

**Kalapana Seaview Estates
Community Association
INDEPENDENT AUDITORS'
REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kalapana Seaview Estates Community Association

Report on the Financial Statements

I have audited the accompanying financial statements of Kalapana Seaview Estates Community Association which comprise the balance sheet as of December 31, 2018, and the related revenue, expenses for the years January 1, 2015 thru December 31, 2018 and changes in owners' equity-cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kalapana Seaview Estates Community Association as of December 31, 2018, and its revenue, expenses and changes in owners' equity for the year then ended, in accordance with the basis of accounting as described in Note 2.

JaJuan Williams, CPA

JaJuan Williams, CPA

November 21, 2019

Kalapana Seaview Estates Community Assoc.

BALANCE SHEET

December 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ <u>93,564</u>
Total Cash	<u>93,564</u>

OTHER CURRENT ASSETS

Accounts Receivable (Net)	325
Other Assets	<u>3,750</u>
Total Other Current Asset	<u>4,075</u>

TOTAL ASSETS	\$ <u><u>97,639</u></u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ <u>0</u>
Total Current liabilities	<u>0</u>

TOTAL CURRENT LIABILITIES	<u><u>0</u></u>
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EQUITY

Open Equity	(6,367)
Retained Earnings	81,424
Net Income	<u>22,581</u>
Total Equity	<u>97,639</u>

Total Liabilities and Equity	\$ <u><u>97,639</u></u>
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The accompanying notes are an integral part of these financial statements

Kalapana Seaview Estates Community Assoc.
STATEMENTS OF INCOME

FOR THE YEAR BEGINNING JANUARY 1, 2015 TO THE YEAR ENDED DECEMBER 31, 2018

REVENUES

Owners Assessments	\$ 162,609
Park Maintenance Fees	4,805
Transfer Fee	21,094
Late Fees	18,664
Mailbox Fee	19,400
Interest Income	1,011

Total Revenues	<u>227,583</u>
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EXPENSES

Lawn & Park Maintenance	\$ 113,677
Professional Fees	22,068
Insurance	27,113
Website & Newsletter	6,916
Admin, Fees & Supplies	14,538
Taxes	1,316

Total Expenses	<u>\$ 185,628</u>
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Net Income	<u>\$ 41,955</u>
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Kalapana Seaview Estates Community Assoc
NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 ASSOCIATION

Kalapana Seaview Estates Community Association (KSECA, the Association) was incorporated in the state of Hawaii on June 10, 1991. The purpose of the Association is to maintain and improve the common areas in the subdivision. KSECA is also responsible for paying all property taxes for the parks, maintaining liability insurance for the parks and the day to day business of operation the Association.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Association is presented to assist in understanding the company's financial position and operations. The financial statements and notes are representations of the company's management who is responsible for the integrity and objectivity of the financial statements.

Basis of Accounting

The Association uses the cash basis of accounting for both financial statement reporting and tax return preparation. Under this method of accounting, revenue is recognized when received and expenses are recognized when paid.

Cash and Cash Equivalents

Cash is defined as demand deposits and savings instruments with maturities of three months or less.

Owner Assessments

The assessments of property owners are determined by the board of directors, which have been voted into office by the owners. The association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Income Taxes

The association may be taxed as either a homeowners' association in accordance with Internal Revenue Service Code Section 528 or as a regular corporation.

Kalapana Seaview Estates Community Association
NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 3 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association is not funding for any major repairs or replacements at this time. There is a current on-going mailbox structure construction project.

NOTE 4 PROPERTY

On December 31, 2018, the Association held title to common real property consisting of 3 lots in the community, designated for parks, which were transferred to KSECA Board of Directors and recorded in the Bureau of Records and Conveyances, State of Hawaii. These properties are collectively owned by the ownership.

NOTE 5 CONTINGENCIES

There are no active contingencies as of December 31, 2018

NOTE 6 CONCENTRATIONS

The owners of 933 lots in KSECA that make up the Association, and general Maintenance fees provided approx 71% of the total revenue for years 2015 - 2018.

NOTE 7 SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 21, 2019, the date the financial statements were available for use. KSECA has been named a defendant in a lawsuit filed October 19, 2019

NOTE 8 MAILBOX DEPOSITS

The Association maintains mailboxes for its owners and charges a \$100 deposits for each mailbox. As a result, as long as the Association maintains the mailboxes there will be a recorded liability for the deposits owed to owners.