



**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 Eight Months Ended

August 31, 2019

(Subject to 2018 Audit Adjustments)

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## Table of Contents

	Page
Financial Statements	
Balance Sheet – Tax Basis	1-2
Income Statement and Changes in Members' Equity – Tax Basis	3-5
Statement of Cash Flows – Tax Basis	6

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

**Assets**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 86,840.86	\$ 114,580.82
Cash - MOB- Debit Card #****4202	3,000.52	0.00
MMkt - MOO Savings *****2119	26,498.34	26,395.17
MMkt - HSB Savings *****1937	36,636.96	235,799.84
CD - HSB Savings - Exp 3/1/20	<u>200,000.00</u>	<u>0.00</u>
<b>Subtotal - Cash</b>	<u>352,976.68</u>	<u>376,775.83</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	6,033.80	2,655.98
A/R - Act 196 & Collection	29,080.12	28,923.37
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>13,390.66</u>	<u>9,856.09</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	51,565.21	48,141.01
NJF Clearing Account	<u>72,101.44</u>	<u>57,956.90</u>
<b>Subtotal - Other Current Assets</b>	<u>130,970.65</u>	<u>109,779.91</u>
<b>TOTAL CURRENT ASSETS</b>	<u>497,337.99</u>	<u>496,411.83</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
Mutual of Omaha	458,957.51	1,604,097.19
Wealth Management	<u>1,350,465.50</u>	<u>0.00</u>
<b>Subtotal - Capital Reserves</b>	<u>1,809,423.01</u>	<u>1,604,097.19</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(15,810.00)</u>	<u>(12,090.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>58,590.00</u>	<u>62,310.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,868,013.01</u>	<u>1,666,407.19</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,365,351.00</u>	<u>\$ 2,162,819.02</u>

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

**Liabilities and Fund Balances**

	<b>2019</b>	<b>2018</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 18,589.06	\$ 25,589.22
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	37,227.00	31,809.65
A/P - NJF Units	72,101.44	57,956.90
A/P - Insurance	25,555.00	43,011.00
Accrued General Excise Tx	285.18	295.66
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	469.66	41.20
Accrued FICA Tax W/H	383.34	124.00
Accrued Medicare W/H	89.65	29.00
Accrued State Tax W/H	296.74	21.98
Garnishee W/H	737.00	0.00
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	<b>165,222.34</b>	<b>171,999.88</b>
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<b>TOTAL CURRENT LIABILITIES</b>	<b>165,222.34</b>	<b>171,999.88</b>
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<b>TOTAL LIABILITIES</b>	<b>165,222.34</b>	<b>171,999.88</b>
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<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	390,705.65	386,721.95
Restricted Members' Equity	1,809,423.01	1,604,097.19
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	<b>2,200,128.66</b>	<b>1,990,819.14</b>
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<b>TOTAL MEMBERS' EQUITY</b>	<b>2,200,128.66</b>	<b>1,990,819.14</b>
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 2,365,351.00</b>	<b>\$ 2,162,819.02</b>
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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 8 Months Ended August 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	75.5	71,208	18	569,810.64	75.4	569,664	147	854,496	284,685
406 - Capital Reserve	20,027.67	21.2	20,028	(0)	160,221.36	21.2	160,221	0	240,332	80,111
415 - Delinquent Owners Late Fee	283.94	0.3	0	284	2,049.61	0.3	0	2,050	0	(2,050)
425 - House Rule Violations	50.00	0.1	0	50	50.00	0.0	0	50	0	(50)
<b>Total Membership Income</b>	<b>91,587.94</b>	<b>97.1</b>	<b>91,236</b>	<b>352</b>	<b>732,131.61</b>	<b>96.8</b>	<b>729,885</b>	<b>2,247</b>	<b>1,094,828</b>	<b>362,696</b>
<b>Non-Membership Income</b>										
430 - Interest Income	47.97	0.1	292	(244)	522.46	0.1	2,333	(1,811)	3,500	2,978
431 - Reserve Interest Income	128.48	0.1	2,167	(2,039)	3,489.16	0.5	17,333	(13,844)	26,000	22,511
440.80 - NJF Rental Income	2,500.00	2.7	2,500	0	18,489.96	2.4	20,000	(1,510)	30,000	11,510
441 - Kayak Rack Rental	15.00	0.0	0	15	1,320.00	0.2	0	1,320	0	(1,320)
499 - Other Income	0.00	0.0	100	(100)	(2.35)	0.0	800	(802)	1,200	1,202
<b>Total Non-Membership Income</b>	<b>2,691.45</b>	<b>2.9</b>	<b>5,059</b>	<b>(2,368)</b>	<b>23,819.23</b>	<b>3.2</b>	<b>40,466</b>	<b>(16,647)</b>	<b>60,700</b>	<b>36,881</b>
<b>Total Revenues</b>	<b>94,279.39</b>	<b>100.</b>	<b>96,295</b>	<b>(2,016)</b>	<b>755,950.84</b>	<b>100.</b>	<b>770,351</b>	<b>(14,400)</b>	<b>1,155,528</b>	<b>399,577</b>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	5,360.00	0.7	5,360	0	8,040	2,680
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	1,850.00	0.2	2,000	(150)	3,000	1,150
701.3 - NJF Repairs & Maint *	159.57	0.2	100	60	1,145.62	0.2	800	346	1,200	54
701.4 - NJF GET Expense	90.00	0.1	100	(10)	710.00	0.1	800	(90)	1,200	490
<b>Total NJF Unit Expenses</b>	<b>1,169.57</b>	<b>1.2</b>	<b>1,120</b>	<b>50</b>	<b>9,065.62</b>	<b>1.2</b>	<b>8,960</b>	<b>106</b>	<b>13,440</b>	<b>4,374</b>
<b>Adminstration Expenses</b>										
625 - Bank Charges/Merchant	20.00	0.0	10	10	50.00	0.0	80	(30)	120	70
645 - Dues & Subscriptions	0.00	0.0	108	(108)	1,645.00	0.2	864	781	1,296	(349)
710 - Meetings *	840.00	0.9	217	623	3,648.99	0.5	1,736	1,913	2,604	(1,045)
715 - Office/Administration	370.94	0.4	375	(4)	3,652.46	0.5	3,000	652	4,500	848
715.1 - Office/Admin - Site Office *	224.93	0.2	175	50	690.22	0.1	1,400	(710)	2,100	1,410
720 - Operating Supplies *	106.07	0.1	100	6	1,322.52	0.2	800	523	1,200	(123)
910 - Depreciation	310.00	0.3	310	0	2,480.00	0.3	2,480	0	3,720	1,240
<b>Total Administration Exp</b>	<b>1,871.94</b>	<b>2.0</b>	<b>1,295</b>	<b>577</b>	<b>13,489.19</b>	<b>1.8</b>	<b>10,360</b>	<b>3,129</b>	<b>15,540</b>	<b>2,051</b>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	855.07	0.1	800	55	1,200	345
648 - Education & Seminars	0.00	0.0	54	(54)	605.00	0.1	433	172	650	45
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	2,000	(2,000)	3,000	3,000
653 - Emp/Ben.-Medical *	1,377.05	1.5	1,245	132	10,227.16	1.4	9,960	267	14,940	4,713
780 - Salaries & Wages	14,211.84	15.1	10,144	4,068	84,103.87	11.1	81,149	2,955	121,724	37,620
801 - P/R Insurance - TDI & WC	361.83	0.4	549	(187)	3,100.24	0.4	4,392	(1,292)	6,588	3,488

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 8 Months Ended August 31, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll	990.95	1.1	1,074	(83)	8,687.93	1.1	8,592	96	12,888	4,200
812 - Uniforms	<u>0.00</u>	<u>0.0</u>	<u>55</u>	<u>(55)</u>	<u>469.86</u>	<u>0.1</u>	<u>440</u>	<u>30</u>	<u>660</u>	<u>190</u>
<b>Total Employee Costs</b>	<b>16,941.67</b>	<b>18.0</b>	<b>13,471</b>	<b>3,471</b>	<b>108,049.13</b>	<b>14.3</b>	<b>107,766</b>	<b>283</b>	<b>161,650</b>	<b>53,601</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	284.00	0.0	280	4	420	136
678 - Ins. Business Interruption	100.25	0.1	0	100	776.16	0.1	0	776	0	(776)
679 - Ins. - Dir./Officers	225.08	0.2	173	52	1,570.64	0.2	1,384	187	2,076	505
680 - Ins. - Package	5,320.92	5.6	5,149	172	41,096.68	5.4	41,192	(95)	61,788	20,691
683 - Ins. - CGL	359.00	0.4	365	(6)	2,866.00	0.4	2,920	(54)	4,380	1,514
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,410.00</u>	<u>0.2</u>	<u>1,448</u>	<u>(38)</u>	<u>2,172</u>	<u>762</u>
<b>Total Insurance Expenses</b>	<b>6,217.00</b>	<b>6.6</b>	<b>5,903</b>	<b>314</b>	<b>48,003.48</b>	<b>6.4</b>	<b>47,224</b>	<b>779</b>	<b>70,836</b>	<b>22,833</b>
<b>Professional Services</b>										
705 - Management Fee	4,264.00	4.5	4,264	0	34,112.00	4.5	34,112	0	51,168	17,056
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	2,813	(2,766)	4,219	4,172
732 - Prof.Svc.- Legal *	1,868.63	2.0	333	1,536	10,409.61	1.4	2,667	7,743	4,000	(6,410)
734 - Prof.Svc.- Y/E Acctng.	<u>0.00</u>	<u>0.0</u>	<u>82</u>	<u>(82)</u>	<u>0.00</u>	<u>0.0</u>	<u>659</u>	<u>(659)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>6,132.63</b>	<b>6.5</b>	<b>5,031</b>	<b>1,102</b>	<b>44,568.48</b>	<b>5.9</b>	<b>40,251</b>	<b>4,317</b>	<b>60,375</b>	<b>15,807</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings *	2,298.65	2.4	2,000	299	15,141.79	2.0	16,000	(858)	24,000	8,858
750 - R/M - Equipment *	13,431.64	14.2	250	13,182	13,828.41	1.8	2,000	11,828	3,000	(10,828)
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	1,784.83	0.2	656	1,129	984	(801)
753 - R/M - Landscape Upgrades *	412.44	0.4	125	287	657.59	0.1	1,000	(342)	1,500	842
754 - R/M - Grounds	14.52	0.0	167	(152)	1,036.66	0.1	1,333	(296)	2,000	963
755 - R/M - Grounds Contractor *	18,400.00	19.5	18,190	210	145,761.25	19.3	145,519	242	218,278	72,517
756 - R/M - Irrigation *	1,360.53	1.4	704	657	5,799.89	0.8	5,635	165	8,452	2,652
760 - R/M - Pest Control	0.00	0.0	511	(511)	4,793.73	0.6	4,091	703	6,136	1,342
762 - R/M - Pool, Spa, BBQ *	453.63	0.5	350	104	6,861.58	0.9	2,800	4,062	4,200	(2,662)
764 - R/M - Refuse Collection	738.60	0.8	1,265	(526)	11,415.34	1.5	10,120	1,295	15,180	3,765
764.1 - R/M - Recycling	0.00	0.0	974	(974)	3,321.89	0.4	7,791	(4,469)	11,687	8,365
767 - R/M - Security Contract	<u>811.45</u>	<u>0.9</u>	<u>831</u>	<u>(20)</u>	<u>7,283.26</u>	<u>1.0</u>	<u>6,648</u>	<u>635</u>	<u>9,972</u>	<u>2,689</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>37,921.46</b>	<b>40.2</b>	<b>25,449</b>	<b>12,472</b>	<b>217,686.22</b>	<b>28.8</b>	<b>203,593</b>	<b>14,093</b>	<b>305,389</b>	<b>87,703</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	19.65	0.0	102	(82)	316.43	0.0	816	(500)	1,224	908
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	8,000	(7,961)	12,000	11,961
945 - State Income Taxes	<u>0.00</u>	<u>0.0</u>	<u>146</u>	<u>(146)</u>	<u>700.00</u>	<u>0.1</u>	<u>1,167</u>	<u>(467)</u>	<u>1,750</u>	<u>1,050</u>
<b>Total Tax Expenses</b>	<b>19.65</b>	<b>0.0</b>	<b>1,248</b>	<b>(1,228)</b>	<b>1,055.43</b>	<b>0.1</b>	<b>9,983</b>	<b>(8,928)</b>	<b>14,974</b>	<b>13,919</b>
<b>Utility Expense</b>										
826 - Util. - Cable TV	3,673.63	3.9	3,818	(144)	29,815.84	3.9	30,540	(724)	45,810	15,994

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 8 Months Ended August 31, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
828 - Util. - Electric	1,614.56	1.7	1,750	(135)	15,525.57	2.1	14,001	1,525	21,002	5,476
830 - Util. - Gas *	254.20	0.3	100	154	454.60	0.1	800	(345)	1,200	745
832 - Util. - Sewer *	5,106.50	5.4	4,996	111	38,819.44	5.1	39,966	(1,147)	59,949	21,130
834 - Util. - Telephone *	245.54	0.3	225	21	1,621.13	0.2	1,802	(181)	2,703	1,082
838 - Util. - Water *	<u>11,574.25</u>	<u>12.3</u>	<u>9,600</u>	<u>1,974</u>	<u>78,558.46</u>	<u>10.4</u>	<u>76,803</u>	<u>1,755</u>	<u>115,204</u>	<u>36,646</u>
<b>Total Utility Expenses</b>	22,468.68	23.8	20,489	1,980	164,795.04	21.8	163,912	883	245,868	81,073
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	20,027.67	21.2	20,028	(0)	160,221.36	21.2	160,221	0	240,332	80,111
916 - Reserves Interest	<u>128.48</u>	<u>0.1</u>	<u>2,167</u>	<u>(2,039)</u>	<u>3,489.16</u>	<u>0.5</u>	<u>17,333</u>	<u>(13,844)</u>	<u>26,000</u>	<u>22,511</u>
<b>Total Reserve &amp; Other Exp</b>	<u>20,156.15</u>	<u>21.4</u>	<u>22,195</u>	<u>(2,039)</u>	<u>163,710.52</u>	<u>21.7</u>	<u>177,554</u>	<u>(13,843)</u>	<u>266,332</u>	<u>102,621</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>112,898.75</u>	<u>119.</u>	<u>96,201</u>	<u>16,698</u>	<u>770,423.11</u>	<u>101.</u>	<u>769,603</u>	<u>820</u>	<u>1,154,404</u>	<u>383,981</u>
<b>Total Revenue Over Exp</b>	<u>(18,619.36)</u>	<u>(19.7)</u>	<u>94</u>	<u>(18,713)</u>	<u>(14,472.27)</u>	<u>(1.9)</u>	<u>748</u>	<u>(15,220)</u>	<u>1,124</u>	<u>15,596</u>
<b>Beginning Members' Equity</b>					<u>405,177.92</u>					
<b>Ending Members' Equity</b>					<u>390,705.65</u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 8 Months Ended August 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (18,619.36)	\$ (14,472.27)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	2,480.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(1,786.97)	(996.93)
Prepays	5,498.40	(40,948.54)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	1,399.44	(2,652.05)
Accrued Liabilities	(1,904.41)	32,423.10
Total Adjustments	<u>3,516.46</u>	<u>(9,694.42)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(15,102.90)</u>	<u>(24,166.69)</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**

(15,102.90) (24,166.69)

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

368,079.58 377,143.37

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

\$ 352,976.68 \$ 352,976.68