



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 Nine Months Ended

September 30, 2019

(Subject to 2018 Audit Adjustments)

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I have prepared the accompanying Balance Sheet – Tax Basis as of September 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 Nine 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
September 30, 2019 and 2018

Assets

	2019	2018
CURRENT ASSETS		
Ckg - MOO *****1241	\$ 81,888.20	\$ 93,866.48
Cash - MOB- Debit Card #****4202	3,000.64	0.00
MMkt - MOO Savings *****2119	26,507.05	26,401.24
MMkt - HSB Savings *****1937	36,653.49	235,906.24
CD - HSB Savings - Exp 3/1/20	<u>200,000.00</u>	<u>0.00</u>
Subtotal - Cash	<u>348,049.38</u>	<u>356,173.96</u>
ACCOUNTS RECEIVABLES		
A/R - Owners Balances	5,782.77	3,383.07
A/R - Act 196 & Collection	29,080.12	28,909.31
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
Subtotal - Accounts Receivable	<u>13,139.63</u>	<u>10,569.12</u>
OTHER CURRENT ASSETS		
Prepaid Rent	0.00	10.00
Prepaid Federal Income Tax	8,104.00	3,542.00
Prepaid State Income Tax	600.00	130.00
Unexpired Insurance	44,986.38	41,984.01
NJF Clearing Account	<u>73,581.44</u>	<u>59,229.90</u>
Subtotal - Other Current Assets	<u>127,271.82</u>	<u>104,895.91</u>
TOTAL CURRENT ASSETS	<u>488,460.83</u>	<u>471,638.99</u>
CAPITAL RESERVE ACCOUNTS		
Mutual of Omaha	479,118.07	1,623,847.33
Wealth Management	<u>1,350,465.50</u>	<u>0.00</u>
Subtotal - Capital Reserves	<u>1,829,583.57</u>	<u>1,623,847.33</u>
FIXED ASSETS		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(16,120.00)</u>	<u>(12,400.00)</u>
Subtotal - Fixed Assets	<u>58,280.00</u>	<u>62,000.00</u>
TOTAL OTHER ASSETS	<u>1,887,863.57</u>	<u>1,685,847.33</u>
TOTAL ASSETS	<u>\$ 2,376,324.40</u>	<u>\$ 2,157,486.32</u>

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

Liabilities and Fund Balances

	2019	2018
CURRENT LIABILITIES		
A/P - Trade	\$ 19,460.58	\$ 17,609.29
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	36,915.70	27,791.27
A/P - NJF Units	73,581.44	59,229.90
A/P - Insurance	20,444.00	23,895.00
Accrued General Excise Tx	389.83	420.59
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	165.06	21.98
	<hr/>	<hr/>
Subtotal - Current Liabilities	160,639.08	142,283.50
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	160,639.08	142,283.50
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TOTAL LIABILITIES	160,639.08	142,283.50
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MEMBERS' EQUITY		
Unrestricted Members' Equity	386,101.75	391,355.49
Restricted Members' Equity	1,829,583.57	1,623,847.33
	<hr/>	<hr/>
Subtotal Members' Equity	2,215,685.32	2,015,202.82
	<hr/>	<hr/>
TOTAL MEMBERS' EQUITY	2,215,685.32	2,015,202.82
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,376,324.40	\$ 2,157,486.32
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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 9 Months Ended September 30, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
Revenues										
Membership Income										
405 - Maintenance Fees	71,226.33	75.8	71,208	18	641,036.97	75.4	640,872	165	854,496	213,459
406 - Capital Reserve	20,027.67	21.3	20,028	(0)	180,249.03	21.2	180,249	0	240,332	60,083
415 - Delinquent Owners Late Fee	48.27	0.1	0	48	2,097.88	0.2	0	2,098	0	(2,098)
425 - House Rule Violations	<u>0.00</u>	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>50.00</u>	<u>0.0</u>	<u>0</u>	<u>50</u>	<u>0</u>	<u>(50)</u>
Total Membership Income	91,302.27	97.2	91,236	66	823,433.88	96.9	821,121	2,313	1,094,828	271,394
Non-Membership Income										
430 - Interest Income	29.47	0.0	292	(263)	551.93	0.1	2,625	(2,073)	3,500	2,948
431 - Reserve Interest Income	132.89	0.1	2,167	(2,034)	3,622.05	0.4	19,500	(15,878)	26,000	22,378
440.80 - NJF Rental Income	2,500.00	2.7	2,500	0	20,989.96	2.5	22,500	(1,510)	30,000	9,010
441 - Kayak Rack Rental	15.00	0.0	0	15	1,335.00	0.2	0	1,335	0	(1,335)
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>900</u>	<u>(902)</u>	<u>1,200</u>	<u>1,202</u>
Total Non-Membership Income	2,677.36	2.8	5,059	(2,382)	26,496.59	3.1	45,525	(19,028)	60,700	34,203
Total Revenues	<u>93,979.63</u>	<u>100.</u>	<u>96,295</u>	<u>(2,315)</u>	<u>849,930.47</u>	<u>100.</u>	<u>866,646</u>	<u>(16,716)</u>	<u>1,155,528</u>	<u>305,598</u>
Operating Expenses										
NJF Unit Expenses										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	6,030.00	0.7	6,030	0	8,040	2,010
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	2,100.00	0.2	2,250	(150)	3,000	900
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	1,145.62	0.1	900	246	1,200	54
701.4 - NJF GET Expense	<u>100.00</u>	<u>0.1</u>	<u>100</u>	<u>0</u>	<u>810.00</u>	<u>0.1</u>	<u>900</u>	<u>(90)</u>	<u>1,200</u>	<u>390</u>
Total NJF Unit Expenses	1,020.00	1.1	1,120	(100)	10,085.62	1.2	10,080	6	13,440	3,354
Adminstration Expenses										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	50.00	0.0	90	(40)	120	70
645 - Dues & Subscriptions	0.00	0.0	108	(108)	1,645.00	0.2	972	673	1,296	(349)
710 - Meetings	0.00	0.0	217	(217)	3,648.99	0.4	1,953	1,696	2,604	(1,045)
715 - Office/Administration	293.89	0.3	375	(81)	3,946.35	0.5	3,375	571	4,500	554
715.1 - Office/Admin - Site Office	37.12	0.0	175	(138)	727.34	0.1	1,575	(848)	2,100	1,373
720 - Operating Supplies	0.00	0.0	100	(100)	1,322.52	0.2	900	423	1,200	(123)
910 - Depreciation	<u>310.00</u>	<u>0.3</u>	<u>310</u>	<u>0</u>	<u>2,790.00</u>	<u>0.3</u>	<u>2,790</u>	<u>0</u>	<u>3,720</u>	<u>930</u>
Total Administration Exp	641.01	0.7	1,295	(654)	14,130.20	1.7	11,655	2,475	15,540	1,410
Employee Costs										
610 - Auto *	213.44	0.2	100	113	1,068.51	0.1	900	169	1,200	131
648 - Education & Seminars *	75.00	0.1	54	21	680.00	0.1	488	192	650	(30)
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	2,250	(2,250)	3,000	3,000
653 - Emp/Ben.-Medical	563.78	0.6	1,245	(681)	10,790.94	1.3	11,205	(414)	14,940	4,149
780 - Salaries & Wages	4,424.00	4.7	10,144	(5,720)	88,527.87	10.4	91,293	(2,765)	121,724	33,196
801 - P/R Insurance - TDI & WC	361.83	0.4	549	(187)	3,462.07	0.4	4,941	(1,479)	6,588	3,126

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 9 Months Ended September 30, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll	803.96	0.9	1,074	(270)	9,491.89	1.1	9,666	(174)	12,888	3,396
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>495</u>	<u>(25)</u>	<u>660</u>	<u>190</u>
Total Employee Costs	6,442.01	6.9	13,471	(7,029)	114,491.14	13.5	121,238	(6,747)	161,650	47,159
Insurance Expense										
677 - Ins. - Bond	35.50	0.0	35	1	319.50	0.0	315	5	420	101
678 - Ins. Business Interruption	100.25	0.1	0	100	876.41	0.1	0	876	0	(876)
679 - Ins. - Dir./Officers	225.08	0.2	173	52	1,795.72	0.2	1,557	239	2,076	280
680 - Ins. - Package	5,320.92	5.7	5,149	172	46,417.60	5.5	46,341	77	61,788	15,370
683 - Ins. - CGL	359.00	0.4	365	(6)	3,225.00	0.4	3,285	(60)	4,380	1,155
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,586.25</u>	<u>0.2</u>	<u>1,629</u>	<u>(43)</u>	<u>2,172</u>	<u>586</u>
Total Insurance Expenses	6,217.00	6.6	5,903	314	54,220.48	6.4	53,127	1,093	70,836	16,616
Professional Services										
705 - Management Fee	4,264.00	4.5	4,264	0	38,376.00	4.5	38,376	0	51,168	12,792
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	3,164	(3,117)	4,219	4,172
732 - Prof.Svc.- Legal *	1,860.30	2.0	333	1,527	12,269.91	1.4	3,000	9,270	4,000	(8,270)
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>741</u>	<u>(741)</u>	<u>988</u>	<u>988</u>
Total Professional Exp	6,124.30	6.5	5,031	1,093	50,692.78	6.0	45,281	5,412	60,375	9,682
Repairs & Maint Expenses										
746 - R/M - Buildings *	10,002.21	10.6	2,000	8,002	25,144.00	3.0	18,000	7,144	24,000	(1,144)
750 - R/M - Equipment	240.63	0.3	250	(9)	14,069.04	1.7	2,250	11,819	3,000	(11,069)
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	1,784.83	0.2	738	1,047	984	(801)
753 - R/M - Landscape Upgrades	0.00	0.0	125	(125)	657.59	0.1	1,125	(467)	1,500	842
754 - R/M - Grounds *	644.43	0.7	167	477	1,681.09	0.2	1,500	181	2,000	319
755 - R/M - Grounds Contractor *	18,400.00	19.6	18,190	210	164,161.25	19.3	163,708	453	218,278	54,117
756 - R/M - Irrigation	0.00	0.0	704	(704)	5,799.89	0.7	6,339	(539)	8,452	2,652
760 - R/M - Pest Control	0.00	0.0	511	(511)	4,793.73	0.6	4,602	192	6,136	1,342
762 - R/M - Pool, Spa, BBQ	14.03	0.0	350	(336)	6,875.61	0.8	3,150	3,726	4,200	(2,676)
764 - R/M - Refuse Collection *	2,056.60	2.2	1,265	792	13,471.94	1.6	11,385	2,087	15,180	1,708
764.1 - R/M - Recycling *	1,467.68	1.6	974	494	4,789.57	0.6	8,765	(3,975)	11,687	6,897
767 - R/M - Security Contract	<u>811.45</u>	<u>0.9</u>	<u>831</u>	<u>(20)</u>	<u>8,094.71</u>	<u>1.0</u>	<u>7,479</u>	<u>616</u>	<u>9,972</u>	<u>1,877</u>
Total Repairs & Maint Exp	33,637.03	35.8	25,449	8,188	251,323.25	29.6	229,041	22,282	305,389	54,066
Tax Expenses										
796 - Taxes - Gen. Excise	4.65	0.0	102	(97)	321.08	0.0	918	(597)	1,224	903
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	9,000	(8,961)	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>1,312</u>	<u>(612)</u>	<u>1,750</u>	<u>1,050</u>
Total Tax Expenses	4.65	0.0	1,248	(1,243)	1,060.08	0.1	11,230	(10,170)	14,974	13,914
Utility Expense										
826 - Util. - Cable TV	3,638.94	3.9	3,818	(179)	33,454.78	3.9	34,358	(903)	45,810	12,355

Wailea Fairway Villas Association
Income Statement and Changes in Members' Equity - Tax Basis
Actual vs. Budget
For the 1 Month and 9 Months Ended September 30, 2019

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
828 - Util. - Electric	1,666.84	1.8	1,750	(83)	17,192.41	2.0	15,752	1,440	21,002	3,810
830 - Util. - Gas	0.00	0.0	100	(100)	454.60	0.1	900	(445)	1,200	745
832 - Util. - Sewer *	5,151.50	5.5	4,996	156	43,970.94	5.2	44,962	(991)	59,949	15,978
834 - Util. - Telephone	211.14	0.2	225	(14)	1,832.27	0.2	2,027	(195)	2,703	871
838 - Util. - Water *	<u>13,668.55</u>	<u>14.5</u>	<u>9,600</u>	<u>4,069</u>	<u>92,227.01</u>	<u>10.9</u>	<u>86,403</u>	<u>5,824</u>	<u>115,204</u>	<u>22,977</u>
Total Utility Expenses	24,336.97	25.9	20,489	3,848	189,132.01	22.3	184,402	4,730	245,868	56,736
Reserves & Other Exp										
915 - Capital Reserves	20,027.67	21.3	20,028	(0)	180,249.03	21.2	180,249	0	240,332	60,083
916 - Reserves Interest	<u>132.89</u>	<u>0.1</u>	<u>2,167</u>	<u>(2,034)</u>	<u>3,622.05</u>	<u>0.4</u>	<u>19,500</u>	<u>(15,878)</u>	<u>26,000</u>	<u>22,378</u>
Total Reserve & Other Exp	<u>20,160.56</u>	<u>21.5</u>	<u>22,195</u>	<u>(2,034)</u>	<u>183,871.08</u>	<u>21.6</u>	<u>199,749</u>	<u>(15,878)</u>	<u>266,332</u>	<u>82,461</u>
Total Operating Expenses and										
Reserve Allocation	<u>98,583.53</u>	<u>104.</u>	<u>96,201</u>	<u>2,383</u>	<u>869,006.64</u>	<u>102.</u>	<u>865,803</u>	<u>3,204</u>	<u>1,154,404</u>	<u>285,397</u>
Total Revenue Over Exp	<u>(4,603.90)</u>	<u>(4.9)</u>	<u>94</u>	<u>(4,698)</u>	<u>(19,076.17)</u>	<u>(2.2)</u>	<u>843</u>	<u>(19,919)</u>	<u>1,124</u>	<u>20,200</u>
Beginning Members' Equity					<u>405,177.92</u>					
Ending Members' Equity					<u>386,101.75</u>					

Wailea Fairway Villas Association
Statement of Cash Flows - Tax Basis
For the 1 Month and 9 Months Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ (4,603.90)	\$ (19,076.17)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	2,790.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	251.03	(745.90)
Prepays	3,698.83	(37,249.71)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	871.52	(1,780.53)
Accrued Liabilities	(5,454.78)	26,968.32
Total Adjustments	<u>(323.40)</u>	<u>(10,017.82)</u>
Net Cash Provided By (Used in) Operating Activities	<u>(4,927.30)</u>	<u>(29,093.99)</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

(4,927.30) (29,093.99)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

352,976.68 377,143.37

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 348,049.38 \$ 348,049.38