Ahuimanu Homeowners Association

Statement of Cash Receipts and Disbursements
(with Independent Auditor's Report)

Year Ended December 31, 2024

Ahuimanu Homeowners Association

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Ahuimanu Homeowners Association

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the **Ahuimanu Homeowners Association** (the Association) for the year ended **December 31, 2024**, and the related notes to the financial statement.

In our opinion, the statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of the **Ahuimanu Homeowners Association** for the year ended **December 31, 2024,** in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted supplementary information about future major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and Members of the **Ahuimanu Homeowners Association** and is not intended to be used and should not be used by anyone other than these specified parties.

Makiko D

Honolulu, Hawaii
September 25, 2025

Ahuimanu Homeowners Association
Statement of Cash Receipts and Disbursements
Year Ended December 31, 2024

CASH RECEIPTS		
Maintenance Assessments	$	122,755
Clubhouse Usage Fees		13,950
Other Activities		3,000
Key Receipts		200
TOTAL CASH RECEIPTS		139,905
CASH DISBURSEMENTS		
Bookkeeping Service		12,564
Clubhouse Rental Management		7,850
Insurance		19,216
Office Supplies		1,722
Professional Fees		3,979
Real Property Tax		900
Repairs and Maintenance:		
Clubhouse Repairs and Maintenance		57,033
Clubhouse Supplies		1,304
Ground Maintenance		25,128
Pest Control		1,038
Pool Maintenance		10,135
Refuse Collection		3,216
Tree Trimming		16,000
Utilities:		
Electricity		3,577
Telephone		1,913
Water		4,739
TOTAL CASH DISBURSEMENTS		170,314
NET INCREASE (DECREASE) IN CASH		(30,409)
CASH BALANCES		
Beginning of Year		86,250
End of Year	$	55,841
SUMMARY OF CASH		
Checking		53,456
Checking - Petty Cash		2,385
	$	55,841

See the accompanying notes to the financial statement.

Ahuimanu Homeowners Association
Notes to Financial Statement
December 31, 2024

NOTE 1 – NATURE OF ORGANIZATION

Ahuimanu Homeowners Association (Association), formed as a nonprofit corporation on February 15, 1967, is governed by Chapter 414D of the Hawaii Revised Statutes and certain provisions of Chapters 514B and 421J of the Hawaii Revised Statutes. The purpose of the Association is to provide for the architectural control of the residence lots and maintenance, preservation, and architectural control of the Common Area, and to promote the health, safety, and welfare of the residents within the property situated at Ahuimanu, City, and County of Honolulu in the State of Hawaii.

The Association consists of 260 lot owners and owns, operates, and maintains all common areas and facilities situated upon the common area, including the clubhouse and swimming pool. The Association charges its members admission and other fees for the use of its recreational facilities.

The Association is self-managed by volunteer members. It has all powers and authority granted pursuant to Chapters 514B and 421J of the Hawaii Revised Statutes and its governing documents. All lot owners are members of the Association and are allocated a vote on matters affecting its operations, including the election of directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statement of **Ahuimanu Homeowners Association** is presented on the basis of cash receipts and disbursements; consequently, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

Cash

The Association's cash consists of checking accounts held with a bank. The Association may deposit or withdraw funds at any time without prior notice or penalty.

Member Assessment

The Association's members are subject to annual maintenance assessments to provide funds for the Association's operating expenses and for the improvement and maintenance of the common area, services, and facilities. For the year ended December 31, 2024, the annual maintenance assessment charged to a lot owner was $475.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Member Assessment-continued

In addition to the annual assessments, the Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair, or replacement of a capital improvement upon the common area. Further, in the event the Association determines that its budget will become inadequate to meet all expenses, it can levy a special assessment for emergency needs.

The Association's policy is to retain legal counsel if certain other collection efforts have failed and to place liens on those lot owners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding year by adopting the annual election of IRS Revenue Ruling 70-604.

As of December 31, 2024, the balance of members' receivable was $10,605.

Property and Equipment

Property and equipment designated as a common area by the Association's governing documents, for which the Association has the title or other evidence of ownership, is capitalized at cost. The Association acquired real property and the common area from the developer in 1964. The Association owns the common area in fee simple, which includes the parking areas, walkways, recreational areas, storage and trash areas, and all other areas not part of the residential lots.

Income Taxes

Homeowners' associations may be taxed either as a homeowners' association (Form 1120-H) under Internal Revenue Code Section 528 if it qualifies with those requirements (60% income test, 90% expenditure test, and 85% residential use test) or as a regular corporation (Form 1120) under Internal Revenue Code Section 277.

Under Internal Revenue Code Section 528, the homeowners association is not taxed on income and expenses related to its exempt purpose. Net nonexempt function income, including rent and interest, is taxed at 30% by the federal government and at 4.4% by the State of Hawaii.

Under IRC Section 277, the Association is taxed on both net membership and net non-membership income. While most receipts are treated as gross income for tax purposes, assessments for specific capital improvements or replacement of personal property are considered contributions to capital reserves and excluded from gross income under IRC Section 118.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Income Taxes-continued

With the annual election of IRS Revenue Ruling 70-604, any excess of membership income over membership expenses can be rolled over to the subsequent tax year and taxed only on its non-membership income in the current year at federal and state corporate tax rates.

For the year ended December 31, 2024, the Association filed Form 1120 and was taxed as a regular corporation.

NOTE 3 – FUNDS

As of December 31, 2024, the Association's fund of $55,841 was held in checking accounts and is used for the day-to-day operations of the Association and any other appropriate purposes determined and approved by the Board of Directors.

NOTE 4 – CONCENTRATION OF RISK

The Association maintains its cash deposits at the Bank of Hawaii. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Agreements

The Association has various contract services, including clubhouse rental management, bookkeeping, pool cleaning, ground maintenance, and tree trimming.

Legal Services

The Association may be involved from time to time in various legal actions associated with the collection of delinquent assessments, foreclosure issues, and general consulting matters that arise in the normal course of business. For the year ended December 31, 2024, no legal service fees were incurred.

NOTE 6 – RELATED PARTY TRANSACTION

The Association has annual contracts with two of its members for bookkeeping services and clubhouse rental management. For the year ended December 31, 2024, the Association paid $12,564 for bookkeeping services and $7,850 for clubhouse rental management for reservations and maintenance.

NOTE 7 – DATE OF MANAGEMENT REVIEW

In preparing the financial statement, the Association has evaluated events and transactions for potential recognition or disclosure through September 25, 2025, the date the financial statement was available to be issued.