



FINANCE COMMITTEE MEETING

DRAFT REPORT

August 18, 2022

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (5):** The Chair (Dundas) called the meeting to order at 3:05 pm PDT after noting that a quorum was present.

Attendees (All attendees present on either Zoom Video Conference Call or in person at Northwoods Clubhouse):

Members: Dundas, Ravano, Rudolph, Vietor, Kodres, Niedringhaus (via Zoom)

Absent: None

Staff Lead: Martyn-Jones (DFA&BS)

Board Liaison(s): Mahoney, Treasurer

LRPC Liaison to FC: Gauny

TDA Staff: Steve Hogan (Controller)

TDA Members: Craig Falk (FC member applicant)

2. **APPROVAL of Agenda:** A motion was made by Dundas to approve the Agenda for the meeting. Ravano provided a 1st and Rudolph a 2nd. Motion was approved 5-0 (noted that Mr. Niedringhaus was not on the call until approximately 3:27 pm PDT).
3. **APPROVAL of Committee Draft Report, July 22, 2022:** Chair Dundas requested comments about the Finance Committee Report prepared after the July 2022 Finance Committee meeting. No comments were forthcoming. Ravano provided a 1st and Kodres provided a 2nd. The motion was approved 5-0 to send the final report to the Board.
4. **Member and Committee Member Comments:** A request was made by the Chair for comments by any Member or Committee Member who wished to do so. There were no Member or Committee Member comments.
5. **Committee Management:** Chair Dundas noted that there were 2 new applicants for FC membership to fill a current vacancy and that Craig Falk was in today's meeting. The other applicant was Corey Leibow. There will also be 2 potential vacancies with Committee Members terms expiring. Chair Dundas indicated that he had developed a Finance Committee Supplemental Application Form (SAF) to use for new Committee Applicants as well as existing Committee Members who desired to be reappointed for a new term. The purpose of the SAF is to highlight an applicant's background, experience and familiarity with Tahoe Donner and the general community. A discussion ensued about the form and the information that would be requested. This led to a discussion about the mission and responsibilities of a Finance Committee as well as the attributes of a Committee Member. It was agreed that the 3 main areas of involvement for the Committee are: audit related,

investment related and budget related. Additionally, as part of its budget related responsibilities, a committee should also participate in regular financial reviews. Finally, as requested by Administration or the Board, the Committee would participate in projects that have financial components or implications. Skill sets for Committee Members do not necessarily need to be CPA's but having relevant business experience or industry background would be helpful (ex: Real Estate or Small Business Owner). Dundas requested committee members to submit further recommendations or edits to him in a week by close of business August 25, 2022.

6. Committee Tasks

a. Recurring Tasks (RT)

1. **DISCUSSION:** RT #1 - Financial Performance Update.

Martyn-Jones reviewed financial statements for July 2022: Tahoe Donner recorded an Actual Net Operating loss of (\$146,899) for the month compared to a budgeted loss of (\$163,253). The resultant was a surplus to budget of +\$16,354 (10% Favorable). Lower than expected visitation caused by cool temperatures and windy conditions in July, especially over the July 4th holiday, influenced results. **Highlights for the month:**

- a. Overall Gross Revenue was \$55,496 favorable (2.4%) when compared to budget for the month.
- b. Golf revenue was up for the month by \$12,000 (3%) in spite of less than anticipated visitation for the first week in July.
- c. Consolidated F&B revenue was favorable to budget by \$3,000.
- d. The July 4th Concert Series missed the revenue budget by \$1,000.
- e. Cost of Goods Sold (COGS) was unfavorable to budget by \$16,000 for the month.
 1. F&B COGS was 32% of revenue for the month compared to a budgeted COGS of 30%.
 2. Retail COGS was 69% of revenue compared to a budget of 58%.
- f. Payroll (i.e.: salaries and wages) was unfavorable to budget by (\$3,000) or (0.2%) due to the following factors:
 1. Consolidated Golf Operations saw payroll unfavorable to budget by (\$27,000) or (18%).
 2. The Lodge labor variance was unfavorable to budget by \$8,000. As mentioned in prior reports, the Lodge labor budget was understated for the Jan – May period. It is anticipated that this unfavorable variance to budget may continue.
 3. A request was made by Ravano to Martyn-Jones for a report that would further detail payroll and staffing, specifically what would the budget variance be if TDA was fully staffed.
- g. Other Operating Expense was unfavorable to budget by (\$20,000) or (3%) for the month principally due to:
 1. Fuel costs (gasoline and diesel) continue to be higher than budgeted. Golf Maintenance and Forestry have incurred most of the increased costs.
 2. Grounds maintenance at Cross Country incurred \$19,000 of unbudgeted expense for the month.
 3. Concert expenses were higher than anticipated by \$8,000.

- h. Net Operating Result (“NOR”): Year to Date, the NOR remained favorable to budget by \$30,469 or 1.18%.
 - i. Martyn-Jones also reviewed additional supplemental reports as part of the monthly package which were favorably viewed as additive to the Finance Committee and the Board’s understanding of the financial dynamics of Tahoe Donner.
2. **DISCUSSION/ACTION:** RT #2 - 5501 Subcommittee Report. The report is online and can be accessed via the TD website.
 - a. FC Attendees for upcoming 5501 Subcommittee Meetings (3-5 pm) via Zoom:
 - b. August 23, 2022
 - 1. Member: Niedringhaus
 - c. September 29, 2022
 - 1. Member: Rudolph, Dundas
 - d. October 25, 2022
 - 1. TBD
 3. **DISCUSSION:** RT#7 – Review Annual Budget 2023 and Participate in the Process – DFA&BS
 - a. The DFA&BS reviewed the general planning process that has been started for FY 2023. There will be a combination of “top down” and “bottoms up” approaches to constructing the 2023 budget. The objective is to work up from a granular level on the expense side and then determine revenue prospects. Discussion ensued about various components of the budget. For example, is a 5% increase in salary and wages reasonable to assume? Also, the recreation fee was discussed relative to the budget as well as Member implications. What is the right “ask” for the budget for a rec fee structure? It was noted that there are 3 budget meetings planned that are open to Members participation. The September 8 meeting will focus on the Operating Fund, the September 22 meeting will have updates to the Operating Fund and provide a Capital Fund budget. Finally, the October 14th meeting will have a final review with assessment of the budget and further recommendations.
 4. Special Tasks (ST)
 - a. **UPDATE:** ST #1 - Financial Reporting
 - 1. Martyn-Jones and Ravano provided that new style reporting should be available for the next FC Meeting. This is a revamping of financial information for clarity of understanding.
 - b. **DISCUSSION:** ST#3 – Gauny and Vietor gave an update on the LRPC. The “current state” working group is in the process of documenting the current state of TD. The group is taking a broad look at what Tahoe Donner is. The “future state” group is in the process of defining what the future might look like. A 5 year and 20-year outlook is being planned. After the plan has been finalized, Member input will be initiated.

- c. **UPDATE:** Ms. Kodres provided an update on the project. Kodres had passed several sections on to FC Members for review. Comments from the FC members indicated that the content was headed in the right direction and that the FAQ's were much better in allowing Members to better understand answers to finance related questions. Additional sections will be produced over the next few weeks for review. It was also suggested that the TD Communications group get involved with the review.
7. **Next FC Meeting:** September 15, 2022, 3:00-4:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom
8. **Adjournment:** A motion was made by Mr. Dundas to adjourn the meeting. Mr. Rudolph a. provided a 1st and Mr. Niedringhaus provided a 2nd. The meeting was adjourned at 5:00 pm PDT with a 6-0 vote.

Prepared and submitted by Michael Rudolph, Vice Chair, Finance Committee