



**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 Eleven Months Ended

November 30, 2019

(Subject to 2018 Audit Adjustments)

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I have prepared the accompanying Balance Sheet – Tax Basis as of November 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 Eleven 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  
November 30, 2019 and 2018**

**Assets**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 81,925.81	\$ 130,581.24
Cash - MOB- Debit Card #****4202	2,384.39	0.00
MMkt - MOO Savings *****2119	26,524.78	26,418.89
MMkt - HSB Savings *****1937	36,687.13	236,122.73
CD - HSB Savings - Exp 3/1/20	<u>200,000.00</u>	<u>0.00</u>
<b>Subtotal - Cash</b>	<u>347,522.11</u>	<u>393,122.86</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	3,331.40	2,921.56
A/R - Act 196 & Collection	29,779.28	28,936.39
Allowance for Bad Debts	<u>(21,723.26)</u>	<u>(21,723.26)</u>
<b>Subtotal - Accounts Receivable</b>	<u>11,387.42</u>	<u>10,134.69</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	31,828.72	29,670.01
NJF Clearing Account	<u>76,541.44</u>	<u>59,840.90</u>
<b>Subtotal - Other Current Assets</b>	<u>117,074.16</u>	<u>93,192.91</u>
<b>TOTAL CURRENT ASSETS</b>	<u>475,983.69</u>	<u>496,450.46</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
Mutual of Omaha	519,586.54	1,663,912.24
Wealth Management	<u>1,363,971.60</u>	<u>0.00</u>
<b>Subtotal - Capital Reserves</b>	<u>1,883,558.14</u>	<u>1,663,912.24</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(16,740.00)</u>	<u>(13,020.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>57,660.00</u>	<u>61,380.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,941,218.14</u>	<u>1,725,292.24</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,417,201.83</u>	<u>\$ 2,221,742.70</u>

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

**Liabilities and Fund Balances**

	<b>2019</b>	<b>2018</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 19,822.71	\$ 17,255.62
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	30,666.64	29,112.47
A/P - NJF Units	76,541.44	59,840.90
A/P - Insurance	10,222.00	14,337.00
Accrued General Excise Tx	979.69	272.68
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>	148,080.01	134,156.12
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	148,080.01	134,156.12
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<b>TOTAL LIABILITIES</b>	148,080.01	134,156.12
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	385,563.68	423,674.34
Restricted Members' Equity (E)	1,883,558.14	1,663,912.24
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	2,269,121.82	2,087,586.58
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<b>TOTAL MEMBERS' EQUITY</b>	2,269,121.82	2,087,586.58
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,417,201.83	\$ 2,221,742.70
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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 11 Months Ended November 30, 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	69.6	71,208	18	783,489.63	74.5	783,288	202	854,496	71,006
406 - Capital Reserve	20,027.67	19.6	20,028	(0)	220,304.37	20.9	220,304	0	240,332	20,028
415 - Delinquent Owners Late Fee	180.90	0.2	0	181	2,633.17	0.3	0	2,633	0	(2,633)
425 - House Rule Violations	0.00	0.0	0	0	50.00	0.0	0	50	0	(50)
<b>Total Membership Income</b>	<u>91,434.90</u>	<u>89.3</u>	<u>91,236</u>	<u>199</u>	<u>1,006,477.17</u>	<u>95.7</u>	<u>1,003,592</u>	<u>2,885</u>	<u>1,094,828</u>	<u>88,351</u>
<b>Non-Membership Income</b>										
430 - Interest Income	29.35	0.0	292	(263)	611.71	0.1	3,208	(2,596)	3,500	2,888
431 - Reserve Interest Income	8,357.63	8.2	2,167	6,191	17,541.28	1.7	23,833	(6,292)	26,000	8,459
440.80 - NJF Rental Income	2,500.00	2.4	2,500	0	25,989.96	2.5	27,500	(1,510)	30,000	4,010
441 - Kayak Rack Rental	15.00	0.0	0	15	1,365.00	0.1	0	1,365	0	(1,365)
499 - Other Income	0.00	0.0	100	(100)	(2.35)	0.0	1,100	(1,102)	1,200	1,202
<b>Total Non-Membership Income</b>	<u>10,901.98</u>	<u>10.7</u>	<u>5,059</u>	<u>5,843</u>	<u>45,505.60</u>	<u>4.3</u>	<u>55,641</u>	<u>(10,135)</u>	<u>60,700</u>	<u>15,194</u>
<b>Total Revenues</b>	<u>102,336.88</u>	<u>100.</u>	<u>96,295</u>	<u>6,042</u>	<u>1,051,982.77</u>	<u>100.</u>	<u>1,059,233</u>	<u>(7,250)</u>	<u>1,155,528</u>	<u>103,545</u>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	670.00	0.7	670	0	7,370.00	0.7	7,370	0	8,040	670
701.2 - NJF Unit - Rental Agent Fe	250.00	0.2	250	0	2,600.00	0.2	2,750	(150)	3,000	400
701.3 - NJF Repairs & Maint	30.00	0.0	100	(70)	1,175.62	0.1	1,100	76	1,200	24
701.4 - NJF GET Expense	100.00	0.1	100	0	1,010.00	0.1	1,100	(90)	1,200	190
<b>Total NJF Unit Expenses</b>	<u>1,050.00</u>	<u>1.0</u>	<u>1,120</u>	<u>(70)</u>	<u>12,155.62</u>	<u>1.2</u>	<u>12,320</u>	<u>(164)</u>	<u>13,440</u>	<u>1,284</u>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	10.00	0.0	10	0	60.00	0.0	110	(50)	120	60
645 - Dues & Subscriptions	0.00	0.0	108	(108)	1,909.00	0.2	1,188	721	1,296	(613)
710 - Meetings *	665.92	0.7	217	449	4,314.91	0.4	2,387	1,928	2,604	(1,711)
715 - Office/Administration *	779.26	0.8	375	404	5,504.29	0.5	4,125	1,379	4,500	(1,004)
715.1 - Office/Admin - Site Office *	348.54	0.3	175	174	1,547.83	0.1	1,925	(377)	2,100	552
720 - Operating Supplies	92.45	0.1	100	(8)	1,639.02	0.2	1,100	539	1,200	(439)
910 - Depreciation	310.00	0.3	310	0	3,410.00	0.3	3,410	0	3,720	310
<b>Total Administration Exp</b>	<u>2,206.17</u>	<u>2.2</u>	<u>1,295</u>	<u>911</u>	<u>18,385.05</u>	<u>1.7</u>	<u>14,245</u>	<u>4,140</u>	<u>15,540</u>	<u>(2,845)</u>
<b>Employee Costs</b>										
610 - Auto *	158.92	0.2	100	59	1,227.43	0.1	1,100	127	1,200	(27)
648 - Education & Seminars *	305.00	0.3	54	251	1,594.00	0.2	596	998	650	(944)
651 - Emp/Ben.-Bonuses	0.00	0.0	250	(250)	0.00	0.0	2,750	(2,750)	3,000	3,000
653 - Emp/Ben.-Medical	563.78	0.6	1,245	(681)	12,488.48	1.2	13,695	(1,207)	14,940	2,452
780 - Salaries & Wages	11,244.88	11.0	10,144	1,101	107,065.25	10.2	111,580	(4,515)	121,724	14,659
801 - P/R Insurance - TDI & WC	361.83	0.4	549	(187)	4,368.33	0.4	6,039	(1,671)	6,588	2,220

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 11 Months Ended November 30, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll *	1,251.55	1.2	1,074	178	10,887.68	1.0	11,814	(926)	12,888	2,000
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>605</u>	<u>(135)</u>	<u>660</u>	<u>190</u>
<b>Total Employee Costs</b>	<b>13,885.96</b>	<b>13.6</b>	<b>13,471</b>	<b>415</b>	<b>138,101.03</b>	<b>13.1</b>	<b>148,179</b>	<b>(10,078)</b>	<b>161,650</b>	<b>23,549</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	35	1	390.50	0.0	385	6	420	30
678 - Ins. Business Interruption	100.25	0.1	0	100	1,076.91	0.1	0	1,077	0	(1,077)
679 - Ins. - Dir./Officers	225.08	0.2	173	52	2,245.88	0.2	1,903	343	2,076	(170)
680 - Ins. - Package	5,320.92	5.2	5,149	172	57,059.44	5.4	56,639	420	61,788	4,729
683 - Ins. - CGL	359.00	0.4	365	(6)	3,943.00	0.4	4,015	(72)	4,380	437
684 - Ins. - Umbrella	<u>176.25</u>	<u>0.2</u>	<u>181</u>	<u>(5)</u>	<u>1,938.75</u>	<u>0.2</u>	<u>1,991</u>	<u>(52)</u>	<u>2,172</u>	<u>233</u>
<b>Total Insurance Expenses</b>	<b>6,217.00</b>	<b>6.1</b>	<b>5,903</b>	<b>314</b>	<b>66,654.48</b>	<b>6.3</b>	<b>64,933</b>	<b>1,721</b>	<b>70,836</b>	<b>4,182</b>
<b>Professional Services</b>										
705 - Management Fee	4,264.00	4.2	4,264	0	46,904.00	4.5	46,904	0	51,168	4,264
731 - Prof.Svc.- Audit	0.00	0.0	352	(352)	46.87	0.0	3,867	(3,820)	4,219	4,172
732 - Prof.Svc.- Legal *	1,323.89	1.3	333	991	12,977.27	1.2	3,667	9,310	4,000	(8,977)
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>906</u>	<u>(906)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>5,587.89</b>	<b>5.5</b>	<b>5,031</b>	<b>557</b>	<b>59,928.14</b>	<b>5.7</b>	<b>55,344</b>	<b>4,584</b>	<b>60,375</b>	<b>447</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	479.02	0.5	2,000	(1,521)	39,970.04	3.8	22,000	17,970	24,000	(15,970)
750 - R/M - Equipment	0.00	0.0	250	(250)	974.41	0.1	2,750	(1,776)	3,000	2,026
752 - R/M - Fire Equip.	0.00	0.0	82	(82)	1,784.83	0.2	902	883	984	(801)
753 - R/M - Landscape Upgrades *	725.62	0.7	125	601	1,902.46	0.2	1,375	527	1,500	(402)
754 - R/M - Grounds	0.00	0.0	167	(167)	1,690.40	0.2	1,833	(143)	2,000	310
755 - R/M - Grounds Contractor *	18,400.00	18.0	18,190	210	200,961.25	19.1	200,088	873	218,278	17,317
756 - R/M - Irrigation	0.00	0.0	704	(704)	7,008.23	0.7	7,748	(740)	8,452	1,444
760 - R/M - Pest Control	0.00	0.0	511	(511)	6,391.64	0.6	5,625	767	6,136	(256)
762 - R/M - Pool, Spa, BBQ *	2,568.11	2.5	350	2,218	11,096.08	1.1	3,850	7,246	4,200	(6,896)
764 - R/M - Refuse Collection *	1,397.60	1.4	1,265	133	16,267.14	1.5	13,915	2,352	15,180	(1,087)
764.1 - R/M - Recycling	733.84	0.7	974	(240)	6,257.25	0.6	10,713	(4,456)	11,687	5,430
767 - R/M - Security Contract	<u>811.45</u>	<u>0.8</u>	<u>831</u>	<u>(20)</u>	<u>9,717.61</u>	<u>0.9</u>	<u>9,141</u>	<u>577</u>	<u>9,972</u>	<u>254</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>25,115.64</b>	<b>24.5</b>	<b>25,449</b>	<b>(333)</b>	<b>304,021.34</b>	<b>28.9</b>	<b>279,940</b>	<b>24,081</b>	<b>305,389</b>	<b>1,368</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	443.32	0.4	102	341	1,102.86	0.1	1,122	(19)	1,224	121
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	39.00	0.0	11,000	(10,961)	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>1,604</u>	<u>(904)</u>	<u>1,750</u>	<u>1,050</u>
<b>Total Tax Expenses</b>	<b>443.32</b>	<b>0.4</b>	<b>1,248</b>	<b>(805)</b>	<b>1,841.86</b>	<b>0.2</b>	<b>13,726</b>	<b>(11,884)</b>	<b>14,974</b>	<b>13,132</b>
<b>Utility Expense</b>										
826 - Util. - Cable TV	3,638.94	3.6	3,818	(179)	40,732.66	3.9	41,993	(1,260)	45,810	5,077

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 11 Months Ended November 30, 2019**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
828 - Util. - Electric *	1,797.88	1.8	1,750	48	20,568.03	2.0	19,252	1,316	21,002	434
830 - Util. - Gas	0.00	0.0	100	(100)	454.60	0.0	1,100	(645)	1,200	745
832 - Util. - Sewer *	5,223.50	5.1	4,996	228	54,125.44	5.1	54,953	(828)	59,949	5,824
834 - Util. - Telephone *	311.83	0.3	225	87	2,296.80	0.2	2,478	(181)	2,703	406
838 - Util. - Water *	<u>11,743.90</u>	<u>11.5</u>	<u>9,600</u>	<u>2,144</u>	<u>114,486.31</u>	<u>10.9</u>	<u>105,604</u>	<u>8,882</u>	<u>115,204</u>	<u>718</u>
<b>Total Utility Expenses</b>	22,716.05	22.2	20,489	2,227	232,663.84	22.1	225,380	7,284	245,868	13,204
<b>Reserves &amp; Other Exp</b>										
915 - Capital Reserves	20,027.67	19.6	20,028	(0)	220,304.37	20.9	220,304	0	240,332	20,028
916 - Reserves Interest	<u>8,357.63</u>	<u>8.2</u>	<u>2,167</u>	<u>6,191</u>	<u>17,541.28</u>	<u>1.7</u>	<u>23,833</u>	<u>(6,292)</u>	<u>26,000</u>	<u>8,459</u>
<b>Total Reserve &amp; Other Exp</b>	<u>28,385.30</u>	<u>27.7</u>	<u>22,195</u>	<u>6,190</u>	<u>237,845.65</u>	<u>22.6</u>	<u>244,137</u>	<u>(6,291)</u>	<u>266,332</u>	<u>28,486</u>
<b>Total Operating Expenses and Reserve Allocation</b>	<u>105,607.33</u>	<u>103.</u>	<u>96,201</u>	<u>9,406</u>	<u>1,071,597.01</u>	<u>101.</u>	<u>1,058,204</u>	<u>13,393</u>	<u>1,154,404</u>	<u>82,807</u>
<b>Total Revenue Over Exp</b>	<u>(3,270.45)</u>	<u>(3.2)</u>	<u>94</u>	<u>(3,364)</u>	<u>(19,614.24)</u>	<u>(1.9)</u>	<u>1,029</u>	<u>(20,643)</u>	<u>1,124</u>	<u>20,738</u>
<b>Beginning Members' Equity</b>					<u>405,177.92</u>					
<b>Ending Members' Equity</b>					<u>385,563.68</u>					

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 11 Months Ended November 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (3,270.45)	\$ (19,614.24)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	3,410.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(2,368.25)	1,006.31
Prepays	2,948.83	(27,052.05)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(481.66)	(1,418.40)
Accrued Liabilities	(6,355.68)	14,047.12
Total Adjustments	<u>(5,946.76)</u>	<u>(10,007.02)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(9,217.21)</u>	<u>(29,621.26)</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**

(9,217.21) (29,621.26)

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

356,739.32 377,143.37

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

\$ 347,522.11 \$ 347,522.11