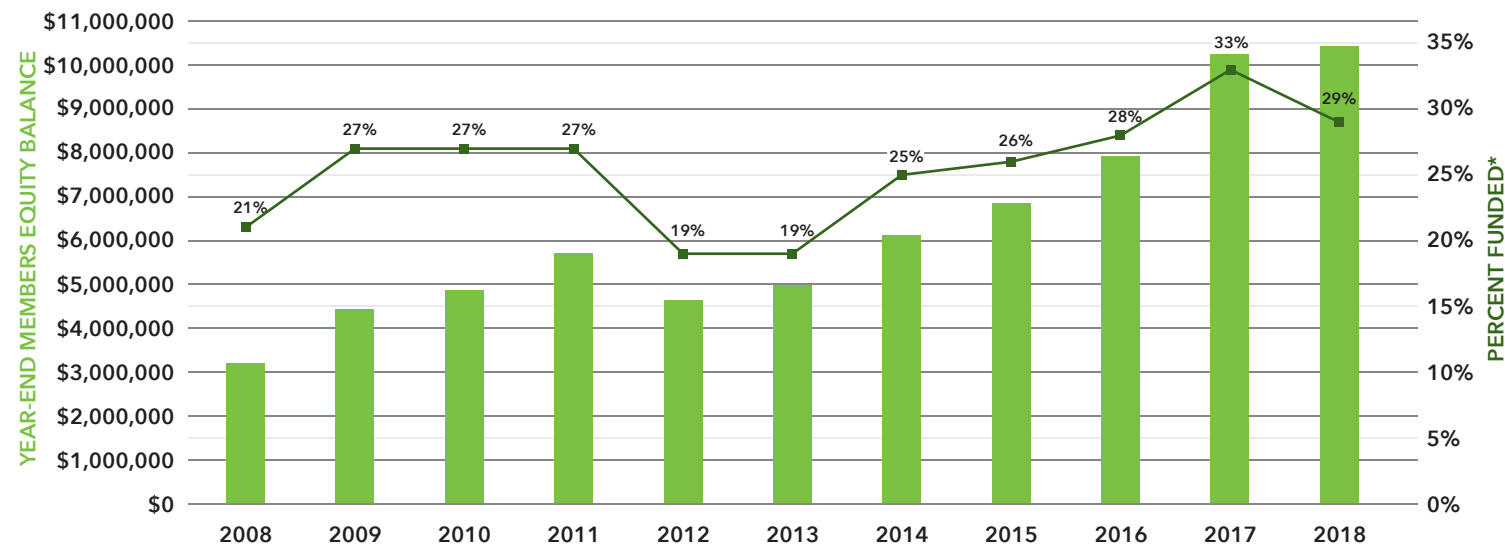


CAPITAL RESERVES

REPLACEMENT RESERVE FUND

MEMBERS' EQUITY (YEAR-END FUND BALANCE) + PERCENT FUNDED

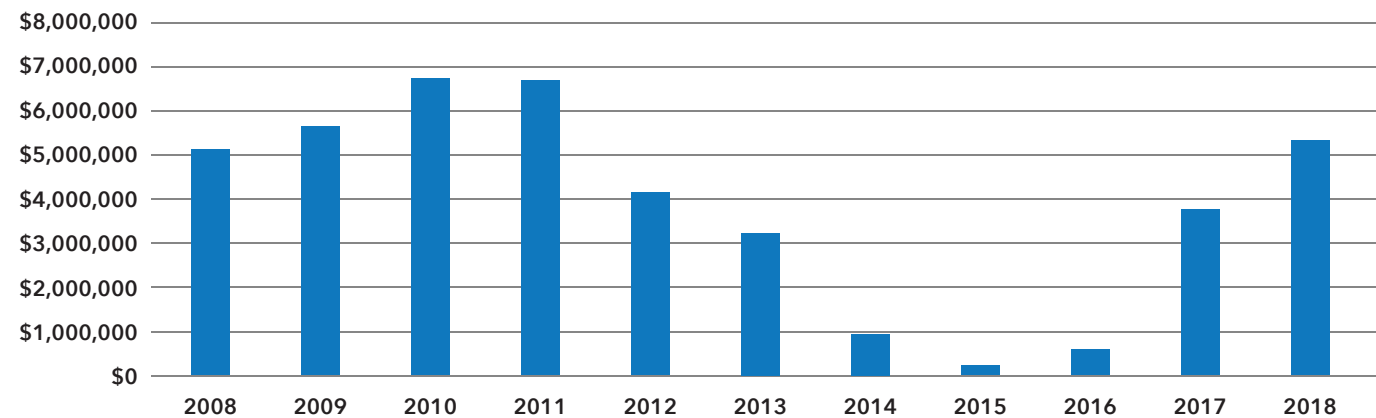


- The Replacement Reserve Fund is the capital reserve fund for existing asset components of the Association. This is a savings fund utilized to replace and preserve assets of the Association as they depreciate over time. There are over 2,000 components in the reserve study, which is updated every year, and a complete physical inspection of all components is performed every three years.
- The Association has a Replacement Reserve Fund policy which provides for a target minimum of 25% funded.*
- The reserve study does not include the replacement of existing buildings, see Development Fund below.
- The funding level from the annual assessment generally needs to increase each year to keep pace with inflation.
- The Association has a fiduciary duty to adequately reserve for the preservation of assets, which ultimately protects property values.
- The board of directors approved \$1,500,000 (2017) and \$500,000 (2018) transfers from Operating Fund members' equity to this fund.
- The 2018 assessment funding level was \$620 per owner or \$4,013,000, an increase of 4% over 2017.
- The 2019 assessment funding level was \$720 per owner or \$4,661,000, an increase of 16% over 2018.

*Percent (%) Funded is the measure of the fund balance to the Fully Funded – 100% funded reserve study amount. The Fully Funded – 100% balance is total accrued depreciation. An indicator against which actual (or projected) reserve balance can be compared. The direct proportion of the fraction of life "used up" of the current repair or replacement cost. This number is calculated for each component and summed together for the Association in total. Refer to the 2019 Budget Report for more information on the reserve study.

DEVELOPMENT FUND

MEMBERS' EQUITY (YEAR-END FUND BALANCE)



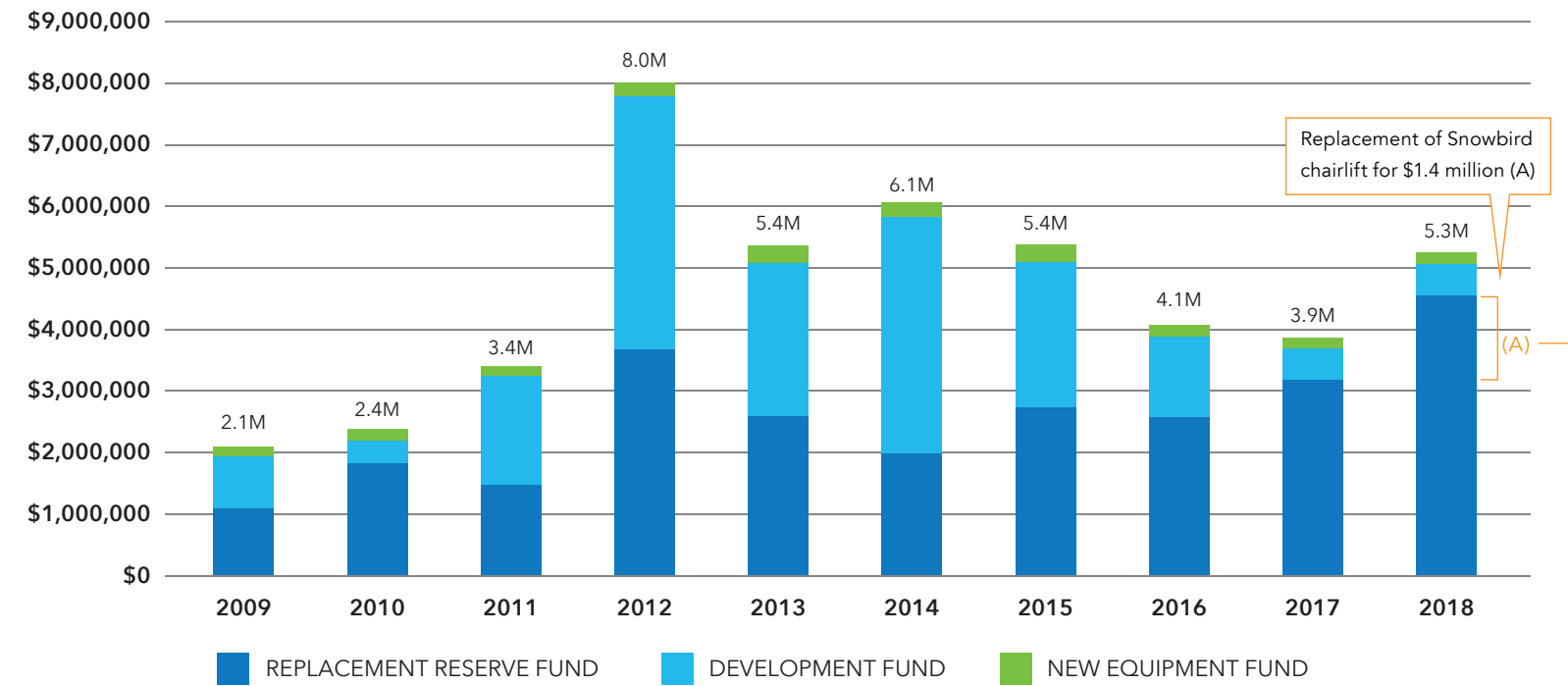
- The Development Fund was established as authorized in the governing documents of the Association to accumulate funds for large-scale projects identified as necessary due to the new capacity requirements or changing needs of the Association.
- The Association Master Plan guides the prioritization of the numerous projects identified for Development Fund expenditure. This Plan is actively being updated, led by the board and the General Plan Committee, including numerous member open meetings on this subject, articles in *Tahoe Donner News* magazine and on our website, tahoedonner.com.
- In 2017, the board of directors approved a \$1,800,000 transfer from Operating Fund members' equity to this fund.
- The 2018 assessment funding level was \$310 per owner or \$2,007,000, an increase of 3% over 2017.
- The 2019 assessment funding level was \$335 per owner or \$2,168,000, an increase of 8% over 2018.

CAPITAL EXPENDITURES

CAPITAL FUNDS

EXPENDITURES BY YEAR

10 YEAR TOTAL = \$46.0 MILLION



Ten-year total spend of \$46.0 million equates to an average of \$4.6 million in capital fund expenditures per year. The 10-year average of depreciation expense is \$2.6 million per year for a total of \$26 million. Note that many high-age assets are fully depreciated and now have no annual depreciation expense. The net effect is a growth in net fixed assets; over the 10 years the CAGR of 4.2% in net fixed assets.

Net fixed assets grew from \$28 million at the end of 2008 to \$42 million at the end of 2018. Bottom line – reinvesting in the association, the net fixed assets value grew at a 4.2% growth rate.

This, as opposed to limited or less capital spend, would have equated to flat or a decline in net fixed assets.

THE BOARD HAS A FIDUCIARY RESPONSIBILITY (BY LAW) TO DO WHAT IS BEST FOR THE ASSOCIATION, BOTH NOW AND FOR THE FUTURE. CURRENT OWNERS HAVE THE RESPONSIBILITY TO PAY FOR THE DEPRECIATION OF ASSOCIATION ASSETS, NOT TO DEFER THE BURDEN TO FUTURE OWNERS. PROPERLY MAINTAINING OUR ASSETS PROTECTS OWNERS' PROPERTY VALUES.

CAPITAL INVESTMENT OVER THE 10 YEARS INCLUDES: \$25.9 million in replacement and major repairs of existing assets (per reserve study plan)

- \$2.6 million per year 10-year average, maintaining existing asset components (depreciation average is \$2.6 million)
- \$2.2 million per year 1st 5 years average, maintaining existing asset components
- \$3.0 million per year 2nd 5 years average, maintaining existing asset components
- The increase from 2008-2012 to the 2013-2017 average is due to the overall aging of assets, the impact of Development Fund projects on related reserve components, and the 2018 replacement of Snowbird chairlift for \$1.4 million (A).

\$18.3 million in Development Fund capital investments, including:

- Euer Valley land 482 acres (2012)
- Forestry building and 20 acres (2012)
- The Lodge expansion – kitchen, covered porch and pro shop (2013)
- Alder Creek Adventure Center building (2014-2015)
- Downhill Ski Area snowmaking investment (2014)
- Solar projects at three locations (2015-2016)
- Equestrian campus relocation and upgrades (2015-2016-2017)
- Crabtree Canyon land 640 acres (2016)
- Alder Creek Adventure Center exterior storage building (2017)
- Equestrian campus improvements, Eagle Rock Chairlift building improvements (2018)

\$1.7 million in New Equipment Fund capital investments

\$173,000 per year average

Capital Funds Expenditures - 10 Years -

ALL PROJECTS

Distinct Count of PROJECT	Column Labels										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Development Fund (903)	28	17	19	29	22	19	12	11	11	11	110
New Equipment Fund (905)	10	26	23	34	41	24	35	36	28	28	258
Replacement Reserve Fund (90)	89	142	147	208	179	173	200	200	253	238	1,652
Grand Total	127	185	189	271	242	216	246	247	292	277	2,019

Sum of AMOUNT	Column Labels										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Development Fund (903)	822,894	394,334	1,754,553	4,159,046	2,513,850	3,937,839	2,319,202	1,307,873	509,915	533,231	18,252,735
New Equipment Fund (905)	116,589	155,423	123,708	159,055	265,555	153,026	216,939	184,756	170,213	184,406	1,729,670
Replacement Reserve Fund (90)	1,134,020	1,842,970	1,535,063	3,716,570	2,590,387	1,977,666	2,818,794	2,568,248	3,174,577	4,619,577	25,977,872
Grand Total	2,073,504	2,392,727	3,413,324	8,034,671	5,369,792	6,068,530	5,354,935	4,060,877	3,854,705	5,337,214	45,960,277

Sum of AMOUNT	Column Labels										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Accounting	6,358			5,996							12,354
Administration	22,456	38,239	10,097	345,271	48,241	39,205	217,614	140,652	115,692	171,087	1,148,554
Alder Creek Café								6,612		2,200	8,813
Aquatics	9,768	1,390	17,356	12,275	44,057	52,137	4,931	102,675	346,013	337,021	927,623
ASO							2,000	22,800	12,376		37,176
Bikeworks							12,854	23,966	30,136	18,653	85,610
Campground	2,500	527		53,363	46,577	7,710		8,381	7,589	2,599	129,246
Communications		6,342		3,024	1,512						10,878
Cross Country Center	333,871	404,648	844,476	2,463,499	610,999	4,033,292	1,516,023	225,986	235,890	443,350	11,112,034
Day Camp						4,465	11,793	4,459			20,717
DHSki	753,435	893,424	266,749	743,173	400,832	166,198	1,309,705	649,308	591,466	2,117,689	7,891,978
Equestrian	42,207	31,820	9,131	1,600	7,883	28,584	285,541	293,698	117,204	125,219	942,886
Facility Administration	6,908		10,833	162,926	203,350	206,000	225,000	299,249	305,000	315,000	1,734,267
Forestry		40,076	95,521	1,417,221	201,760	267,573	74,765	36,878	139,797	324,569	2,598,159
General	16,000	122,541	920,749	260,326	171,884	317,789	21,884	581,061	23,940	94,388	2,530,563
Golf	300,724	259,484	340,632	278,336	294,209	230,772	350,197	266,660	740,801	206,932	3,268,748
Human Resources	1,270							1,915	17,764	-	20,949
IT	175,535	173,520	334,960	260,473	307,997	251,578	256,668	452,988	406,470	417,853	3,038,043
Maintenance	94,449	118,265	128,233	896,535	1,342,246	52,838	232,529	31,892	204,674	171,727	3,273,389
Marina	34,484	55,919	13,826	192,005	94,786	159,277	76,446	66,808	93,784	90,929	878,263
Member Services				1,534		210	138,565		3,279		143,588
Pizza on the Hill	116,725	21,347	40,502	7,808	11,745	14,759	37,890	47,316	5,705	23,436	327,233
Recreation		18,214	27,174	83,022	39,912	48,126		26,682	23,379	8,103	274,612
Snowplay		4,571	49,511	89,102			5,123	5,722			154,029
Summer F&B						2,086	50,349				52,435
Tennis	33,570	41,048	208,895	204,137	55,646	72,983	50,372	82,466	31,716	49,923	830,755
The Lodge	74,234	46,003	58,612	284,989	1,339,360	49,931	66,720	56,210	116,182	96,320	2,188,563
Trails				52,619	7,253	49,120	158,810	100,626	136,339	180,604	685,371
Trout Creek Recreation Center	49,008	115,348	36,068	215,436	139,541	13,899	249,158	525,867	149,507	139,609	1,633,441
Grand Total	2,073,504	2,392,727	3,413,324	8,034,671	5,369,792	6,068,530	5,354,935	4,060,877	3,854,705	5,337,214	45,960,277

Capital Funds Expenditures - 10 Years -

BY FUND

AMOUNTS

Sum of AMOUNT Row Labels	Column Labels										Grand Total
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Development Fund (903)	822,894	394,334	1,754,553	4,159,046	2,513,850	3,937,839	2,319,202	1,307,873	509,915	533,231	18,252,735
Cross Country Center	182,609	84,795	800,291	2,124,056	527,697	3,644,735	1,005,376	58,326	89,700		8,517,586
DHSki	583,198	165,051	50,977	144,992	82,744	7,402	1,121,221	228,528	41,653	71,554	2,497,319
Equestrian						28,584	(0)	226,014	76,205	98,533	429,335
Facility Administration			10,833	130,000	130,000	133,900	150,000	175,000	180,000	185,000	1,094,733
Forestry		6,503	64,888	885,363	83,554	(2,000)	1,813				1,040,121
General		129,110	799,265	92,154	33,836	28,693	11,538	581,061	23,940	56,782	1,756,379
Golf	(4,262)		5,867								1,604
IT	52,837	81		26,121	39,985	27,993	15,876	2,291			165,183
Maintenance	10,124	8,793	1,290	374,847	240,299						635,353
Marina				52,458	56,374	42,677		12,363	(2,598)		161,275
Recreation			21,142	10,335							31,478
Snowplay				73,217							73,217
Summer F&B						2,086					2,086
Tennis				20,189	14,508						34,696
The Lodge				172,696	1,297,602				700		1,470,997
Trails				52,619	7,253	23,218	0	20,540	34,320	26,211	164,161
Trout Creek Recreation Center	(1,612)			-		550	13,377	3,750	65,995	95,151	177,211
Replacement Reserve Fund (902)	1,134,020	1,842,970	1,535,063	3,716,570	2,590,387	1,977,666	2,818,794	2,568,248	3,174,577	4,619,577	25,977,872
Accounting	3,092			5,996							9,088
Administration	22,456	38,239	10,097	343,619	47,296	39,205	208,542	130,381	110,623	136,211	1,086,670
Aquatics	9,768	1,390	17,356	12,275	35,680	49,609		82,776	340,204	329,670	878,729
ASO								18,564	12,376		30,940
Bikeworks							8,926	14,126	25,518	18,653	67,223
Campground	2,500	527		53,363	46,577	7,710		8,381	7,589	2,599	129,246
Communications		6,055		3,024	1,512						10,591
Cross Country Center	151,263	319,852	44,185	333,208	43,238	380,341	495,313	155,908	125,208	443,350	2,491,865
Day Camp							4,834	4,459			9,293
DHSki	170,237	711,203	215,772	588,699	313,130	69,472	150,389	412,718	535,984	2,040,462	5,208,065
Equestrian	42,207	31,820	9,131	1,600	7,883		285,541	65,579	27,586	26,686	498,033
Facility Administration	6,908			28,676	72,100	72,100	75,000	120,000	125,000	130,000	629,785
Forestry		20,516	30,633	531,858	60,506	268,492	70,534	36,878	135,195	320,714	1,475,327
General	16,000	(8,514)	116,573	166,519	138,049	289,096	10,346	-	-	37,607	765,675
Golf	278,399	218,804	330,868	278,336	272,213	230,772	318,599	256,211	740,801	202,743	3,127,745
Human Resources	1,270								17,764	-	19,034
IT	118,504	130,455	256,047	209,494	232,951	219,839	235,179	391,856	381,027	365,501	2,540,853
Maintenance	84,324	109,472	126,943	518,468	1,051,140	52,508	215,577	31,691	204,674	171,727	2,566,526
Marina	16,435	45,573	9,536	102,461	38,412	113,185	69,918	46,794	57,941	64,706	564,960
Member Services				1,534		210	138,565				140,309

Capital Funds Expenditures - 10 Years -

BY FUND

AMOUNTS

Sum of AMOUNT Row Labels	Column Labels										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Pizza on the Hill	116,725	21,347	35,346	2,979	8,266	7,262	35,561	42,191	2,699	20,445	292,821
Recreation				25,470	8,386	32,095		26,682	5,312	8,103	106,048
Snowplay		4,571	44,315	13,513							62,399
Tennis	33,570	41,048	193,582	183,948	41,139	71,806	48,683	74,411	28,170	47,992	764,349
The Lodge	23,088	45,887	58,612	109,154	34,306	40,448	64,046	52,637	110,774	96,320	635,272
Trails						20,167	154,092	80,086	100,573	120,787	475,706
Trout Creek Recreation Center	37,274	104,723	36,068	202,378	137,603	13,349	229,149	515,918	79,558	35,302	1,391,322
New Equipment Fund (905)	116,589	155,423	123,708	159,055	265,555	153,026	216,939	184,756	170,213	184,406	1,729,670
Accounting	3,266										3,266
Administration				1,652	945		9,072	10,271	5,069	34,876	61,885
Alder Creek Café								6,612		2,200	8,813
Aquatics					8,377	2,528	4,931	19,899	5,808	7,352	48,895
ASO							2,000	4,236			6,236
Bikeworks							3,928	9,840	4,618		18,387
Communications		287									287
Cross Country Center				6,235	40,065	8,216	15,333	11,752	20,983		102,584
Day Camp						4,465	6,959				11,424
DHSki		17,170		9,482	4,959	89,324	38,094	8,062	13,829	5,674	186,594
Equestrian								2,105	13,414		15,518
Facility Administration				4,250	1,250			4,249			9,749
Forestry		13,057			57,699	1,081	2,417		4,602	3,855	82,712
General		1,944	4,911	1,653							8,509
Golf	26,588	40,680	3,898		21,997		31,599	10,449		4,189	139,399
Human Resources								1,915			1,915
IT	4,194	42,984	78,913	24,859	35,061	3,745	5,613	58,841	25,443	52,352	332,007
Maintenance				3,221	50,808	329	16,951	200			71,510
Marina	18,049	10,345	4,290	37,086		3,415	6,528	7,651	38,441	26,223	152,027
Member Services									3,279		3,279
Pizza on the Hill			5,155	4,829	3,479	7,497	2,329	5,125	3,007	2,991	34,412
Recreation		18,214	6,032	47,217	31,526	16,031			18,067		137,086
Snowplay			5,196	2,373				5,123	5,722		18,413
Summer F&B							50,349				50,349
Tennis			15,313			1,177	1,689	8,054	3,546	1,931	31,710
The Lodge	51,146	116		3,140	7,453	9,483	2,674	3,573	4,709		82,293
Trails						5,735	4,717		1,446	33,606	45,505
Trout Creek Recreation Center	13,346	10,625		13,058	1,938		6,632	6,199	3,954	9,156	64,908
Grand Total	2,073,504	2,392,727	3,413,324	8,034,671	5,369,792	6,068,530	5,354,935	4,060,877	3,854,705	5,337,214	45,960,277

Capital Funds Expenditures - 10 Years -

BY FUND

of Projects

Projects by Year, if a project spans multiple years, it would be counted in each of those years. (ex ACAC)

Distinct Count of PROJECT	Column Labels										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Development Fund (903)											
Cross Country Center	2	2	5	3	2	3	2	1	2		12
DHSki	20	8	4	4	2	2	2	1	2	3	32
Equestrian						1	1	1	1	1	2
Facility Administration			1	1	1	1	1	1	1	1	8
Forestry		1	2	1	1	1	1				3
General		4	4	2	2	4	2	3	1	3	17
Golf	1		1								2
IT	3	1		1	2	2	1	1			5
Maintenance	1	1	1	2	1						2
Marina				1	1	1		1	1		2
Recreation			1	1							1
Snowplay				2							2
Summer F&B						1					1
Tennis				1	1						2
The Lodge				7	7				1		9
Trails				2	2	2	1	1	1	1	4
Trout Creek Recreation Ce	1			1		1	1	1	1	2	6
Replacement Reserve Fund (902)											
Accounting	1			2							3
Administration	2	2	4	12	3	10	20	15	18	20	96
Aquatics	2	1	4	2	8	11		12	26	11	72
ASO								1	1		1
Bikeworks							1	1	2	2	6
Campground	1	1		1	7	1		2	3	4	19
Communications				2	1						4
Cross Country Center	5	3	9	9	12	19	10	8	11	15	90
Day Camp							1	1			2
DHSki	15	27	22	25	19	14	20	25	29	29	199
Equestrian	4	6	2	1	2		2	5	5	6	30
Facility Administration	3			2	1	1	1	1	1	1	11
Forestry		3	5	13	6	8	5	6	4	8	52
General	2	9	18	20	14	9	3	1	1	1	64
Golf	13	12	13	18	15	19	19	18	28	23	168
Human Resources	1								1	1	2
IT	11	21	21	25	28	32	38	34	42	39	251
Maintenance	7	8	11	16	18	5	17	6	21	19	115
Marina	4	5	2	12	14	10	16	12	14	13	97
Member Services				1		1	1				2
Pizza on the Hill	2	4	6	3	4	3	4	9	3	9	43

Capital Funds Expenditures - 10 Years -

BY FUND

of Projects

Projects by Year, if a project spans multiple years, it would be counted in each of those years. (ex ACAC)

Distinct Count of PROJECT	Column Labels										
Row Labels	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Grand Total
Recreation				3	4	3		4	2	3	19
Snowplay		2	2	2							4
Tennis	4	8	7	15	4	10	6	7	6	6	72
The Lodge	5	10	8	10	7	12	16	14	13	10	97
Trails						2	2	3	8	12	20
Trout Creek Recreation Ce	7	19	13	14	12	3	18	15	14	6	116
New Equipment Fund (905)											
Accounting	1										1
Administration				1	1		3	2	1	3	11
Alder Creek Café								1		1	2
Aquatics					3	1	1	3	1	1	10
ASO							1	1			2
Bikeworks							1	1	1		3
Communications		1									1
Cross Country Center				2	7	2	3	3	3		18
Day Camp						1	2				3
DHSki		4		3	2	1	4	4	3	2	19
Equestrian								1	1		2
Facility Administration				1	1			2			3
Forestry		2			5	1	1		1	1	10
General		1	1	2							3
Golf	3	3	1		1		3	1		1	12
Human Resources								1			1
IT	1	8	12	5	8	3	1	6	4	9	46
Maintenance				1	4	2	3	1			8
Marina	1	2	1	7		2	2	2	3	2	22
Member Services									1		1
Pizza on the Hill			2	1	1	1	1	1	1	1	9
Recreation		2	3	7	5	4			2		23
Snowplay			2	1			2	1			4
Summer F&B							2				2
Tennis			1			1	1	2	1	1	7
The Lodge	2	1		1	2	3	1	2	2		13
Trails						2	1		1	4	8
Trout Creek Recreation Ce	2	2		2	1		2	1	2	2	14
Grand Total	127	185	189	271	242	216	246	247	292	277	2,019