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J<sup>ay</sup> M<sup>iyaki</sup>, CPA, LLC

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**ALII SHORES  
YACHT CLUB**

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Statement of Cash Receipts and  
Disbursements  
For the Year Ended May 31, 2024

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**ALII SHORES YACHT CLUB**

**TABLE OF CONTENTS**

**For the Year Ended May 31, 2024**

<u>SECTION</u>	<u>PAGE</u>
TABLE OF CONTENTS	1
INDEPENDENT AUDITORS'S AUDIT REPORT	2
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	6
NOTES TO FINANCIAL STATEMENT	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of  
Alii Shores Yacht Club:

### **Opinion**

We have audited the accompanying statement of cash receipts and disbursements of the Alii Shores Yacht Club (a Hawaii nonprofit corporation) for the year ended May 31, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Alii Shores Yacht Club, for the year ended May 31, 2024, in accordance with the cash basis of accounting described in Note B.

### **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 Statements section of our report. We are required to be independent of Alii Shores Yacht Club and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis of Accounting**

We draw attention to Note B of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Information**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note B; 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 a financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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, including omissions, 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 statements.

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 Alii Shores Yacht Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made 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 Alii Shores Yacht Club'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.

**Restriction on Use**

This report is intended solely for the information and use of the Board of Directors, members, and management of the Alii Shores Yacht Club and is not intended to be used, and should not be used, by anyone other than these specified parties.

*Jay Miyaki, CPA, LLC*

August 6, 2024  
Honolulu, Hawaii

**ALII SHORES YACHT CLUB**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**AND NOTES TO FINANCIAL STATEMENT**

**For the Year Ended May 31, 2024**

**ALII SHORES YACHT CLUB**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

**For the Year Ended May 31, 2024**

CASH RECEIPTS	
Dues and storage fees	\$103,542
Interest income	<u>130</u>
Total cash receipts	<u>103,672</u>
CASH DISBURSEMENTS	
Lease rent	27,853
Repairs and maintenance	21,464
Management fees	17,369
Improvement projects	11,516
Audit and tax preparation fees	8,665
Landscape maintenance	5,592
Insurance	5,162
Reimbursements	4,932
Tree trimming	3,110
Utilities	3,019
License and fees	939
Office expense	776
Real property tax	615
Maintenance supplies	591
Dues and subscriptions	409
Painting and restriping	<u>157</u>
Total cash disbursements	<u>112,169</u>
DECREASE IN CASH	(8,497)
CASH – Beginning of year	<u>259,873</u>
CASH – End of year	<u>\$251,376</u>

The accompanying notes are an integral part of the financial statement.

## ALII SHORES YACHT CLUB

### NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

#### NOTE A – ORGANIZATION

Alii Shores Yacht Club (Club) is a Hawaii nonprofit corporation, organized under the laws of the State of Hawaii on June 29, 1973, that is responsible for the operation and maintenance of common property within the Alii Shores subdivision. The Club's membership consists of 118 members comprised of 105 residences of the Alii Shore subdivision and 13 grandfathered units of the Puu Alii condominium. The Club is located in Kaneohe, Hawaii and is governed by an elected Board of Directors who control the Club for the benefit of the members.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statement of the Club is prepared using the cash basis of accounting. This basis differs from generally accepted accounting principles in that certain revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

Concentrations of Credit Risk – Financial instruments that potentially subject the Club to credit risk include cash. At May 31, 2024, the Club's cash balances exceeded the related federal deposit insurance by \$1,400.

Other Concentrations – The Club operates primarily in Hawaii. National and international events can have severe, adverse effects on economic conditions in Hawaii. The effects, if any, on the financial statement of the Club from such changes in economic conditions are not presently determinable.

Member Assessments – Members are assessed dues, and boat and kayak storage fees, to provide funds to cover operating expenses, improvements, replacements, and major repairs. Receipts from assessments comprise nearly 100% of the total receipts of the Club. Late fees are assessed on delinquent membership dues and storage fees that are more than thirty days old. It is the Club's policy to retain legal counsel and place liens on a member's property when membership dues and storage fees are at least 160 days delinquent. Any excess assessments at year-end are retained by the Club for use in future years.

Income and Other Taxes – The Club has qualified under Section 501(c)(7) of the Internal Revenue Code as a tax-exempt organization. The Club files information returns and pays federal income tax of 15% on its unrelated business income, if any, after a specific deduction of \$1,000. The Club's tax filings are open for examination by federal and state tax authorities, generally for three years after they were filed. Interest and penalties, if any, are classified as income tax expense. Member dues and certain other assessments are not subject to Hawaii general excise tax and the City and County of Honolulu surcharge.

Commitments – The Club's contract services include property management, book-keeping, and general administrative services; and landscape maintenance.

#### NOTE C – CASH

The maximizer savings and certificate of deposit are reserve accounts designated by the Board for future major repairs and replacements. At May 31, 2024, cash is comprised of the following accounts.

Maximizer savings reserves	\$132,951
Certificate of deposit reserves	71,802
Operating checking	39,384
Key deposit account	<u>7,239</u>
Total cash	<u>\$251,376</u>

#### NOTE D – LEASE WITH KAMEHAMEHA SCHOOLS

The Club leases the land under its common facilities from Kamehameha Schools through June 2028. The Club's Board of Directors is aware of the status of the lease and plans to submit a request to Kamehameha Schools for an extension. Lease rent expense amounted to \$27,853 for the year ended May 31, 2024. At May 31, 2024, future minimum lease payments by fiscal years ending May 31<sup>st</sup> approximated \$26,600 in 2025 through 2028.

#### NOTE E – MAJOR REPAIRS AND REPLACEMENTS

The board of directors does not consider it necessary to perform a study to determine the estimated funding needed for future major repairs and replacements. The Club funds major repairs and replacements through the reserve funds it has accumulated or through special assessments.

#### NOTE F – LIQUIDITY AND AVAILABILITY

The Club's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of May 31, 2024, are comprised of the following:

Cash	<u>\$251,376</u>
Total financial assets available	<u>\$251,376</u>

#### NOTE G – SUBSEQUENT EVENTS

The Club has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statement was available to be issued. The Club is not aware of any material subsequent events.