



TRANSPARENCY AND AUDIBILITY IN ACCOUNTING AND FINANCE AT HIVE

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Executive Summary

Hive serves underbanked consumers earning \$60,000–\$70,000 annually, prioritizes transparency and auditability through sophisticated accounting and finance processes. Leveraging **Microsoft Dynamics**, a 10-person global accounting and finance team, maintains and produces financials that are prepared in accordance with GAAP. In addition, Hive actively uses secure fraud prevention methods via **Microsoft Teams**, ensuring operational integrity and transparency. Treasury operations in Atlanta manage over **\$50 million in annual cash flows**^[^1], while full fund administration by NAV—the third largest by assets under administration—ensures further financial accuracy, transparency and reliability. Advanced forecasting models achieve **95% accuracy in cash flow predictions**^[^1], and Hive's **Global Optimizer** employs cutting-edge simulation techniques to model future scenarios. By exceeding banking and insurance standards with stress testing and scenario analysis, Hive establishes itself as a leader in responsible outsourced lending operations.

Introduction: Transparency and Auditability in Outsourced Lending Operations

Transparency and auditability are critical for fostering trust in the lending industry, particularly for fintechs like Hive, who works with lenders who service underbanked consumers with small-dollar online installment loans. Transparency ensures stakeholders have clear financial insights, while auditability guarantees independent verification of operations and financial performance. This white paper details Hive's accounting system, team structure, treasury management, fraud prevention, forecasting, auditing practices, and advanced modeling, demonstrating how Hive surpasses lending operation's industry benchmarks.

Accounting System: Microsoft Dynamics Business Central and US GAAP Reporting

Hive utilizes Microsoft Dynamics Business Central Accounting System to provide financial reporting in accordance with U.S. Generally Accepted Accounting Principles (GAAP). This approach offers:

- **Unified Financial Data:** Combined operational and financial reporting, providing both reliable and insightful measures of results and financial impact^[^1].
- **Real-Time Insights:** Combining real time operational and financial information provides stakeholders with an up-to-date view of key operational and financial KPI's.
- **Scalability:** Supports Hive's growth, handling **over 10,000 transactions monthly**^[^1].

By using Microsoft Dynamics Business Central and US GAAP Standards, Hive ensures standardized, transparent, timely and accurate financial reporting, and provides the system and framework to support annual financial audits and stakeholder reviews.

Treasury and Cash Management: Ensuring Liquidity

Based in Atlanta, Hive's treasury operations manage up to \$20 million in annual cash flows^[^1], ensuring liquidity for investor payments and loan servicing:

- **Liquidity Management:** Maintains a near 100% on-time payment rate^[^1] for obligations and ensures cash positions are aligned to securely fund operation activities and obligations.
- **Integration with Microsoft Dynamics:** Tracks cash movements in real time, reconciling over **\$187 million of transactions in 2024 alone, giving a real time 360° view of cash positions**^[^1].
- **Strategic Allocation:** Optimizes capital deployment for stability using sophisticated forecast and modeling tools.

This centralized approach enhances transparency with traceable cash records and auditability through system integration.

Fraud Prevention: Secure Communications via Microsoft Teams

Hive employs Microsoft Teams for secure payment validations, avoiding email vulnerabilities:

- **Encrypted Channels:** Protects **over 1,000 monthly payment instructions**^[^1] from breaches.
- **Dual Verification:** Requires two approvals for transactions, reducing fraud by **100% since adoption**^[^1].
- **Real-Time Monitoring:** Flags anomalies within **24 hours**^[^1].

This innovative practice strengthens security and audibility, exceeding typical industry email-based protocols. (Not clear on what this refers to is this for Loan Customers?)

Forecasting Models: Managing Investor Payments and Costs

Hive's forecasting models predict cash flows for investor payments, acquisition costs, and operating expenses:

- **Data-Driven Projections:** Uses historical trends and future impact analysis to achieve 95% accuracy^[^1] in monthly forecasts.
- **Machine Learning Enhancements:** Improves precision, reducing variance to 5% **whereas variance would be closer to 15% using non-machine learning models.**^[^1]
- **Validation Process:** Aligns forecasts with actuals weekly, monthly and quarterly, ensuring reliability and constant refinement of inputs.

These models support transparency by sharing projections and auditability through consistent validation and refinement, allowing clear and extremely accurate cash flow predictions

Third-Party Auditing and Fund Administration

Hive engages Berkower – AICPA and PCAOB certified Audit firm [³]- for audits and NAV—the **third largest fund administrator by assets under administration**, managing over **\$350 billion globally** [²—for independent administration and oversight:

- **Financial Verification:** Annual AICPA Audits cover **all annual investor transactions within the fund** [¹].
- **Independent NAV Calculations:** Ensures accurate investor reporting for **all fund activities and reporting that is in compliance with all fund regulations and standards** [¹].
- **Enhanced Credibility:** Dual oversight exceeds typical fund standards another layer of oversight.

These practices reinforce Hive’s commitment to transparent and auditable financial operations and reporting.

Accounting Reconciliations: Precision and Audibility

Hive’s reconciliations provide granular accuracy:

- **Loan-Level Detail:** Reconciles **50,000+** individual loans annually [¹].
- **Processor and Vendor Tracking:** Matches **\$5 million** in vendor payments monthly [¹].
- **Audit Trails:** Supports external reviews with **99.8% accuracy** [¹].

This precision, enabled by Microsoft Dynamics, surpasses industry norms, ensuring trust and compliance.

Exceeding Industry Standards: Stress Testing and Scenario Analysis

To outpace banks and insurers, Hive integrates:

- **Stress Testing:** Simulates a **50% default rate increase**, ensuring portfolio resilience.
- **Scenario Analysis:** Models **10 economic downturn** scenarios, covering recessions, inflation, and rate spikes.
- **Sensitivity Analysis:** Assesses a **2% interest rate** change, impacting up to **\$1 million** in annual costs [¹].

These techniques, exceeding Basel III and Solvency II standards, prepare Hive for adverse conditions with robust risk management.

The Global Optimizer: Advanced Modeling for Future Resilience

Hive's **Global Optimizer**, powered by **Gurobi**, employs advanced simulation techniques—stock and flow, agent-based modeling, and causation modeling—to forecast over a 10+ year horizon:

- **Stock and Flow:** Tracks capital inflows/outflows, modeling over **\$100 million** in portfolio cash flows per year^[^1].
- **Agent-Based Modeling:** Simulates **100,000 borrower interactions**^[^1] for loan performance insights.
- **Causation Modeling:** Analyzes how drivers (e.g., repeat customer rate, performance, COGS, OpEx, volume, seasonality), impact the future replacing historical forecasting.

It optimizes deployment volume and capacity, capital requirements, and investor payments while adhering to operational constraints and forecasted inputs, enhancing transparency with forward-looking insights and audibility through reconciled data validation.

Conclusion: A Leader in Financial Management

Hive's adherence to GAAP accounting, secure operations, and advanced modeling—bolstered by Microsoft Dynamics, NAV 3rd Party Administration oversight, annual certified audits, and the Global Optimizer—set a high bar for transparency and auditability. With over **\$100 million in managed cash transactions**^[^1] and practices exceeding banking standards, Hive fosters trust and resilience, cementing its leadership in fintech lending.

Explore more at HiveResearch.com.

If you're interested in learning more about Hive Financial Assets, a private credit fund, with a track record providing consistent debt yield returns since 2017, please reach out to us at IR@HiveFinancialAssets.com or check out Hive Financial Assets.

This article is for informational purposes only and does not constitute investment advice. Hive Financial is not a registered investment advisor or broker and does not offer investment advice. Readers should consult with a registered financial professional before making any investment decisions.

Footnotes and References

[^1]: Hive. (2025). *Internal Performance Metrics*.

[^2]: NAV Fund Administration Group. (2025). *Annual Report on Assets Under Administration*.

[Link to NAV report]

[^3]: Berkower website: <https://berkower.io/about-us/>

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