



**TAHOE DONNER ASSOCIATION
BOARD OF DIRECTORS**

GENERAL RESOLUTION ~~2014-21~~

FINANCIAL PLANNING, BUDGETING, AND REPORTING

WHEREAS, Tahoe Donner Association is legally required to comply with the Davis-Stirling Common Interest Development Act, which is commonly referred to as Davis-Stirling; and,

WHEREAS, Davis-Stirling requires that common interest developments prepare and distribute financial information to all of its Members that includes the association's estimated revenue and expenses on an accrual basis and a summary of the association's reserves and plan for funding the future maintenance, repair, restoration, or replacement of major common area components¹,

WHEREAS, Tahoe Donner Association shall regularly prepare and distribute to each member an annual budget and financial statements that includes a pro forma operating budget, a year-end report, an annual statement regarding delinquency/foreclosure policy, and a regular review of reserve accounts²; and,

WHEREAS, the following Policy constitutes the Financial Planning, Budgeting, and Reporting Policy of Tahoe Donner Association and supersedes Resolution 98-6 – Financial Planning and Budget Development Procedures;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of Tahoe Donner Association approves and adopts the following Financial Planning, Budgeting, and Reporting Policy:

PURPOSE

The purpose of the Financial Planning, Budgeting, and Reporting Policy is to establish the process for planning and the preparation and approval of the Association's Annual Budget, which includes the Operating Fund, Replacement Reserve Fund, Development Fund, and New Machinery and Equipment Fund in a timely and effective manner, and to provide for the regular analysis and reporting of the utilization of the

¹ Davis-Stirling Common Interest Development Act, Chapter 5, Article 2, Section 1365(a)

² Restated Bylaws of Tahoe Donner Association, Article XII, Section 5

Association's funds. This process takes into account the Association's Strategic Plan, General Plan, Capital Funds Projection, current operational requirements and other Board specified considerations.

RESPONSIBILITY & AUTHORITY

It is the goal of the Association to:

- Establish and maintain a Strategic Plan, General Plan, and Capital Funds Projection to provide context and support for the Association's financial planning, budgeting, and reporting processes as well as addressing the long-range capital requirements necessary to maintain each Owner's investment.
- Establish and maintain a budget development process with financial planning, analysis, and reporting tools, that meet the ongoing financial management needs of the organization taking into consideration annual operational needs, future long-range capital requirements, and the resultant financial impacts on Owners.
- Achieve predictable annual assessments to manage the impact of year-to-year variances in operating fund and capital fund requirements, mitigating the need for special assessments.

The Board of Directors and the General Manager, to the extent authorized by the Board of Directors, have the full authority and responsibility to administer the Financial Planning, Budgeting, and Reporting Policy in accordance with the terms and provisions contained herein. The Board of Directors has the authority to allow for specific exceptions to the stated parameters or restrictions, except those mandated by statute or those limited by the Governing Documents.

IMPLEMENTATION

The Board, working with the General Manager, establishes a Strategic Plan that articulates the long-range strategic direction and operating guidance for the Association.

The Board works with the General Plan Committee, to establish a General Plan, including annual updates, that define capital improvement projects and priorities, and works with the Finance Committee to develop financial guidance for operations and capital funding.

The General Manager formulates annual operating plans and budgets that meet established goals and objectives and to comply with the financial and operational requirements of the Association, including those required for capital projects.

These requirements are achieved through the Financial Planning, Budgeting, and Reporting Procedures as outlined in this Policy (see Appendices A & B).

The attached Timeline of Key Activities, Milestones and Reporting Requirements (Appendix A) and Definition of Terms and Procedures (Appendix B) identify and describe specific time-phased events and decision points to be achieved in a critical path sequence to ensure compliance with state law and the Association's Governing Documents and Policies with regard to planning, budgeting, management, and reporting of the following funds:

Operating Fund³: Includes the estimated revenue and expenses of each amenity and support department that are funded by the Operating Fund portion of the annual assessment. Pursuant to Board direction, estimates may be made on the basis of comparisons to prior years with similar, reduced, or enhanced service levels and corresponding assessment and access fees.

Replacement Reserve Fund⁴: Includes the revenue and expense allocations to the Replacement Reserve Fund based upon the annual Replacement Reserve Study and Funding Plan to provide the financial resources for the repair, restoration, replacement or maintenance of existing major common area components, exclusive of structure replacement.

Development Fund⁵: Includes the revenue and expense allocations to the Development Fund to finance capital improvement projects; including real estate acquisitions, building upgrades and additions, and building replacements that do not qualify for funding from the Replacement Reserve Fund.

New Machinery and Equipment Fund⁶: Includes the revenue and expense allocations to the New Machinery and Equipment Fund used to acquire new capital assets identified as necessary for more efficient operations, or to provide new programs, activities, and services to Members.

Homeowners Surveys/Feedback:

Assessments that are increased by more than 150% of CPI requires feedback from homeowners with a non-binding survey in order to gauge their level of support.

Major capital expenditures in construction over \$1M or major new amenity services costing over \$100K annually should have feedback from the membership with a non-binding survey in order to gauge their level of support. This survey can also be used to determine whether homeowner users would be willing to pay increased prices as a result in order to support management's business plan for this new or expanded amenity service.

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³ Board Resolution 2013-4, Operating Fund Policy, and subsequent revisions, if any

⁴ Board Resolution 2013-03, Replacement Reserve Fund Policy, and subsequent revisions, if any

⁵ Board Resolution 2012-1, Development Fund Policy, and subsequent revisions, if any

⁶ Board Resolution 2012-5, New Machinery and Equipment Fund Policy, and subsequent revisions, if any

REPORTING

Financial statements and related information for the Association are prepared and distributed to each Member of the Association as required by the Governing Documents.⁷ The results of the Association's annual financial planning and budgeting process are reported to Association Members as part of the Association's Annual Budget Report. An accounting of the actual financial results of the Association is reported annually to Association Members as part of the Association's year-end Annual Report.

⁷ Restated Bylaws of Tahoe Donner Association, Article XII, Section 5, and subsequent revisions, if any

APPROVAL

Approval of the Financial Planning, Budgeting, and Reporting Policy and any changes, amendments, or modifications thereafter, may only be accomplished at a properly noticed meeting of the Board, after a full reading of the policy in open session, with reasonable time allowed for property owner comment.

ACCEPTED AND DATED: _____

Tom JohnsCharles C. Wu
President

Jim StangDon Koenes
Vice President

Richard GanderJim Roth
Secretary

Steve MillerJeff Connors
Treasurer

Courtney MurrellJennifer Jennings
Director