



Tahoe Donner Association 2019 Q2 Financial Briefing

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2019 Budget By Quarter

Operating Fund, Consolidated - BUDGET

	Jan-Mar Q1	Apr-Jun Q2	Jul-Sep Q3	Oct-Dec Q4	Annual 2019
Revenue	\$ 4,981,000	\$ 2,131,000	\$ 4,697,000	\$ 2,406,000	\$ 14,215,000
<i>by Qtr Mix to Annual</i>	35%	15%	33%	17%	100%
(Costs)	\$ (5,150,000)	\$ (4,528,000)	\$ (5,838,000)	\$ (4,592,000)	\$ (20,108,000)
<i>by Qtr Mix to Annual</i>	26%	23%	29%	23%	100%
= NORBO	\$ (169,000)	\$ (2,397,000)	\$ (1,141,000)	\$ (2,186,000)	\$ (5,893,000)
Cost Recovery %	97%	47%	80%	52%	71%

Revenue is 'Operating Revenue', ie does not include Annual Assessment Revenues. The NORBO Loss is funded by the Annual Assessment. Note the higher volatility in Operating Revenues by Quarter compared to Costs.

Cost Recovery – majority of Amenities are highly seasonal and Winter amenities are subject to high level of weather impacted volatility in financial results. HOA services are generally 12 month operations, with Forestry large ramp-up in Q3, partially Q4.

NORBO – Net Operating Results before Overhead Allocation (similar to EBITDA)

7/27/2019

2019 Q2 – April May June - Results

Operating Fund, Consolidated – NORBO Loss of \$2.3 Million

Q2 Loss of \$2.3 Million was Favorable to Budget \$107,000 or 4%

Golf **\$88,000** unfavorable (revenue off \$151,000) due to delayed opening of course caused by extreme winter snow pack and greens damage

The Lodge **\$38,000** unfavorable (revenue off \$177,000) due primarily to closure of restaurant for 20 days due to water damage. Potential recovery via BI Insurance Claim. May off \$44k to B and \$39K to PY. June favorable \$8k to B and off \$7k to PY.

Administration **\$30,000** favorable. Revenue favorable \$48k due to +\$30k investment income, conservative budget and rates currently up, and +\$16,000 in collections expense recovery not budgeted. Payroll is over \$27k/20% due primarily to summer season incentive accrual net of \$35k, which likely reverses as remainder of summer season plays out. Expense savings of \$11k 28% is in various areas and primarily attributable to timing between months.

General **\$19,000** unfavorable. \$27k Governing Documents (not budgeted in OPF), and \$47k in claims expenses due to big winter and lodge water damage; partially offset by \$24k savings in consulting (timing) and miscellaneous other areas savings

All other variances of **\$222,000** in numerous variances across various departments;
~25% **\$56,000** favorable due to FTYR position vacancies (marketing and other areas)
~35% **\$78,000** favorable in real expense savings (golf, forestry, maintenance and other)
~40% **\$88,000** favorable due in timing between months savings (forestry, trails, other)

2019 Q2 – April May June – Results

Operating Fund, Consolidated – NORBO Loss of \$2.3 Million

Versus Prior Year, unfavorable \$168,000 8%

Golf **\$99,000** unfavorable (revenue off \$164,000) due to delayed opening of course caused by extreme winter snow pack and greens damage

Downhill Ski **\$58,000** unfavorable (revenue up \$5,000) due to fully staffed this season in April, whereas, did not have enough staff in last year April.

The Lodge **\$43,000** unfavorable (revenue off \$43,000) due primarily to closure of restaurant for 20 days due to water damage. Potential recovery via BI Insurance Claim.

Private Amenities **\$41,000** unfavorable due primarily high level of position vacancies in prior year, particularly in Trout Creek hosts, Aquatics lifeguards and Day Camps counselors, as well as, supervisors vacant in these departments last season.

Communications **\$39,000** favorable due to position vacancy and other areas of savings, as well as, ~\$10,000 in revenue timing.

Snowplay **\$28,000** favorable due primarily to April results (revenue favorable \$55,000), good spring break business despite early Easter and Budget is to be barely open typical snow year conditions at Snowplay.

General **\$22,000** unfavorable due to Governing Documents of \$27,000 which was budgeted in Replacement Reserve Fund, \$43,000 over in Claims Expense due to big winter and Lodge water damage, \$24,000 in Insurance due to regulatory coverage increases and price increase, partially offset by \$50,000 savings in legal fees and \$30,000 savings in board expenses.

All other variances, net **\$28,000** favorable, each less than \$20,000, numerous various reasons.

2019 Q2 – April May June

Operating Fund, Consolidated – NORBO Loss of \$2.3 Million

What is in this Loss, funded at budget level by Annual Assessment?

\$	(56,442)	Private Amenities
	28,474	Trout Creek Rec Ctr
	(8,099)	Aquatics
	7,582	Beach Club Marina
	(21,055)	Tennis Center
	(36,239)	Day Camps
	(27,104)	Recreation Programs

(665,157)	Public Amenities
(128,089)	Downhill Ski
(36,715)	Cross Country Ski
4,302	Snowplay
(255,190)	Golf
(4,463)	Campground
(61,791)	Equestrian
(3,582)	Bikeworks
(33,131)	Trails
(56,977)	The Lodge
(31,613)	Summer Food and Bev
(27,060)	Pizza on the Hill
(30,848)	Alder Creek Café

(1,568,060)	HOA & Amenities Support Services
(338,381)	General
(131,788)	Administration
(80,237)	Communications
(162,942)	Information Tech
(204,932)	Accounting
(80,457)	Human Resources
(39,398)	Architectural Standards
(53,478)	Member Services
(82,792)	Risk & Facility Admin
(209,613)	Forestry
(184,041)	Maintenance

Q2 is an end of season/startup of summer quarter with low customer volumes/operating revenues.

2019 Q2 – April May June

Operating Fund, Consolidated – NORBO Loss of \$2.3 Million

What is that GENERAL department \$338,000 Loss all about in HOA?

- \$59,000 Property Taxes (real and business) (on Budget, up 3% to py)
- \$56,000 Insurance Expense (on Budget, over py \$23,000 due to regulatory changes)
- \$48,000 Claims Expense (insurance deductibles; higher than B and PY due to big winter and Lodge water damage incident (conservative accruals)) B \$1,000 and PY \$4,000
- \$37,000 Annual Meeting/Election (\$4k under Budget, \$2k under py) (late invoices may put on B)
- \$27,000 Governing Docs update (Budgeted in RRF, Board changed to OPF)
- \$20,000 Legal Fees (7k under Budget and \$50k under PY)
- \$20,000 Utilities Portion of NW Clubhouse (2k 12% over B and 4k 22% over PY; driven primarily by weather)
- \$19,000 Financial Audit (on B and PY)
- \$14,000 Board Expense (5k over B (timing) and 30k under PY)
- \$13,000 Payroll (portion allocated to General, and PTO All Budget (timing)) favorable \$5k to B and unfavorable \$3k to PY (timing).
- \$11,000 Income Taxes (non profit, but not tax exempt) (accrued at Budget, true-up at YE)
- \$14,000 All other expenses, net (each item under \$10k)

2019 YTD Q2 – Jan-Jun - Results

Operating Fund, Consolidated – NORBO Loss of \$2.0 Million

YTD Q2 Favorable to Budget \$530,000 or 21%

Notable variances:

DHSki **\$445,000 40%** favorable (revenue up \$527,000 17%) due to great ski conditions and strong yield increases, particularly in Guest and Public during Peak periods, due to Member experience pricing strategy.

Golf **\$95,000 36%** unfavorable (revenue down \$152,000 71%) due to delayed opening of course caused by extreme winter snow pack and greens damage.

XCSki **\$92,000 39%** favorable (revenue up \$187,000 24%) due to great ski conditions and strong yield increases, particularly in Guest and Public during Peak periods, due to Member experience pricing strategy.

The Lodge **\$91,000 119%** unfavorable (revenue off \$46,000 4%) due primarily to a) closure of restaurant for 20 days due to water damage, May off \$44k to B (potential recovery via BI Insurance Claim) and b) February extreme weather impact, February off B \$31,000 and c) an aggressive Budget (particularly January, which should mostly normalize out by eoy). *June was favorable \$8k to B.*

HOA departments **\$154,000 5%** favorable. Revenue favorable \$59k 16% due to +\$30k investment income, conservative budget and rates currently up, and +\$16,000 in collections expense recovery not budgeted. Payroll is under \$68k/3% due to position vacancies (\$60k) and forestry timing (\$10k) partially offset by summer season incentive accrual net of \$35k, which likely reverses as remainder of summer season plays out. Expense savings net of \$26k 2%, with overs/unders in numerous areas including; \$28k in GovDocs (not budgeted in OPF), and \$76k in claims expense (includes \$45k accrual which may reverse), offset by numerous areas of savings (~50% attributed to timing between months and 50% real savings).

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2019 YTD Q2 – Jan-Jun - Results

Operating Fund, Consolidated – NORBO Loss of \$2.0 Million

YTD Q2 Favorable to Prior Year \$962,000 or 32%

Notable variances:

DHSki **\$1,040,000 200%** favorable (revenue of \$3.65m up \$1.3m 34%) due to great ski conditions and strong yield increases, particularly in Guest and Public during Peak periods, due to Member experience pricing strategy.

XCSki **\$130,000 65%** favorable (revenue up \$334,000 53%) due to great ski conditions and strong yield increases, particularly in Guest and Public during Peak periods, due to Member experience pricing strategy.

Golf **\$114,000 46%** unfavorable (revenue down \$164,000 72%) due to delayed opening of course caused by extreme winter snow pack and greens damage.

Private Amenities **\$51,000 61%** unfavorable (revenue up \$4,000 1%) due primarily to a) fewer vacancies this YTD compared to PY YTD b) CA Min Wage increase of \$1/8% and merit increases 3% FTYR personnel and c) utilities up \$18k 15% due to Q1 and May weather.

HOA departments **\$104,000 4%** unfavorable. Revenue favorable \$53k 14% due to +\$36k investment income (rates currently up) and +\$16k in collections expense recovery not budgeted. Payroll is up \$115k/5% due to merit increase 3% (\$70k) and incentive accrual net (\$31k), which likely reverses as remainder of summer season plays out. Expenses up net \$46k 5%, with overs/unders in numerous areas including; +\$28k in GovDocs, and +\$69k in claims expense (includes \$45k accrual which may reverse), +\$21k in snow removal, and \$36k savings in Board Expense and \$33k savings in Legal Fees.

2019 YTD Q2 – Jan-Jun

Operating Fund, Consolidated – NORBO Loss of \$2.0 Million

What is in this YTD JUNE Loss, funded at budget level by Annual Assessment?

<u>\$ (134,241)</u>	Private Amenities	<u>1,157,406</u>	Public Amenities	<u>(3,059,615)</u>	HOA & Amenities Support Services
(16,711)	Trout Creek Rec Ctr	1,561,191	Downhill Ski	(614,109)	General
(11,830)	Aquatics	330,083	Cross Country Ski	(212,203)	Administration
(9,462)	Beach Club Marina	82,635	Snowplay	(199,547)	Communications
(26,374)	Tennis Center				
(36,777)	Day Camps	(361,000)	Golf	(304,397)	Information Tech
(33,087)	Recreation Programs	(12,346)	Campground	(423,202)	Accounting
		(77,760)	Equestrian	(206,093)	Human Resources
		(3,582)	Bikeworks		
		(57,216)	Trails	(122,482)	Architectural Standards
				(115,949)	Member Services
		(168,329)	The Lodge		
		(35,463)	Summer Food and Bev	(177,890)	Risk & Facility Admin
		(50,219)	Pizza on the Hill	(316,296)	Forestry
		(50,588)	Alder Creek Café	(367,447)	Maintenance

Operating Fund - 2019 FORECAST

Q3 – Jul Aug Sep

Concert outperformed Budget, ~\$30,000 net favorable

The Lodge Dining and Banquets – the strongest months

Headwinds -

Golf headwinds due to greens conditions.

Alder Creek Café – banquet events not at Budget expectations level.

--- Q3 Forecast – at/near Budget +/- \$100,000

Q4 – Oct Nov Dec

October – small level of volatility, potential upside with favorable golfing weather.

November – small level of volatility, smallest financial month of year

December – high level of volatility, partially mitigated by DHSki snowmaking ?XC and Snowplay snowmaking?

--- Q4 Forecast – at/near Budget +/- \$100,000

YTD Q2 June 2019 – NOR Favorable \$530,000

2019 YEAR – Forecast - \$5,166,000 NOR LOSS

2019 YEAR Favorable \$400,000 - \$500,000 RANGE to BUDGET

Capital Funds- 2019 FORECAST

Replacement Reserve Fund

\$5.0 Million Expenditure Budget 2019

\$4.6 Million Expenditure Forecast 2019

- Golf Remodel \$500,000 shifted \$450k to 2020 in Forecast
- CASp Bdg \$510k, Forecast \$300k
- Governing Documents \$101,000 B, Forecast \$0 (charging to Operating Fund per Board)

\$10.6m Forecasted ending fund balance, up \$1m to B

- 450k golf remodel to 2020
- 500k beginning balance > B
 - \$435,00 Snowbird under 2018F/B
- \$80k investment income favorable to B

Development Fund

\$1.9 Million Expenditure Budget 2019

\$2.2 Million Expenditure Forecast 2019

- Increase due to timing of TC Remodel costs between 2018 and 2019
- Time for Forecast scrub with GPC

\$5.3m Forecasted ending fund balance, up \$0.1m to B

- +55k investment income favorable to B
- Various projects +/- timing between '18 & '19

Balance Sheet as of June 30, 2019

Refer to section f10/F11/F12 of monthly financial statements for full details

Information is TDA Consolidated (all funds) unless otherwise indicated

Assets

\$73.2 Million – Total Assets (\$11,303 per owner)

up \$6.0m or 9% to 12/31/2018

up \$4.5m or 7% to 6/30/2018

\$41.3 Million – Net Property & Equipment (incl'd depreciation) (\$6374/o)

down \$0.3m or 1% to 12/31/2018

up \$0.6m or 2% to 6/30/2018

+ YTD Capital Expenditures \$1,356,000 - YTD Depreciation Expense \$1,650,000

\$30.6 Million – Cash & Investments (\$4723 per owner)

up \$6.6m or 27% to 12/31/2018

up \$3.8m or 14% to 6/30/2018

See next page for Cash Flow Information

Liabilities and Members Equity

\$7.6 Million – Total Liabilities (\$1180 per owner)

up \$0.3m or 4% to 12/31/2018

up \$0.2m or 3% to 6/30/2018

- Accounts Payable, Deferred Assessment and other Revenues, Deposits

- No long term debt

\$65.5 Million – Members Equity (ME) (\$10,123 per owner)

up \$5.7m or 10% to 12/31/2018

up \$4.3m or 7% to 6/30/2018

\$2.9 Million – Operating Fund (\$1.5m over policy target)

\$13.9 Million – Replacement Reserve Fund

\$7.2 Million – Development Fund

\$0.2 Million – New Equipment Fund

\$41.3 Million – Property Fund

As RRF/DVF/NEF spend capital, decreases ME in those funds and increases ME in Property Fund; reinvesting in the Association.
The Property Fund ME decreases by Depreciation.

Cash and Investments Position Overview

Refer to section f10/F11/F12 of monthly financial statements for full details

Information is TDA Consolidated (all funds) unless otherwise indicated

Current Cash Balance – Flow Thru

Current Month End Balance	30,571
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OPF NOR Loss (remaining Mths @ Bdg)	(3,227)
RRF Spend 2019 forecast to go	(3,259)
NEF Spend 2019 forecast to go	(150)
DVF Spend 2019 forecast to go	(1,858)
All other cash flow, net working capital	(3,071)
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Raw Ending Balance *	19,006
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Distribution of Raw Ending Balance


YE Forecasted Members Equity, RRF	10,650
YE Forecasted Members Equity, NEF	65
YE Forecasted Members Equity, DVF	5,320
PYE Members Equity, OPF	2,442
YTD NOR Performance to Bdg, OPF	529
<i>OPF ME excess to target \$1.5m</i>	
* Raw Ending Balance * - excludes misc working capital items and AA pmts FNY	19,006
	-


Thank you

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Monthly Finance Report NOTES –
To cut down Section F01
To Drop Section F04

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