



**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, 2020

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I have prepared the accompanying Balance Sheet – Tax Basis as of September 30, 2020, 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, 2020 and 2019**

**Assets**

	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Ckg - MOO *****1241	\$ 107,807.50	\$ 81,888.20
Cash - MOB- Debit Card #****4202	1,745.89	3,000.64
MMkt - MOO Savings *****2119	26,586.43	26,507.05
MOO Savings CDAR	200,000.00	0.00
MMkt - HSB Savings *****1937	0.00	36,653.49
CD - HSB Savings - Exp 3/1/20	<u>0.00</u>	<u>200,000.00</u>
<b>Subtotal - Cash</b>	<u>336,139.82</u>	<u>348,049.38</u>
<b>ACCOUNTS RECEIVABLES</b>		
A/R - Owners Balances	2,176.49	5,782.77
A/R - Act 196 & Collection	29,225.92	29,080.12
Allowance for Bad Debts	(21,723.26)	(21,723.26)
A/R - Missing Credit Card Receipts	<u>1,256.00</u>	<u>0.00</u>
<b>Subtotal - Accounts Receivable</b>	<u>10,935.15</u>	<u>13,139.63</u>
<b>OTHER CURRENT ASSETS</b>		
Prepaid Federal Income Tax	0.00	4,562.00
Prepaid State Income Tax	0.00	470.00
Unexpired Insurance	39,559.17	44,986.38
NJF Clearing Account	<u>88,909.99</u>	<u>73,581.44</u>
<b>Subtotal - Other Current Assets</b>	<u>128,469.16</u>	<u>123,599.82</u>
<b>TOTAL CURRENT ASSETS</b>	<u>475,544.13</u>	<u>484,788.83</u>
<b>CAPITAL RESERVE ACCOUNTS</b>		
Mutual of Omaha	1,662,559.91	479,118.07
Wealth Management	<u>400,000.00</u>	<u>1,350,465.50</u>
<b>Subtotal - Capital Reserves</b>	<u>2,062,559.91</u>	<u>1,829,583.57</u>
<b>FIXED ASSETS</b>		
Equipment - PV System	74,400.00	74,400.00
Less: Accumulated Depreciation	<u>(19,840.00)</u>	<u>(16,120.00)</u>
<b>Subtotal - Fixed Assets</b>	<u>54,560.00</u>	<u>58,280.00</u>
<b>TOTAL OTHER ASSETS</b>	<u>2,117,119.91</u>	<u>1,887,863.57</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,592,664.04</u>	<u>\$ 2,372,652.40</u>

**Wailea Fairway Villas Association  
Balance Sheet - Tax Basis  
September 30, 2020 and 2019**

**Liabilities and Fund Balances**

	<b>2020</b>	<b>2019</b>
<b>CURRENT LIABILITIES</b>		
A/P - Trade	\$ 27,174.16	\$ 19,460.58
A/P Insur. Water Damage Claims	8,865.27	8,861.27
Owner Prepayments	41,343.54	36,915.70
A/P - NJF Units	88,909.99	73,581.44
A/P - Insurance	17,624.00	20,444.00
Accrued General Excise Tx	729.23	389.83
Accrued Federal Income Tax	0.00	1,001.00
Accrued State Income Tax	0.00	570.00
Accrued Salaries/Wages	0.00	100.00
Accrued Federal Tax W/H	0.00	41.20
Accrued FICA Tax W/H	0.00	124.00
Accrued Medicare W/H	0.00	29.00
Accrued State Tax W/H	0.00	165.06
	<hr/>	<hr/>
<b>Subtotal - Current Liabilities</b>	184,646.19	161,683.08
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	184,646.19	161,683.08
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<b>TOTAL LIABILITIES</b>	184,646.19	161,683.08
	<hr/>	<hr/>
<b>MEMBERS' EQUITY</b>		
Unrestricted Members' Equity	345,457.94	381,385.75
Restricted Members' Equity	2,062,559.91	1,829,583.57
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<b>Subtotal Members' Equity</b>	2,408,017.85	2,210,969.32
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<b>TOTAL MEMBERS' EQUITY</b>	2,408,017.85	2,210,969.32
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	\$ 2,592,664.04	\$ 2,372,652.40
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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, 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	69.4	73,266	(0)	659,392.38	72.6	659,394	(2)	879,192	219,800
406 - Capital Reserve	21,000.18	19.9	21,000	0	189,001.62	20.8	189,002	(0)	252,002	63,000
415 - Delinquent Owners Late Fee	256.10	0.2	0	256	2,432.78	0.3	0	2,433	0	(2,433)
416 - Delinquent Owners Interest	4.69	0.0	0	5	169.93	0.0	0	170	0	(170)
425 - House Rule Violations	0.00	0.0	0	0	6,550.00	0.7	0	6,550	0	(6,550)
<b>Total Membership Income</b>	<b>94,526.79</b>	<b>89.5</b>	<b>94,266</b>	<b>261</b>	<b>857,546.71</b>	<b>94.5</b>	<b>848,396</b>	<b>9,151</b>	<b>1,131,194</b>	<b>273,647</b>
<b>Non-Membership Income</b>										
430 - Interest Income	9.37	0.0	333	(324)	920.32	0.1	3,000	(2,080)	4,000	3,080
431 - Reserve Interest Income	8,359.26	7.9	1,817	6,542	27,052.60	3.0	16,350	10,703	21,800	(5,253)
440.80 - NJF Rental Income	2,450.00	2.3	2,500	(50)	20,471.62	2.3	22,500	(2,028)	30,000	9,528
441 - Kayak Rack Rental	240.00	0.2	95	145	1,176.92	0.1	855	322	1,140	(37)
499 - Other Income	20.00	0.0	13	7	730.00	0.1	120	610	160	(570)
<b>Total Non-Membership Income</b>	<b>11,078.63</b>	<b>10.5</b>	<b>4,758</b>	<b>6,321</b>	<b>50,351.46</b>	<b>5.5</b>	<b>42,825</b>	<b>7,526</b>	<b>57,100</b>	<b>6,749</b>
<b>Total Revenues</b>	<b>105,605.42</b>	<b>100.</b>	<b>99,024</b>	<b>6,581</b>	<b>907,898.17</b>	<b>100.</b>	<b>891,221</b>	<b>16,677</b>	<b>1,188,294</b>	<b>280,396</b>
<b>Operating Expenses</b>										
<b>NJF Unit Expenses</b>										
701.1 - NJF Unit Maint Fees	692.00	0.7	692	0	6,228.00	0.7	6,228	0	8,304	2,076
701.2 - NJF Unit - Rental Agent Fe	245.00	0.2	250	(5)	2,047.16	0.2	2,250	(203)	3,000	953
701.3 - NJF Repairs & Maint	65.00	0.1	133	(68)	487.85	0.1	1,200	(712)	1,600	1,112
701.4 - NJF GET Expense	98.00	0.1	89	9	797.20	0.1	797	0	1,062	265
<b>Total NJF Unit Expenses</b>	<b>1,100.00</b>	<b>1.0</b>	<b>1,164</b>	<b>(64)</b>	<b>9,560.21</b>	<b>1.1</b>	<b>10,475</b>	<b>(915)</b>	<b>13,966</b>	<b>4,406</b>
<b>Administration Expenses</b>										
625 - Bank Charges/Merchant	0.00	0.0	10	(10)	20.00	0.0	90	(70)	120	100
645 - Dues & Subscriptions	0.00	0.0	5	(5)	516.25	0.1	45	471	60	(456)
710 - Meetings	274.96	0.3	401	(126)	1,738.62	0.2	3,611	(1,872)	4,814	3,075
715 - Office & Administration	197.43	0.2	433	(236)	4,337.26	0.5	3,900	437	5,200	863
715.1 - Office/Admin - Site Office *	339.30	0.3	125	214	1,780.69	0.2	1,125	656	1,500	(281)
720 - Operating Supplies	36.74	0.0	167	(130)	60.25	0.0	1,500	(1,440)	2,000	1,940
910 - Depreciation	310.00	0.3	310	0	2,790.00	0.3	2,790	0	3,720	930
<b>Total Administration Exp</b>	<b>1,158.43</b>	<b>1.1</b>	<b>1,451</b>	<b>(293)</b>	<b>11,243.07</b>	<b>1.2</b>	<b>13,061</b>	<b>(1,818)</b>	<b>17,414</b>	<b>6,171</b>
<b>Employee Costs</b>										
610 - Auto	0.00	0.0	83	(83)	513.27	0.1	750	(237)	1,000	487
648 - Education & Seminars	0.00	0.0	86	(86)	170.84	0.0	778	(607)	1,037	866
653 - Emp/Ben.-Medical	598.65	0.6	1,480	(881)	5,352.98	0.6	13,320	(7,967)	17,760	12,407
780 - Salaries & Wages	11,196.00	10.6	10,485	711	74,928.45	8.3	94,362	(19,434)	125,816	50,888
801 - P/R Ins. - TDI & WC *	474.32	0.4	451	23	3,600.68	0.4	4,059	(458)	5,412	1,811

**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, 2020**

	CURRENT MONTH				YEAR TO DATE				BUDGET	
	Actual	%	Budget	Variance	Actual	%	Budget	Variance	Annual	Unexpended
802 - Taxes - Payroll	997.33	0.9	1,078	(81)	8,293.69	0.9	9,702	(1,408)	12,936	4,642
812 - Uniforms	<u>0.00</u>	<u>0.0</u>	<u>17</u>	<u>(17)</u>	<u>53.09</u>	<u>0.0</u>	<u>150</u>	<u>(97)</u>	<u>200</u>	<u>147</u>
<b>Total Employee Costs</b>	<b>13,266.30</b>	<b>12.6</b>	<b>13,680</b>	<b>(414)</b>	<b>92,913.00</b>	<b>10.2</b>	<b>123,121</b>	<b>(30,208)</b>	<b>164,161</b>	<b>71,248</b>
<b>Insurance Expense</b>										
677 - Ins. - Bond	35.50	0.0	36	(1)	319.50	0.0	324	(5)	432	113
678 - Ins. Business Interruption	104.50	0.1	97	8	943.50	0.1	873	71	1,164	221
679 - Ins. - Dir./Officers	253.08	0.2	233	20	2,165.72	0.2	2,097	69	2,796	630
680 - Ins. - Package	4,538.25	4.3	5,427	(889)	43,974.93	4.8	48,843	(4,868)	65,124	21,149
683 - Ins. - CGL	358.00	0.3	361	(3)	3,226.00	0.4	3,249	(23)	4,332	1,106
684 - Ins. - Umbrella	<u>172.92</u>	<u>0.2</u>	<u>176</u>	<u>(3)</u>	<u>1,569.60</u>	<u>0.2</u>	<u>1,584</u>	<u>(14)</u>	<u>2,112</u>	<u>542</u>
<b>Total Insurance Expenses</b>	<b>5,462.25</b>	<b>5.2</b>	<b>6,330</b>	<b>(868)</b>	<b>52,199.25</b>	<b>5.7</b>	<b>56,970</b>	<b>(4,771)</b>	<b>75,960</b>	<b>23,761</b>
<b>Professional Services</b>										
705 - Management Fee	3,224.00	3.1	4,368	(1,144)	30,160.00	3.3	39,312	(9,152)	52,416	22,256
731 - Prof.Svc.- Audit	0.00	0.0	366	(366)	48.93	0.0	3,291	(3,242)	4,388	4,339
732 - Prof.Svc.- Legal *	2,056.12	1.9	833	1,223	9,870.18	1.1	7,500	2,370	10,000	130
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>
<b>Total Professional Exp</b>	<b>5,280.12</b>	<b>5.0</b>	<b>5,649</b>	<b>(369)</b>	<b>40,079.11</b>	<b>4.4</b>	<b>50,844</b>	<b>(10,765)</b>	<b>67,792</b>	<b>27,713</b>
<b>Repairs &amp; Maint Expenses</b>										
746 - R/M - Buildings	365.34	0.3	2,250	(1,885)	9,412.30	1.0	20,250	(10,838)	27,000	17,588
750 - R/M - Equipment *	319.94	0.3	250	70	4,459.73	0.5	2,250	2,210	3,000	(1,460)
752 - R/M - Fire Equip.	0.00	0.0	200	(200)	1,909.83	0.2	1,800	110	2,400	490
753 - R/M - Landscape Upgrades *	2,112.29	2.0	125	1,987	6,900.70	0.8	1,125	5,776	1,500	(5,401)
754 - R/M - Grounds	0.00	0.0	167	(167)	525.76	0.1	1,500	(974)	2,000	1,474
755 - R/M - Grounds Contractor	20,500.00	19.4	20,500	0	184,500.00	20.3	184,500	0	246,000	61,500
756 - R/M - Irrigation	143.80	0.1	800	(656)	2,980.10	0.3	7,200	(4,220)	9,600	6,620
760 - R/M - Pest Control *	(20.83)	0.0	555	(576)	4,793.73	0.5	4,993	(199)	6,658	1,864
762 - R/M - Pool, Spa, BBQ *	965.87	0.9	500	466	43,938.81	4.8	4,500	39,439	6,000	(37,939)
764 - R/M - Refuse Collection	1,397.60	1.3	1,468	(70)	12,578.40	1.4	13,212	(634)	17,616	5,038
764.1 - R/M - Recycling	733.84	0.7	734	(0)	6,604.56	0.7	6,609	(4)	8,812	2,207
767 - R/M - Security Contract	<u>892.75</u>	<u>0.8</u>	<u>893</u>	<u>(0)</u>	<u>8,034.35</u>	<u>0.9</u>	<u>8,037</u>	<u>(3)</u>	<u>10,716</u>	<u>2,682</u>
<b>Total Repairs &amp; Maint Exp</b>	<b>27,410.60</b>	<b>26.0</b>	<b>28,442</b>	<b>(1,031)</b>	<b>286,638.27</b>	<b>31.6</b>	<b>255,976</b>	<b>30,662</b>	<b>341,302</b>	<b>54,664</b>
<b>Tax Expenses</b>										
796 - Taxes - Gen. Excise	355.58	0.3	90	266	1,892.78	0.2	810	1,083	1,080	(813)
940 - Federal Income Taxes	0.00	0.0	1,000	(1,000)	0.00	0.0	9,000	(9,000)	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>1,312</u>	<u>(1,312)</u>	<u>1,750</u>	<u>1,750</u>
<b>Total Tax Expenses</b>	<b>355.58</b>	<b>0.3</b>	<b>1,236</b>	<b>(880)</b>	<b>1,892.78</b>	<b>0.2</b>	<b>11,122</b>	<b>(9,229)</b>	<b>14,830</b>	<b>12,937</b>

**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, 2020**

**Utility Expense**

826 - Util. - Cable TV *	4,131.35	3.9	3,937	194	36,893.51	4.1	35,429	1,465	47,238	10,344
828 - Util. - Electric	1,501.66	1.4	1,750	(248)	13,751.09	1.5	15,750	(1,999)	21,000	7,249
830 - Util. - Gas	0.00	0.0	100	(100)	342.84	0.0	900	(557)	1,200	857
832 - Util. - Sewer *	4,980.50	4.7	4,945	36	43,588.35	4.8	44,505	(917)	59,340	15,752
834 - Util. - Telephone *	440.09	0.4	203	237	2,244.67	0.2	1,827	418	2,436	191
838 - Util. - Water *	<u>14,212.60</u>	<u>13.5</u>	<u>10,689</u>	<u>3,524</u>	<u>102,381.25</u>	<u>11.3</u>	<u>96,203</u>	<u>6,178</u>	<u>128,270</u>	<u>25,889</u>
<b>Total Utility Expenses</b>	<b>25,266.20</b>	<b>23.9</b>	<b>21,624</b>	<b>3,642</b>	<b>199,201.71</b>	<b>21.9</b>	<b>194,614</b>	<b>4,588</b>	<b>259,484</b>	<b>60,282</b>

**Reserves & Other Exp**

915 - Capital Reserves	21,000.18	19.9	21,000	0	189,001.62	20.8	189,002	(0)	252,002	63,000
916 - Reserves Interest	<u>8,359.26</u>	<u>7.9</u>	<u>1,817</u>	<u>6,542</u>	<u>27,052.60</u>	<u>3.0</u>	<u>16,350</u>	<u>10,703</u>	<u>21,800</u>	<u>(5,253)</u>
<b>Total Reserve &amp; Other Exp</b>	<b><u>29,359.44</u></b>	<b><u>27.8</u></b>	<b><u>22,817</u></b>	<b><u>6,542</u></b>	<b><u>216,054.22</u></b>	<b><u>23.8</u></b>	<b><u>205,352</u></b>	<b><u>10,702</u></b>	<b><u>273,802</u></b>	<b><u>57,748</u></b>

**Total Operating Expenses and**

<b>Reserve Allocation</b>	<u>108,658.92</u>	<u>102.</u>	<u>102,393</u>	<u>6,266</u>	<u>909,781.62</u>	<u>100.</u>	<u>921,535</u>	<u>(11,753)</u>	<u>1,228,711</u>	<u>318,929</u>
<b>Total Revenue Over Exp</b>	<u><u>(3,053.50)</u></u>	<u><u>(2.9)</u></u>	<u><u>(3,369)</u></u>	<u><u>316</u></u>	<u><u>(1,883.45)</u></u>	<u><u>(0.2)</u></u>	<u><u>(30,314)</u></u>	<u><u>28,431</u></u>	<u><u>(40,417)</u></u>	<u><u>(38,534)</u></u>

**Beginning Members' Equity**

347,341.39

**Ending Members' Equity**

345,457.94

**Wailea Fairway Villas Association**  
**Statement of Cash Flows - Tax Basis**  
**For the 1 Month and 9 Months Ended September 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income (Loss)	\$ (3,053.50)	\$ (1,883.45)
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	(150.05)	(962.49)
Prepays	4,443.08	(24,945.58)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(2,176.92)	(42,060.52)
Accrued Liabilities	(5,599.34)	9,695.44
Total Adjustments	<u>(3,173.23)</u>	<u>(55,483.15)</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>(6,226.73)</u>	<u>(57,366.60)</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**

(6,226.73) (57,366.60)

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

342,366.55 393,506.42

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

\$ 336,139.82 \$ 336,139.82