

Nanawale Community Association, Inc.
14-855 Kehau Road #2250
Pahoa, HI 96778

May 29th, 2021

Dear Nanawale Estates Property Owners & Residents,

On 5/24/21 the resignation letter of our former Administrative Assistant, Kathryn Katada, was sent directly to members of the community and certain NCA board members via email prior to being handed to the General Manager, Allison Barrett, at approximately 7:45 am. The letter contained allegations which had not been submitted to the board for review or to our Human Resources company, Proservice Hawaii, which has a "Whistleblower Policy" in place for these exact situations.

At 7:48 am the GM informed the President of the Board, Madie Greene, of the resignation. Mrs. Greene advised that we continue to have Mrs. Katada work and she would come speak with her in person. At approximately 12:45 pm, after Mrs. Katada had worked the morning and had clocked out and back in from lunch, Mrs. Greene arrived and spoke with her privately, accepted her resignation and asked her to leave. Mrs. Katada gathered her items and was officially clocked out at 1:00 pm.

After consideration by the NCA Board of Directors of the issues presented in Mrs. Katada's letter and input with supporting documents, from the GM, the Board determined that:

- First, petty cash was being used appropriately as both instances of being used were for food items for the employees and did not violate any policy because there is not currently a written policy in place. The AA had informed the GM that there was no issue with using petty cash in such a manner both times the petty cash had been used "as long as it was returned by the audit". The Board is seeking advice from the Association's CPA about petty cash policies going forward.
- Secondly, 5/17/21 the GM received \$205.00 in cash from a resident wanting to pay their dues. After confirming the amount with the resident, the GM then asked the Recreation Coordinator to count and countersign a document stating what the cash amount was. After receiving the monies, the GM then entered the transaction into the accounting software, noted that it looked incorrect and made a copy of the receipt for the AA to review when she returned to work on 5/19/21. The monies plus two additional cash payments from the day were placed in the safe to be given to the AA upon her return, as has been the case for the term of the GM's tenure. On the afternoon of 5/19/21 the AA noticed there was a strange transaction in the system and mentioned it to the GM who then proceeded to pull the three cash transactions from the safe and give them to the AA along with the invoice which had a written note asking the AA to review the transaction as the GM felt she had entered it incorrectly on 5/17/21. The delay in handing the monies over to the AA was due to the morning being booked with employee evaluations and subsequent meeting with the two board members who attended the employee reviews.
- Lastly, the NCA has never worked without an active budget. The board agreed in December 2020 that due to the pandemic plus the decision to not charge late fees and the overall unusual circumstances of the year, that trying to forecast a new 2021 budget would be unwise. It was

agreed to use the 2020 budget again for 2021. Also, treasurer reports have been submitted for each month since the GM started in September 2020. The board, in its entirety, is unsure what to make of the allegations of no budget or treasurer reports being provided as the AA was well aware of the fact there was a budget and, in fact, received copies of the treasurer's reports each month. The Treasurer, Pete Nash, stated that the AA had questioned the treasurer report being late one month and he had replied that he and the GM had spoken about it and the report was forthcoming. He received the report from the GM as promised and there was no further issue.

The board determined that it has full faith in the ability of the GM to continue on in the position. The board is saddened that Mrs. Katada chose to post inaccurate and unfounded allegations instead of attempting to speak to the board or utilize the whistleblower policy set up by Proservice Hawaii. The board wishes Mrs. Katada well and appreciates her eleven years of service to the community.

Due to the resignation letter being posted in an online public forum, there have been questions of fraud and/or embezzlement within the NCA. There has also been talk of needing to reopen the parks and office to the public. In the spirit of transparency, the NCA board of directors would like to provide these facts to all property owners and residents:

- On 12/11/20 an engagement letter scheduling audits for the NCA's financial years 2019 and 2020 was signed with Carbonaro CPAs & Management Group. The financial documents for those two years were provided to Carbonaro in April with the fieldwork being scheduled for June, 2021.
- Regardless of their lack of merit, the concerns raised by Mrs. Katada will require our CPA to perform additional audit procedures costing an estimated additional \$4000.00. Once the audit is complete, the final audit will be uploaded to our website, Nanawale.com.
- In addition, the full audits from 2015, 2016 and 2018 are now available online at Nanawale.com. No audit was scheduled for 2017 due to budgetary decisions.
- The 2020 budget and 2021 budgets and treasurer reports are now uploaded to Nanawale.com.
- Lastly, as Governor Ige has lifted the mandatory face mask policy, the Board will be reviewing opening up the park to the public at their June meeting.

Questions, concerns or comments may be emailed to bizoffice@nanawalecommunity.com.

With Aloha,
The Nanawale Community Association Board of Directors