



**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 Ten Months Ended

October 31, 2019

(Subject to 2018 Audit Adjustments)

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

**Assets**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 90,873.73	\$ 109,896.49
Cash - MOB- Debit Card #****4202	2,678.95	0.00
MMkt - MOO Savings *****2119	26,516.06	26,410.21
MMkt - HSB Savings *****1937	36,670.58	236,016.24
CD - HSB Savings - Exp 3/1/20	<u>200,000.00</u>	<u>0.00</u>
<b>Subtotal - Cash</b>	<u>356,739.32</u>	<u>372,322.94</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	1,340.50	3,612.77
A/R - Act 196 & Collection	29,080.12	28,936.39
Allowance for Bad Debts	(21,723.26)	(21,723.26)
A/R - Missing Credit Card Receipts	<u>321.81</u>	<u>0.00</u>
<b>Subtotal - Accounts Receivable</b>	<u>9,019.17</u>	<u>10,825.90</u>
<b>OTHER CURRENT ASSETS</b>		
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	38,407.55	35,827.01
NJF Clearing Account	<u>72,911.44</u>	<u>60,502.90</u>
<b>Subtotal - Other Current Assets</b>	<u>120,022.99</u>	<u>100,011.91</u>
<b>TOTAL CURRENT ASSETS</b>	<u>485,781.48</u>	<u>483,160.75</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
Mutual of Omaha	499,287.28	1,643,911.88
Wealth Management	<u>1,355,885.56</u>	<u>0.00</u>
<b>Subtotal - Capital Reserves</b>	<u>1,855,172.84</u>	<u>1,643,911.88</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(16,430.00)</u>	<u>(12,710.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>57,970.00</u>	<u>61,690.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,913,142.84</u>	<u>1,705,601.88</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,398,924.32</u>	<u>\$ 2,188,762.63</u>

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

**Liabilities and Fund Balances**

	<b>2019</b>	<b>2018</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 20,304.37	\$ 12,008.73
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	36,084.64	28,593.47
A/P - NJF Units	72,911.44	60,502.90
A/P - Insurance	15,333.00	19,116.00
Accrued General Excise Tx	436.37	137.31
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/>
<b>Subtotal - Current Liabilities</b>	154,917.35	133,695.86
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	154,917.35	133,695.86
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	154,917.35	133,695.86
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	388,834.13	411,154.89
Restricted Members' Equity	1,855,172.84	1,643,911.88
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	2,244,006.97	2,055,066.77
	<hr/>	<hr/>
<b>TOTAL MEMBERS' EQUITY</b>	2,244,006.97	2,055,066.77
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,398,924.32	\$ 2,188,762.63
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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 10 Months Ended October 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	71.4	71,208	18	712,263.30	75.0	712,080	183	854,496	142,233
406 - Capital Reserve	20,027.67	20.1	20,028	(0)	200,276.70	21.1	200,277	(0)	240,332	40,055
415 - Delinquent Owners Late Fee	354.39	0.4	0	354	2,452.27	0.3	0	2,452	0	(2,452)
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>
<b>Total Membership Income</b>	<b>91,608.39</b>	<b>91.9</b>	<b>91,236</b>	<b>372</b>	<b>915,042.27</b>	<b>96.4</b>	<b>912,357</b>	<b>2,685</b>	<b>1,094,828</b>	<b>179,786</b>
<b>Non-Membership Income</b>										
430 - Interest Income	30.43	0.0	292	(262)	582.36	0.1	2,917	(2,335)	3,500	2,918
431 - Reserve Interest Income	5,561.60	5.6	2,167	3,395	9,183.65	1.0	21,667	(12,483)	26,000	16,816
440.80 - NJF Rental Income	2,500.00	2.5	2,500	0	23,489.96	2.5	25,000	(1,510)	30,000	6,510
441 - Kayak Rack Rental	15.00	0.0	0	15	1,350.00	0.1	0	1,350	0	(1,350)
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>1,000</u>	<u>(1,002)</u>	<u>1,200</u>	<u>1,202</u>
<b>Total Non-Membership Income</b>	<b>8,107.03</b>	<b>8.1</b>	<b>5,059</b>	<b>3,048</b>	<b>34,603.62</b>	<b>3.6</b>	<b>50,584</b>	<b>(15,980)</b>	<b>60,700</b>	<b>26,096</b>
<b>Total Revenues</b>	<b><u>99,715.42</u></b>	<b><u>100.</u></b>	<b><u>96,295</u></b>	<b><u>3,420</u></b>	<b><u>949,645.89</u></b>	<b><u>100.</u></b>	<b><u>962,941</u></b>	<b><u>(13,295)</u></b>	<b><u>1,155,528</u></b>	<b><u>205,882</u></b>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	6,700.00	0.7	6,700	0	8,040	1,340
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	2,350.00	0.2	2,500	(150)	3,000	650
701.3 - NJF Repairs & Maint	0.00	0.0	100	(100)	1,145.62	0.1	1,000	146	1,200	54
701.4 - NJF GET Expense	<u>100.00</u>	<u>0.1</u>	<u>100</u>	<u>0</u>	<u>910.00</u>	<u>0.1</u>	<u>1,000</u>	<u>(90)</u>	<u>1,200</u>	<u>290</u>
<b>Total NJF Unit Expenses</b>	<b>1,020.00</b>	<b>1.0</b>	<b>1,120</b>	<b>(100)</b>	<b>11,105.62</b>	<b>1.2</b>	<b>11,200</b>	<b>(94)</b>	<b>13,440</b>	<b>2,334</b>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	50.00	0.0	100	(50)	120	70
645 - Dues & Subscriptions *	264.00	0.3	108	156	1,909.00	0.2	1,080	829	1,296	(613)
710 - Meetings	0.00	0.0	217	(217)	3,648.99	0.4	2,170	1,479	2,604	(1,045)
715 - Office/Administration *	778.68	0.8	375	404	4,725.03	0.5	3,750	975	4,500	(225)
715.1 - Office/Admin - Site Office *	471.95	0.5	175	297	1,199.29	0.1	1,750	(551)	2,100	901
720 - Operating Supplies *	224.05	0.2	100	124	1,546.57	0.2	1,000	547	1,200	(347)
910 - Depreciation	<u>310.00</u>	<u>0.3</u>	<u>310</u>	<u>0</u>	<u>3,100.00</u>	<u>0.3</u>	<u>3,100</u>	<u>0</u>	<u>3,720</u>	<u>620</u>
<b>Total Administration Exp</b>	<b>2,048.68</b>	<b>2.1</b>	<b>1,295</b>	<b>754</b>	<b>16,178.88</b>	<b>1.7</b>	<b>12,950</b>	<b>3,229</b>	<b>15,540</b>	<b>(639)</b>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	100	(100)	1,068.51	0.1	1,000	69	1,200	131
648 - Education & Seminars *	609.00	0.6	54	555	1,289.00	0.1	542	747	650	(639)
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	2,500	(2,500)	3,000	3,000
653 - Emp/Ben.-Medical	1,133.76	1.1	1,245	(111)	11,924.70	1.3	12,450	(525)	14,940	3,015
780 - Salaries & Wages	7,292.50	7.3	10,144	(2,852)	95,820.37	10.1	101,437	(5,617)	121,724	25,904
801 - P/R Insurance - TDI & WC	544.43	0.5	549	(5)	4,006.50	0.4	5,490	(1,484)	6,588	2,582

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 10 Months Ended October 31, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll	144.24	0.1	1,074	(930)	9,636.13	1.0	10,740	(1,104)	12,888	3,252
812 - Uniforms	<u>0.00</u>	<u>0.0</u>	<u>55</u>	<u>(55)</u>	<u>469.86</u>	<u>0.0</u>	<u>550</u>	<u>(80)</u>	<u>660</u>	<u>190</u>
<b>Total Employee Costs</b>	<b>9,723.93</b>	<b>9.8</b>	<b>13,471</b>	<b>(3,747)</b>	<b>124,215.07</b>	<b>13.1</b>	<b>134,709</b>	<b>(10,494)</b>	<b>161,650</b>	<b>37,435</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	355.00	0.0	350	5	420	65
678 - Ins. Business Interruption	100.25	0.1	0	100	976.66	0.1	0	977	0	(977)
679 - Ins. - Dir./Officers	225.08	0.2	173	52	2,020.80	0.2	1,730	291	2,076	55
680 - Ins. - Package	5,320.92	5.3	5,149	172	51,738.52	5.4	51,490	249	61,788	10,049
683 - Ins. - CGL	359.00	0.4	365	(6)	3,584.00	0.4	3,650	(66)	4,380	796
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,762.50</u>	<u>0.2</u>	<u>1,810</u>	<u>(48)</u>	<u>2,172</u>	<u>410</u>
<b>Total Insurance Expenses</b>	<b>6,217.00</b>	<b>6.2</b>	<b>5,903</b>	<b>314</b>	<b>60,437.48</b>	<b>6.4</b>	<b>59,030</b>	<b>1,407</b>	<b>70,836</b>	<b>10,399</b>
<b>Professional Services</b>										
705 - Management Fee	4,264.00	4.3	4,264	0	42,640.00	4.5	42,640	0	51,168	8,528
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	3,516	(3,469)	4,219	4,172
732 - Prof.Svc.- Legal	(616.53)	(0.6)	333	(950)	11,653.38	1.2	3,333	8,320	4,000	(7,653)
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>823</u>	<u>(823)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>3,647.47</b>	<b>3.7</b>	<b>5,031</b>	<b>(1,384)</b>	<b>54,340.25</b>	<b>5.7</b>	<b>50,312</b>	<b>4,028</b>	<b>60,375</b>	<b>6,035</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings *	14,347.02	14.4	2,000	12,347	39,491.02	4.2	20,000	19,491	24,000	(15,491)
750 - R/M - Equipment *	(13,094.63)	(13.1)	250	(13,345)	974.41	0.1	2,500	(1,526)	3,000	2,026
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	1,784.83	0.2	820	965	984	(801)
753 - R/M - Landscape Upgrades *	519.25	0.5	125	394	1,176.84	0.1	1,250	(73)	1,500	323
754 - R/M - Grounds	9.31	0.0	167	(158)	1,690.40	0.2	1,667	23	2,000	310
755 - R/M - Grounds Contractor *	18,400.00	18.5	18,190	210	182,561.25	19.2	181,898	663	218,278	35,717
756 - R/M - Irrigation *	1,208.34	1.2	704	504	7,008.23	0.7	7,043	(35)	8,452	1,444
760 - R/M - Pest Control *	1,597.91	1.6	511	1,087	6,391.64	0.7	5,113	1,279	6,136	(256)
762 - R/M - Pool, Spa, BBQ *	1,652.36	1.7	350	1,302	8,527.97	0.9	3,500	5,028	4,200	(4,328)
764 - R/M - Refuse Collection *	1,397.60	1.4	1,265	133	14,869.54	1.6	12,650	2,220	15,180	310
764.1 - R/M - Recycling	733.84	0.7	974	(240)	5,523.41	0.6	9,739	(4,216)	11,687	6,164
767 - R/M - Security Contract	<u>811.45</u>	<u>0.8</u>	<u>831</u>	<u>(20)</u>	<u>8,906.16</u>	<u>0.9</u>	<u>8,310</u>	<u>596</u>	<u>9,972</u>	<u>1,066</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>27,582.45</b>	<b>27.7</b>	<b>25,449</b>	<b>2,133</b>	<b>278,905.70</b>	<b>29.4</b>	<b>254,490</b>	<b>24,416</b>	<b>305,389</b>	<b>26,483</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	338.46	0.3	102	236	659.54	0.1	1,020	(360)	1,224	564
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	10,000	(9,961)	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>1,458</u>	<u>(758)</u>	<u>1,750</u>	<u>1,050</u>
<b>Total Tax Expenses</b>	<b>338.46</b>	<b>0.3</b>	<b>1,248</b>	<b>(910)</b>	<b>1,398.54</b>	<b>0.1</b>	<b>12,478</b>	<b>(11,079)</b>	<b>14,974</b>	<b>13,575</b>
<b>Utility Expense</b>										
826 - Util. - Cable TV	3,638.94	3.6	3,818	(179)	37,093.72	3.9	38,175	(1,081)	45,810	8,716

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 10 Months Ended October 31, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
828 - Util. - Electric	1,577.74	1.6	1,750	(172)	18,770.15	2.0	17,502	1,268	21,002	2,232
830 - Util. - Gas	0.00	0.0	100	(100)	454.60	0.0	1,000	(545)	1,200	745
832 - Util. - Sewer	4,931.00	4.9	4,996	(65)	48,901.94	5.1	49,958	(1,056)	59,949	11,047
834 - Util. - Telephone	152.70	0.2	225	(72)	1,984.97	0.2	2,253	(268)	2,703	718
838 - Util. - Water *	<u>10,515.40</u>	<u>10.5</u>	<u>9,600</u>	<u>915</u>	<u>102,742.41</u>	<u>10.8</u>	<u>96,003</u>	<u>6,739</u>	<u>115,204</u>	<u>12,462</u>
<b>Total Utility Expenses</b>	20,815.78	20.9	20,489	327	209,947.79	22.1	204,891	5,057	245,868	35,920
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	20,027.67	20.1	20,028	(0)	200,276.70	21.1	200,277	(0)	240,332	40,055
916 - Reserves Interest	<u>5,561.60</u>	<u>5.6</u>	<u>2,167</u>	<u>3,395</u>	<u>9,183.65</u>	<u>1.0</u>	<u>21,667</u>	<u>(12,483)</u>	<u>26,000</u>	<u>16,816</u>
<b>Total Reserve &amp; Other Exp</b>	<u>25,589.27</u>	<u>25.7</u>	<u>22,195</u>	<u>3,394</u>	<u>209,460.35</u>	<u>22.1</u>	<u>221,944</u>	<u>(12,484)</u>	<u>266,332</u>	<u>56,872</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>96,983.04</u>	<u>97.3</u>	<u>96,201</u>	<u>782</u>	<u>965,989.68</u>	<u>101.</u>	<u>962,004</u>	<u>3,986</u>	<u>1,154,404</u>	<u>188,414</u>
<b>Total Revenue Over Exp</b>	<u><u>2,732.38</u></u>	<u><u>2.7</u></u>	<u><u>94</u></u>	<u><u>2,638</u></u>	<u><u>(16,343.79)</u></u>	<u><u>(1.7)</u></u>	<u><u>937</u></u>	<u><u>(17,281)</u></u>	<u><u>1,124</u></u>	<u><u>17,468</u></u>
<b>Beginning Members' Equity</b>					<u>405,177.92</u>					
<b>Ending Members' Equity</b>					<u><u>388,834.13</u></u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 10 Months Ended October 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ 2,732.38	\$ (16,343.79)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	3,100.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	4,120.46	3,374.56
Prepays	7,248.83	(30,000.88)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	843.79	(936.74)
Accrued Liabilities	(6,565.52)	20,402.80
Total Adjustments	<u>5,957.56</u>	<u>(4,060.26)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>8,689.94</u>	<u>(20,404.05)</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**

8,689.94 (20,404.05)

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

348,049.38 377,143.37

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

\$ 356,739.32 \$ 356,739.32