

WEST CREEK AND WEST HILLS COMMUNITY ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2020

NOTE 7. INCOME TAXES – (CONTINUED)

The Association has adopted accounting standards for the accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclosure about uncertain tax positions taken by an association. Management believes that all of the positions taken by the Association in its federal and state income tax returns are more likely than not to be sustained upon examination. The Association's tax returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively after they are filed.

NOTE 8. SCHEDULE OF CASH BALANCES

Generally, certificates of deposit and other debt securities with original maturities less than 90 days are considered cash equivalents, while certificates of deposits and debt securities with maturities over 90 days are considered "investments."

At March 31, 2020, the Association maintained cash balances at the following institutions:

Operating Fund:

Pacific Premier Bank - checking	\$ 1,112,132
Morgan Stanley - money funds	411,852
Pacific Premier Bank - money market	<u>10,075</u>
 Total Cash - Operating Fund	 <u><u>\$ 1,534,059</u></u>

Replacement Fund:

Morgan Stanley - money funds	<u><u>\$ 614,293</u></u>
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NOTE 9. INVESTMENTS

The Association's investments consist of certificates of deposit with original maturities over 90 days. Investment income from these investments is recorded when earned or accrued. The investments are considered to be held to maturity and are carried at cost, which approximates the fair value. At March 31, 2020, the Association's investments totaled \$4,603,667. The certificates of deposit have remaining maturity dates ranging from one month to over two years, with interest rates ranging from 1.50% to 3.05%.

NOTE 10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for income taxes amounted to \$55,456 for the year ended March 31, 2020. No interest was paid and there were no non-cash investing or financing transactions during the year.

NOTE 11. CONCENTRATION OF RISK

At March 31, 2020, the Association maintained funds at one financial institution whereby the cumulative balances on account exceeded FDIC insurance limits of \$250,000. At March 31, 2020, \$872,207 was exposed to this risk.