

MANAGEMENT LETTER

To the Board of Directors
The Salishan Hills Owners Association
Gleneden Beach, Oregon

In planning and performing our compilation of the financial statements of The Salishan Hills Owners Association for the year ended June 30, 2021, we found the following financial matter to bring to your attention.

Concentrations of Credit Risk

We found that the Association's cash balances as of June 30, 2021 totaled \$576,707 of which \$79,819 was not insured by the Federal Deposit Insurance Corporation (FDIC), creating significant concentrations of credit risk.

Oregon revised state statutes require homeowner associations to deposit funds in federally insured accounts or obligations of the United States of America.

We recommend that the Association consider alternatives to protect the uninsured cash and CD balances. The Association could consider moving some funds to Certificate of Deposit Account Registry Service (CDARS), Insured Cash Sweep (ICS), or accounts invested in obligations of the United States of America. CDARS and ICS services offer a convenient way to obtain full FDIC insurance on deposit amounts larger than \$250,000 by breaking large deposits into smaller amounts and placing them with other banks that are members of their special network.

We will review the status of this comment during our next engagement. We will be pleased to discuss this in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing our recommendation.

Portland, Oregon
August 31, 2021

