



**Kula Nani Estates Community Association
Audited Financial Statements
For Year Ended, December 31, 2014**

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Audited Financial Statements
For Year Ended, December 31, 2014
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kula Nani Estates Community Association

I have audited the accompanying statement of financial position of Kula Nani Estates Community Association, Inc. as of December 31, 2014 and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the statements referred to above, present fairly, in all material respects, the financial position of Kula Nani Estates Community Association as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Makawao, Hawaii
October 29, 2015

**Kula Nani Estates Community Association
Statement of Financial Position
December 31, 2014**

ASSETS

Current Assets:	
Cash	\$375,006
Accounts Receivable	14,729
Total Current Assets:	<u>389,735</u>
Property and Equipment:	
Equipment	23,558
Capital Improvements	560,359
Less: Accumulated Depreciation	(381,118)
Total Property and Equipment:	<u>202,799</u>
TOTAL ASSETS:	<u><u>\$592,534</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accrued Expenses	423
Total Current Liabilities:	<u>423</u>
Net Assets:	<u>592,111</u>
TOTAL LIABILITIES AND NET ASSETS:	<u><u>\$592,534</u></u>

See accompanying notes and accountants' report.

**Kula Nani Estates Community Association
Statement of Activities and Changes in Net Assets
For Year Ended, December 31, 2014**

REVENUE

Maintenance Fees	\$35,440
Reserve Fees	64,380
Water Reimbursement	17,688
Surcharge Fees	6,054
Electricity Reimbursement	5,824
Rental Income	18,485
Start Up Fees	1,000
Interest Income	3,305

TOTAL REVENUE:	152,176
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EXPENSES

Depreciation Expense	24,001
Electricity	6,377
Insurance	495
Landscaping	2,028
Legal and Professional	626
Management Fee	2,952
Other Expense	1,699
Taxes	3,860
Water	17,734
Water System Maintenance	27,054
TOTAL EXPENSES:	86,826

INCREASE (DECREASE) IN NET ASSETS	65,350
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NET ASSETS, BEGINNING OF YEAR	526,761
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NET ASSETS, END OF YEAR	\$592,111
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See accompanying notes and accountants' report.

Kula Nani Estates Community Association
Statement of Cash Flows
For Year Ended, December 31, 2014

OPERATING ACTIVITIES	
Increase in Net Assets	\$65,350
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(185)
Accrued Expenses	303
Net cash provided by Operating Activities	<u>65,468</u>
INVESTING ACTIVITIES	
Depreciation	24,001
Capital Improvements	(21,244)
Net cash provided by/(to) Investing Activities	<u>2,757</u>
Net cash increase for period	68,225
Cash at beginning of period	<u>306,781</u>
Cash at end of period	<u><u>\$375,006</u></u>

See accompanying notes and accountants' report.

**Kula Nani Estates Community Association
Notes to Financial Statements
For Year Ended, December 31, 2014**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Activities

Kula Nani Estates Community Association is a residential community association located in Kula, Maui, Hawaii and is organized for the purposes of maintaining and preserving common property of the association (primarily the water tank.)

The annual budget and assessments of owners are determined by the board of directors. The association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Basis of Accounting

The financial statements of Kula Nani Estates Community Association have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The association considers cash and cash equivalents to include all cash balances and highly liquid investments with an initial maturity of three months or less.

Property and Equipment

Property and equipment is recorded at cost.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Equipment:	5-7 years
Water Tank and Improvements:	25 years

NOTE B – FEDERAL AND STATE INCOME TAXES

The association is required to file federal and state income tax returns annually. The association has the option each year to file its federal income tax return using either Form 1120, U.S. Corporation Income Tax Return, or filing as a homeowner's association in accordance with Internal Revenue Service Code section 528 using Form 1120-H.

NOTE C – WATER TANK IMPROVEMENTS

During 2014, the association conducted repairs on the water tank. Total expenditures in 2014 were \$27,054. In addition, capital improvements related to the water tank for 2014 totaled \$21,244.