

Re: Independent CPA Review of Financial Records for HomeAid Hawaii

Dear Governor's Office and Statewide Office for Homelessness and Housing Solutions,

My name is Jeffrey Hateley, CPA. I am an independent certified public accountant licensed in the State of California. I was initially engaged by HomeAid Hawaii in May 2025 to assist with the organization of financial records to prepare for an independent financial audit. In November 2025, I assumed the role of Interim Controller to further support the implementation of accounting processes and internal controls.

I am providing this letter to summarize my professional observations regarding HomeAid Hawaii's involvement in the Kauhale Initiative, based on the financial records and supporting documentation reviewed during my engagement.

As part of this work, I reviewed HomeAid Hawaii's accounting records and supporting documentation for fiscal years 2024 and 2025. During this period, accounting functions were supported by multiple third-party providers, including Construction Management & Development, Inc. (CM&D), SDC Strategies, and Accumulus. These providers were engaged at different times and applied different interpretations to transaction coding, reconciliation, and financial reporting.

In my review, the transition between accounting providers, combined with the complexity of government contract reporting and the rapid increase in financial activity to support housing development, contributed to instability in the accounting records. The issues I observed included duplicate entries, inconsistent and incorrect classifications, transactions requiring further support, and items requiring additional reconciliation.

The growth in operations also increased the volume and complexity of reporting requirements. Financial information was compiled and processed across multiple parties, which made consistent accounting reporting more difficult across periods.

Based on my review, substantial reconciliation work was required to correct classifications, resolve duplicate entries, review supporting documentation, and align financial records. These reconciliation efforts continued throughout 2025 as HomeAid Hawaii worked to strengthen its accounting processes and reporting structure.

Following the transition to in-house accounting functions in late 2025, I observed improvements in the organization's accounting records and financial reporting process. Internal systems and controls, centralized accounting oversight, and more consistent procedures helped reduce the inconsistencies that had resulted from the prior fragmented accounting structure.

Based on the procedures performed and the information reviewed, I did not identify indications of fraud or intentional misappropriation of funds. The accounting issues identified were consistent with fragmented accounting processes, human error, differing accounting interpretations among multiple service providers, and the complexity of rapid expansion.

This letter reflects my independent professional observations based on the scope of work performed and the information made available to me. It is not intended to constitute, and should not be construed as, a formal forensic or financial audit report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Hateley', with a stylized flourish at the end.

Jeffrey Hateley, CPA
Independent Certified Public Accountant
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