



Tahoe Donner Association 2019 Q3 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	2019 Annual
Revenue	\$ 4,981,000	\$ 2,131,000	\$ 4,697,000	\$ 2,406,000	\$ 14,215,000
<i>by Qtr Mix</i>	35%	15%	33%	17%	100%
- Costs	\$ (5,102,000)	\$ (4,479,000)	\$ (5,789,000)	\$ (4,541,000)	\$ (19,911,000)
<i>by Qtr Mix</i>	26%	22%	29%	23%	100%
= NOR	\$ (121,000)	\$ (2,348,000)	\$ (1,092,000)	\$ (2,135,000)	\$ (5,696,000)
<i>by Qtr Mix</i>	2%	41%	19%	37%	100%
Cost Recovery%	98%	48%	81%	53%	71%

Revenue is 'Operating Revenue', ie does not include Annual Assessment Revenues. The NOR 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, and in Q4.

NOR – Net Operating Results (excludes Depreciation/Capital Charge and is Operating Fund Only)

2019 Q3 – Jul Aug Sep - Results

Operating Fund Consolidated Q3 NOR Loss of \$1.1 Million was Favorable to Budget **\$5,000 or 0%**

Golf **\$275,000** unfavorable (revenue off \$276,000) due to delayed opening of course caused by extreme winter snow pack and greens damage. Course never really gained any real momentum over the season.

The Lodge **\$60,000** favorable (revenue up \$34,000) due primarily to strong banquet event business, revenues of \$367,000 over budget \$35,000/11% and over prior year \$15,000/4%. Cost of Goods Sold at 26.4% versus 27.4%B and 25.5%PY. Payroll and Expense savings of \$25,000, with approximately ½ of this savings due to vacant Director position.

Recreation **\$38,000** favorable. Revenue favorable \$16k due strong concert performance including sponsorships and costs \$22k favorable due primarily to concerts cost savings to Budget. Results favorable to prior year \$32k due to concert financial performance.

General **\$37,000** favorable. Legal fees under \$20,000, Board Expense over \$10,000, and savings in consulting (9k) and numerous other categories of \$27,000.

Equestrian **\$21,000** unfavorable. Revenue of \$199,000 was off Budget \$16,000/8% Camps and boarding strong, trail rides off Budget \$33k for Quarter and off \$16k to PYQ3. YTD Trail Rides off 25% to B and 12% to PY. Aggressive pricing increases need to be reviewed.

HOA departments (excluding General above), variances of net **\$145,000** favorable in numerous variances across various

\$95,000 favorable due to FTYR position vacancies (marketing, facility admin, IT)

\$65,000 favorable in real expense savings

\$33,000 unfavorable, incentive accrual

\$18,000 favorable due in timing between months savings

2019 Q3 – Jul Aug Sep – Results

Operating Fund, Consolidated – NORBO Loss of \$1.1 Million

Versus Prior Year, unfavorable **\$165,000 17%**

Golf **\$238,000** unfavorable (revenue off \$208,000/31%) due to delayed opening of course caused by extreme winter snow pack and greens damage.

Summer F&B **\$35,000** unfavorable (revenue off \$33,000/15%) due golf's lackluster volume.

Recreation **\$32,000** favorable (revenue up \$22,000/14%) due strong concerts performance, ticket and sponsorship sales and concert cost savings.

Administration **\$91,000** favorable due to incentive accrual \$85,000 less than prior year due to performance to budget variance.

Forestry **\$80,000** unfavorable due to timing of expenses Q to Q.

Alder Creek Cafe **\$24,000** favorable (revenue up \$17,000/15%) due primarily to stronger banquets business of \$40,000, up \$16k to py. Cost of Goods Sold at 30.1% versus py 35.5%. Revenues non-banquet are flat to py for the quarter.

Communications **\$22,000** favorable due to director vacancy and expense savings.

Accounting **\$20,000** unfavorable due to PTO accrual timing \$9,000, merit increases over py \$5,000, payroll processing fees of \$4,000, and miscellaneous timing variances of \$2,000 net.

All other variances, net **\$39,000** favorable, each less than \$20,000, numerous various reasons.

2019 Q3 – Jul Aug Sep

Operating Fund, Consolidated – NOR Loss of \$1.1 Million

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

Variance to Budget				Variance to Budget				Variance to Budget			
Actual	Amount	Pctg		Actual	Amount	Pctg		Actual	Amount	Pctg	
\$ 338,226	\$ 11,755	4%	Private Amenities	(429,911)	(187,147)	-77%	Public Amenities	(994,875)	180,832	15%	HOA & Amenities
72,487	5,905	9%	Trout Creek Rec Ctr	(278,923)	22,183	7%	Downhill Ski	(500,284)	37,114	7%	Support Services
(69,237)	(14,544)	-27%	Aquatics	(105,088)	17,244	14%	Cross Country Ski	(1,485)	(1,485)	#####	General
273,665	(14,091)	-5%	Beach Club Marina	(19,608)	2,486	11%	Snowplay	38,660	38,660	#####	Administration
8,921	17,980	198%	Tennis Center	(41,469)	(274,806)	-118%	Golf	26,208	26,208	#####	Communications
36,431	(21,891)	-38%	Day Camps	21,589	12,027	126%	Campground	(1,264)	(1,264)	#####	Information Tech
15,960	38,397	171%	Recreation Programs	5,910	(20,857)	-78%	Equestrian	12,560	12,560	#####	Accounting
				3,524	4,177	640%	Bikeworks	(69,434)	16,324	19%	Human Resources
				(75,651)	14,511	16%	Trails	8,700	8,700	#####	Architectural Standards
				150,037	60,171	67%	The Lodge	29,098	29,098	#####	Member Services
				(50,948)	(19,039)	-60%	Summer Food and Bev	(552,905)	(354)	0%	Risk & Facility Admin
				(19,655)	(13,278)	-208%	Pizza on the Hill	15,271	15,271	#####	Forestry
				(19,629)	8,034	29%	Alder Creek Café				Maintenance

Q3 is comprised of two peak months, Jul Aug, with high customer volumes/operating revenues, followed by quick ramp-down of season post Labor Day

2019 YTD Q3 – Jan-Sep - Results

Operating Fund, Consolidated – NOR Loss of \$3.0 Million

YTD Q3 Favorable to Budget **\$535,000 or 15%**

Notable variances:

DHSki NOR \$1,047,000 is **\$467,000 80%** favorable (revenue up \$529,000 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 NOR Loss of (\$511,000) is **\$370,000 263%** unfavorable (revenue down \$152,000 71%) due to delayed opening of course caused by extreme winter snow pack and greens damage.

XCSki NOR of \$118,000 is **\$109,000 1322%** 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.

Marketing/Communications is **\$103,000 NM%** favorable due primarily to Director position vacancy.

All other variances are under \$100,000 and net to a savings of **\$226,000**.

Notable variances include: Vacancies in two other Director positions amount to \$80,000, IT costs are under budget \$62,000 due to position vacancy and numerous other items. Administration revenue is favorable \$56,000 due to investment income performance of OPF (yields B~1.2% A~1.7).

Equestrian NOR loss of \$109,000 is off Budget \$24,000/28% with revenues off \$18,000/7%, trail rides is driver of volume under-performing and is indicating to us a potential pricing threshold issue. Similar pricing concern at Day Camps, with NOR off \$25,000 and revenues off \$27,000/10%.

2019 YTD Q3 – Jan-Sep - Results

Operating Fund, Consolidated – NORBO Loss of \$3.2 Million

YTD Q3 Favorable to Prior Year **\$797,000 or 20%**

Notable variances:

DHSki **\$1,049,000 297%** favorable (revenue of \$3.65m up \$1.3m 55%) 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 87%** 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 **\$370,000 -76%** unfavorable (revenue down \$372,000 36%) due to delayed opening of course caused by extreme winter snow pack and greens damage.

Summer F&B off **\$33,000** due to the golf challenges. Alder Cr Café up **\$46,000** due to strong ski season & banquet events this summer.

Private Amenities **\$16,000 4%** unfavorable (revenue up \$75,000 3%) Costs up \$91,000 5%) 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 \$24k 13% due to Q1 and May weather.

HOA departments **\$73,000 2%** unfavorable. Revenue unfavorable \$30k 5% due primarily to Forestry grant last year \$36,000. Payroll is favorable by \$19,000/1% with vacancies offsetting merit increases to py. Expenses up net \$5k 0%, 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 \$20k savings in Board Expense and \$82k savings in Legal Fees.

2019 YTD Q3 – Jan-Sep

Operating Fund, Consolidated – NOR Loss of \$3.0 Million

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

Variance to Budget				Variance to Budget				Variance to Budget			
Actual	Amount	Pctg		Actual	Amount	Pctg		Actual	Amount	Pctg	
\$ (236,293)	\$ 28,924	11%	Private Amenities	(181,935)	171,178	48%	Public Amenities	(2,607,783)	334,887	11%	HOA & Amenities
(81,132)	24,146	23%	Trout Creek Rec Ctr	1,046,740	466,811	80%	Downhill Ski	(1,702,219)	(5,435)	0%	Support Services
(177,543)	(8,771)	-5%	Aquatics	117,548	109,283	1322%	Cross Country Ski	61,102	61,102	#####	General
198,944	(10,105)	-5%	Beach Club Marina	35,372	(9,012)	-20%	Snowplay	103,459	103,459	#####	Administration
(61,397)	217	0%	Tennis Center	(511,183)	(370,416)	-263%	Golf	62,023	62,023	#####	Communications
(33,024)	(25,965)	-368%	Day Camps	(8,365)	14,888	64%	Campground	(20,366)	(20,366)	#####	Information Tech
(82,141)	49,402	38%	Recreation Programs	(108,673)	(23,638)	-28%	Equestrian	(1,680)	(1,680)	#####	Accounting
				(16,544)	4,331	21%	Bikeworks	(252,444)	17,147	6%	Human Resources
				(162,911)	29,388	15%	Trails	20,242	20,242	#####	Architectural Standards
				(221,678)	(31,198)	-16%	The Lodge	20,759	20,759	#####	Member Services
				(111,382)	(10,641)	-11%	Summer Food and Bev	(959,090)	17,205	2%	Risk & Facility Admin
				(127,670)	(23,738)	-23%	Pizza on the Hill	60,431	60,431	#####	Forestry
				(113,188)	15,121	12%	Alder Creek Café				Maintenance
								\$ (3,026,011)	\$ 534,989	15%	TDA Operating Fund

Operating Fund - 2019 FORECAST

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

Budget NOR Loss Q4 is \$2.1 million.

YTD Q3 Sept 2019

– NOR Favorable \$535,000/15%

2019 YEAR – Forecast - \$5,161,000 NOR LOSS



2019 YEAR Favorable \$450,000 - \$550,000 RANGE to BUDGET

Capital Funds- 2019 FORECAST

Replacement Reserve Fund

\$5.0 Million Expenditure Budget 2019

\$3.8 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)

\$11.4m Forecasted ending fund balance, up \$1.8m to B

- \$1.1m less spend than Budget (timing)
- 500k beginning balance > B
 - \$435,00 Snowbird under 2018F/B
- \$80k investment income favorable to B

Development Fund

\$1.9 Million Expenditure Budget 2019

\$1.3 Million Expenditure Forecast 2019

- variance due to timing of projects between years

\$6.2m Forecasted ending fund balance, up \$1.0m to B

- +74k investment income favorable to B
- +600k Various projects +/- timing between '18 & '19
- +355k beginning balance > B, timing of projects between years

Key Active Projects:

TCRC Remodel project is on Budget and Schedule

Balance Sheet as of September 30, 2019

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

Assets

\$69.8 Million – Total Assets (\$9,962 per owner)

up \$2.7m or 4% to 12/31/2018

up \$4.4m or 7% to 9/30/2018

\$41.2 Million – Net Property & Equipment (incl d depreciation) (\$6,367/o)

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

up \$0.2m or 1% to 9/30/2018

+ YTD Capital Expenditures \$2,133,000 - YTD Deprecation Expense \$2,475,000

\$27.6 Million – Cash & Investments (\$4268 per owner)

up \$3.6m or 15% to 12/31/2018

up \$4.2m or 18% to 9/30/2018

See next page for Cash Flow Information

Liabilities and Members Equity

\$5.3 Million – Total Liabilities (\$819 per owner)

down \$2.0m or 28% to 12/31/2018

up \$0.4m or 9% to 9/30/2018

- Accounts Payable, Deferred Assessment and other Revenues, Deposits

- No long term debt.

\$64.4 Million – Members Equity (ME) (\$9,962 per owner)

up \$4.7m or 8% to 12/31/2018

up \$4.0m or 7% to 9/30/2018

\$3.0 Million – Operating Fund (\$1.5m over policy target)

\$13.1 Million – Replacement Reserve Fund

\$7.0 Million – Development Fund

\$0.2 Million – New Equipment Fund

\$41.2 Million – Property Fund

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

The Property Fund ME decreases by Deprecation.

Cash and Investments Position Overview

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

Current Cash Balance – Flow Thru

Current Month End Balance	27,626
OPF NOR Loss (remaining Mths @ Bdg)	(2,135)
RRF Spend 2019 forecast to go	(1,639)
NEF Spend 2019 forecast to go	(90)
DVF Spend 2019 forecast to go	(804)
All other cash flow, net working capital	(2,264)
Raw Ending Balance *	<u>20,694</u>

Distribution of Raw Ending Balance

Distribution of Raw Ending Balance:


YE Forecasted Members Equity, RRF	11,400
YE Forecasted Members Equity, NEF	120
YE Forecasted Members Equity, DVF	6,200
PYE Members Equity, OPF	2,442
YTD NOR Performance to Bdg, OPF	532
<i>OPF ME excess to target \$1.5m</i>	

* Raw Ending Balance * - excludes misc working capital items and AA pmts FNY	<u>20,694</u>
	-

Thank you

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