



**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 Five Months Ended

May 31, 2020

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I have prepared the accompanying Balance Sheet – Tax Basis as of May 31, 2020, and the Income Statement and Changes in Members' Equity – Tax Basis and Statement of Cash Flows – Tax Basis for the One Month and Five 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  
May 31, 2020 and 2019**

**Assets**

	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 115,505.94	\$ 112,861.51
Cash - MOB- Debit Card #****4202	2,426.16	2,592.22
MMkt - MOO Savings *****2119	26,568.78	26,471.35
MOO Savings CDAR	200,000.00	0.00
MMkt - HSB Savings *****1937	0.00	36,586.31
CD - HSB Savings - Exp 3/1/20	0.00	200,000.00
Petty Cash - MOO Ckg *****4202	<u>0.00</u>	<u>3,000.00</u>
<b>Subtotal - Cash</b>	<u>344,500.88</u>	<u>381,511.39</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	3,201.62	1,493.17
A/R - Act 196 & Collection	29,218.76	28,992.63
Allowance for Bad Debts	(21,723.26)	(21,723.26)
A/R - Missing Credit Card Receipts	<u>575.33</u>	<u>0.00</u>
<b>Subtotal - Accounts Receivable</b>	<u>11,272.45</u>	<u>8,762.54</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Federal Income Tax	0.00	2,162.00
Prepaid State Income Tax	0.00	70.00
Unexpired Insurance	60,015.49	71,310.95
NJF Clearing Account	<u>85,311.44</u>	<u>69,047.06</u>
<b>Subtotal - Other Current Assets</b>	<u>145,326.93</u>	<u>142,590.01</u>
<b>TOTAL CURRENT ASSETS</b>	<u>501,100.26</u>	<u>532,863.94</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
Mutual of Omaha	1,132,448.54	398,973.50
Wealth Management	<u>850,000.00</u>	<u>1,350,462.93</u>
<b>Subtotal - Capital Reserves</b>	<u>1,982,448.54</u>	<u>1,749,436.43</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(18,600.00)</u>	<u>(14,880.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>55,800.00</u>	<u>59,520.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>2,038,248.54</u>	<u>1,808,956.43</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,539,348.80</u>	<u>\$ 2,341,820.37</u>

**Wailea Fairway Villas Association  
Balance Sheet - Tax Basis  
May 31, 2020 and 2019**

**Liabilities and Fund Balances**

	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 25,043.33	\$ 20,633.51
A/P Insur. Water Damage Claims	8,861.27	8,861.27
Owner Prepayments	45,200.98	42,225.48
A/P - NJF Units	85,311.44	69,047.06
A/P - Insurance	35,248.00	42,626.00
Accrued General Excise Tx	274.50	188.34
Accrued Federal Income Tax	4,249.00	1,001.00
Accrued State Income Tax	584.00	570.00
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
Garnishee W/H	0.00	487.00
Unearned Income	30.00	0.00
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	205,261.78	185,955.84
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	205,261.78	185,955.84
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<b>TOTAL LIABILITIES</b>	205,261.78	185,955.84
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	351,638.48	406,428.10
Restricted Members' Equity	1,982,448.54	1,749,436.43
	<hr/>	<hr/>
<b>Subtotal Members' Equity</b>	2,334,087.02	2,155,864.53
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<b>TOTAL MEMBERS' EQUITY</b>	2,334,087.02	2,155,864.53
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<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,539,348.80	\$ 2,341,820.37
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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 5 Months Ended May 31, 2020**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
<b>Revenues</b>										
<b>Membership Income</b>										
405 - Maintenance Fees	73,265.82	75.2	73,266	(0)	366,329.10	72.8	366,330	(1)	879,192	512,863
406 - Capital Reserve	21,000.18	21.6	21,000	0	105,000.90	20.9	105,001	(0)	252,002	147,001
415 - Delinquent Owners Late Fee	83.20	0.1	0	83	1,379.84	0.3	0	1,380	0	(1,380)
416 - Delinquent Owners Interest	28.40	0.0	0	28	98.67	0.0	0	99	0	(99)
425 - House Rule Violations	0.00	0.0	0	0	2,300.00	0.5	0	2,300	0	(2,300)
<b>Total Membership Income</b>	<b>94,377.60</b>	<b>96.9</b>	<b>94,266</b>	<b>112</b>	<b>475,108.51</b>	<b>94.4</b>	<b>471,331</b>	<b>3,778</b>	<b>1,131,194</b>	<b>656,085</b>
<b>Non-Membership Income</b>										
430 - Interest Income	11.60	0.0	333	(321)	879.20	0.2	1,667	(788)	4,000	3,121
431 - Reserve Interest Income	471.73	0.5	1,817	(1,345)	14,165.80	2.8	9,083	5,083	21,800	7,634
440.80 - NJF Rental Income	2,500.00	2.6	2,500	0	12,500.00	2.5	12,500	0	30,000	17,500
441 - Kayak Rack Rental	15.00	0.0	95	(80)	600.00	0.1	475	125	1,140	540
499 - Other Income	0.00	0.0	13	(13)	40.00	0.0	67	(27)	160	120
<b>Total Non-Membership Income</b>	<b>2,998.33</b>	<b>3.1</b>	<b>4,758</b>	<b>(1,760)</b>	<b>28,185.00</b>	<b>5.6</b>	<b>23,792</b>	<b>4,393</b>	<b>57,100</b>	<b>28,915</b>
<b>Total Revenues</b>	<b>97,375.93</b>	<b>100.</b>	<b>99,024</b>	<b>(1,648)</b>	<b>503,293.51</b>	<b>100.</b>	<b>495,123</b>	<b>8,171</b>	<b>1,188,294</b>	<b>685,000</b>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	692.00	0.7	692	0	3,460.00	0.7	3,460	0	8,304	4,844
701.2 - NJF Unit - Rental Agent Fe	250.00	0.3	250	0	1,250.00	0.2	1,250	0	3,000	1,750
701.3 - NJF Repairs & Maint	0.00	0.0	133	(133)	0.00	0.0	667	(667)	1,600	1,600
701.4 - NJF GET Expense	100.00	0.1	89	11	500.00	0.1	443	57	1,062	562
<b>Total NJF Unit Expenses</b>	<b>1,042.00</b>	<b>1.1</b>	<b>1,164</b>	<b>(122)</b>	<b>5,210.00</b>	<b>1.0</b>	<b>5,820</b>	<b>(610)</b>	<b>13,966</b>	<b>8,756</b>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	20.00	0.0	50	(30)	120	100
645 - Dues & Subscriptions	0.00	0.0	5	(5)	252.25	0.1	25	227	60	(192)
710 - Meetings	0.00	0.0	401	(401)	872.99	0.2	2,006	(1,133)	4,814	3,941
715 - Office & Administration	197.79	0.2	433	(235)	2,796.95	0.6	2,167	630	5,200	2,403
715.1 - Office/Admin - Site Office	0.00	0.0	125	(125)	695.08	0.1	625	70	1,500	805
720 - Operating Supplies	0.00	0.0	167	(167)	5.81	0.0	833	(827)	2,000	1,994
910 - Depreciation	310.00	0.3	310	0	1,550.00	0.3	1,550	0	3,720	2,170
<b>Total Administration Exp</b>	<b>507.79</b>	<b>0.5</b>	<b>1,451</b>	<b>(943)</b>	<b>6,193.08</b>	<b>1.2</b>	<b>7,256</b>	<b>(1,063)</b>	<b>17,414</b>	<b>11,221</b>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	83	(83)	320.64	0.1	417	(96)	1,000	679
648 - Education & Seminars	0.00	0.0	86	(86)	170.84	0.0	432	(261)	1,037	866
653 - Emp/Ben.-Medical	598.65	0.6	1,480	(881)	2,958.38	0.6	7,400	(4,442)	17,760	14,802
780 - Salaries & Wages	7,500.00	7.7	10,485	(2,985)	40,587.36	8.1	52,423	(11,836)	125,816	85,229
801 - P/R Ins. - TDI & WC	330.83	0.3	451	(120)	1,819.64	0.4	2,255	(435)	5,412	3,592

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 5 Months Ended May 31, 2020**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll *	1,341.55	1.4	1,078	264	5,004.45	1.0	5,390	(386)	12,936	7,932
812 - Uniforms	<u>0.00</u>	<u>0.0</u>	<u>17</u>	<u>(17)</u>	<u>0.00</u>	<u>0.0</u>	<u>83</u>	<u>(83)</u>	<u>200</u>	<u>200</u>
<b>Total Employee Costs</b>	<b>9,771.03</b>	<b>10.0</b>	<b>13,680</b>	<b>(3,909)</b>	<b>50,861.31</b>	<b>10.1</b>	<b>68,400</b>	<b>(17,539)</b>	<b>164,161</b>	<b>113,300</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	36	(1)	177.50	0.0	180	(3)	432	255
678 - Ins. Business Interruption	104.50	0.1	97	8	525.50	0.1	485	41	1,164	639
679 - Ins. - Dir./Officers	253.08	0.3	233	20	1,153.40	0.2	1,165	(12)	2,796	1,643
680 - Ins. - Package	4,538.25	4.7	5,427	(889)	25,821.93	5.1	27,135	(1,313)	65,124	39,302
683 - Ins. - CGL	358.00	0.4	361	(3)	1,794.00	0.4	1,805	(11)	4,332	2,538
684 - Ins. - Umbrella	<u>172.92</u>	<u>0.2</u>	<u>176</u>	<u>(3)</u>	<u>877.92</u>	<u>0.2</u>	<u>880</u>	<u>(2)</u>	<u>2,112</u>	<u>1,234</u>
<b>Total Insurance Expenses</b>	<b>5,462.25</b>	<b>5.6</b>	<b>6,330</b>	<b>(868)</b>	<b>30,350.25</b>	<b>6.0</b>	<b>31,650</b>	<b>(1,300)</b>	<b>75,960</b>	<b>45,610</b>
<b>Professional Services</b>										
705 - Management Fee	3,224.00	3.3	4,368	(1,144)	17,264.00	3.4	21,840	(4,576)	52,416	35,152
731 - Prof.Svc.- Audit	0.00	0.0	366	(366)	48.93	0.0	1,828	(1,779)	4,388	4,339
732 - Prof.Svc.- Legal *	2,748.38	2.8	833	1,915	5,586.44	1.1	4,167	1,419	10,000	4,414
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>412</u>	<u>(412)</u>	<u>988</u>	<u>988</u>
<b>Total Professional Exp</b>	<b>5,972.38</b>	<b>6.1</b>	<b>5,649</b>	<b>323</b>	<b>22,899.37</b>	<b>4.5</b>	<b>28,247</b>	<b>(5,348)</b>	<b>67,792</b>	<b>44,893</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	1,749.99	1.8	2,250	(500)	5,972.94	1.2	11,250	(5,277)	27,000	21,027
750 - R/M - Equipment *	578.34	0.6	250	328	4,017.71	0.8	1,250	2,768	3,000	(1,018)
752 - R/M - Fire Equip.	0.00	0.0	200	(200)	0.00	0.0	1,000	(1,000)	2,400	2,400
753 - R/M - Landscape Upgrades	0.00	0.0	125	(125)	1,386.04	0.3	625	761	1,500	114
754 - R/M - Grounds	49.14	0.1	167	(118)	525.76	0.1	833	(307)	2,000	1,474
755 - R/M - Grounds Contractor	20,500.00	21.1	20,500	0	102,500.00	20.4	102,500	0	246,000	143,500
756 - R/M - Irrigation	0.00	0.0	800	(800)	1,389.99	0.3	4,000	(2,610)	9,600	8,210
760 - R/M - Pest Control	0.00	0.0	555	(555)	3,195.82	0.6	2,774	422	6,658	3,462
762 - R/M - Pool, Spa, BBQ *	6,439.54	6.6	500	5,940	26,746.29	5.3	2,500	24,246	6,000	(20,746)
764 - R/M - Refuse Collection	1,397.60	1.4	1,468	(70)	6,988.00	1.4	7,340	(352)	17,616	10,628
764.1 - R/M - Recycling	733.84	0.8	734	(0)	3,669.20	0.7	3,672	(3)	8,812	5,143
767 - R/M - Security Contract	<u>892.70</u>	<u>0.9</u>	<u>893</u>	<u>(0)</u>	<u>4,463.50</u>	<u>0.9</u>	<u>4,465</u>	<u>(2)</u>	<u>10,716</u>	<u>6,253</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>32,341.15</b>	<b>33.2</b>	<b>28,442</b>	<b>3,899</b>	<b>160,855.25</b>	<b>32.0</b>	<b>142,209</b>	<b>18,646</b>	<b>341,302</b>	<b>180,447</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	36.40	0.0	90	(54)	1,147.33	0.2	450	697	1,080	(67)
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	0.00	0.0	5,000	(5,000)	12,000	12,000
945 - State Income Taxes	<u>0.00</u>	<u>0.0</u>	<u>146</u>	<u>(146)</u>	<u>0.00</u>	<u>0.0</u>	<u>729</u>	<u>(729)</u>	<u>1,750</u>	<u>1,750</u>
<b>Total Tax Expenses</b>	<b>36.40</b>	<b>0.0</b>	<b>1,236</b>	<b>(1,200)</b>	<b>1,147.33</b>	<b>0.2</b>	<b>6,179</b>	<b>(5,032)</b>	<b>14,830</b>	<b>13,683</b>

**Wailea Fairway Villas Association**  
**Income Statement and Changes in Members' Equity - Tax Basis**  
**Actual vs. Budget**  
**For the 1 Month and 5 Months Ended May 31, 2020**

**Utility Expense**

826 - Util. - Cable TV *	4,095.27	4.2	3,937	158	20,476.35	4.1	19,683	793	47,238	26,762
828 - Util. - Electric	1,459.78	1.5	1,750	(290)	9,842.21	2.0	8,750	1,092	21,000	11,158
830 - Util. - Gas	0.00	0.0	100	(100)	342.84	0.1	500	(157)	1,200	857
832 - Util. - Sewer *	5,043.50	5.2	4,945	99	23,490.85	4.7	24,725	(1,234)	59,340	35,849
834 - Util. - Telephone *	261.70	0.3	203	59	1,272.83	0.3	1,015	258	2,436	1,163
838 - Util. - Water *	<u>11,504.05</u>	<u>11.8</u>	<u>10,689</u>	<u>815</u>	<u>46,888.05</u>	<u>9.3</u>	<u>53,446</u>	<u>(6,558)</u>	<u>128,270</u>	<u>81,382</u>
<b>Total Utility Expenses</b>	<b>22,364.30</b>	<b>23.0</b>	<b>21,624</b>	<b>740</b>	<b>102,313.13</b>	<b>20.3</b>	<b>108,119</b>	<b>(5,806)</b>	<b>259,484</b>	<b>157,171</b>

**Reserves & Other Exp**

915 - Capital Reserves	21,000.18	21.6	21,000	0	105,000.90	20.9	105,001	(0)	252,002	147,001
916 - Reserves Interest	<u>471.73</u>	<u>0.5</u>	<u>1,817</u>	<u>(1,345)</u>	<u>14,165.80</u>	<u>2.8</u>	<u>9,083</u>	<u>5,083</u>	<u>21,800</u>	<u>7,634</u>
<b>Total Reserve &amp; Other Exp</b>	<b><u>21,471.91</u></b>	<b><u>22.1</u></b>	<b><u>22,817</u></b>	<b><u>(1,345)</u></b>	<b><u>119,166.70</u></b>	<b><u>23.7</u></b>	<b><u>114,084</u></b>	<b><u>5,083</u></b>	<b><u>273,802</u></b>	<b><u>154,635</u></b>

**Total Operating Expenses and**

<b>Reserve Allocation</b>	<u>98,969.21</u>	<u>101.</u>	<u>102,393</u>	<u>(3,424)</u>	<u>498,996.42</u>	<u>99.1</u>	<u>511,964</u>	<u>(12,968)</u>	<u>1,228,711</u>	<u>729,715</u>
<b>Total Revenue Over Exp</b>	<u><u>(1,593.28)</u></u>	<u><u>(1.6)</u></u>	<u><u>(3,369)</u></u>	<u><u>1,776</u></u>	<u><u>4,297.09</u></u>	<u><u>0.9</u></u>	<u><u>(16,841)</u></u>	<u><u>21,138</u></u>	<u><u>(40,417)</u></u>	<u><u>(44,714)</u></u>

**Beginning Members' Equity**

347,341.39

**Ending Members' Equity**

351,638.48

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 5 Months Ended May 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (1,593.28)	\$ 4,297.09
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation	310.00	1,550.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(1,311.07)	(1,299.79)
Prepays	1,006.08	(41,803.35)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(19,934.18)	(44,191.35)
Accrued Liabilities	(6,919.40)	32,441.86
Total Adjustments	<u>(26,848.57)</u>	<u>(53,302.63)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(28,441.85)</u>	<u>(49,005.54)</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**

(28,441.85) (49,005.54)

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

372,942.73 393,506.42

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

\$ 344,500.88 \$ 344,500.88