

2021 ANNUAL REPORT

\$11,173

PER OWNER MEMBER EQUITY

A 7% INCREASE FROM 2020

\$5.0 MILLION

IN CAPITAL EXPENDITURES

REINVESTING IN YOUR ASSOCIATION,
PROTECTING YOUR INVESTMENT

CAPITAL DISCUSSION STARTS ON PAGE 10

\$3.8 MILLION

IN OPERATING FUND RESERVES

A PROVEN NECESSARY CONTINGENCY FUND
BALANCE WITH THE COVID-19 PANDEMIC

\$850,213

NET OPERATING SURPLUS TO BUDGET

DETAILS ON PAGE 2

VISION STATEMENT

Tahoe Donner is a vibrant and desirable mountain community providing attractive and well-maintained facilities, events, programs and leading customer service to its members, guests and public, all while maintaining accessible and healthy natural surroundings.



Dear Members,

The purpose of this Annual Report is to provide a comprehensive report on 2021 financial results. We experienced the ongoing impact of COVID-19 throughout the year, most notably in the first four months of 2021. The consolidated operating revenue for the year fell just 0.24% below Budget. We were able to save on Operating Expenses, finishing the year 5% favorable to Budget.

Staffing was a major challenge during the summer months through the end of 2021, which saw seasonal hourly wages increase, along with recruiting and retention incentives that will continue to challenge operations in 2022.

The Board of Directors, Finance Committee and management regularly monitor both operational and financial results and are committed to responsive and proactive management, balancing our service levels to volume and financial performance.

Please contact me anytime to discuss this report or any other financial aspects of your Association.

TODD MARTYN-JONES

DIRECTOR OF FINANCE, ACCOUNTING + BUSINESS SUPPORT
tmartynjones@tahoedonner.com | (530) 587-9418

\$850,213 SURPLUS TO BUDGET

Net Operating Result Loss of \$5.6 million (excluding Annual Assessment Revenue) was \$850,213, or 13% favorable to Budget and \$403,685, or 8% unfavorable to 2020

\$13.2 MILLION OPERATING REVENUES

0.26% below Budget and 40% favorable to 2020

\$18.8 MILLION OPERATING COSTS

4% favorable to Budget and 29% unfavorable to 2020

\$5.0 MILLION CAPITAL FUNDS EXPENDITURES

36% less expenditure to Budget, most notably due to Cross Country Ski Center snowmaking deferral

\$6.4 MILLION | \$996 PER OWNER

Annual Assessment Contribution to Operating Fund in 2021

\$8.1 MILLION | \$1,245 PER OWNER

Annual Assessment Contribution to Capital Fund in 2021

\$81.2 MILLION TOTAL ASSETS

Up \$5.4 million, or 7% to 2020

\$72.3 MILLION | \$11,173 PER OWNER

Members' Equity as of 12/31/2021, up 7% to 2020

OPERATING FUND

NET OPERATING RESULTS – 2021 VARIANCES TO BUDGET

NOR FAVORABLE TO BUDGET \$850,213 | 13% | \$131.34 PER OWNER

JANUARY-APRIL

Great ski conditions with stable weather offering many bluebird days on a good snowpack. F+B operations remained at to-go only, impacting F+B revenues. Visitation at the Downhill Ski Resort was 21% up on Budget while the Cross Country Ski Center was 64% up on Budget.

- Revenues up favorable \$266,699, or 5% to Budget.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) favorable \$754,281, or 12% to Budget.
- Net Operating Result favorable \$1,020,980, or 88% to Budget.

MAY-SEPTEMBER

Golf operations resumed in May and maintained very strong revenue to Budget through August, when forest fire smoke impacted visitation for the remaining two months of operations. Recruiting seasonal employees proved very challenging, most notably in F+B and Golf Maintenance.

- Revenues were \$51,947, or 0.9% favorable to Budget.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were favorable to Budget by \$86,527, or 1%.
- Net Operating Result favorable \$138,588 to Budget, or 4%.

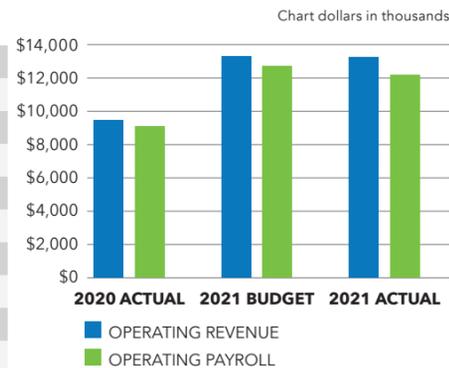
OCTOBER-DECEMBER

Due to a lack of natural snowfall, Cross Country and Downhill ski areas were unable to open until December 19. From opening day to the end of the year, Tahoe Donner received 128-inches of snow, which significantly impacted operations and resulted in several days of closures.

- Revenues were below Budget by \$353,331.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were favorable to Budget by \$43,976.
- Lost revenue due to closures caused by power outages and snow removal was estimated to be \$156,000.
- Net Operating Result was unfavorable to Budget by \$309,355.

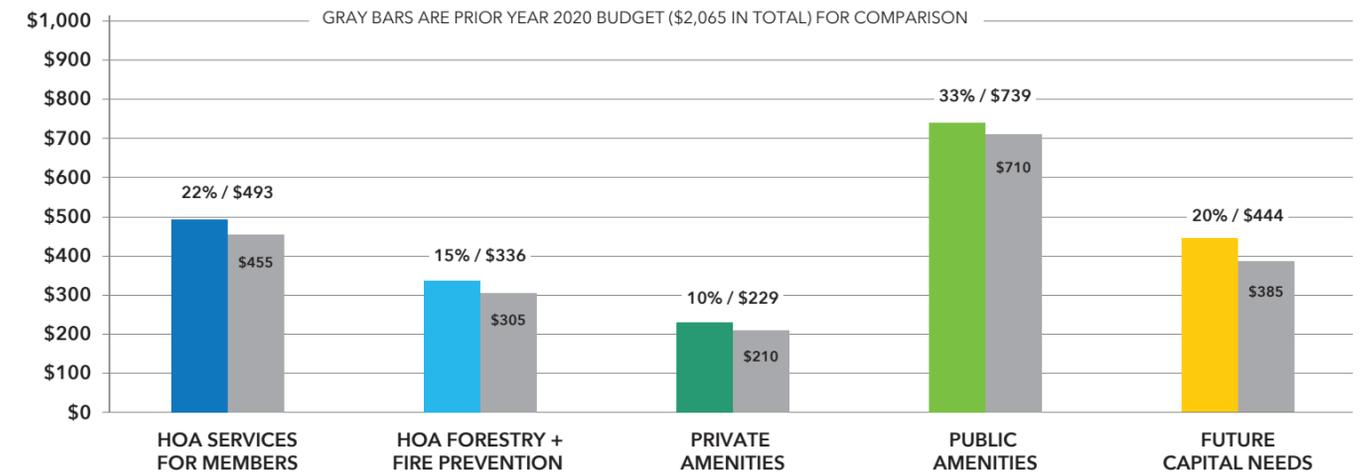
REVENUE AND PAYROLL

	2017	2018	2019	2020	2021
OPERATING REVENUES	\$ 13,116,553	\$ 13,535,047	\$ 14,695,538	\$ 9,456,935	\$ 13,248,167
EMPLOYEE W-2s ISSUED	924	958	954	695	710
W-2s PER \$1,000 REVENUE RATIO	7%	7%	6%	7%	5%
AVERAGE WAGES PER W-2 ISSUED	\$ 10,276	\$ 10,181	\$ 11,086	\$ 10,260	\$ 10,043
CALIFORNIA MINIMUM WAGE (1)	\$ 10.50	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00
SEASONAL/PART-TIME FTE (3)	133.0	125.0	123.0	79.0	109.0
FULL-TIME REGULAR (2) FTE (3)	82.0	84.0	83.0	62.0	46.0
FTE (3) TOTAL	215.0	209.0	206.0	141.0	155.0
OPERATING REVENUE PER FTE	\$ 61,007	\$ 64,761	\$ 71,338	\$ 67,070	\$ 85,472
W-2 TO FTE RATIO	4.3	4.6	4.6	4.9	4.6



ANNUAL ASSESSMENT DISTRIBUTION OF 2021 ANNUAL ASSESSMENT

\$2,241 PER OWNER



ANNUAL ASSESSMENT PER OWNER BY FUND



COMPOUND ANNUAL GROWTH RATE (CAGR) METRICS

	2011-2021 10 YEAR	2011-2022 11 YEAR
CAPITAL FUNDS	7.0%	7.5%
OPERATING FUND	3.7%	2.8%
TOTAL ASSESSMENT	5.4%	5.3%

Accumulating funds over time to address the aging infrastructure needs of your Association, consistent with the General Plan, while striving to minimize the Operating Fund portion of your Assessment.

KEY NOTES

- Capital Funds Portion of Annual Assessment**
 - The Replacement Reserve Fund portion has been deliberately increased over time to improve the reserve funding level of our 50-year-old Association. Underfunding reserves is considered the bane of many Associations across the country. Tahoe Donner adopted a reserves funding policy and recent Boards have adhered to this policy. The Association's reserves are now in a much stronger financial position to handle the replacement and major maintenance needs of the Association's assets.
- Operating Fund Portion of Annual Assessment**
 - The Operating Fund portion increased in 2015 and 2016 due to the combined pressures of winter droughts impacting operating revenue and payroll cost increases due to California minimum wage increases and the Federal Affordable Care Act impacts.
 - For 2020, the Operating Fund portion was increased by \$30 per owner to offset minimum wage increases and other operating costs.
 - For 2021, the Operating Fund portion was increased by \$86 per owner to offset minimum wage increases and a 23% increase in liability insurance; there was no Assessment increase to the New Machinery + Equipment Fund.
 - For 2022, the Operating Fund portion decreased \$50 per owner due to projected strong revenue at the Golf, Downhill and Cross Country operations, while the Association absorbed further insurance and payroll costs.

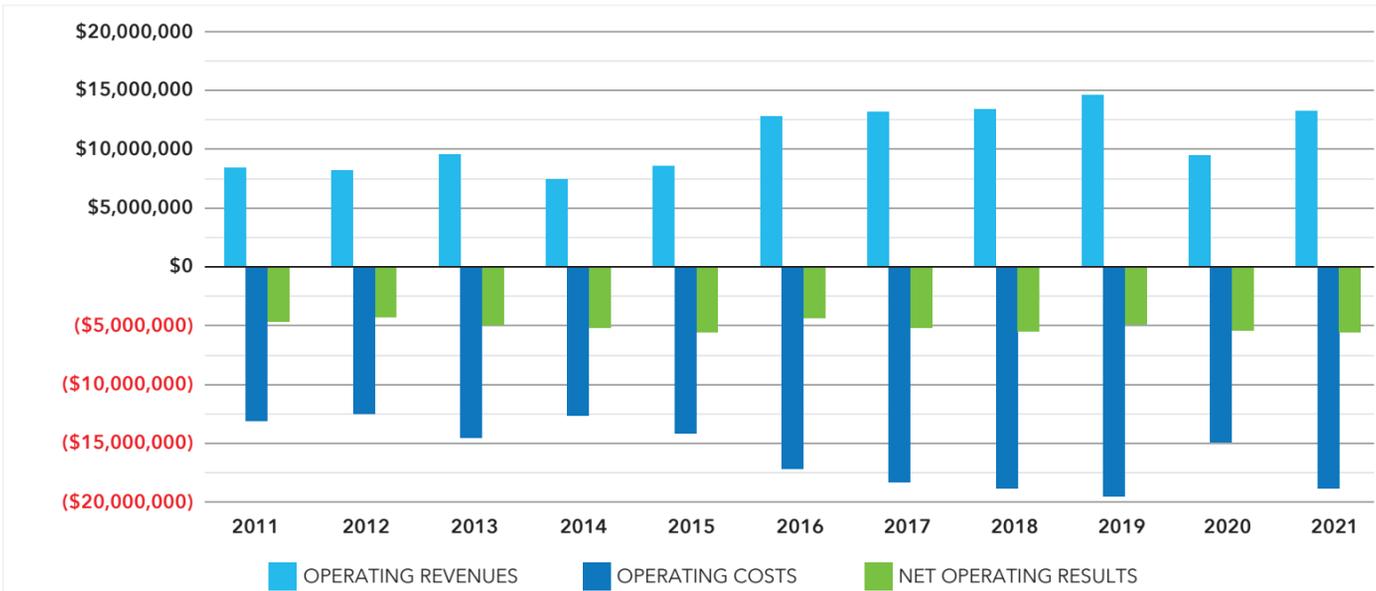
More Capital Funds historical information on pages 10-11

More Operating Fund historical information on page 4

OPERATING FUND

CAGR = COMPOUND ANNUAL GROWTH RATE

ACTUAL RESULTS

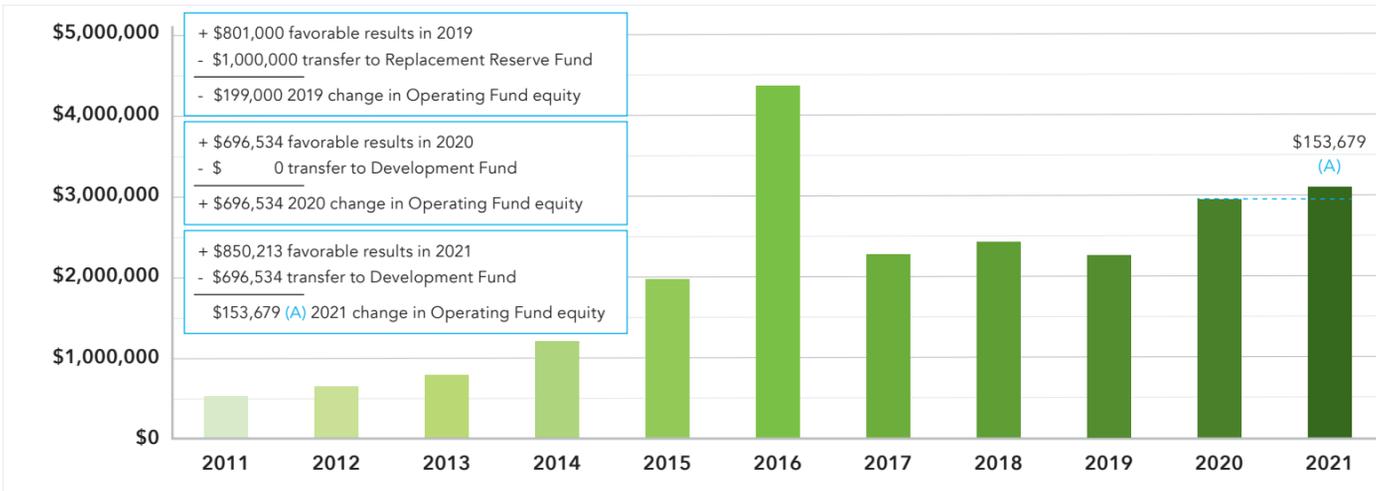


Revenue finished the year \$34,662 unfavorable to Budget, while considerable savings to Budget were realized in Operating Expenses, most notably in Payroll costs and Supplies and Maintenance.

NOTE: Each year is subject to volatility due to weather and other variables. See page 28 for Budget growth information.

OPERATING FUND MEMBERS' EQUITY

ACCUMULATED NET RESULTS



FROM THE 2011 BUDGET TO THE 2021 BUDGET 10-YEAR CAGR

- 4.3% OPERATING REVENUE GROWTH
- 3.5% OPERATING COSTS GROWTH
- 1.8% NET OPERATING RESULT LOSS (THIS LOSS EQUATES TO THE PORTION FUNDED BY THE ANNUAL ASSESSMENT)

See page 28 for more Budget Growth Information

Costs are greater than Operating Revenues (every year) though Costs have grown at a lower growth rate. Therefore, the resulting NOR Loss growth rate is lower than both Revenue and Cost growth rates.

FOR 2022 BUDGET

The 2022 Budget was prepared assuming that Association operations would return to a pre-COVID-19 status with little impact on the financial results.

NET RESULTS AFTER REPLACEMENT RESERVES CAPITAL CHARGE

BY DEPARTMENT

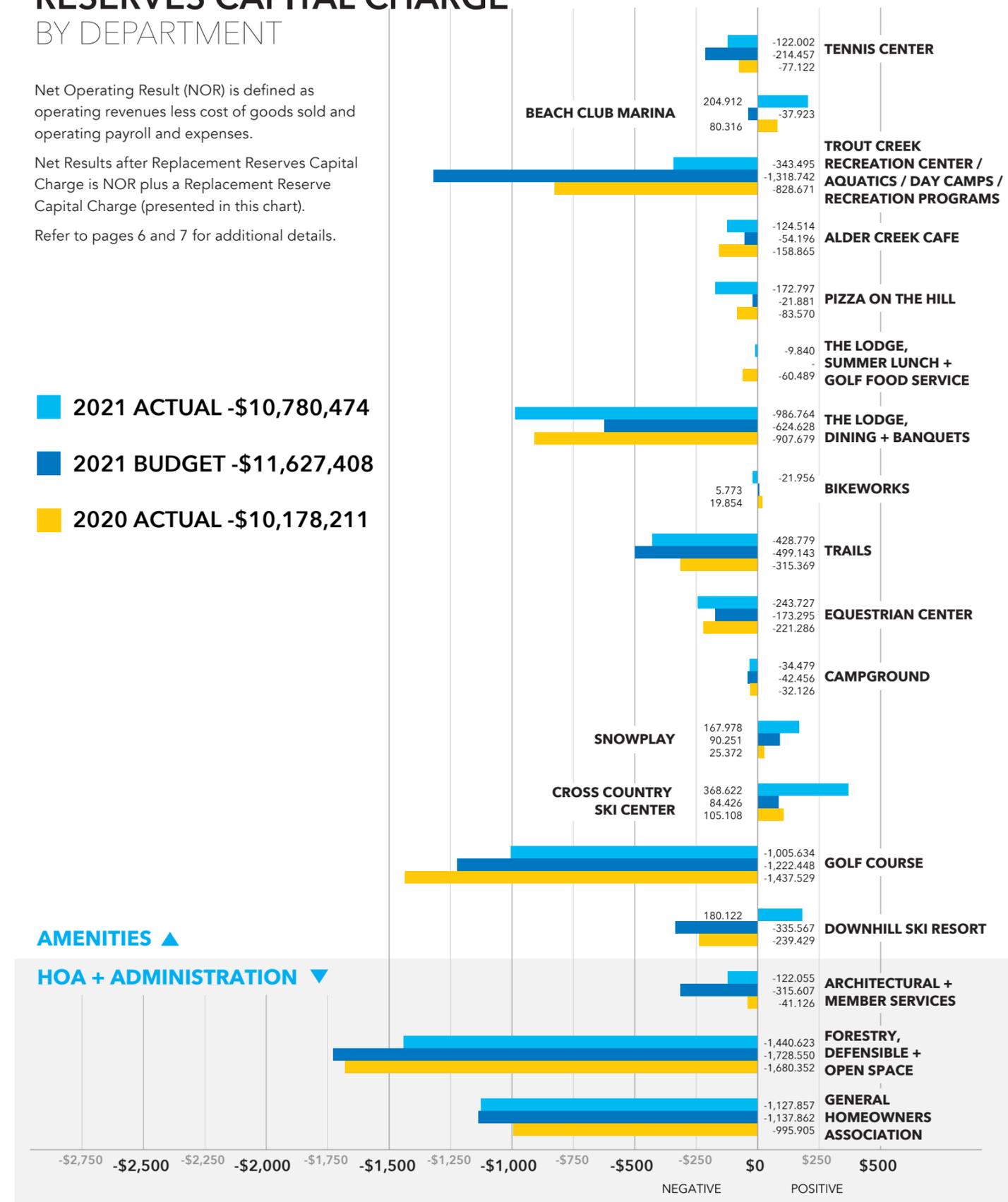
Net Operating Result (NOR) is defined as operating revenues less cost of goods sold and operating payroll and expenses.

Net Results after Replacement Reserves Capital Charge is NOR plus a Replacement Reserve Capital Charge (presented in this chart).

Refer to pages 6 and 7 for additional details.

- 2021 ACTUAL -\$10,780,474
- 2021 BUDGET -\$11,627,408
- 2020 ACTUAL -\$10,178,211

CHART DOLLARS IN THOUSANDS



OPERATING FUND RESULTS

2021 DEPARTMENTAL SUMMARY

YEAR ENDING DECEMBER 31, 2021

	2021 OPERATING FUND			AMOUNTS INCLUDING REPLACEMENT RESERVE CAPITAL CONTRIBUTION					2021 NOR VERSUS BUDGET		2021 NOR VERSUS PRIOR YEAR	
	GROSS REVENUE	OPERATING COSTS TOTAL	NET OPERATING RESULT	CONTRIBUTION TO REPLACEMENT RESERVE FUND	2021 NET RESULTS AFTER RRF	2021 PER PROPERTY 6,473	2020 PER PROPERTY 6,473	2021 VS 2020	2021 BUDGET	2021 VS BUDGET	2020 ACTUAL	2021 VS 2020
PRIVATE AMENITIES												
Trout Creek Rec Center + Aquatics	\$ 1,250,858	\$ -1,093,582	\$ 157,276	\$ -507,593	\$ -350,317	\$ -54	\$ -105	\$ 51	88,573	68,703	\$ -142,157	\$ 299,433
Beach Club Marina	748,130	-441,324	306,806	-101,894	204,912	32	12	20	306,363	443	211,316	95,490
Tennis Center	402,909	-372,759	30,150	-152,152	-122,002	-19	-12	-7	43,616	-13,466	95,878	-65,728
Recreation Programs	32,206	-94,616	-62,410	0	-62,410	-10	-17	7	-70,410	8,000	-38,143	-24,267
Day Camps	309,645	-240,413	69,232	0	69,232	11	-7	18	153,037	-83,805	-19,371	88,603
TOTAL PRIVATE AMENITIES	2,743,748	-2,242,694	501,054	-761,639	-260,585	-40	-129	89	521,179	-20,125	107,523	393,531
PUBLIC AMENITIES												
Golf Course	1,536,980	-1,500,364	36,616	-1,042,250	-1,005,634	-155	-222	67	-180,198	216,814	-529,529	566,145
Downhill Ski Resort	3,731,123	-2,536,573	1,194,550	-1,014,428	180,122	28	-37	65	678,861	515,689	940,571	253,979
Cross Country Ski Center	1,590,310	-904,281	686,029	-317,407	368,622	57	16	41	401,833	284,196	480,108	205,921
Snowplay	311,594	-133,537	178,057	-10,079	167,978	26	4	22	169,667	8,390	51,372	126,685
Campground	116,461	-96,311	20,150	-54,629	-34,479	-5	-5	0	12,173	7,977	34,874	-14,724
Equestrian Center	140,341	-297,301	-156,960	-86,767	-243,727	-38	-34	-4	-86,528	-70,432	-111,286	-45,674
Trails	396	-174,799	-174,403	-254,376	-428,779	-66	-49	-17	-244,767	70,364	-104,369	-70,034
Bikeworks	143,339	-160,457	-17,118	-4,838	-21,956	-3	3	-6	10,611	-27,729	30,854	-47,972
The Lodge, Dining + Banquets	1,647,100	-2,287,432	-640,332	-346,432	-986,764	-152	-140	-12	-249,527	-390,805	-422,222	-218,110
The Lodge, Summer Lunch +												
Golf Food Service	204,860	-214,700	-9,840	0	-9,840	-2	-9	7	-28,669	18,829	-36,766	26,926
Pizza on the Hill	19,240	-154,369	-135,129	-37,668	-172,797	-27	-13	-14	15,787	-150,916	-18,750	-116,379
Alder Creek Cafe	197,118	-308,898	-111,780	-12,734	-124,514	-19	-25	6	-41,462	-70,318	-127,865	16,085
TOTAL PUBLIC AMENITIES	9,638,862	-8,769,021	869,841	-3,181,608	-2,311,767	-357	-511	154	457,781	412,060	186,992	682,849
TOTAL AMENITIES	12,382,610	-11,011,715	1,370,895	-3,943,247	-2,572,352	-397	-640	243	978,960	391,935	294,515	1,076,380
HOMEOWNERS ASSOCIATION												
General HOA	0	-554,328	-554,328	-573,529	-1,127,857	-174	-154	-20	-761,333	207,005	-700,905	146,577
Architectural Standards Office	283,675	-405,730	-122,055	0	-122,055	-19	-6	-13	-315,607	193,552	-15,126	-106,929
Forestry, Defensible + Open Space	141,248	-1,393,793	-1,252,545	-188,078	-1,440,623	-223	-260	37	-1,540,472	287,927	-1,442,352	189,807
TOTAL HOA	424,923	-2,353,851	-1,928,928	-761,607	-2,690,535	-416	-420	4	-2,617,412	688,484	-2,158,383	229,455
AMENITY + HOA SUPPORT SERVICES												
Communications	267,066	-755,903	-488,837	0	-488,837	-76	-56	0	-527,920	39,083	-362,551	-126,286
Facility Administration +												
Risk Management	0	-384,101	-384,101	-13,790	-397,891	-61	-18	0	-274,802	-109,299	-117,092	-267,009
Administration	145,854	-1,406,103	-1,260,249	0	-1,260,249	-195	-72	0	-902,040	-358,209	-466,205	-794,044
Information Technology	0	-703,080	-703,080	-156,751	-859,831	-133	-93	0	-773,896	70,816	-602,876	-100,204
Accounting + Finance	2	-827,651	-827,649	0	-827,649	-128	-106	0	-893,012	65,363	-684,358	-143,291
Human Resources	0	-458,120	-458,120	0	-458,120	-71	-51	0	-459,940	1,820	-329,913	-128,207
Member Services	27,712	-328,301	-300,589	0	-300,589	-46	-32	0	-233,358	-67,231	-206,724	-93,865
Maintenance	0	-616,237	-616,237	-308,184	-924,421	-143	-86	0	-743,688	127,451	-559,624	-56,613
TOTAL SUPPORT SERVICES	440,634	-5,479,496	-5,038,862	-478,725	-5,517,587	-852	-514	0	-4,808,656	-230,206	-3,329,343	-1,709,519
TOTAL OPERATING RESULTS	13,248,167	-18,845,062	-5,596,895	-5,183,579	-10,780,474	-813	-1,060	247	-6,447,108	850,213	-5,193,211	-403,684
Assessment Revenues	6,447,108	0	6,447,108	0	6,447,108	996	1,680	-684	6,447,108	0	5,889,745	557,363
TOTAL OPERATING FUND	\$ 19,695,275	\$ -18,845,062	\$ 850,213	\$ -5,183,579	\$ -4,333,366	\$ 183	\$ 620	\$ -437	0	850,213	\$ 696,534	\$ 153,679

SEE PAGES 8-9 FOR RESULTS BY DEPARTMENT HIGHLIGHTS

OPERATING FUND RESULTS 2021 HIGHLIGHTS VERSUS BUDGET

■ FAVORABLE VARIANCE TO BUDGET
 ■ UNFAVORABLE VARIANCE TO BUDGET

NOR = Net Operating Results. NOR is defined as the net result of operating revenues less cost of goods sold, operating payroll and expenses and any overhead allocation.

PUBLIC AMENITIES

DOWNHILL SKI RESORT

NOR \$ 1,194,550

FAVORABLE \$515,689 / 76% TO BUDGET

Season pass sales were strong. Outdoor dining and private lessons were available only from January through March. Only one major storm at the end of January and during the holiday period in December interrupted bluebird days. Expense savings were \$199,000 in ski school payroll; \$76,000 in F+B payroll; \$58,000 in rental payroll; \$70,000 in employee housing; \$45,000 in downhill marketing; \$81,000 in snowmaking.

TRAILS

NOR LOSS (\$174,403)

FAVORABLE \$70,364 / 29% TO BUDGET

Savings of \$73,000 in payroll expenses were due to a local labor shortage.

GOLF COURSE

NOR \$36,616

FAVORABLE \$216,814 / 120% TO BUDGET

A successful reopening after the greens replacement included strong visitation with revenue favorable to Budget by \$437,000, or 40%. Credit card fees were \$15,000, or 66% greater than Budget due to higher revenue. Course watering expense was \$23,000, or 43% above Budget due to very dry summer conditions.

BIKEWORKS

NOR LOSS (\$17,118)

UNFAVORABLE -\$27,729 / 261% TO BUDGET

Revenues were \$16,000, or 12% above Budget. No seasonal hourly labor was budgeted, incurring \$34,000 of non-budgeted expense.

THE LODGE

NOR LOSS (\$640,332)

UNFAVORABLE -\$390,805 / 157% TO BUDGET

COVID-19 restricted operations to takeout only during the first quarter. Revenue of \$279,000 was below Budget for the year. Payroll challenges resulted in 11% expense over Budget. Operating expenses were \$3,900 over Budget.

PIZZA ON THE HILL

NOR LOSS (\$135,129)

UNFAVORABLE -\$150,916 / 956% TO BUDGET

Pizza on the Hill was closed for the summer due to labor shortages and reopened in mid-December. Salaried employees were expensed to Pizza on the Hill as they assisted throughout all F+B operations in 2021.

CAMPGROUND

NOR \$20,150

FAVORABLE \$7,977 / 66% TO BUDGET

Revenue was up \$11,000, or 11% to Budget. Disposal expenses and electricity were unfavorable to Budget, as were credit card fees, due to higher revenue.

CROSS COUNTRY SKI CENTER

NOR \$686,029

FAVORABLE \$284,196 / 71% TO BUDGET

Record season pass sales and strong visitation numbers contributed to strong positive results. Payroll savings were \$50,000. Snowcat maintenance savings resulted in \$31,000 due to the low-snowfall season.

SNOWPLAY

NOR \$178,057

FAVORABLE \$8,390 / 5% TO BUDGET

Revenue was \$28,000, or 8% unfavorable to Budget. Labor savings were \$35,000, or 32%.

EQUESTRIAN CENTER

NOR LOSS (\$156,960)

UNFAVORABLE -\$70,432 / 81% TO BUDGET

Revenue was within \$3,300, or 2% to Budget. Hourly wages fell \$47,000 below Budget. Feed/hay cost increased significantly compared to the prior year.

SUMMER F+B

NOR LOSS (\$9,840)

FAVORABLE \$18,829 / 66% TO BUDGET

Revenue was \$38,000, or 23% above Budget. Food costs were \$9,300 adverse to Budget. Payroll was \$36,000, or 43% unfavorable to Budget. Operational savings were \$26,000.

ALDER CREEK CAFE

NOR LOSS (\$111,780)

UNFAVORABLE -\$70,318 / 170% TO BUDGET

Reduced operations due to COVID-19 impacted the first quarter of 2021. Revenue was \$230,000 below Budget. Payroll savings resulted in \$104,000.

PRIVATE AMENITIES

TROUT CREEK REC CENTER + AQUATICS

NOR \$157,276

FAVORABLE \$68,703 / 78% TO BUDGET

TROUT CREEK REC CENTER: Mask requirements impacted revenues, which finished the year \$130,000 below Budget. Payroll savings were \$167,000.

AQUATICS: Performance was on budget for the year.

TENNIS CENTER

NOR \$30,150

UNFAVORABLE -\$13,466 / 31% TO BUDGET

Strong visitation and revenue ended above Budget \$103,000, or 34%. No seasonal labor or instructor commissions were budgeted. The total non-budgeted expense was \$159,000.

BEACH CLUB MARINA

NOR \$306,806

FAVORABLE \$443 / 0% TO BUDGET

Revenue fell short of Budget by \$12,000, or 1.5%. Wildfire smoke negatively impacted the marina between mid-August and Labor Day Weekend. Labor savings were \$24,000, or 8%.

RECREATION PROGRAMS

NOR LOSS (\$62,410)

FAVORABLE \$8,000 / 11% TO BUDGET

The Summer Concert on the Green was canceled due to COVID-19. Other programs recognized a \$9,000 operating profit.

DAY CAMPS

NOR \$69,232

UNFAVORABLE -\$83,805 / 55% TO BUDGET

Very strong demand resulted in revenue favorable to Budget by \$65,000, or 27%. No seasonal labor was budgeted, resulting in \$146,000 of non-budgeted expenses.

SUPPORT SERVICES

I.T., FINANCE + HUMAN RESOURCES

NOR LOSS (\$1,988,849)

FAVORABLE \$137,999 / 6% TO BUDGET

Payroll savings occurred within all three departments due to unfilled positions for part of the year.

ARCHITECTURAL STANDARDS OFFICE

NOR LOSS (\$122,055)

FAVORABLE \$193,552 / 61% TO BUDGET

ASO and transfer fees of \$51,000 were favorable to Budget. Payroll savings of \$47,000 and contract fee savings were \$55,000. ASO moved out of Northwoods Clubhouse in August.

FORESTRY

NOR LOSS (\$1,252,545)

FAVORABLE \$287,927 / 19% TO BUDGET

Strong timber sales generated \$87,000, or 162% to Budget. Summer positions were unable to be filled, creating payroll savings of \$161,000.

COMMUNICATIONS

NOR LOSS (\$488,837)

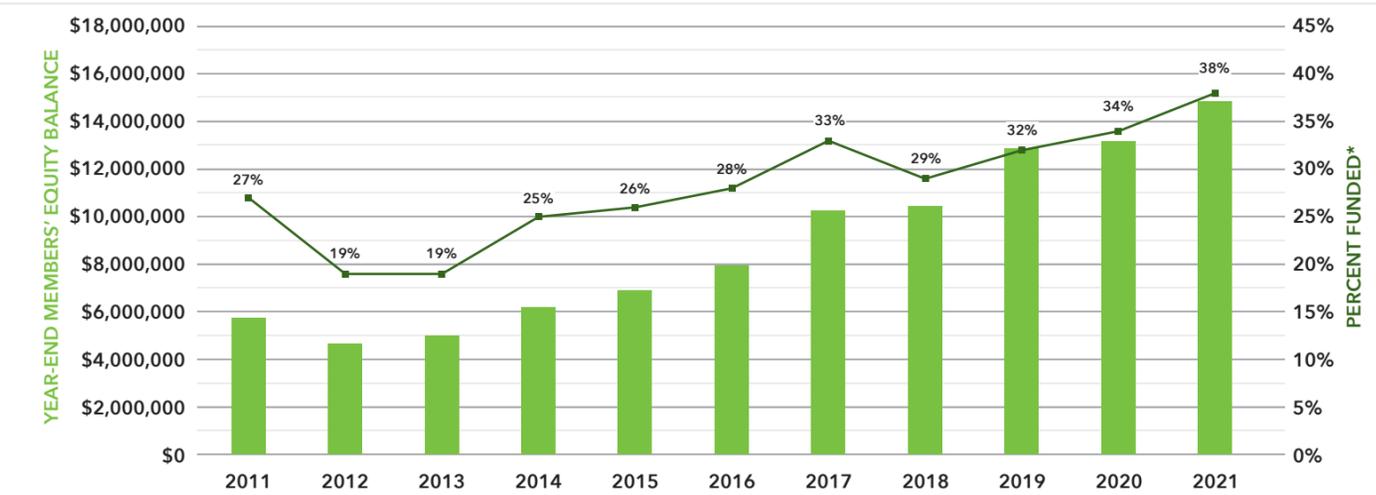
FAVORABLE \$39,083 / 7% TO BUDGET

Advertising revenue increased \$57,000, or 27%. Printing and survey costs were \$60,000 greater than Budget.

CAPITAL RESERVES

REPLACEMENT RESERVE FUND

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

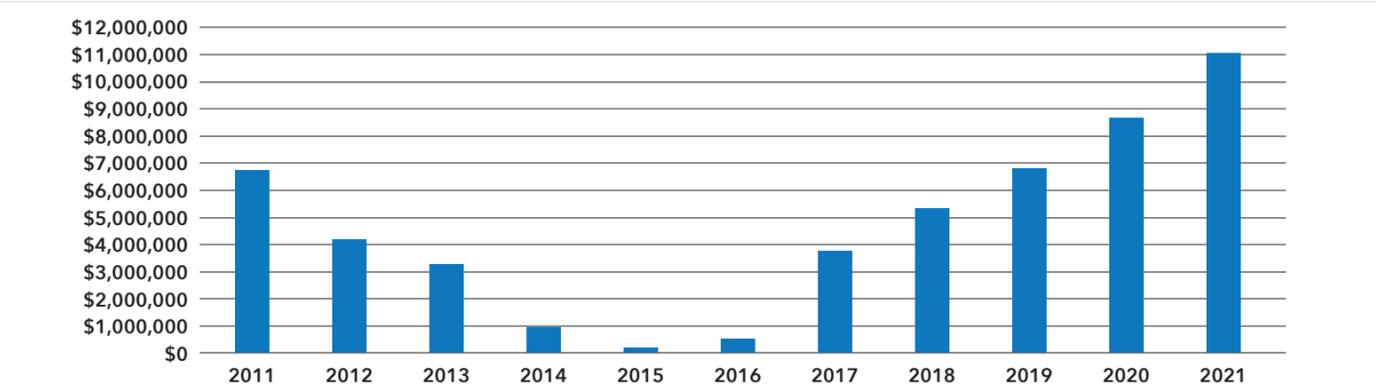


- The Replacement Reserve Fund is the capital reserve fund for existing asset components of the Association. This is a savings fund utilized to replace and preserve assets of the Association as they depreciate over time. There are over 2,000 components in the reserve study, which is updated every year. A complete physical inspection of all components is performed every three years.
- The Association has a Replacement Reserve Fund policy that provides for a target minimum of 25% funded.*
- The reserve study does not include the replacement of existing buildings. Funding for the replacement of existing buildings comes from the Development Fund, seen below.
- The funding level from the Annual Assessment generally needs to increase each year to keep pace with, or exceed, the rate of 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 \$500,000 (2018) and \$1,000,000 (2019) transfers from Operating Fund surpluses to this fund.
- The 2021 assessment funding level was \$801 per owner, or \$5,184,873, an increase of 4% over 2020.
- The 2022 assessment funding level was \$848 per owner, or \$5,489,104, an increase of 6% over 2021.

*Percent (%) Funded is the measure of the current fund balance to the current value of all future replacement costs from the Reserve Study (refer to the 2022 Budget Report for more information on the Reserve Schedule).

DEVELOPMENT FUND

MEMBERS' EQUITY (YEAR-END FUND BALANCE)



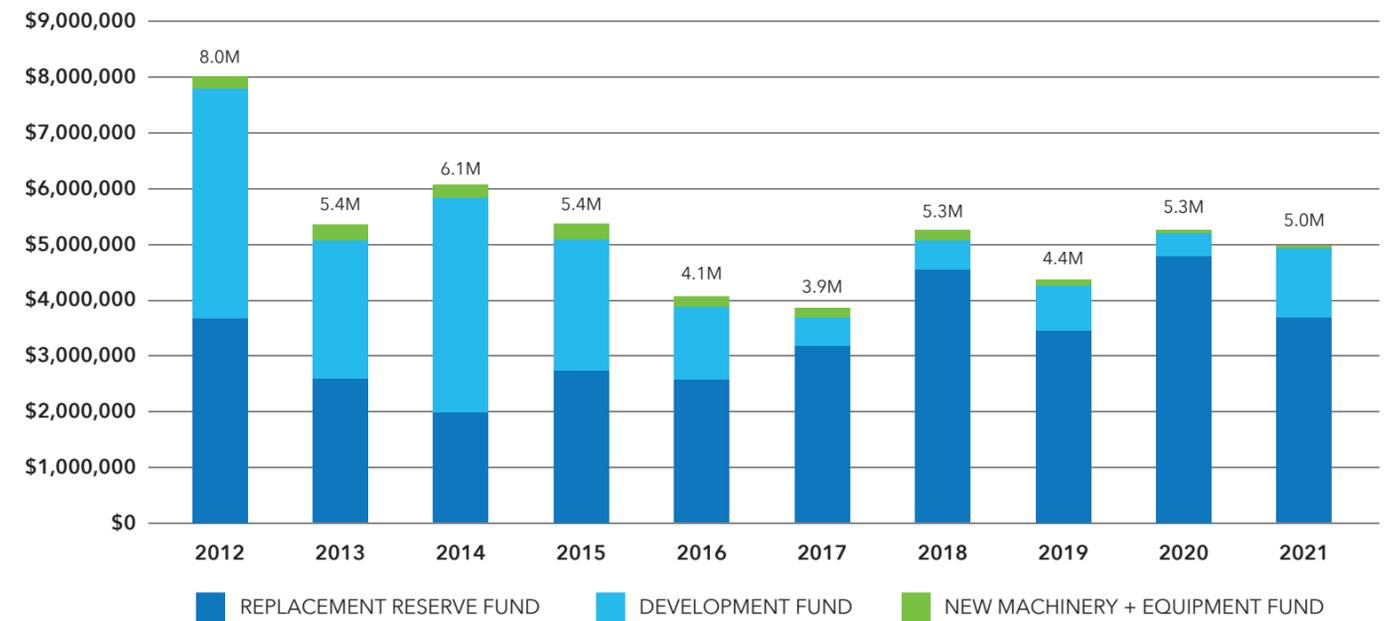
- The Development Fund was established as authorized in the governing documents of the Association to accumulate funds for large-scale projects identified as necessary due to the new capacity requirements or changing needs of the Association.
- Management, the Board and the newly-established Long-Range Planning Committee guide the prioritization of the numerous projects identified for Development Fund expenditure. The list of projects is actively being updated, including numerous open member meetings and articles in the *Tahoe Donner News* magazine and online at tahoedonner.com.
- Replacement of the Downhill Ski lodge is the principal project for which funds are being accumulated.
- The 2021 assessment funding level was \$444 per owner, or \$2,874,012, an increase of 25% over 2020.
- The 2022 assessment funding level was \$555 per owner, or \$3,592,515, an increase of 25% over 2021.

CAPITAL EXPENDITURES

CAPITAL FUNDS

EXPENDITURES BY YEAR

10-YEAR TOTAL = \$52.6 MILLION



Ten-year total spend of \$52.6 million equates to an average of \$5.26 million in Capital Fund expenditures per year. The 10-year average of depreciation expense is \$2.9 million per year for a total of \$29.0 million. Note that many older assets are fully depreciated and now have no annual depreciation expense. The net effect is a growth in net fixed assets.

Net fixed assets grew from \$27.6 million at the end of 2011 to \$43.1 million at the end of 2021. Your Association has invested in fixed assets to improve member enjoyment and protect home values.

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:

\$33.4 million in replacement and major repairs of existing assets (per reserve study plan)

- \$3.3 million per year 10-year average, maintaining existing asset components (depreciation average is \$2.7 million)
- \$2.7 million per year first 5 years average, maintaining existing asset components
- \$3.9 million per year second 5 years average, maintaining existing asset components
- The increase from 2011-2016 to the 2017-2021 average is due to the overall aging of assets, the impact of Development Fund projects on related reserve components, the 2018 replacement of Snowbird Chairlift for \$1.4 million, as well as the Downhill Ski Lodge and Cross Country Ski Center snowmaking investments.

\$17.8 million in Development Fund capital investments, including:

- Alder Creek Adventure Center building (2014-2015)
- Downhill Ski Area snowmaking investment (2015)
- 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)
- Trout Creek Recreation Center building expansion (2019-2020)
- Bermgarten Trailhead paving (2020)
- Downhill Ski Lodge professional services, Cross Country Ski Center snowmaking (2021)

\$1.5 million in New Machinery + Equipment Fund capital investments

\$155,000 per-year average

CAPITAL FUNDS

REPLACEMENT RESERVE FUND

38% FUNDED

The ratio of the Replacement Reserve Fund balance as of December 31, 2021 and the Replacement Reserve Components current replacement cost estimate (100% Funded Allocation Method) for December 31, 2021. See page 10 for by-year trends.

\$3.7 MILLION | 2021 Expenditures

- \$575,000 INFORMATION TECHNOLOGY hardware and software
- \$390,000 TROUT CREEK RECREATION CENTER asphalt resurfacing
- \$353,000 GOLF COURSE backhoe loader, bridge repairs, irrigation repairs and walk-behind mowers
- \$192,000 TROUT CREEK RECREATION CENTER remodel rolled over from 2020
- \$123,000 TENNIS court resurfacing and repair and playmate ball machine

The Replacement Reserve Fund is used to account for financial resources designated for the repair, restoration, replacement or maintenance of, or litigation involving repair, restoration, replacement or maintenance of, major components that the Association is obligated by state law and sound business practices to repair, restore, replace or maintain. A 30-year reserve funding and expenditure plan is produced every three years, and updated annually, to schedule and analyze the funding and expenditure needs. Over 2,000 individual items are tracked in this plan, with a current replacement value of \$66 million. An updated Reserve Study will take place in 2022, led by our Reserve Specialist and staff. The study reviews all the major common area components and provides an update on their estimated remaining useful life.

The year-end fund balance increased by \$1.7 million, or 13%. The balance fluctuates each year due to funding level from

assessment and transfers, if any, as well as expenditures each year, in accordance with the 30-year reserve study.

DEVELOPMENT FUND

\$1.2 MILLION | 2021 Expenditures

- \$478,000 CROSS COUNTRY SKI snowmaking project
- \$271,000 DOWNHILL SKI lodge planning costs
- \$72,000 SNOWPLAY snowmaking installation and soft costs
- \$51,000 TRAILS trailhead boardwalk and trail restoration soft costs

The Development Fund is specifically intended for and authorized in the governing documents of the Association. The Development Fund was established to accumulate funds for use in the development of, and additions to, facilities identified by the Board as necessary due to new capacity requirements of the Association or changing needs of the community.

The Development Fund includes funds accumulated for the specific purpose of replacing existing buildings, as only certain components of buildings are in the Replacement Reserve study.

The assessment contribution for 2021 was \$2,874,012, or \$444 per owner. The year-end fund balance increased by \$1.6 million, or 19%. Savings in this fund are primarily for the replacement of the aging (50-year-old) Downhill Ski lodge and Northwoods Clubhouse.

NEW MACHINERY + EQUIPMENT FUND

\$56,000 | 2021 Expenditures

- \$16,000 GOLF OPERATIONS Sand Pro® groomer with rake attachment
- \$11,000 TRAILS / FORESTRY GPS and software
- \$7,000 FOOD AND BEVERAGE donut machine for TD Eats

The New Machinery + Equipment Fund is used to account for financial resources designated for the acquisition of new assets identified as necessary for the Association to be more efficient in operations or to provide new services to the membership.

There was no assessment contribution for 2021. The year-end fund balance of \$299,000 decreased by \$56,000, or 16%, compared to prior year end.

PROPERTY FUND

The Property Fund is used to account for the Association's investment in its fixed assets. Capital additions to fixed assets totaled \$6.3 million (in 2020, \$4.3 million). Depreciation expense for the year totaled \$3.0 million (in 2020, \$3.0 million).

Total gross fixed asset value of \$89.1 million equates to \$13,763 per owner and net book value of fixed assets and construction in progress of \$43.1 million equates to \$6,658 per owner (an increase of \$111 to 2020).

CAPITAL FUNDS SUMMARY

YEAR ENDING DECEMBER 31, 2021

	2021 ACTUAL	2021 BUDGET	2021 ACTUAL VS 2021 BUDGET	2020 ACTUAL	2021 ACTUAL VS 2020 ACTUAL
REPLACEMENT RESERVE FUND					
Beginning Fund Balance	\$ 13,128,074	\$ 12,000,000	\$ 1,128,074	\$ 12,827,511	\$ 300,563
Assessment Contribution	5,184,873	5,184,873	-	4,985,000	199,873
Interest Revenue	115,267	211,444	(96,177)	166,496	(51,229)
Operating Fund Transfer In	-	-	-	-	-
Other Revenue + Expense, Net	45,425	(216,951)	262,376	(57,813)	103,238
Major Maintenance + Fund Expenses	(942,969)	(1,159,390)	216,421	(970,962)	27,993
Expenditures for Capital Additions	(2,732,862)	(4,825,541)	2,092,679	(3,822,158)	1,089,296
Change in Fund Balance	1,669,734	(805,565)	2,475,299	300,563	1,369,171
ENDING FUND BALANCE	\$ 14,797,808	\$ 11,194,435	\$ 3,603,373	\$ 13,128,074	\$ 1,669,734

	2021 ACTUAL	2021 BUDGET	2021 ACTUAL VS 2021 BUDGET	2020 ACTUAL	2021 ACTUAL VS 2020 ACTUAL
NEW MACHINERY + EQUIPMENT FUND					
Beginning Fund Balance	354,656	321,503	33,153	207,674	146,982
Assessment Contribution	-	-	-	194,000	(194,000)
Interest Revenue	42	4,823	(4,781)	2,661	(2,619)
Other Revenue + Expense, Net	-	-	-	-	-
Major Maintenance + Fund Expenses	-	-	-	-	-
Expenditures for Capital Additions	(56,178)	(80,000)	23,822	(49,679)	(6,499)
Change in Fund Balance	(56,136)	(75,177)	19,041	146,982	(203,118)
ENDING FUND BALANCE	\$ 298,520	\$ 246,326	\$ 52,194	\$ 354,656	\$ (56,136)

	2021 ACTUAL	2021 BUDGET	2021 ACTUAL VS 2021 BUDGET	2020 ACTUAL	2021 ACTUAL VS 2020 ACTUAL
DEVELOPMENT FUND					
Beginning Fund Balance	8,643,940	8,273,666	370,274	6,787,250	1,856,690
Assessment Contribution	2,874,012	2,874,012	-	2,298,000	576,012
Interest Revenue	59,310	82,737	(23,427)	114,175	(54,865)
Operating Surplus Transfer In *	696,534	-	696,534	-	696,534
Other Revenue + Expense, Net	(5,086)	(9,493)	4,407	(129,517)	124,431
Fund Expenses	(125,024)	(118,024)	(7,000)	-	(125,024)
Expenditures for Capital Additions	(1,111,902)	(1,856,696)	744,794	(425,968)	(685,934)
Change in Fund Balance	2,387,844	972,536	1,415,308	1,856,690	531,154
ENDING FUND BALANCE	\$ 11,031,784	\$ 9,246,202	\$ 1,785,582	\$ 8,643,940	\$ 2,387,844

	2021 ACTUAL	2021 BUDGET	2021 ACTUAL VS 2021 BUDGET	2020 ACTUAL	2021 ACTUAL VS 2020 ACTUAL
CAPITAL FUND TOTALS SEE PAGE 26 FOR SCHEDULE OF SPEND BY DEPARTMENT					
Major Maintenance + Fund Expenses	(1,067,993)	(6,762,237)	5,694,244	(970,962)	(97,031)
Expenditures for Capital Additions	(3,900,942)	(1,159,390)	(2,741,552)	(4,297,805)	396,863
TOTAL	\$ (4,968,935)	\$ (7,921,627)	\$ 2,952,692	\$ (5,268,767)	\$ 299,832

The variance between Actual and Budget capital expenditures is primarily driven by the timing of projects between years, weather delays, contractor availability and deferrals due to COVID-19.

* Board approved transfer in December 2021, funds transferred in 2022

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 defer the burden to future owners. Properly maintaining our assets protects owners' **property values**.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS TAHOE DONNER ASSOCIATION

OPINION

We have audited the accompanying financial statements of Tahoe Donner Association, which comprise the balance sheet as of December 31, 2021, and the related statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahoe Donner Association as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tahoe Donner Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tahoe Donner Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include

examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tahoe Donner Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tahoe Donner Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

DISCLAIMER OF OPINION ON REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that Required Supplementary Information on Future Major Repairs and Replacements on page 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

The information included on pages 24-26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COMPARATIVE INFORMATION

Information for the year ended December 31, 2020 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unmodified opinion on our report dated April 13, 2021.

McCLINTOCK ACCOUNTANCY CORPORATION
TAHOE CITY, CALIFORNIA
APRIL 13, 2022

TAHOE DONNER ASSOCIATION BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2021	TOTAL 2020
ASSETS							
Cash and cash equivalents, unrestricted (Note 4)	\$ 8,575,802	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,575,802	\$ 5,491,032
Cash and cash equivalents, designated and restricted (Note 4)	243,852	11,018,494	315,824	8,453,349	-0-	20,031,519	2,505,280
Investments, unrestricted (Note 4)	499,989	-0-	-0-	-0-	-0-	499,989	1,632,827
Investments, designated and restricted (Note 4)	-0-	4,610,531	-0-	2,148,054	-0-	6,758,585	21,891,212
	9,319,643	15,629,025	315,824	10,601,403	-0-	35,865,895	31,520,351
Assessments and other member receivables, less allowance for doubtful accounts of \$104,373 in 2021 and \$75,213 in 2020	288,048	-0-	-0-	-0-	-0-	288,048	245,507
Other receivables	67,949	37,857	-0-	18,302	-0-	124,108	25,104
Inventory	342,115	-0-	-0-	-0-	-0-	342,115	321,967
Prepaid expenses and other assets	1,419,162	42,522	-0-	2,056	-0-	1,463,740	1,274,413
Due from (to) other funds	(1,958,386)	631,157	(17,304)	1,344,533	-0-	1	-0-
Property and equipment, net (Note 5)	-0-	-0-	-0-	-0-	43,098,937	43,098,937	42,380,585
TOTAL ASSETS	\$ 9,478,531	\$ 16,340,561	\$ 298,520	\$ 11,966,294	\$ 43,098,937	\$ 81,182,843	\$ 75,767,927
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 479,613	\$ 115,335	\$ -0-	\$ 1,350	\$ -0-	\$ 596,298	\$ 219,371
Accrued liabilities	1,260,186	-0-	-0-	-0-	-0-	1,260,186	1,110,001
Deferred revenue	4,253,305	1,427,418	-0-	933,160	-0-	6,613,883	6,684,163
Deposits from members	392,760	-0-	-0-	-0-	-0-	392,760	308,151
TOTAL LIABILITIES	6,385,864	1,542,753	-0-	934,510	-0-	8,863,127	8,321,686
Fund Balances - Exhibit B	3,092,667	14,797,808	298,520	11,031,784	43,098,937	72,319,716	67,446,241
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,478,531	\$ 16,340,561	\$ 298,520	\$ 11,966,294	\$ 43,098,937	\$ 81,182,843	\$ 75,767,927

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TAHOE DONNER ASSOCIATION

STATEMENTS OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2021	TOTAL 2020
REVENUE							
Members' assessments	\$ 6,447,108	\$ 5,184,873	\$ -0-	\$ 2,874,012	\$ -0-	\$ 14,505,993	\$ 13,366,745
Downhill ski	3,731,124	-0-	-0-	-0-	-0-	3,731,124	3,461,292
Snowplay	311,594	-0-	-0-	-0-	-0-	311,594	153,021
The Lodge and Summer F&B	1,851,959	-0-	-0-	-0-	-0-	1,851,959	1,305,051
Cross country center	1,590,310	-0-	-0-	-0-	-0-	1,590,310	1,265,594
Trout Creek recreation center and aquatics	1,250,858	-0-	-0-	-0-	-0-	1,250,858	668,271
Marina	748,130	-0-	-0-	-0-	-0-	748,130	464,555
Golf course	1,536,980	-0-	-0-	-0-	-0-	1,536,980	86,618
Alder Creek Cafe	197,118	-0-	-0-	-0-	-0-	197,118	349,064
Pizza on the Hill	19,240	-0-	-0-	-0-	-0-	19,240	-0-
Tennis	402,909	-0-	-0-	-0-	-0-	402,909	352,122
Day Camps	309,645	-0-	-0-	-0-	-0-	309,645	1,534
Equestrian	140,341	-0-	-0-	-0-	-0-	140,341	78,689
Recreation	32,206	-0-	-0-	-0-	-0-	32,206	-0-
Campground	116,461	-0-	-0-	-0-	-0-	116,461	119,887
Bikeworks	143,339	-0-	-0-	-0-	-0-	143,339	172,179
Trails	396	-0-	-0-	-0-	-0-	396	1,127
Communications	267,066	-0-	-0-	-0-	-0-	267,066	240,013
Architectural standards	283,675	-0-	-0-	-0-	-0-	283,675	325,269
Forestry	141,248	-0-	-0-	-0-	-0-	141,248	173,372
Interest income	2,561	115,267	46	59,310	-0-	177,184	351,845
Late charges, handling, transfer fees, and other fees	114,055	-0-	-0-	-0-	-0-	114,055	132,908
Miscellaneous income	56,952	-0-	-0-	-0-	-0-	56,952	43,510
TOTAL REVENUE	19,695,275	5,300,140	46	2,933,322	-0-	27,928,783	23,112,666
OPERATING EXPENSES							
Downhill ski (cost of sales of \$111,714 in 2021 and \$102,458 in 2020)	2,536,574	31,352	-0-	-0-	-0-	2,567,926	2,529,674
Snowplay (cost of sales of \$684 in 2021 and \$198 in 2020)	133,537	-0-	-0-	-0-	-0-	133,537	101,649
The Lodge and Summer F&B (cost of sales of \$611,956 in 2021 and \$431,666 in 2020)	2,502,131	-0-	-0-	-0-	-0-	2,502,131	1,781,237
Cross country center (cost of sales of \$103,497 in 2021 and \$70,892 in 2020)	904,281	39,754	-0-	-0-	-0-	944,035	821,781
Trout Creek recreation center and aquatics (cost of sales of \$17,348 in 2021 and \$4,975 in 2020)	1,093,581	21,128	-0-	-0-	-0-	1,114,709	874,033
Marina (cost of sales of \$54,585 in 2021 and \$13,138 in 2020)	441,324	11,139	-0-	-0-	-0-	452,463	257,992
Golf course (cost of sales of \$57,805 in 2021 and \$411 in 2020)	1,500,365	48,791	-0-	-0-	-0-	1,549,156	620,189
Alder Creek Cafe (cost of sales of \$66,180 in 2021 and \$116,757 in 2020)	308,898	-0-	-0-	-0-	-0-	308,898	476,929
Pizza on the Hill (cost of sales of \$18,592 in 2021 and \$-0- in 2020)	154,368	22,822	-0-	-0-	-0-	177,190	18,570
Tennis (cost of sales of \$28,830 in 2021 and \$28,553 in 2020)	372,759	14,850	-0-	-0-	-0-	387,609	256,244
Day Camps	240,413	-0-	-0-	-0-	-0-	240,413	20,905
Equestrian (cost of sales of \$1,164 in 2021 and \$-0- in 2020)	297,301	3,396	-0-	-0-	-0-	300,697	189,975
Recreation (cost of sales of \$1,106 in 2021 and \$24 in 2020)	94,616	-0-	-0-	-0-	-0-	94,616	38,143
Campground	96,311	14,950	-0-	-0-	-0-	111,261	85,013
Bikeworks (cost of sales of \$30,591 in 2021 and \$57,360 in 2020)	160,457	-0-	-0-	-0-	-0-	160,457	141,325
Trails	174,799	295	-0-	-0-	-0-	175,094	144,320
Communications	755,903	-0-	-0-	-0-	-0-	755,903	602,564
Architectural standards	405,730	-0-	-0-	-0-	-0-	405,730	340,395
Forestry	1,393,793	142,871	-0-	-0-	-0-	1,536,664	1,738,684
Homeowners' association operating expenses and G&A	5,265,841	591,621	-0-	125,024	-0-	5,982,486	4,776,996
TOTAL OPERATING EXPENSES	18,832,982	942,969	-0-	125,024	-0-	19,900,975	15,816,618
FUND EXPENSES							
(Gain) Loss on disposal of assets	-0-	(59,910)	-0-	-0-	6,266	(53,644)	(15,821)
Depreciation	-0-	-0-	-0-	-0-	3,176,324	3,176,324	3,219,365
Income tax provision (Note 6)	12,078	14,485	4	5,086	-0-	31,653	42,557
TOTAL EXPENSES	18,845,060	897,544	4	130,110	3,182,590	23,055,308	19,062,719
REVENUE OVER (UNDER) EXPENSES	\$ 850,215	\$ 4,402,596	\$ 42	\$ 2,803,212	\$ (3,182,590)	\$ 4,873,475	\$ 4,409,947
PROPERTY FUND ADDITIONS, NET (SCHEDULE 2)	-0-	(2,732,862)	(56,178)	(1,111,902)	3,900,942	-0-	-0-
TRANSFER BETWEEN FUNDS	(696,534)	-0-	-0-	696,534	-0-	-0-	-0-
FUND BALANCES, BEGINNING OF YEAR	2,938,986	13,128,074	354,656	8,643,940	42,380,585	67,446,241	63,396,294
FUND BALANCES, END OF YEAR	\$ 3,789,199	\$ 14,797,808	\$ 298,520	\$ 11,031,784	\$ 43,098,937	\$ 72,319,716	\$ 67,446,241

TAHOE DONNER ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2021	TOTAL 2020
CASH FLOWS FROM OPERATING ACTIVITIES							
Operating Revenue Over Expenses	\$ 850,215	\$ -0-	\$ -0-	\$ -0-	\$ -0-	850,215	\$ 696,534
Replacement Revenue Over Expenses	-0-	4,402,596	-0-	-0-	-0-	4,402,596	4,122,721
Non-Operating Funds Revenue Over (Under) Expenses	-0-	-0-	42	2,803,212	(3,182,590)	(379,336)	(769,308)
Revenue Over (Under) Expenses	850,215	4,402,596	42	2,803,212	(3,182,590)	4,873,475	4,049,947
Transfers between funds	(696,534)	-0-	-0-	696,534	-0-	-0-	-0-
Adjustments to Reconcile Operating/Replacement Revenue Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities:							
Bad debt expense	13,200	13,000	-0-	7,000	-0-	33,200	81,353
Depreciation expense	-0-	-0-	-0-	-0-	3,176,324	3,176,324	3,219,365
(Gain)/Loss on disposal of assets	-0-	(59,910)	-0-	-0-	6,266	(53,644)	(15,821)
Changes in:							
Assessments receivable	(55,741)	(13,000)	-0-	(7,000)	-0-	(75,741)	(60,835)
Other receivables	(54,931)	(37,838)	-0-	(7,191)	-0-	(99,960)	311,905
Inventory	(20,148)	-0-	-0-	-0-	-0-	(20,148)	(2,625)
Prepaid expenses and other assets	(143,793)	(42,522)	-0-	(2,056)	-0-	(188,371)	(414,355)
Due to/from other funds	1,221,488	(984,443)	109,280	(346,325)	-0-	-0-	-0-
Accounts payable	440,400	(32,364)	-0-	(9,111)	-0-	398,925	(452,262)
Accrued liabilities	186,106	(34,876)	(41)	(1,005)	-0-	150,184	(370,171)
Deferred revenue	132,083	(221,510)	-0-	19,147	-0-	(70,280)	1,127,669
Deposits	84,609	-0-	-0-	-0-	-0-	84,609	88,885
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,956,954	2,989,133	109,281	3,153,205	-0-	8,208,573	7,563,055
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisition of property and equipment	-0-	(2,754,859)	(56,178)	(1,111,902)	-0-	(3,922,939)	(4,402,063)
Proceeds from sale of property and equipment	-0-	59,910	-0-	-0-	-0-	59,910	44,845
Purchase of investments	(7,900,413)	(13,727,713)	-0-	(9,991,919)	-0-	(31,620,045)	(35,432,385)
Maturity or redemption of investments	9,033,251	24,229,577	-0-	14,622,682	-0-	47,885,510	38,231,743
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,132,838	7,806,915	(56,178)	3,518,861	-0-	12,402,436	(1,557,860)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,089,792	10,796,048	53,103	6,672,066	-0-	20,611,009	6,005,195
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,819,654	\$ 11,018,494	\$ 315,824	\$ 8,453,349	\$ -0-	\$ 28,607,321	\$ 7,996,312
ANALYSIS OF CASH AND CASH EQUIVALENTS							
Cash and cash equivalents, unrestricted	\$ 8,575,802	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,575,802	\$ 5,491,032
Cash and cash equivalents, designated and restricted	243,852	11,018,494	315,824	8,453,349	-0-	20,031,519	2,505,280
	\$ 8,819,654	\$ 11,018,494	\$ 315,824	\$ 8,453,349	\$ -0-	\$ 28,607,321	\$ 7,996,312
SUPPLEMENTAL DISCLOSURE							
Income taxes paid	\$ 55,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 55,000	\$ 55,000
NON-CASH INVESTMENT ACTIVITIES							
Acquisition of equipment financed by trade payables	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 21,997

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

1 OPERATIONS

Tahoe Donner Association (Association) is a California nonprofit mutual benefit corporation. The Association's members own the 6,473 membership properties within the Tahoe Donner subdivision in Truckee, California. The Association was organized to provide management services and maintenance of certain common areas owned by the Association. A significant portion of revenue is derived from the assessment of member dues.

The Association operates and maintains facilities, which include a golf course and pro shop, restaurant, downhill ski area, clubhouse, Nordic ski area, beach and marina area, equestrian center, campground, tennis facilities, recreation complex, pools and parks. Revenues are derived from member and non-member usage of these facilities.

The Association's Board of Directors is comprised of five members elected to serve three-year terms by a vote of the members. The Board of Directors governs in accordance with the Association's bylaws and declaration of covenants and restrictions. The Board of Directors establishes members' dues and user fees, and has the ability to enter into long-term contracts. Along with other actions, closing an Association amenity (as defined by the governing documents) requires a vote of the members.

2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION – The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

OPERATING FUND – Used to account for financial resources available for the general operations of the Association.

REPLACEMENT RESERVE FUND – Used to account for financial resources designated for the repair, restoration, replacement or maintenance of, or litigation involving repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the replacement reserve fund was established.

NEW EQUIPMENT FUND – Used to account for financial resources designated for the purchase of new machinery, equipment, furnishings and fixtures.

DEVELOPMENT FUND – Used to account for financial resources designated for use in the acquisition and enhancement of facilities, equipment and other resources.

PROPERTY FUND – Used to account for the Association's investment in its common property and equipment, and other Association real property.

ASSESSMENT REVENUE – Association members are subject to annual assessments to provide funds for the Association's operating expenses, major repairs and replacements, development and purchase of new equipment. Accounts receivable at the balance sheet date primarily represents amounts due from unit owners. The Association's collection policy includes, among other things, assessing a late charge and interest, filing a lien, and assessing a lien fee on payments not received within the allowable time periods. In certain instances, foreclosure may be necessary. An allowance for doubtful accounts is created when an account's collectability is uncertain. Accounts are written off when the Association's management determines that an account is uncollectible due to an event such as bankruptcy or foreclosure proceedings.

REVENUE RECOGNITION – The Association's accounting policies with regards to revenue from contracts with customers are discussed in Note 3, Revenues.

CASH consists of cash on hand, demand deposits at banks and money market funds.

The Association minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. As of December 31, 2021 and 2020, cash balances exceeded federally insured limits by approximately \$3,428,000 and \$5,137,000, respectively. The Association has not experienced any losses in such accounts and management believes the Association is not exposed to any significant credit risk related to cash.

INVESTMENTS consist of debt securities and certificates of deposits, which are carried at amortized cost as the Association has the positive intent and ability to hold all debt securities and certificates of deposit until maturity.

INVENTORIES consist of food, beverage and retail goods and are stated at the lower of average cost or market.

PROPERTY AND EQUIPMENT of the Association includes certain facilities and land contributed by Dart in prior years. These assets are reflected in the accounts at the developers' cost basis. Purchases are stated at cost. The Association capitalizes all expenditures for property and equipment in excess of \$2,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 60 years. These assets are recorded directly in the property fund.

Approximately 3,000 acres of undeveloped non-common area real property owned by the Association is controlled by the Association's declaration of covenants and restrictions and bylaws.

INTEREST INCOME and the related income tax expense is allocated to the operating, replacement and reserve, new machinery and equipment and development funds in proportion to the interest-bearing assets of each fund.

ASSESSMENTS PAID IN ADVANCE AND DEFERRED REVENUE primarily represents funds received for assessments, amenity and

newsletter fees received in the current fiscal year, which apply to the subsequent fiscal year.

DEPOSITS FROM MEMBERS held by the Association are primarily security deposits from members for the construction of residential real property. The deposits are used to ensure that construction is completed in accordance with the guidelines established by the Association's Architectural Standards Committee. The funds are deposited in a separate trust account and are refundable upon satisfactory completion of construction.

ADVERTISING COSTS are expensed as incurred. For the year ended December 31, 2021 and 2020 advertising costs total \$37,776 and \$50,594, respectively.

INCOME TAXES – For California purposes, the Association is taxed as membership organization. As such, the Association is generally taxed only on non-member income, such as investment earnings, advertising revenue and gains on sales of assets at regular state corporate tax rates. For federal purposes, the Association has tax-exempt status as a non-profit organization under Internal Revenue Code 501(c)(4). Unrelated business income earned by the Association, such as advertising revenue, is taxed net of related expenses at regular federal corporate tax rates.

The Association has applied the accounting principles related to the accounting for uncertainty in income taxes and has determined there is no material impact on the financial statements. With some exceptions, the Association is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2016.

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS, including cash and cash equivalent, accounts receivable and accounts payable approximate their fair value due to the short-term maturities of these instruments.

USE OF ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REVENUE RECOGNITION – The Association adopted the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, ("Topic 606" in the Accounting Standards Codification (ASC)). Topic 606 superseded the revenue recognition requirements in FASB ASC 972-605, *Real Estate—Common Interest Realty Associations, Revenue Recognition*. Under Topic 606, the Association must identify a contract with a customer, among other things, and recognize revenue as the Association satisfies a performance obligation.

As described above, Association members are subject to annual assessments that provide funds for the Association's operating expenses and major repairs and replacements. Association management has considered Topic 606 and concluded that Association members are not customers as defined in the ASC. As

such, all assessment revenue, including amounts allocated to the replacement fund, is recognized in the period in which it is assessed, regardless of when it is collected or expended.

COVID-19 – The COVID-19 outbreak in the United States has caused varying degrees of disruption across substantially all businesses. It is at least possible that the Association may experience adverse effects from the outbreak, including the inability to achieve consistent operational service levels historically available to members. As a result of the pandemic, the Association temporarily closed its amenities, causing a reduction in revenues and related expenses in the last three quarters of 2020. Benefits were maintained for furloughed employees in all departments. COVID-19 continued to impact operations into 2021 most notably within F&B where there no indoor dining was permitted at our outlets for the first quarter. Ski School revenue was somewhat impacted due to not being able to host J1 International Employees.

Issues may arise from disruptions in normal supply chains, slower collection of member assessments, reduction in user fees, or other factors.

The Association has considered the impact of COVID-19 on the assumptions and estimates used when preparing these financial statements including the potential impairment of long-lived assets, inventory valuation and future compliance with debt covenants, noting no adjustments to be reflected in the accompanying financial statements at this time. If the economic conditions caused by COVID-19 worsen beyond what is currently estimated by management, such future changes may have an adverse impact on the Association's result of operations, financial position, and liquidity, therefore no provisions have been reflected in the accompanying financial statements.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

REVENUE RECOGNITION

The following provides information about the Association's composition of revenue recognized from contracts with customers, the performance obligations under those contracts, and the significant judgments made in accounting for those contracts:

Downhill Ski, Cross Country and Golf revenue is derived from a wide variety of sources, including, among other things: lift, trail and course access revenue, which includes sales of lift tickets, trail access, golf course access and pass products; ski school and lesson revenue, which includes the revenue derived from ski school and lesson operations; food and beverage sales; retail sales and equipment rental revenue. Revenue is recognized over time as performance obligations are satisfied as control of the goods or services (e.g. access to ski areas, trails and golf course, provision of ski school and lesson services, etc.) is transferred to the customer, except for the retail sales, rentals and food and beverage operations revenue which are recognized at a point in time when performance

(Continued on next page)

obligations are satisfied by transferring control of the underlying goods to the customer. The Association records deferred revenue primarily related to the sales of the pass products. Deferred revenue is recognized throughout the ski and golf seasons as the Association's performance obligations are satisfied as control of the service (e.g. access to the ski areas throughout the ski season) is transferred to the customer. The transfer of control is based on the number of days that have passed in the season relative to total expected season days. Total expected season days are based on historical data, and the Association believes this estimate provides a faithful depiction of its customers' pass product usage.

The Association's private amenities (Trout Creek recreation center and aquatics, Snowplay, Marina and Tennis) are accessible via an annual recreation pass or daily access fees. Revenue is derived from recreation pass usage, daily access fees, lessons, classes and trainings, retail sales, equipment rentals and food and beverage sales. Revenue is recognized over time as performance obligations are satisfied as control of the goods or services (e.g. access amenities, provision of lessons, classes and training services, etc.) is transferred to the customer, except for the retail sales, rentals and food and beverage operations revenue which are recognized at a point in time when performance obligations are satisfied by transferring control of the underlying goods to the customer. The Association records deferred revenue primarily related to the sales of the recreation pass. Deferred revenue is recognized throughout recreation pass period as the Association's performance obligations are satisfied as control of the service (e.g. access to amenities throughout the pass period) is transferred to the customer. The transfer of control is based on an estimated number of pass holder visits relative to total expected visits. The total expected visits are estimated based on historical data, and the Association believes this estimate provides a faithful depiction of its customers' pass product usage.

Food and beverage revenue (The Lodge and Summer F&B, Alder Creek Cafe and Pizza on the Hill) is derived from restaurants and cafes, room rentals and banquets. Revenue is recognized at a point in time when performance obligations are satisfied by transferring controls of the underlying goods to the customer.

Communications revenue is derived primarily from newsletter ad sales. Revenue is recognized over time as performance obligations are satisfied as control of the good (e.g. inclusion of ad in the monthly newsletter) is transferred to the customer. Deferred revenue relates to sales of newsletter ad space for multiple monthly publications in advance.

Other revenue sources not previously mentioned provide revenue from a variety of means including other amenity access fees, lessons and camps, retail sales, equipment rentals, special events and concerts, food and beverage sales, architectural fees and forestry grants revenues. Revenue is recognized over time as performance obligations are satisfied as control of the (e.g. completions of lessons or camps) is transferred to the customer, except for retail sales, equipment rentals and food and beverage sales which are recognized at a point in time when performance obligations are satisfied by transferring control of the underlying goods to the customer.

ARRANGEMENTS WITH MULTIPLE PERFORMANCE OBLIGATIONS

Some of the Association's contracts with customers include multiple performance obligations, primarily related to bundled services such as multiple events, camps, class and lesson packages. For such contracts, revenue is allocated to each distinct and separate performance obligation based on its relative standalone selling price. The standalone selling prices are generally based on observable prices charged to customers or estimated based on historical experience and information.

CONTRACT BALANCES

Contract liabilities are recorded primarily as deferred revenues when payments are received or due in advance of the Association's performance, including amounts which may be refundable. The deferred revenue balance is primarily related to accounts receivable or cash payments recorded in advance of satisfying the Association's performance obligations related to advance purchase products consisting primarily of recreation passes, ski and golf passes, amenity-related lessons and programs. Deferred revenue balances related to contracts was approximately \$2,648,000 and \$2,071,000 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Association recognized approximately \$1,784,000 and \$1,592,000 of contract revenue that was included in the deferred revenue balance as of the previous fiscal year, respectively.

Contract assets are recorded as trade receivables when the right to consideration is unconditional. Trade receivable balances were approximately \$-0- and \$1,900 as of December 31, 2021 and 2020, respectively. Payments from customers are based on billing terms established in the contracts with customers, which vary by the type of customer, the location and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, contracts require payment before the products are delivered or services are provided to the customer. Impairment losses related to contract assets are recognized through the Association's allowance for doubtful accounts analysis. Contract asset write-offs are evaluated on an individual basis.

COSTS TO OBTAIN CONTRACTS WITH CUSTOMERS

The Association expects that credit card fees paid in order to obtain season pass products contracts are recoverable. Accordingly, the Association recognizes these amounts as assets when they are paid prior to the start of the pass season. As of December 31, 2021 and 2020, \$166 and \$6,502 of costs to obtain contracts with customers were recorded within prepaid expenses and other current assets, respectively.

Utilizing the practical expedient provided for under Topic 606, the Association has elected to expense credit card fees related to non-pass products and services as incurred, as the amortization period is generally one year or less for the time between customer purchase and utilization. These fees are recorded within departmental expenses on the Association's Statement of Revenue and Expenses and Changes in Fund Balances.

4 CASH AND INVESTMENTS

At December 31, the Association's cash and investments consisted of undesignated, designated and restricted accounts as follows:

2021	CASH	INVESTMENTS	TOTAL
Replacement Reserve Fund - designated	\$ 11,018,494	\$ 4,610,531	\$ 15,629,025
Development Fund - designated	8,453,349	2,148,054	10,601,403
New Equipment Fund - designated	315,824	-0-	315,824
Operating Fund - undesignated and unrestricted	8,575,802	499,989	9,075,791
Operating Fund - Trust - restricted 457 (b)	24,500	-0-	24,500
Operating Fund - Architectural standards deposits - restricted	219,352	-0-	219,352
TOTAL	\$ 28,607,321	\$ 7,258,574	\$ 35,865,895

2020	CASH	INVESTMENTS	TOTAL
Replacement Reserve Fund - designated	\$ 222,446	\$ 15,112,395	\$ 15,334,841
Development Fund - designated	1,781,283	6,778,817	8,560,100
New Equipment Fund - designated	262,721	-0-	262,721
Operating Fund - undesignated and unrestricted	5,491,032	1,632,827	7,123,859
Operating Fund - Trust - restricted 457 (b)	19,500	-0-	19,500
Operating Fund - Architectural standards deposits - restricted	219,330	-0-	219,330
TOTAL	\$ 7,996,312	\$ 23,524,039	\$ 31,520,351

Board designated funds in the replacement reserve fund cannot be expended for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the replacement reserve fund was established as mandated by state law.

Designated funds in the development fund are controlled by board-adopted policy that affords the board discretion in expenditure, except where member approval is required in connection with the intended project.

Cash consists of cash on hand, demand deposits at banks and highly liquid money market funds.

Association investments consist of certificates of deposit, municipal and corporate securities, and governmental securities. Varying types and levels of safety protection cover the various Association investments, including FDIC insurance, SIPC insurance, privately funded bank insurance, and the backing of the US Treasury and its agencies.

Municipal and corporate securities, governmental securities and certificates of deposit are carried at amortized cost as they are classified as held to maturity investments since the Association has the positive intent and ability to hold all securities until maturity.

(Continued on next page)

NOTES TO FINANCIAL STATEMENTS

The amortized cost of held-to-maturity investment securities at December 31, 2021 and 2020 are as follows:

	2021 AMORTIZED COST/NET CARRYING VALUE	2020 AMORTIZED COST/NET CARRYING VALUE
Held to maturity:		
Certificates of Deposit	\$ -0-	\$ 382,988
Corporate Bonds	2,797,163	2,219,307
Municipal Securities	2,960,167	2,176,130
US Treasury Securities	1,501,244	18,745,614
TOTAL HELD TO MATURITY	\$ 7,258,574	\$ 23,524,039

The significant reduction in total held to maturity investments in 2021 as compared to 2020 is more than offset by an approximately \$20,600,000 increase in total cash and cash equivalents (including demand deposits at banks and money market funds) that is not included in the table above. Investment balances were positioned into these cash and cash equivalent funds due to historically low interest rates that prevailed during most of 2021 and in anticipation of higher interest rates as the U.S. economy moves into the latter stages of the recovery from the COVID-19 pandemic.

The maturities of the held to maturity securities at December 31, 2021 and 2020 are as follows:

2021 INVESTMENT	WITHIN 1 YEAR	1-5 YEARS	TOTAL
Corporate Bonds	\$ 1,161,412	\$ 1,635,751	\$ 2,797,164
Municipal Bonds	1,194,121	1,766,046	2,960,167
U.S. Treasury	1,501,244	-0-	1,501,244
TOTAL	\$ 3,856,777	\$ 3,401,797	\$ 7,258,574

2020 INVESTMENT	WITHIN 1 YEAR	1-5 YEARS	TOTAL
Certificates of Deposit	\$ 382,988	\$ -0-	\$ 382,988
Corporate Bonds	400,949	1,818,358	2,219,307
Municipal Bonds	465,375	1,710,755	2,176,130
U.S. Treasury	18,745,614	-0-	18,745,614
TOTAL	\$ 19,994,926	\$ 3,529,118	\$ 23,524,039

NOTES TO FINANCIAL STATEMENTS

5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Buildings	\$ 34,551,323	\$ 33,368,213
Fixtures and facility improvements	19,273,380	19,146,350
Equipment	21,318,699	19,970,825
Land and land improvements	12,821,058	9,308,808
Furnishings	1,120,596	997,281
TOTAL	89,085,056	82,791,477
Less accumulated depreciation	(47,505,073)	(44,460,617)
	41,579,983	38,330,860
Construction in progress	1,518,954	4,049,725
TOTAL	\$ 43,098,937	\$ 42,380,585

6 INCOME TAXES

The provision for income taxes for the year ended December 31, 2021 and 2020 is as follows:

	2021	2020
State	\$ 30,697	\$ 43,403
Federal	956	(846)
TOTAL	\$ 31,653	\$ 42,557

The 2020 federal tax benefit is due to over accruing for federal tax in a prior year.

7 REPLACEMENT RESERVE FUND

The Association's policy is to maintain replacement funding levels sufficient to pay for capital replacements, refurbishments and repairs. Fund for replacement of common area property and equipment is accounted for through a replacement reserve fund. The funds are designated for major repairs and replacement. When major repairs or replacement occur, the expenditures are charged against the fund balance or, if certain conditions are met, a transfer is made for property and equipment to the property fund and the expenditures are capitalized.

Replacement funding levels, as determined by a study updated in 2021, are forecast on a 30-year basis with annual updates to replacement schedules, as they become known. The percent funded level is to exceed 25% and the replacement reserve fund balance is to equal or exceed 10% of net replacement reserve assets (total property and equipment less land and land improvements). The annual assessment allocation to the replacement reserve fund is determined by the Board of Directors with input from management. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. If additional funds are needed, the

Association has the right, subject to any necessary member approval, to increase regular dues, to levy special assessments or modify and adjust the scheduled major repairs and replacements as necessary.

8 INTERFUND ACTIVITY

The Association maintains five funds. The reserve fund portion of the overall assessment is deposited first to the operating fund and transferred to the reserve fund. All fund expenses are paid first by the operating fund and subsequently paid back by cash transfer. At various times during the year there is a receivable/payable (due to/from) among the funds.

9 RETIREMENT PLANS

The Association maintains a salary savings plan for all eligible employees. The Association matches 50% of the first 6% of the participant's contribution. Matching contributions are 20% vested after the third year of service and vest at the rate of 20% per year thereafter. Matching contributions expense was \$108,090 and \$70,108 for December 31, 2021 and 2020, respectively.

The Association maintains two defined contribution plans which qualify under Section 457(b) and Section 457(f) of the Internal Revenue Code, respectively (the 457 Plans). The 457 Plans allow for additional Association contributions and salary deferrals subject to limitations for eligible executive employees. Contributions to the 457 Plans funds are considered deferred compensation until certain future date conditions are met. The Association's contribution to the 457 Plans was \$50,000 and \$- 0- for the years ended December 31 2021 and 2020, respectively.

10 COMMITMENT

During 2021, the Association entered into a contract for The Lodge at Downhill Ski design services for \$1,234,082. As of December 31, 2021, \$1,083,070 remains to be spent on the project.

During 2021, the Association entered into a contract for snowmaking infrastructure at the Cross Country Center for \$893,709. As of December 31, 2021, \$712,594 remains to be spent on the project.

11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 13, 2022, the date the financial statements were issued.

TAHOE DONNER ASSOCIATION
 SCHEDULE OF REVENUE AND EXPENSES AND
 CHANGES IN FUND BALANCES BY NATURAL CLASSIFICATION
 FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	OPERATIONS			CAPITAL				TOTALS	
	AMENITIES	HOMEOWNERS' ASSOCIATION	TOTAL OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2021	TOTAL 2020
REVENUE									
Assessments	\$ -0-	\$ 6,447,108	\$ 6,447,108	\$ 5,184,873	\$ -0-	\$ 2,874,012	\$ -0-	\$ 14,505,993	\$ 13,366,745
Access and use fees	6,695,186	-0-	6,695,186	-0-	-0-	-0-	-0-	6,695,186	4,004,090
Retail sales	2,955,885	-0-	2,955,885	-0-	-0-	-0-	-0-	2,955,885	2,301,729
Lessons and rental revenue	2,271,879	13,725	2,285,604	-0-	-0-	-0-	-0-	2,285,604	2,056,567
Other revenues	459,660	849,271	1,308,931	-0-	-0-	-0-	-0-	1,308,931	1,031,690
Interest income	-0-	2,561	2,561	115,267	46	59,310	-0-	177,184	351,845
Total Revenue	12,382,610	7,312,665	19,695,275	5,300,140	46	2,933,322	-0-	27,928,783	23,112,666
OPERATING EXPENSES									
Salaries and wages	5,414,535	4,335,435	9,749,970	-0-	-0-	-0-	-0-	9,749,970	7,130,447
Cost of good sold	1,103,997	-0-	1,103,997	-0-	-0-	-0-	-0-	1,103,997	826,102
Payroll taxes and employee benefits	1,305,353	1,118,260	2,423,612	-0-	-0-	-0-	-0-	2,423,612	1,834,592
Supplies and maintenance	1,064,515	788,436	1,852,951	-0-	-0-	-0-	-0-	1,852,951	1,807,518
Utilities	719,938	152,005	871,943	-0-	-0-	-0-	-0-	871,943	874,026
Other employee expenses	148,413	173,034	321,447	-0-	-0-	-0-	-0-	321,447	389,236
Insurance	679,273	433,208	1,112,481	-0-	-0-	-0-	-0-	1,112,481	741,020
Income tax	-0-	12,078	12,078	14,485	4	5,086	-0-	31,653	42,557
Other expenses	578,637	1,014,943	1,593,580	13,000	-0-	7,000	-0-	1,613,580	1,242,715
Overhead allocation	-0-	(197,000)	(197,000)	78,976	-0-	118,024	-0-	-0-	-0-
Total Operating Expenses	11,014,661	7,830,399	18,845,060	106,461	4	130,110	-0-	19,081,635	14,888,213
FUND EXPENSES									
(Gain) Loss on disposal of assets	-0-	-0-	-0-	(59,910)	-0-	-0-	6,266	(53,644)	(15,821)
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	3,176,324	3,176,324	3,219,365
Fund expenses	-0-	-0-	-0-	850,993	-0-	-0-	-0-	850,993	970,962
Total Expenses	11,014,661	7,830,399	18,845,060	897,544	4	130,110	3,182,590	23,055,308	19,062,719
REVENUE OVER (UNDER) EXPENSES	\$ 1,367,949	\$ (517,734)	\$ 850,215	\$ 4,402,596	\$ 42	\$ 2,803,212	\$ (3,182,590)	\$ 4,873,475	\$ 4,049,947
PROPERTY FUND ADDITIONS, NET	-0-	-0-	-0-	(2,732,862)	(56,178)	(1,111,902)	3,900,942	-0-	-0-
TRANSFER BETWEEN FUNDS	-0-	-0-	(696,534)	-0-	-0-	696,534	-0-	-0-	-0-
FUND BALANCES, BEGINNING OF YEAR	-0-	-0-	2,938,986	3,128,074	354,656	8,643,940	42,380,585	67,446,241	63,396,294
FUND BALANCES, END OF YEAR	\$ -0-	\$ -0-	\$ 3,092,667	\$ 14,797,808	\$ 298,520	\$ 11,031,784	\$ 43,098,937	\$ 72,319,716	\$ 67,446,241

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

TAHOE DONNER ASSOCIATION

SCHEDULE OF CAPITAL FUNDS' EXPENDITURES BY DEPARTMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

	REPLACEMENT RESERVE FUND		NEW EQUIPMENT FUND		DEVELOPMENT FUND		CAPITAL FUNDS TOTAL	
	CAPITAL ADDITIONS	MAJOR MAINTENANCE	CAPITAL ADDITIONS	MAJOR MAINTENANCE	CAPITAL ADDITIONS	MAJOR MAINTENANCE	CAPITAL ADDITIONS	MAJOR MAINTENANCE
PRIVATE AMENITIES								
Trout Creek Recreation Center	\$ 673,443	\$ 21,128	\$ -0-	\$ -0-	\$ 6,079	\$ -0-	\$ 679,522	\$ 21,128
Beach Club Marina	63,498	11,139	-0-	-0-	-0-	-0-	63,498	11,139
Tennis Center	108,321	14,850	-0-	-0-	-0-	-0-	108,321	14,850
Northwoods Pool / Aquatics	4,154	-0-	-0-	-0-	-0-	-0-	4,154	-0-
Camps + Recreation Programs	2,027	-0-	-0-	-0-	-0-	-0-	2,027	-0-
TOTAL PRIVATE AMENITIES	851,443	47,117	-0-	-0-	6,079	-0-	857,522	47,117
PUBLIC AMENITIES								
Golf	389,258	48,791	16,238	-0-	-0-	-0-	405,496	48,791
Downhill Ski	451,122	31,352	788	-0-	316,675	-0-	768,585	31,352
Cross Country Ski	137,355	39,754	-0-	-0-	431,005	-0-	568,360	39,754
Campground	6,900	14,950	-0-	-0-	-0-	-0-	6,900	14,950
Equestrian	14,359	3,396	-0-	-0-	-0-	-0-	14,359	3,396
Trails	118,714	295	10,642	-0-	50,658	-0-	180,014	295
Bikeworks	11,171	-0-	-0-	-0-	-0-	-0-	11,171	-0-
The Lodge	39,798	-0-	3,441	-0-	-0-	-0-	43,239	-0-
The Lodge, Summer Lunch/Golf F&B	-0-	-0-	6,999	-0-	-0-	-0-	6,999	-0-
Pizza on the Hill	90,195	22,822	-0-	-0-	-0-	-0-	90,195	22,822
Alder Creek Cafe	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Snowplay	-0-	-0-	-0-	-0-	115,277	-0-	115,277	-0-
TOTAL PUBLIC AMENITIES	1,258,872	161,360	38,108	-0-	913,615	-0-	2,210,595	161,360
TOTAL AMENITIES	2,110,315	208,477	38,108	-0-	919,694	-0-	3,068,117	208,477
HOMEOWNERS ASSOCIATION AND GENERAL + ADMINISTRATIVE								
General Homeowners Association	61,343	36,236	-0-	-0-	-0-	-0-	61,343	36,236
Marketing + Communications	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Facility Administration	-0-	137,118	-0-	-0-	192,208	-0-	192,208	137,118
Administration	121,667	26,280	-0-	-0-	-0-	-0-	121,667	26,280
Information Technology	266,770	282,021	13,613	-0-	-0-	-0-	280,383	282,021
Accounting	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Human Resources	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Architectural Standards Office	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Member Services	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Forestry	167,790	142,871	-0-	-0-	-0-	-0-	167,790	142,871
Maintenance	4,977	17,990	4,457	-0-	-0-	-0-	9,434	17,990
TOTAL HOA AND G+A	622,547	642,516	18,070	-0-	192,208	-0-	832,825	642,516
TOTAL	\$2,732,862	\$ 850,993	\$ 56,178	\$ -0-	\$1,111,902	\$ -0-	\$3,900,942	\$850,993

Replacement Reserve Fund - General HOA - Major Maintenance also includes overhead (\$78,976) and bad debt expense (\$13,000) cost allocations.
 Development Fund - General HOA - Major Maintenance also includes overhead (\$118,024) and bad debt expense (\$7,000) cost allocations.

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

DECEMBER 31, 2021 (UNAUDITED)

It is the policy of the Association to fund a reserve program that will adequately provide for repair and replacement of existing Association-owned assets. A 30-year reserve funding and expenditure plan is produced every three years, and updated annually, to schedule and analyze the funding needs. The Association updated a study in 2021 to estimate the remaining useful lives, the lives after replacement, and the replacement costs of the components of common property. The estimates were based on estimates from management, contractors and historical costs. Estimated current replacement costs have been adjusted to reflect a 2.5% inflation factor, 2% investment interest rate, and an 8% tax provision on investment income. As part of the Association's triennial Replacement Reserve Study update that will be conducted later in 2022, management and our external consultants will review carefully the underlying assumptions that underpin the Reserve Study including the 30-year average inflation rate, the average rate of return on Replacement Reserve Fund investment assets, and the estimate of replacement costs.

The Association does not designate the balance of the replacement fund by component. The total available for major repairs and replacements as of December 31, 2021 is \$14,797,808. The 2022 budget includes \$5,489,104 of dues allocated to the replacement fund.

The Association has not included the replacement of building structures as a component of the replacement study. These structures generally have an original useful life greater than 30 years. The Association is accumulating funds in the Development fund for specific building structure replacements and not currently accumulating funds over time for all building structure replacements.

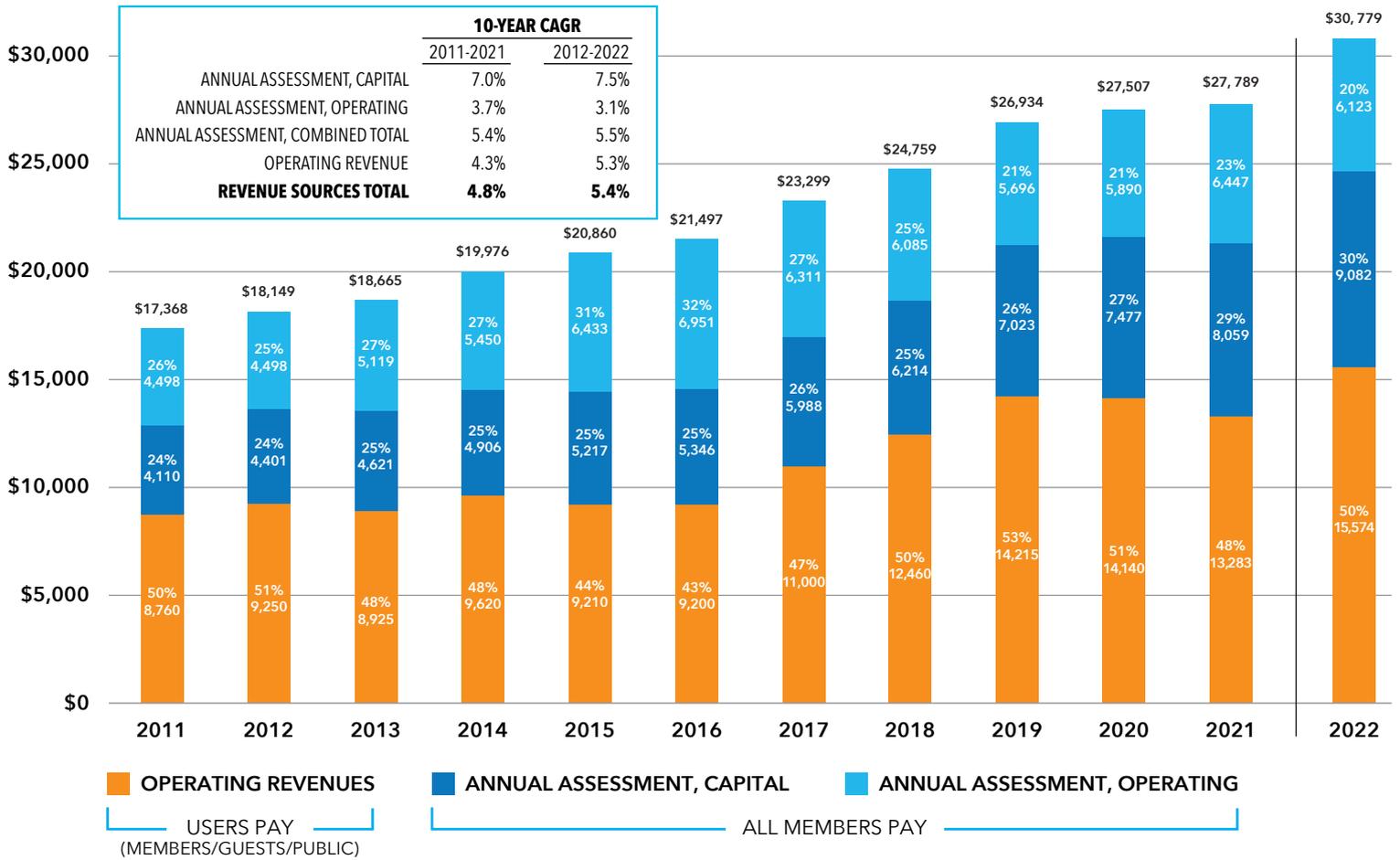
The following table is based on the study and presents significant information about the components of common property.

RESERVE COMPONENT	RANGE OF SERVICE LIFE REMAINING (YEARS)	CURRENT REPLACEMENT COSTS	RESERVE COMPONENT	RANGE OF SERVICE LIFE REMAINING (YEARS)	CURRENT REPLACEMENT COSTS
Administration	0-48	\$ 2,497,230	Downhill Ski Resort - Mountain Operations - Lift Maintenance	0-37	4,087,778
Alder Creek Cafe	0-33	164,989	Downhill Ski Resort - Mountain Operations - Rental + Retail	0-18	1,084,491
Bikeworks	0-3	73,618	Downhill Ski Resort - Mountain Operations - Snowmaking	0-19	1,060,213
Campground	0-39	640,832	Downhill Ski Resort - Mountain Operations - Top Shop	1-15	289,049
Capital Projects	-0-	246,650	Downhill Ski Resort - Mountain Operations - Winter Food + Beverage	1-13	453,275
Chalet House	3-23	349,619	Snowplay	1-6	148,730
Cross Country Ski Center	0-37	4,184,307	Tennis Complex	0-21	2,019,799
Equestrian Center	0-27	923,740	The Lodge Restaurant & Pub	0-51	3,714,752
Food Trailer	2-9	65,500	Trails	0-35	3,416,591
Forestry	0-37	2,489,895	Trout Creek Recreation Center Building	0-39	3,578,996
General Maintenance	0-13	689,451	Trout Creek Recreation Center Pool and Spa	0-16	1,449,696
Golf Complex	0-16	1,183,224	TOTAL		\$ 66,000,931
Golf Course	0-48	11,989,929			
Information Technology	0-40	2,367,793			
Maintenance	0-51	3,780,235			
Marina	0-37	1,458,115			
Northwoods Pool Building	0-21	437,323			
Northwoods Clubhouse	0-37	4,106,124			
Pizza on the Hill	0-37	542,021			
Recreation	0-22	656,797			
Downhill Ski Resort - Mountain Operations	0-37	5,850,169			

(See Independent Auditor's Report)

ANNUAL BUDGET - SOURCE OF FUNDS

DOLLARS IN THOUSANDS



ANNUAL BUDGET - USE OF FUNDS

DOLLARS IN THOUSANDS

