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Proposed Attorneys for Debtor and
Debtor-In-Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF HAWAII

In re

Association of Apartment Owners of
Kauai Beach Villas,

Debtor and
Debtor-in-Possession.

Case No. 25-01103
(Chapter 11)
(Subchapter V)

DEBTOR'S SUBMISSION OF:
MOST RECENT BALANCE
SHEET, PROFIT AND LOSS
STATEMENT, and FEDERAL
TAX RETURNS IN
POSSESSION OF DEBTOR;
EXHIBITS A-C

I, LARRY D. WARNER, hereby declares under penalty of perjury as
follows:

1. I am the President of the Association of Apartment Owners of Kauai
Beach Villas (the "Debtor") and am able to testify as to the matters contained
herein.

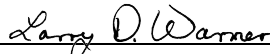
2. A true and correct copy of the Debtor's most recent balance sheet is attached hereto as **Exhibit A**.

3. A true and correct copy of the Debtor's most recent profit and loss statement is attached hereto as **Exhibit B**.

4. A true and correct redacted copy of the Debtor's most recently filed FEDERAL TAX RETURNS is attached hereto as **Exhibit C**.

5. The Debtor does not have a cash flow statement.

DATED: December 18, 2025.



LARRY D. WARNER

EXHIBIT A

Kauai Beach Villas AOAC
Balance Sheet
As of 11/30/2025

Total

Assets			
Operating Cash	10201	359,186	
Operating Investments	10207	21,102	
Operating Cash		380,288	
Reserve Investments	11201	2,650,126	
Reserve Inv - Bonds / CD's	11202	-	
Restricted Cash - Reserve Fund	11206		
Reserve Funds		2,650,126	
Reserve Special Assessment Rec	12507	-	
Interest Charge Receivable	12508	32,058	
Allowance for Doubtful Accts	12530	(26,081)	
Owner Receivables		5,977	
Condo Assessments Recvble-Oper	12701	50,130	
Other Receivables		50,130	
Prepaid Insurance	14601	63,895	
Prepaid Miscellaneous Expenses	14607	26,011	
Prepaid Expenses		89,906	
Reserve Deposit	19802	22,378	
Other Assets		22,378	
Due from Reserves to Operating	14409	20,985	
Receivable To (From)		20,985	
Total Assets		3,219,792	
Liabilities & Fund Balances			
AP Payable ACH	25707	(371)	
Payables		(371)	
Notes Payable BOH	25502	446,342	
Notes Payable		446,342	
Accrued Expenses	22201	22,060	
Accrued Salaries	22202	4,842	
Accrued Bonus/Vacation	22203	3,735	
Accrued Liabilities		30,637	
Income Taxes Liability	25601	31,479	
Sales & Use Tax Payable	21015	631	
Federal Income Taxes Payable	25605	(5,088)	
Income Taxes Payable		27,022	
Due to Operating from Reserve	25808	20,985	
Due to Operating from Tax	25812	-	
Purchasing Card Liability	25704	27,813	
Due to Management Company	25702	(18,563)	
Prepaid Maintenance Fees	27201	3,608	
Other Accrued Liabilities		33,844	
Deferred Rev. - Reserves	27706	-	
Other Liabilities		-	
Total Liabilities		537,473	
Fund Balance - Beginning of Year		1,683,558	
Current Year Income (Deficit)		998,761	
Interfund Transfer (To) / From Working Capital		-	
Total Fund Balances		2,682,318	
Total Liabilities & Fund Balances		3,219,792	

EXHIBIT B

Kauai Beach Villas AOA - 499
Departmental Income Statement
For the Month Ending 2025-11-30

	MONTH TO DATE
	ACTUAL
Combined	

Operating Revenues

Fixed Week Maint Fees - CY	319,793
Insurance Claim Recovery	-
Interest Income	71
Non-Occupancy Rental	3,324
Miscellaneous Income	150
Revenues	323,339

Operating Expenses

Hours - Salaries & Wages	464
Hours - Vacation	8
Hours - Sick	24
Hours - Overtime	11
Hours - Holiday	3
Total Hours	510
Salaries & Wages	10,344
Vacation Pay	363
Sick Pay	444
Wages Overtime	385
Special Compensation	776
Holiday Pay	23
Other Payroll Expense	-
Contract Labor	-
Resort Ops Service Fee	256
Health & Welfare Benefits	917
Short Term Disability	-
Profit Sharing	363
Payroll Tax Expense	964
Federal Unemployment Tax	23
State Unemployment Tax	82

Kauai Beach Villas AOA - 499

Departmental Income Statement

For the Month Ending 2025-11-30

Workers Comp Insurance	363
Direct Staff Cost	15,304
Misc Recruiting Cost	-
Recruiting & Relocation Exp	-
License & Inspection Fees	50
Telephone Basic Equip Chg	-
Cell & Comm Expense	-
General Materials	754
Common Cost Allocation	(11,485)
Corporate Allocations	26,011
Employee Incentives	-
Travel Airline	-
Travel Lodging	-
Travel Meals	-
Travel Other	-
Property Closure Costs	135,000
Legal Fees	(93,263)
Audit & Tax Prep Fees	-
Accounting Servicing Fees	5,888
Board of Directors' Expenses	-
Management Fees	15,144
Consulting Fees	-
General Liab & Property Insura	37,412
Directors & Officers Liability	6,621
Uninsured Loss/Deductable	-
Metered & Bulk Mail	-
Office Supplies	-
Federal & State Income Taxes	21
Other Taxes	631
Uniforms	-
Master Association Dues	41,200
Bank Service Charges	65
Bad Debt Expense	1,432
Utilities - Propane	640
Equipment Expense	-
Furnishings & Decor Replacemen	-

Kauai Beach Villas AOA - 499
Departmental Income Statement
For the Month Ending 2025-11-30

Housekeeping Supplies	-
Utilities - Water & Sewer	8,243
Utilities - Electricity	4,994
Utilities - Cable Television	3,989
Major Repairs & Equipment	37,050
Maintenance Contracts	44
Pest Control	105
Internet Access	5,838
Vehicle Maintenance	-
Irrigation Repair	-
Landscaping Annuals	-
Landscaping Contracts	16,986
Trash Removal	4,249
Pool Supplies	1,434
Security Services	4,909
Miscellaneous Expense	-
Other Operating Expenses	253,964
Total Expense	269,268
Dept. Profit/(Loss)	54,070

EXHIBIT C

Form 1120-H Return Summary

For calendar year 2024 or tax year beginning , ending
The Association of Apartment Owners 0764

Exempt Function Income

Total exempt function income	3,748,242
Total expenditures made for the expenditure test	3,315,741
Association's total expenditures	3,365,450
Tax-exempt interest received or accrued	

Taxable Income

Gross income	137,489	
Total deductions	54,002	
Taxable income before specific deduction of \$100	83,487	
Specific deduction of \$100	100	
Taxable income		83,387

Tax Computation

Income tax	26,684	
Tax credits		
Total tax		26,684

Payments / Penalties

Estimated tax payments	15,366	
Extension payment	11,318	
Other payments / credits		
Penalties and interest		
Total payments / penalties		26,684

Tax due	0
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Overpayment credited to next year's estimated tax	
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Refund	
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Filing Instructions

The Association of Apartment Owners

Form 8879-CORP

E-file Authorization for Corporations

Taxable Year Ended December 31, 2024

Date Due: October 15, 2025

Remittance: None is required. No amount is due or overpaid.

Signature: You are using the Personal Identification Number (PIN) for signing your return electronically. Form 8879-CORP, *E-file Authorization for Corporations* should be signed and dated by an authorized officer of the corporation and returned to:

MYERS, BRETT HOLTZ & COMPANY, PA
12671 Whitehall Dr
Fort Myers, FL 33907-3626

Important: Your return will not be filed with the IRS until the signed Form 8879-CORP, *E-file Authorization for Corporations* has been received by this office.

Other: Your return is being filed electronically with the IRS and is not required to be mailed. If you mail a paper copy of Form 1120-H to the IRS it will delay processing of your return.

Form **8879-CORP****E-file Authorization for Corporations**

(Rev. December 2024)

For calendar year **2024**, or tax year beginning _____, ending _____

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

For use with Form 1120 series returns.

Do not send to the IRS. Keep for your records.

Go to www.irs.gov/Form8879CORP for the latest information.

Name of corporation

Employer identification number

The Association of Apartment Owners**0764****Part I Information** (Whole dollars only)

1 Total income (Form 1120, line 11)	1	
2 Total income (Form 1120-F, Section II, line 11)	2	
3 Total income (loss) (Form 1120-S, line 6)	3	
4 Total income (Form 1120 H , line 8)	4	137,489

Part II Declaration and Signature Authorization of Officer. Be sure to get a copy of the corporation's return.

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's electronic income tax return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS **(a)** an acknowledgement of receipt or reason for rejection of the transmission, **(b)** the reason for any delay in processing the return or refund, and **(c)** the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at **888-353-4537** no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☒ I authorize **MYERS, BRETT HOLTZ & COMPANY, PA** to enter my PIN **000000** as my signature
ERO firm name do not enter all zeros
on the corporation's electronically filed income tax return.

☐ As an officer of the corporation, I will enter my PIN as my signature on the corporation's electronically filed income tax return.

Officer's signature **Michelle Costales** Date **05/01/25** Title **Asst Regional Ctrl**

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN.

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 3112**, IRS *e-file* Application and Participation, and **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS *e-file* Providers for Business Returns.

ERO's signature **Steven M. Brettholtz, CPA** Date **05/01/25**

ERO Must Retain This Form — See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

Form 1120-H		U.S. Income Tax Return for Homeowners Associations		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form1120H for instructions and the latest information.			
For calendar year 2024 or tax year beginning , and ending					
TYPE OR PRINT	Name The Association of Apartment Owners of Kauai Beach Villas			Employer identification number 0764	
	Number, street, and room or suite no. If a P.O. box, see instructions. 520 Aleka Loop			Date association formed	
	City or town, state or province, country, and ZIP or foreign postal code Kapaa HI 96746			01/01/1981	
Check if: (1) Final return (2) Name change (3) Address change (4) Amended return					
A Check type of homeowners association: ☐ Condominium management association ☐ Residential real estate association ☒ Timeshare association					
B Total exempt function income. Must meet 60% gross income test. See instructions				B	3,748,242
C Total expenditures made for purposes described in 90% expenditure test. See instructions				C	3,315,741
D Association's total expenditures for the tax year. See instructions				D	3,365,450
E Tax-exempt interest received or accrued during the tax year				E	
Gross Income (excluding exempt function income)					
1 Dividends				1	
2 Taxable interest				2	98,507
3 Gross rents				3	37,992
4 Gross royalties				4	
5 Capital gain net income (attach Schedule D (Form 1120))				5	
6 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
7 Other income (excluding exempt function income) (attach statement) Stmt 1				7	990
8 Gross income (excluding exempt function income). Add lines 1 through 7				8	137,489
Deductions (directly connected to the production of gross income, excluding exempt function income)					
9 Salaries and wages				9	
10 Repairs and maintenance				10	
11 Rents				11	
12 Taxes and licenses				12	4,501
13 Interest				13	
14 Depreciation (attach Form 4562)				14	
15 Other deductions (attach statement) Stmt 2				15	49,501
16 Total deductions. Add lines 9 through 15				16	54,002
17 Taxable income before specific deduction of \$100. Subtract line 16 from line 8				17	83,487
18 Specific deduction of \$100				18	100
Tax and Payments					
19 Taxable income. Subtract line 18 from line 17				19	83,387
20 Enter 30% (0.30) of line 19. (Timeshare associations, enter 32% (0.32) of line 19.)				20	26,684
21 Tax credits (see instructions)				21	
22 Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits				22	26,684
23a Preceding year's overpayment credited to the current year				23a	
b Current year's estimated tax payments				23b	15,366
c Tax deposited with Form 7004				23c	11,318
d Credit for tax paid on undistributed capital gains (attach Form 2439)				23d	
e Credit for federal tax paid on fuels (attach Form 4136)				23e	
f Elective payment election amount from Form 3800				23f	
g Total payments and credits. Combine lines 23a through 23f				23g	26,684
24 Amount owed. Subtract line 23g from line 22. See instructions				24	0
25 Overpayment. Subtract line 22 from line 23g				25	
26 Enter amount of line 25 you want: Credited to 2025 estimated tax Refunded				26	
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				May the IRS discuss this return with the preparer shown below? See instr. ☒ Yes ☐ No
	Signature of officer Michelle Costales Date Title				Asst Regional Ctrl
Paid	Print/Type preparer's name Steven M. Brettholtz, CPA		Preparer's signature Steven M. Brettholtz, CPA		Date 05/19/25
Preparer	Firm's name MYERS, BRETTOLTZ & COMPANY, PA				Check ☐ if self-employed PTIN 5709
	Firm's address 12671 Whitehall Dr Fort Myers, FL 33907-3626				Firm's EIN
Use Only	Firm's address Fort Myers, FL 33907-3626				Phone no. 239-939-5775
For Paperwork Reduction Act Notice, see separate instructions.					
DAA Form 1120-H (2024)					

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Federal Statements

FYE: 12/31/2024

Statement 1 - Form 1120-H, Line 7 - Other Income

<u>Description</u>	<u>Amount</u>
Miscellaneous	\$ 990
Total	<u>\$ 990</u>

Statement 2 - Form 1120-H, Line 15 - Other Deductions

<u>Description</u>	<u>Amount</u>
Accounting Servicing Fees	\$ 4,412
Audit & Tax Prep. Fees	330
Management Fees	8,345
Operating Expenses	25,911
GET taxes	6,166
Bank fees	4,337
Total	<u>\$ 49,501</u>

Form 1120-H		Two Year Comparison Worksheet		2023 & 2024	
Name			Employer Identification Number		
The Association of Apartment Owners			0764		
		2023	2024	Differences	
	Exempt function income	3,347,794	3,748,242	400,448	
	Expenditures for expenditure test	2,725,303	3,315,741	590,438	
	Total expenditures for the year	2,767,643	3,365,450	597,807	
	Tax-exempt interest received				
Income	Dividends				
	Taxable interest	55,592	98,507	42,915	
	Gross rents	36,183	37,992	1,809	
	Gross royalties				
	Capital gain net income from Schedule D				
	Net gain or (loss) from Form 4797				
	Other income	1,165	990	-175	
	Gross income (excluding exempt function income)	92,940	137,489	44,549	
Deductions	Salaries and wages				
	Repairs and maintenance				
	Rents				
	Taxes and licenses	2,482	4,501	2,019	
	Interest				
	Depreciation				
	Other deductions	42,340	49,501	7,161	
	Total deductions	44,822	54,002	9,180	
	Taxable income before specific deduction	48,118	83,487	35,369	
Specific deduction of \$100	100	100			
Tax	Taxable income	48,018	83,387	35,369	
	Income tax	15,366	26,684	11,318	
	Tax credits				
	Total tax (Including recapture of credits)	15,366	26,684	11,318	
Payments and Credits	Prior year overpayment credited to current year	723		-723	
	Current year estimated tax payments		15,366	15,366	
	Tax deposited with Form 7004	14,643	11,318	-3,325	
	Credit from Form 2439				
	Credit for federal tax paid on fuels				
	Elective payment election amount from form 3800				
Tax Due or Refund	Total payments and credits (Including backup withholding)	15,366	26,684	11,318	
	Tax due (overpayment)	0	0	0	
	Penalties and interest				
	Net tax due (overpayment)	0	0	0	
	Amount of overpayment credited to next year's tax				
	Amount of overpayment refunded				

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Federal Statements

FYE: 12/31/2024

Form 1120-H, Line 12 - Taxes and Licenses

Description	Amount
State income tax	\$ 4,501
Total	\$ 4,501