

Update Statement on Financial Issues

We want to thank all owners for their patience, as it took longer than expected to get some answers, to address all the concerns brought to the Board. Below we have done our best to provide brief explanations of the main issues that were brought to us. It is the goal of this Board to be transparent in all aspects of the business of KSECA, especially our finances.

1. Removal of Quickbooks/Complete Financial Records

In December of 2024, without permission, and without knowledge of the majority of the Board members, the former Bookkeeper had all financial records (Quickbooks) for the fiscal year of 2024 removed from the website. This included all records that had been posted by the Board prior to last year's Board being elected.

It has always been the policy of KSECA that Quickbooks in its entirety be shared with the minutes each month. Immediately upon owners alerting us of the removal of archives, the Board requested this unapproved removal be remedied, and going forward, that all Quickbook reports in 2025 be forwarded for posting with minutes each month. These requests were denied repeatedly, until the end of the Bookkeeper's contract in July.

2. Failure to Follow Procedures

Before the last AGM, we learned that a Board member ignored training and had allowed the Bookkeeper to use new procedures created by them, and without the knowledge of the majority of the Board members, who were given instructions and procedures for all officers when each joined in order for everyone to know their responsibilities. Many of these new systems were in complete contrast to those used year after year by KSECA, established to prevent mistakes, theft and excessive spending.

After being confronted on their actions, the Bookkeeper ignored future communications on the subject from officers, and instructed different Board members and a contractor, to ignore policies and to only take instructions from him. This included the set up of a separate email used by them and certain Board members in order to carry out actions without the knowledge of the majority of the Board. Their actions went as far as creating their own passwords to KSECA bank accounts and writing unauthorized checks, to pay for multiple things including supplies, unneeded software upgrades and unauthorized hours, outside of the contract with KSECA.

3. Failure to Complete Contractual Responsibilities

When the current Bookkeeper began her contract, the new Board was finally able to see what had been done and learned that most of what is required of each Bookkeeper per the contract with KSECA was not done.

These responsibilities included adding new homeowners into the system, providing a monthly Bookkeeping invoice (never done), and monthly reconciliations of Bank of Hawaii, Paypal and Quickbooks (Reconciliations were not completed from December 2024 until the end of his contract in July 2025).

4. Bookkeeper's Actions at the last AGM

Many owners reached out upset after the last AGM, when instead of the Treasurer giving a report as usual, the Bookkeeper came forward and started a presentation on what was going on, which included the Bookkeeper's own plan of action as well as stating that the Bookkeeper would now be paid an amount 3x more than what any Bookkeeper had been paid prior.

We would like to let all members know that the Bookkeeper had asked to present the Treasurer's report at the meeting, and was told "NO" in the month prior to the AGM, so we were unaware of any of the items mentioned until that day.

5. Issues We Currently Face Moving Forward

As per the By-laws, KSECA is required to do complete audits every 2 years. We are already behind in following this mandate, due to the pandemic and the need to catch up on administrative responsibilities the following years. Due to the previous Bookkeeper making adjustments to reports already part of the completed audits, and lack of explanations, this has created many issues as we try to move towards our goal of catching up on the audits still needing to be done. It is still the Board's intention to get those completed as soon as possible.

We will continue to collect and share all information available, but still face obstacles, with some of the parties involved continuing to delay the inquiries, by stating that they can't find or have "erased" all communications involved with the actions listed above.