.78</b>	<b>96.1</b>	<b>91,236</b>	<b>600</b>	<b>640,543.67</b>	<b>96.8</b>	<b>638,650</b>	<b>1,894</b>	<b>1,094,828</b>	<b>454,284</b>
<b>Non-Membership Income</b>										
430 - Interest Income	12.88	0.0	292	(279)	474.49	0.1	2,042	(1,568)	3,500	3,026
431 - Reserve Interest Income	737.76	0.8	2,167	(1,429)	3,360.68	0.5	15,167	(11,806)	26,000	22,639
440.80 - NJF Rental Income	2,500.00	2.6	2,500	0	15,989.96	2.4	17,500	(1,510)	30,000	14,010
441 - Kayak Rack Rental	465.00	0.5	0	465	1,305.00	0.2	0	1,305	0	(1,305)
499 - Other Income	<u>0.00</u>	<u>0.0</u>	<u>100</u>	<u>(100)</u>	<u>(2.35)</u>	<u>0.0</u>	<u>700</u>	<u>(702)</u>	<u>1,200</u>	<u>1,202</u>
<b>Total Non-Membership Income</b>	<b>3,715.64</b>	<b>3.9</b>	<b>5,059</b>	<b>(1,343)</b>	<b>21,127.78</b>	<b>3.2</b>	<b>35,409</b>	<b>(14,281)</b>	<b>60,700</b>	<b>39,572</b>
<b>Total Revenues</b>	<b><u>95,551.42</u></b>	<b><u>100.</u></b>	<b><u>96,295</u></b>	<b><u>(744)</u></b>	<b><u>661,671.45</u></b>	<b><u>100.</u></b>	<b><u>674,059</u></b>	<b><u>(12,388)</u></b>	<b><u>1,155,528</u></b>	<b><u>493,857</u></b>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	4,690.00	0.7	4,690	0	8,040	3,350
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	1,600.00	0.2	1,750	(150)	3,000	1,400
701.3 - NJF Repairs & Maint	464.79	0.5	100	365	986.05	0.1	700	286	1,200	214
701.4 - NJF GET Expense	<u>100.00</u>	<u>0.1</u>	<u>100</u>	<u>0</u>	<u>620.00</u>	<u>0.1</u>	<u>700</u>	<u>(80)</u>	<u>1,200</u>	<u>580</u>
<b>Total NJF Unit Expenses</b>	<b>1,484.79</b>	<b>1.6</b>	<b>1,120</b>	<b>365</b>	<b>7,896.05</b>	<b>1.2</b>	<b>7,840</b>	<b>56</b>	<b>13,440</b>	<b>5,544</b>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	10.00	0.0	10	0	30.00	0.0	70	(40)	120	90
645 - Dues & Subscriptions	1,108.00	1.2	108	1,000	1,645.00	0.2	756	889	1,296	(349)
710 - Meetings	146.92	0.2	217	(70)	2,808.99	0.4	1,519	1,290	2,604	(205)
715 - Office/Administration	230.51	0.2	375	(144)	3,281.52	0.5	2,625	657	4,500	1,218
715.1 - Office/Admin - Site Office	160.78	0.2	175	(14)	465.29	0.1	1,225	(760)	2,100	1,635
720 - Operating Supplies	225.20	0.2	100	125	1,216.45	0.2	700	516	1,200	(16)
910 - Depreciation	<u>310.00</u>	<u>0.3</u>	<u>310</u>	<u>0</u>	<u>2,170.00</u>	<u>0.3</u>	<u>2,170</u>	<u>0</u>	<u>3,720</u>	<u>1,550</u>
<b>Total Administration Exp</b>	<b>2,191.41</b>	<b>2.3</b>	<b>1,295</b>	<b>896</b>	<b>11,617.25</b>	<b>1.8</b>	<b>9,065</b>	<b>2,552</b>	<b>15,540</b>	<b>3,923</b>
<b>Employee Costs</b>										
610 - Auto	218.08	0.2	100	118	855.07	0.1	700	155	1,200	345
648 - Education & Seminars	0.00	0.0	54	(54)	605.00	0.1	379	226	650	45
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	1,750	(1,750)	3,000	3,000
653 - Emp/Ben.-Medical	1,377.05	1.4	1,245	132	8,850.11	1.3	8,715	135	14,940	6,090
780 - Salaries & Wages	9,588.63	10.0	10,144	(555)	69,892.03	10.6	71,006	(1,114)	121,724	51,832
801 - P/R Insurance - TDI & WC	371.83	0.4	549	(177)	2,738.41	0.4	3,843	(1,105)	6,588	3,850
802 - Taxes - Payroll	1,043.15	1.1	1,074	(31)	7,696.98	1.2	7,518	179	12,888	5,191

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 7 Months Ended July 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	385	85	660	190
<b>Total Employee Costs</b>	12,598.74	13.2	13,471	(872)	91,107.46	13.8	94,296	(3,189)	161,650	70,543
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	248.50	0.0	245	4	420	172
678 - Ins. Business Interruption	100.25	0.1	0	100	675.91	0.1	0	676	0	(676)
679 - Ins. - Dir./Officers	225.08	0.2	173	52	1,345.56	0.2	1,211	135	2,076	730
680 - Ins. - Package	5,320.92	5.6	5,149	172	35,775.76	5.4	36,043	(267)	61,788	26,012
683 - Ins. - CGL	359.00	0.4	365	(6)	2,507.00	0.4	2,555	(48)	4,380	1,873
684 - Ins. - Umbrella	176.25	0.2	181	(5)	1,233.75	0.2	1,267	(33)	2,172	938
<b>Total Insurance Expenses</b>	6,217.00	6.5	5,903	314	41,786.48	6.3	41,321	465	70,836	29,050
<b>Professional Services</b>										
705 - Management Fee	4,264.00	4.5	4,264	0	29,848.00	4.5	29,848	0	51,168	21,320
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	2,461	(2,414)	4,219	4,172
732 - Prof.Svc.- Legal	1,172.84	1.2	333	840	8,540.98	1.3	2,333	6,208	4,000	(4,541)
734 - Prof.Svc.- Y/E Acctng.	0.00	0.0	82	(82)	0.00	0.0	576	(576)	988	988
<b>Total Professional Exp</b>	5,436.84	5.7	5,031	406	38,435.85	5.8	35,218	3,218	60,375	21,939
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	415.74	0.4	2,000	(1,584)	12,843.14	1.9	14,000	(1,157)	24,000	11,157
750 - R/M - Equipment	66.53	0.1	250	(183)	396.77	0.1	1,750	(1,353)	3,000	2,603
752 - R/M - Fire Equip.	264.00	0.3	82	182	1,784.83	0.3	574	1,211	984	(801)
753 - R/M - Landscape Upgrades	245.15	0.3	125	120	245.15	0.0	875	(630)	1,500	1,255
754 - R/M - Grounds	26.36	0.0	167	(141)	1,022.14	0.2	1,167	(145)	2,000	978
755 - R/M - Grounds Contractor	18,791.25	19.7	18,190	601	127,361.25	19.2	127,329	32	218,278	90,917
756 - R/M - Irrigation	405.00	0.4	704	(299)	4,439.36	0.7	4,930	(491)	8,452	4,013
760 - R/M - Pest Control	1,597.91	1.7	511	1,087	4,793.73	0.7	3,579	1,215	6,136	1,342
762 - R/M - Pool, Spa, BBQ	3,149.11	3.3	350	2,799	6,407.95	1.0	2,450	3,958	4,200	(2,208)
764 - R/M - Refuse Collection	1,397.60	1.5	1,265	133	10,676.74	1.6	8,855	1,822	15,180	4,503
764.1 - R/M - Recycling	733.84	0.8	974	(240)	3,321.89	0.5	6,817	(3,495)	11,687	8,365
767 - R/M - Security Contract	811.45	0.8	831	(20)	6,471.81	1.0	5,817	655	9,972	3,500
<b>Total Repairs &amp; Maint Exp</b>	27,903.94	29.2	25,449	2,455	179,764.76	27.2	178,143	1,622	305,389	125,624
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	75.53	0.1	102	(26)	296.78	0.0	714	(417)	1,224	927
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	7,000	(6,961)	12,000	11,961
945 - State Income Taxes	0.00	0.0	146	(146)	700.00	0.1	1,021	(321)	1,750	1,050
<b>Total Tax Expenses</b>	75.53	0.1	1,248	(1,172)	1,035.78	0.2	8,735	(7,699)	14,974	13,938
<b>Utility Expense</b>										
826 - Util. - Cable TV	3,675.15	3.8	3,818	(143)	26,142.21	4.0	26,723	(581)	45,810	19,668
828 - Util. - Electric	1,501.88	1.6	1,750	(248)	13,911.01	2.1	12,251	1,660	21,002	7,091

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 7 Months Ended July 31, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
830 - Util. - Gas	200.40	0.2	100	100	200.40	0.0	700	(500)	1,200	1,000
832 - Util. - Sewer	4,831.72	5.1	4,996	(164)	33,712.94	5.1	34,970	(1,257)	59,949	26,236
834 - Util. - Telephone	209.90	0.2	225	(15)	1,375.59	0.2	1,577	(201)	2,703	1,327
838 - Util. - Water	<u>11,383.00</u>	<u>11.9</u>	<u>9,600</u>	<u>1,783</u>	<u>66,984.21</u>	<u>10.1</u>	<u>67,202</u>	<u>(218)</u>	<u>115,204</u>	<u>48,220</u>
<b>Total Utility Expenses</b>	21,802.05	22.8	20,489	1,313	142,326.36	21.5	143,423	(1,097)	245,868	103,542
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	20,027.67	21.0	20,028	(0)	140,193.69	21.2	140,194	(0)	240,332	100,138
916 - Reserves Interest	<u>737.76</u>	<u>0.8</u>	<u>2,167</u>	<u>(1,429)</u>	<u>3,360.68</u>	<u>0.5</u>	<u>15,167</u>	<u>(11,806)</u>	<u>26,000</u>	<u>22,639</u>
<b>Total Reserve &amp; Other Exp</b>	<u>20,765.43</u>	<u>21.7</u>	<u>22,195</u>	<u>(1,430)</u>	<u>143,554.37</u>	<u>21.7</u>	<u>155,361</u>	<u>(11,807)</u>	<u>266,332</u>	<u>122,778</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>98,475.73</u>	<u>103.</u>	<u>96,201</u>	<u>2,275</u>	<u>657,524.36</u>	<u>99.4</u>	<u>673,402</u>	<u>(15,878)</u>	<u>1,154,404</u>	<u>496,880</u>
<b>Total Revenue Over Exp</b>	<u>(2,924.31)</u>	<u>(3.1)</u>	<u>94</u>	<u>(3,018)</u>	<u>4,147.09</u>	<u>0.6</u>	<u>657</u>	<u>3,490</u>	<u>1,124</u>	<u>(3,023)</u>
<b>Beginning Members' Equity</b>					<u>405,177.92</u>					
<b>Ending Members' Equity</b>					<u>409,325.01</u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 7 Months Ended July 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (2,924.31)	\$ 4,147.09
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	2,170.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(2,021.96)	790.04
Prepays	5,575.62	(46,446.94)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	287.89	(4,051.49)
Accrued Liabilities	(2,272.72)	34,327.51
Total Adjustments	<u>1,878.83</u>	<u>(13,210.88)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(1,045.48)</u>	<u>(9,063.79)</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**

(1,045.48) (9,063.79)

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

369,125.06 377,143.37

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

\$ 368,079.58 \$ 368,079.58