

# 2022 ANNUAL REPORT

**\$11,914**

**PER OWNER MEMBER EQUITY**

A 7% INCREASE FROM 2021

**\$6.6 MILLION**

**IN CAPITAL EXPENDITURES**

REINVESTING IN YOUR ASSOCIATION,  
PROTECTING YOUR INVESTMENT

CAPITAL DISCUSSION STARTS ON PAGE 10

**\$2.9 MILLION**

**IN OPERATING FUND RESERVES**

A PROVEN NECESSARY CONTINGENCY  
FUND BALANCE

**-\$233,842**

**NET OPERATING DEFICIT TO BUDGET**

AFTER \$250,000 TRANSFER OF 2021 SURPLUS FOR  
EMPLOYEE RECRUITMENT AND RETENTION INITIATIVES

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 Tahoe Donner Association’s 2022 financial results.

The consolidated Operating Fund generated a deficit to Budget of -\$233,842. This included \$250,000 of further funding to the employee recruitment and retention program for 2022, which is critical to the Association’s ability to provide the best employees and service. Pre-recruitment and retention funding, a surplus of \$16,000 to Budget was achieved.

Revenue finished \$2,000,000 positive to Budget, driven by favorable winter conditions and despite an unseasonably cool start to summer. Golf, Tennis, Trout Creek and Aquatics operations recorded above-Budget revenues, with the Beach Club Marina falling -1.8% unfavorable to Budget.

Staffing continued to be a major challenge in 2022, which saw hourly wages increase across all amenities, resulting in a -3.2% variance to Budget. Utilities, supplies and maintenance increases saw a variance to Budget of -25% for the year.

The Board of Directors, Finance Committee and management consistently 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

OPERATING FUND  
NET OPERATING RESULTS – 2022 VARIANCES TO BUDGET

NOR UNFAVORABLE TO BUDGET **-\$233,842 | -3.82% | -\$36.13 PER OWNER**

JANUARY-APRIL

Great ski conditions with minimal snowfall offering many bluebird days. The Cross Country Ski Center closed a week early, while the Downhill Ski Resort closed on April 10, as budgeted. This period saw 38,000 downhill skier visits and 41,000 cross country visits.

- Revenues favorable \$646,000, or 10% to Budget.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were unfavorable -\$498,000, or -7% to Budget.
- Net Operating Result favorable \$148,000, or 23% to Budget.

MAY-SEPTEMBER

Golf operations commenced on May 27, though unseasonally cool weather affected visitation at both the Golf Course the Beach Club Marina through the end of June. Similar to 2021, recruiting seasonal employees proved very challenging, most notably in Food + Beverage and Golf Maintenance.

- Revenues were -\$43,000, or -0.6% unfavorable to Budget.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were unfavorable to Budget by -\$151,000, or -2.0%.
- Net Operating Result unfavorable -\$194,000 to Budget, or -6%.

OCTOBER-DECEMBER

Winter operations opened as budgeted, with approximately 80 J-1 employees recruited for the Downhill ski school and some in Food + Beverage. December saw 107 inches of snowfall at the Downhill Ski Resort, setting us up well for the holiday period.

- Revenues were favorable to Budget by \$1,400,000.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were unfavorable to Budget by -\$1,600,000.
- Audit adjustment of \$420,000 in December to reclass all CAL FIRE grant reimbursable funds as revenue and gross increase the expense.
- Net Operating Result was unfavorable to Budget by -\$188,000.

REVENUE AND PAYROLL

	2018	2019	2020	2021	2022
OPERATING REVENUES	\$ 13,535,047	\$ 14,695,538	\$ 9,456,935	\$ 13,248,144	\$ 17,571,487
EMPLOYEE W-2s ISSUED	958	954	695	710	844
W-2s PER \$1,000 REVENUE RATIO	7%	6%	7%	5%	5%
AVERAGE WAGES PER W-2 ISSUED	\$ 10,181	\$ 11,086	\$ 10,260	\$ 13,737	\$ 14,058
CALIFORNIA MINIMUM WAGE (1)	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
SEASONAL/PART-TIME FTE (3)	125.0	123.0	79.0	109.0	126.0
FULL-TIME REGULAR (2) FTE (3)	84.0	83.0	62.0	46.0	46.0
FTE (3) TOTAL	209.0	206.0	141.0	155.0	172.0
OPERATING REVENUE PER FTE	\$ 64,761	\$ 71,338	\$ 67,070	\$ 85,472	\$ 102,218
W-2 TO FTE RATIO	4.6	4.6	4.9	4.6	4.9

The Association employs a high percentage of entry-level seasonal customer service positions to operate the various amenities of the Association. Late-2021 and early-2022 saw the Association still restricted as to the number of international employees able to be recruited; however, late-2022 saw recruitment return to pre-COVID-19 levels and thus the increase in W-2s issued compared to 2020 and 2021.  
(1) California Minimum Wage; increased to \$14.00 per hour in 2021 and \$15.00 per hour in 2022.  
(2) The Federal Affordable Care Act of 2010, which impacted the Association starting in 2016, created a federally regulated determination of those employees categorized as 'Full Time' and mandated to be offered health insurance. Prior to this Act, the Association had discretion as to which employees were offered health insurance and categorized full time and which were classified as seasonal employees.  
(3) Full-Time Equivalents (FTE) as calculated based on a standard of 2,080 work hours per year.

OPERATING FUND RESULT:  
-\$233,842 DEFICIT TO BUDGET

Net Operating Result Loss of \$6.4 million, excluding Annual Assessment Revenue; an operating surplus to Budget of \$16,000 was achieved prior to an additional \$250,000 of funding for employee recruitment and retention initiatives

\$17.6 MILLION OPERATING REVENUES  
12.7% greater than Budget and 33% favorable to 2021

\$23.9 MILLION OPERATING COSTS  
-10.2% unfavorable to Budget and -27% unfavorable to 2021

\$6.6 MILLION CAPITAL FUNDS EXPENDITURES

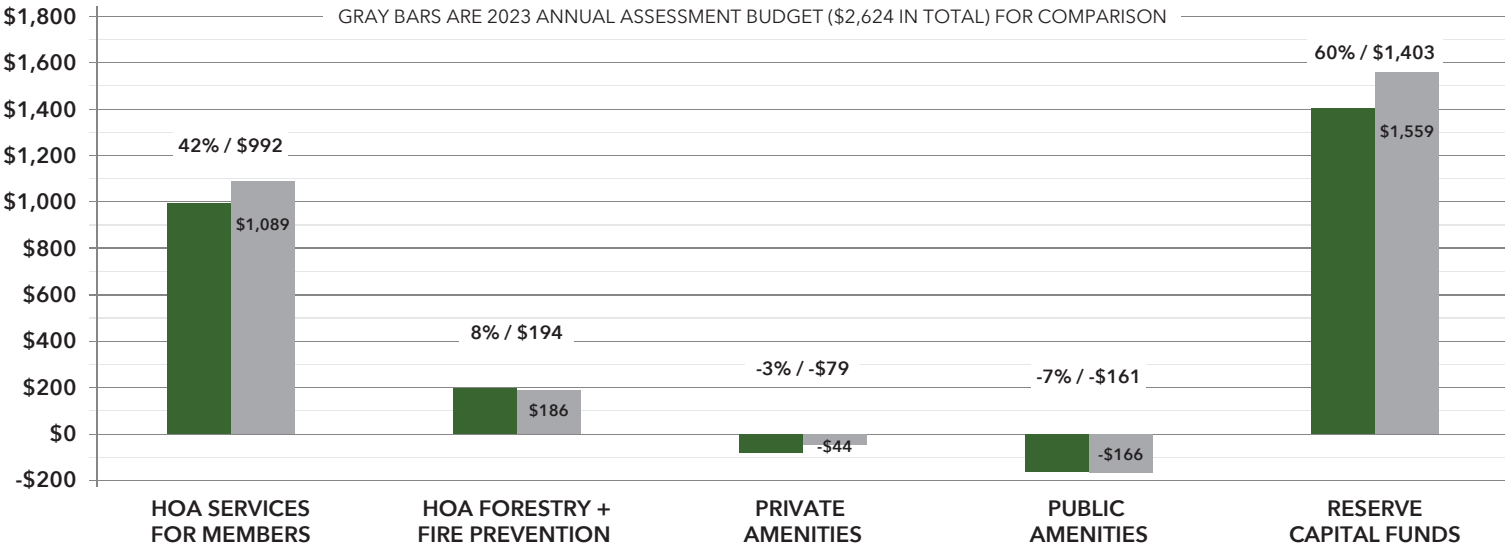
\$6.1 MILLION | \$946 PER OWNER  
Annual Assessment Contribution to Operating Fund in 2022, down \$50 per owner from 2021

\$9.1 MILLION | \$1,403 PER OWNER  
Annual Assessment Contribution to Capital Funds in 2022

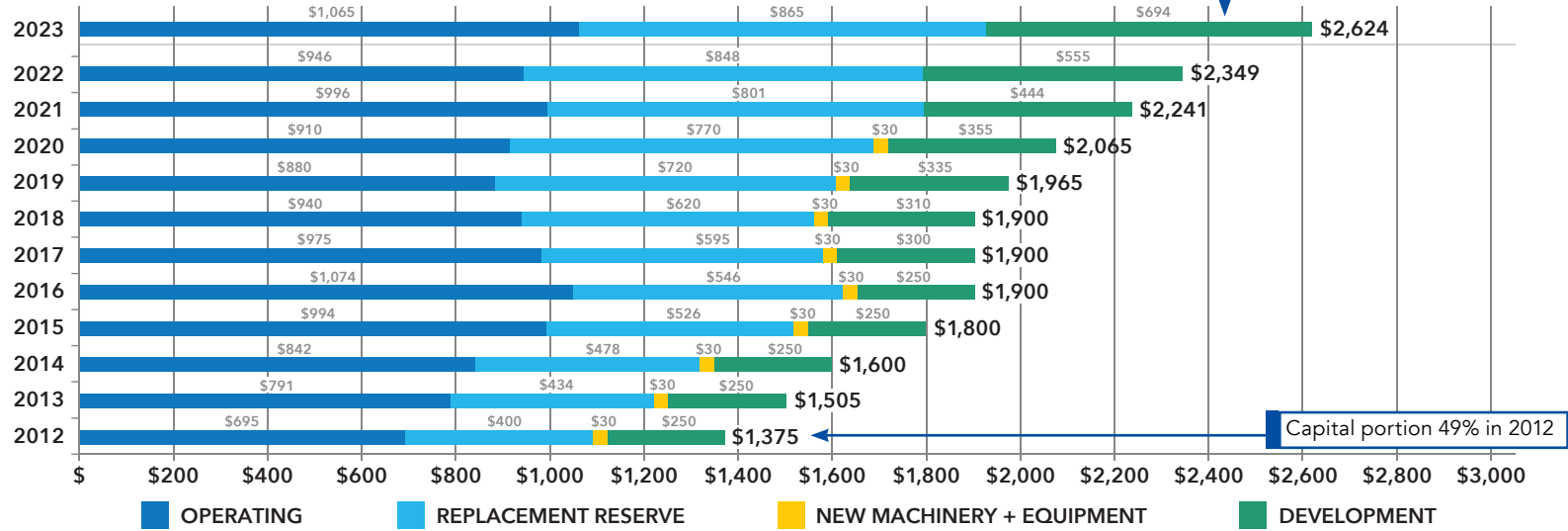
\$88.9 MILLION TOTAL ASSETS  
Up \$7.7 million, or 9.5% to 2021

\$77.1 MILLION | \$11,914 PER OWNER  
Members’ Equity as of Dec. 31, 2022, up 6.6% to 2021

ANNUAL ASSESSMENT  
DISTRIBUTION OF 2022 ANNUAL ASSESSMENT  
\$2,349 PER OWNER



ANNUAL ASSESSMENT PER OWNER BY FUND



COMPOUND ANNUAL  
GROWTH RATE (CAGR)  
METRICS

	2012-2022 10 YEAR	2012-2023 11 YEAR
CAPITAL FUNDS	7.5%	7.8%
OPERATING FUND	3.1%	4.0%
TOTAL ASSESSMENT	5.5%	6.1%

Accumulating funds over time to address the aging infrastructure needs of your Association, consistent with the Strategic 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-plus 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.
- The Development Fund portion was held at \$250 for six years (2011-2016) and has increased steadily in subsequent years in recognition of known future funding requirements. This funding is for eventual building replacements, such as the Downhill Ski Lodge, due to functional obsolescence, and for new facilities or other new major projects due to the changing needs of the membership.

More Capital Funds historical information on pages 10-11

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 rising payroll cost 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 Course, Downhill Ski Resort and Cross Country Ski Center operations, while the Association absorbed further insurance and payroll costs.

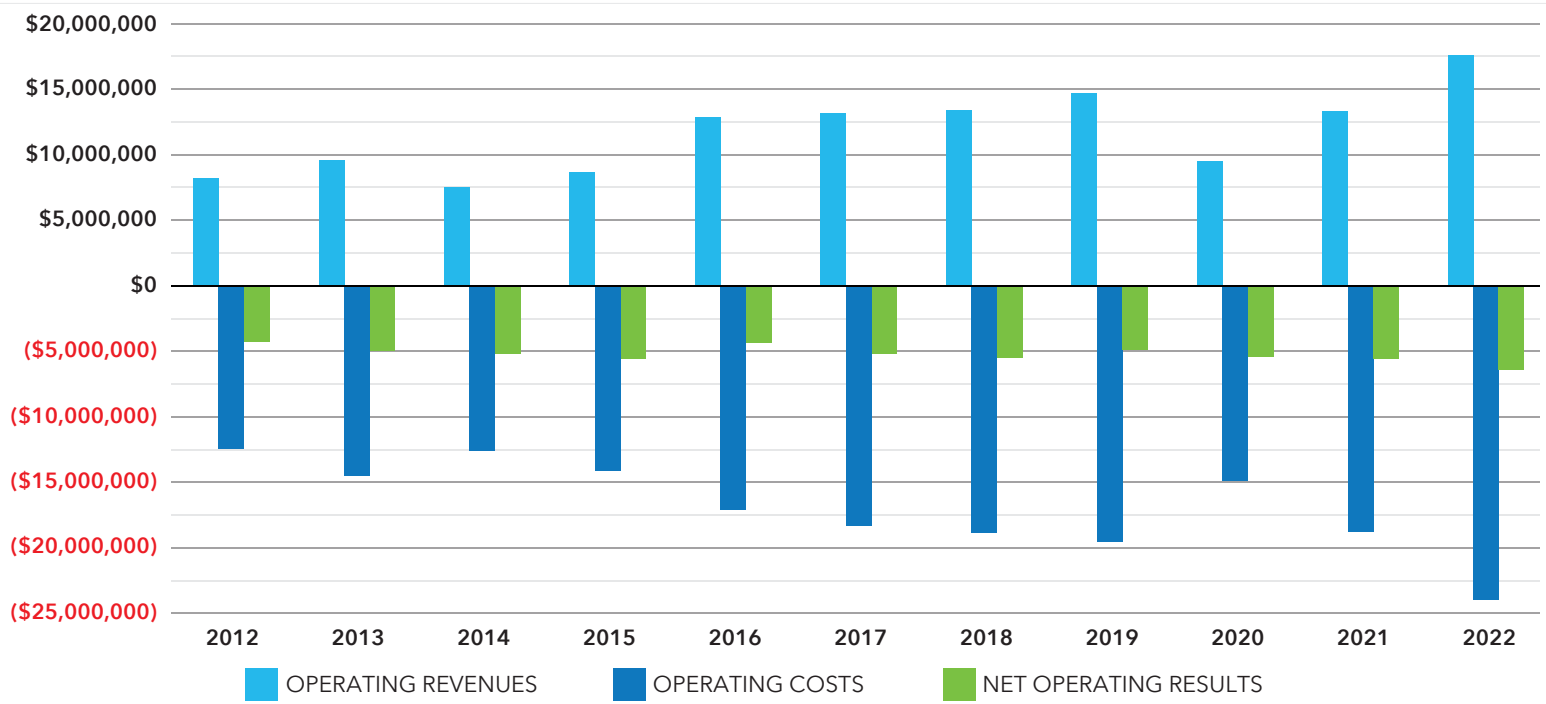
More Operating Fund historical information on page 4



# OPERATING FUND

CAGR = COMPOUND ANNUAL GROWTH RATE

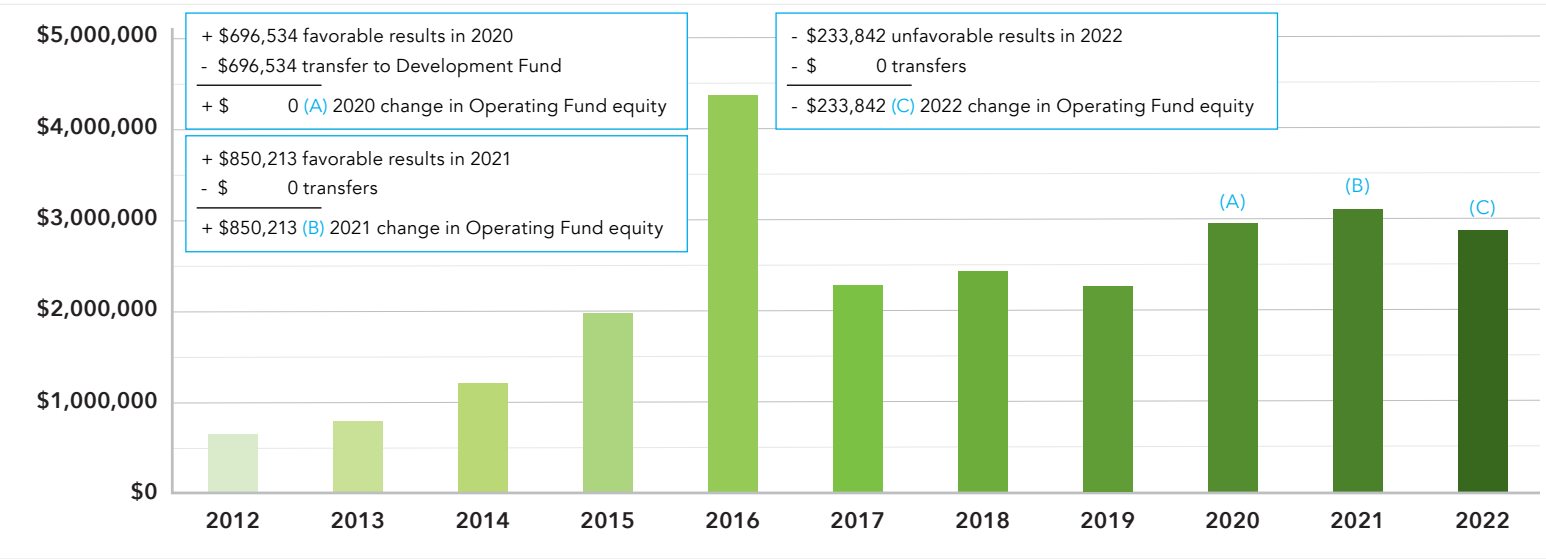
## ACTUAL RESULTS



Revenue finished the year \$2 million favorable to Budget, while Utilities, Supplies + Maintenance and Staff Retention + Incentives saw total expenses exceed Budget by \$2.2 million.  
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 2012 BUDGET TO THE 2022 BUDGET 10-YEAR CAGR

7.9% OPERATING REVENUE GROWTH  
6.6% OPERATING COSTS GROWTH  
3.8% 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 increased at a lower growth rate. Therefore, the resulting NOR Loss growth rate is lower than both Revenue and Cost growth rates.

### FOR 2023 BUDGET

The 2023 Budget was prepared with the assumption of continued labor cost pressure, along with continued high inflation and higher overall operating costs.

# NET RESULTS AFTER REPLACEMENT RESERVE 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 Reserve Capital Charge, which is effectively a depreciation-like charge, is presented to the right.

Refer to pages 6 and 7 for additional details.

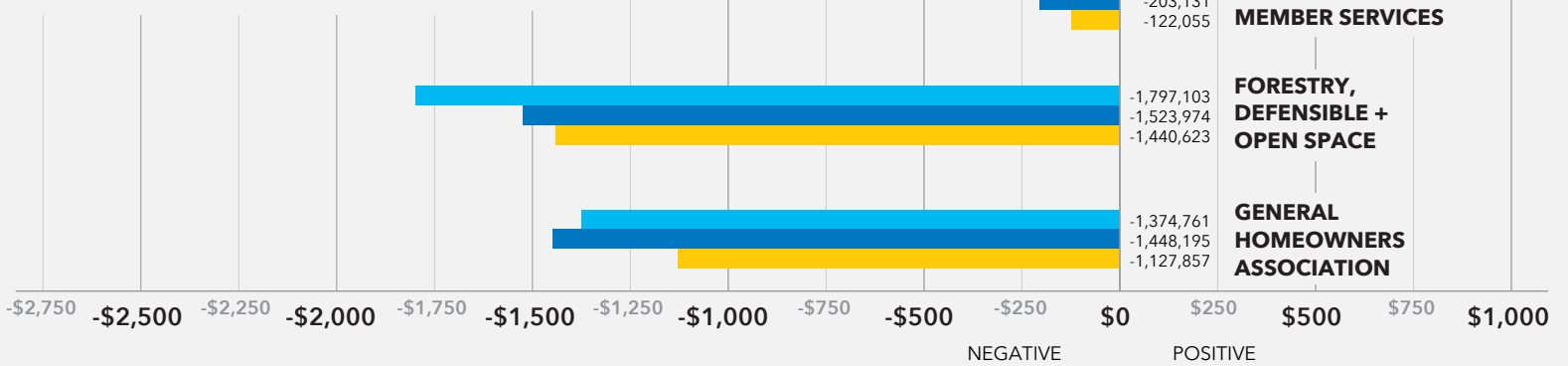
2022 ACTUAL -\$11,843,902

2022 BUDGET -\$11,610,060

2021 ACTUAL -\$10,780,474

### AMENITIES ▲

### HOA + ADMINISTRATION ▼



# OPERATING FUND RESULTS

## 2022 DEPARTMENTAL SUMMARY

YEAR ENDING DECEMBER 31, 2022

	2022 OPERATING FUND			AMOUNTS INCLUDING		REPLACEMENT RESERVE CAPITAL CONTRIBUTION			2022 NOR VERSUS BUDGET		2022 NOR VERSUS PRIOR YEAR		
	GROSS REVENUE	OPERATING COSTS TOTAL	NET OPERATING RESULT	CONTRIBUTION TO REPLACEMENT RESERVE FUND	2022 NET RESULTS AFTER RRF	2022 PER PROPERTY 6,473	2021 PER PROPERTY 6,473	2022 VS 2021 ACTUAL	2022 BUDGET	2022 VS BUDGET	2022 ACTUAL	2022 VS 2021	
PRIVATE AMENITIES													
Trout Creek Rec Center + Aquatics	\$ 1,596,967	\$ -1,253,709	\$ 343,258	\$ -539,319	\$ -196,061	\$ -30	\$ -54	\$ 24	132,376	210,882	\$ 157,276	\$ 185,982	
Beach Club Marina	710,293	-536,384	173,910	-151,587	22,323	3	32	-29	249,900	-75,990	306,806	-132,896	
Tennis Center	497,220	-446,194	51,026	-133,481	-82,455	-13	-19	6	79,470	-28,444	30,150	20,876	
Recreation Programs	199,491	-258,536	-59,045	0	-59,045	-9	-10	1	-35,255	-23,790	-62,410	3,365	
Day Camps	354,797	-247,808	106,989	0	106,989	17	11	6	83,056	23,933	69,232	37,757	
TOTAL PRIVATE AMENITIES	3,358,769	-2,742,631	616,138	-824,387	-208,249	-32	-40	8	509,547	106,591	501,054	115,084	
PUBLIC AMENITIES													
Golf Course	1,641,041	-1,877,400	-236,359	-930,723	-1,167,082	-180	-155	-25	-98,664	-137,695	36,616	-272,975	
Downhill Ski Resort	5,530,646	-3,664,651	1,865,995	-942,241	923,754	143	28	115	1,372,702	493,293	1,194,550	671,444	
Cross Country Ski Center	2,065,399	-1,169,088	896,311	-416,565	479,746	74	57	17	432,887	463,424	686,029	210,282	
Snowplay	266,372	-151,383	114,989	-21,361	93,628	14	26	-12	111,068	3,921	178,057	-63,068	
Campground	100,079	-104,508	-4,429	-36,347	-40,776	-6	-5	-1	22,694	-27,123	20,150	-24,579	
Equestrian Center	152,553	-344,051	-191,498	-73,022	-264,520	-41	-38	-3	-116,380	-75,118	-156,960	-34,539	
Trails	87	-77,015	-76,928	-235,988	-312,916	-48	-66	18	-291,580	214,652	-174,403	97,475	
Bikeworks	142,527	-182,225	-39,699	-26,387	-66,086	-10	-3	-7	6,093	-45,792	-17,118	-22,581	
The Lodge, Dining + Banquets	1,894,393	-2,754,092	-859,699	-210,017	-1,069,716	-165	-153	-12	-299,769	-559,930	-640,332	-219,367	
The Lodge, Summer Lunch + Golf Food Service	279,763	-303,941	-24,178	0	-24,178	-4	-2	-2	-35,790	11,612	-9,840	-14,338	
Pizza on the Hill	496,871	-669,235	-172,363	-44,266	-216,629	-33	-27	-6	-6,893	-165,470	-135,129	-37,235	
Alder Creek Cafe	382,229	-455,805	-73,576	-14,613	-88,189	-14	-19	5	-38,690	-34,886	-111,780	38,204	
TOTAL PUBLIC AMENITIES	12,951,960	-11,753,394	1,198,566	-2,951,530	-1,752,964	-271	-357	86	1,057,678	140,888	869,841	328,725	
TOTAL AMENITIES	16,310,729	-14,496,025	1,814,704	-3,775,917	-1,961,213	-303	-397	94	1,567,225	247,479	1,370,895	443,810	
HOMEOWNERS ASSOCIATION													
General HOA	0	-824,814	-824,814	-549,947	-1,374,761	-212	-174	-38	-687,528	-137,286	-554,328	-270,486	
Architectural Standards Office	247,164	-420,118	-172,954	0	-172,954	-27	-19	-8	-203,132	30,178	-122,055	-50,899	
Forestry, Defensible + Open Space	502,626	-2,029,494	-1,526,868	-270,236	-1,797,104	-278	-223	-55	-1,253,737	-273,131	-1,252,545	-274,322	
TOTAL HOMEOWNERS ASSOCIATION	749,790	-3,274,425	-2,524,635	-820,183	-3,344,818	-517	-416	-101	-2,144,397	-380,238	-1,928,928	-595,707	
AMENITY + HOA SUPPORT SERVICES													
Communications	300,135	-784,663	-484,528	0	-484,528	-75	-76	0	-522,737	38,209	-488,837	4,309	
Facility Administration + Risk Management	0	-631,592	-631,592	0	-631,592	-98	-61	0	-604,014	-27,578	-384,101	-247,491	
Administration	158,975	-1,423,482	-1,264,507	0	-1,264,507	-195	-195	0	-978,304	-286,203	-1,260,249	-4,258	
Information Technology	0	-807,189	-807,189	-643,463	-1,450,652	-224	-133	0	-830,810	23,622	-703,080	-104,108	
Accounting + Finance	33	-934,120	-934,087	0	-934,087	-144	-128	0	-907,701	-26,386	-827,649	-106,438	
Human Resources	0	-480,723	-480,723	0	-480,723	-74	-71	0	-472,957	-7,766	-458,120	-22,603	
Member Services	51,825	-332,376	-280,551	0	-280,551	-43	-46	0	-367,087	86,536	-300,589	20,038	
Maintenance	0	-761,690	-761,690	-249,541	-1,011,231	-156	-143	0	-860,174	98,484	-616,237	-145,453	
TOTAL SUPPORT SERVICES	510,967	-6,155,834	-5,644,867	-893,004	-6,537,871	-1,010	-853	0	-5,543,784	-101,083	-5,038,862	-606,005	
TOTAL OPERATING RESULTS	17,571,486	-23,926,284	-6,354,798	-5,489,104	-11,843,902	-820	-813	-7	-6,120,956	-233,842	-5,596,895	-757,903	
Assessment Revenues	6,120,956	0	6,120,956	0	6,120,956	946	996	-50	6,120,956	0	6,447,108	-326,152	
TOTAL OPERATING FUND	\$ 23,692,442	\$ -23,926,284	\$ -233,842	\$ -5,489,104	\$ -5,722,946	\$ 126	\$ 183	\$ -57	0	-233,842	\$ 850,213	\$ -1,084,055	

SEE PAGES 8-9 FOR RESULTS BY DEPARTMENT HIGHLIGHTS



# OPERATING FUND RESULTS

## 2022 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 \$ 1,865,995**  
**FAVORABLE \$493,293 / 36% TO BUDGET**  
Bluebird conditions from January through March resulted in strong visitation. Revenue was 18% better than Budget during this period. Expenses were -10% unfavorable to Budget mostly due to payroll, credit card costs due to higher revenues, employee housing and utilities.

#### TRAILS

**NOR LOSS (\$76,928)**  
**FAVORABLE \$214,652 / 74% TO BUDGET**  
Savings of \$205,000 in payroll expenses were due to an inability to fill seasonal positions and the vacant trails manager position for the first half of 2022.

#### GOLF COURSE

**NOR (\$236,359)**  
**UNFAVORABLE -\$137,695 / -140% TO BUDGET**  
Revenues were 8% favorable to Budget. Seasonal wages were unfavorable and 20% greater than Budget due to regional competition for labor, which resulted in higher-than-expected hourly rates. Utilities were unfavorable to Budget.

#### BIKEWORKS

**NOR LOSS (\$39,699)**  
**UNFAVORABLE -\$45,792 / -752% TO BUDGET**  
Bike rental revenues were -35% unfavorable to Budget, though retail sales were strong. For the year, labor and utilities expenses were unfavorable to Budget.

#### THE LODGE

**NOR LOSS (\$859,699)**  
**UNFAVORABLE -\$559,930 / -187% TO BUDGET**  
Overall revenue was -7% unfavorable to Budget because of lower-than-expected banquet revenues. The first five months of 2022 were underbudgeted in seasonal labor. Linen costs were 91% greater than Budget. There were also significant increases in natural gas costs in 2022.

#### PIZZA ON THE HILL

**NOR LOSS (\$172,363)**  
**UNFAVORABLE -\$165,470 / -2,401% TO BUDGET**  
Operating costs, employee training and developing the right business model since reopening in 2022 created significant variance to Budget. Financial performance in the first quarter of 2023 is a vast improvement, and lessons learned in the year prior are paying off.

#### CAMPGROUND

**NOR (\$4,429)**  
**UNFAVORABLE -\$27,123 / -120% TO BUDGET**  
Unseasonably cool weather from late May through June resulted in a reduction in reservations, which led to unfavorable revenue to Budget of -15% during this period. Utility expenses were greater than Budget for the year.

#### CROSS COUNTRY SKI CENTER

**NOR \$896,311**  
**FAVORABLE \$463,424 / 107% TO BUDGET**  
Record season pass sales and strong visitation numbers due to very favorable weather conditions contributed to strong results. There were operating expense savings of \$9,000 in utilities and \$23,000 in snowcat maintenance due to the low-snowfall season.

#### SNOWPLAY

**NOR \$114,989**  
**FAVORABLE \$3,921 / 4% TO BUDGET**  
Lack of snow coverage and early closure in March 2022 led to revenue coming in short of Budget, but also reduced operating costs. NOR was 4% favorable to Budget for the year.

#### EQUESTRIAN CENTER

**NOR LOSS (\$191,498)**  
**UNFAVORABLE -\$75,118 / -65% TO BUDGET**  
Revenue was favorable to Budget by 6%. Significant increases in feed, veterinary and labor costs in 2022 were -31% unfavorable to Budget.

#### SUMMER F+B

**NOR LOSS (\$24,178)**  
**FAVORABLE \$11,612 / 32% TO BUDGET**  
Despite unseasonably cool weather in May and June, revenues were 10% favorable to Budget while expenses were -5% due to increases in labor costs.

#### ALDER CREEK CAFE

**NOR LOSS (\$73,576)**  
**UNFAVORABLE -\$34,886 / -90% TO BUDGET**  
Revenues were better than Budget primarily due to high visitation at the Cross Country Ski Center from January through March. Food costs were 1% greater than Budget, while hourly labor was -\$82,000 unfavorable to Budget.

### PRIVATE AMENITIES

#### TROUT CREEK REC CENTER + AQUATICS

**NOR \$343,258**  
**FAVORABLE \$210,882 / 159% TO BUDGET**  
**TROUT CREEK REC CENTER:** NOR favorable to Budget by \$193,000 due to higher-than-anticipated Recreation Fee revenue and visitation.  
**AQUATICS:** NOR favorable to Budget by \$18,000 due to savings on seasonal labor and strong Aquatics Camps revenue.

#### BEACH CLUB MARINA

**NOR \$173,910**  
**UNFAVORABLE -\$75,990 / -30% TO BUDGET**  
Unseasonably cool weather from late May through June resulted in revenues that were -2% unfavorable to Budget during this time. Labor costs were -17% unfavorable to budget.

#### TENNIS CENTER

**NOR \$51,026**  
**UNFAVORABLE -\$28,444 / -36% TO BUDGET**  
Strong revenue offset by higher-than-expected seasonal labor costs and instructor commissions.

#### RECREATION PROGRAMS

**NOR LOSS (\$59,045)**  
**UNFAVORABLE -\$23,790 / -67% TO BUDGET**  
Event revenue was \$13,000, or 7% favorable to Budget. Salaries and wages were unfavorable to Budget by -\$14,000. Supplies and maintenance were -\$20,000 unfavorable to Budget.

#### DAY CAMPS

**NOR \$106,989**  
**FAVORABLE \$23,933 / 29% TO BUDGET**  
Sold-out Summer Camps resulted in \$2,000 in revenue, which was 1% better than Budget. Operating expenses were \$22,000, or 8% favorable to Budget.

### SUPPORT SERVICES

#### I.T., FINANCE + HUMAN RESOURCES

**NOR LOSS (\$2,221,999)**  
**UNFAVORABLE -\$10,531 / 0% TO BUDGET**  
Salaries and wages were -\$5,000 unfavorable to Budget due to increases in health insurance costs and despite operating costs savings.

#### ARCHITECTURAL STANDARDS OFFICE

**NOR LOSS (\$172,954)**  
**FAVORABLE \$30,178 / 15% TO BUDGET**  
Revenue was unfavorable to Budget by -\$7,000, or -3%. There were payroll savings of \$51,000 with vacancies of the ASO manager positions and other hourly positions.

#### FORESTRY

**NOR LOSS (\$1,526,868)**  
**UNFAVORABLE -\$273,131 / -22% TO BUDGET**  
CAL FIRE grant recorded as revenue with expenses offset to defensible space. Salaries and wages were -\$66,000, or -9%, unfavorable to Budget. Utility expenses were -\$22,000 unfavorable to Budget.

#### COMMUNICATIONS

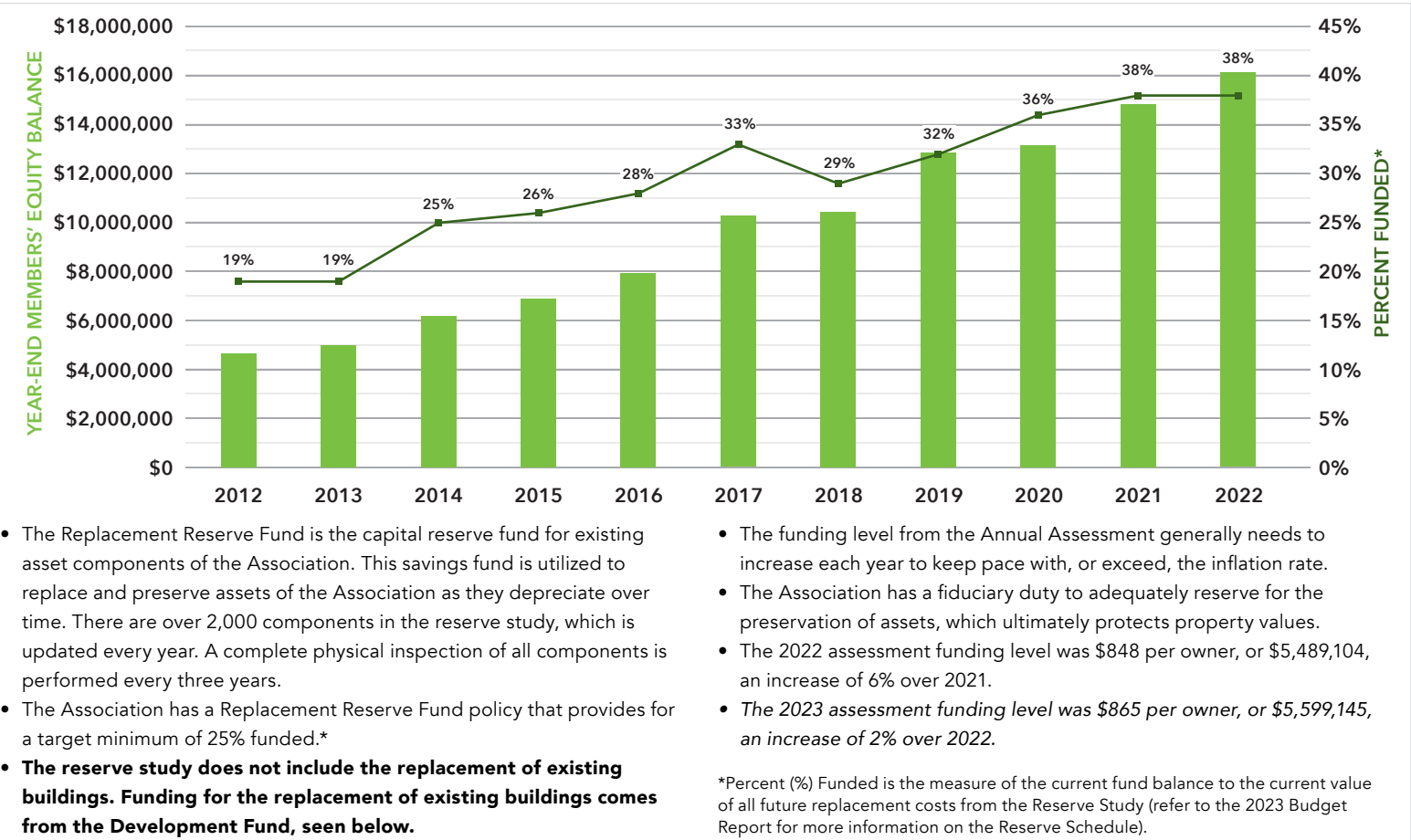
**NOR LOSS (\$484,528)**  
**FAVORABLE \$38,209 / 7% TO BUDGET**  
Advertising revenue increased \$10,000, or 4% to Budget. Savings in salaries and wages due to vacant communications manager and hourly positions. Printing costs were -\$39,000 unfavorable to Budget due to paper shortages.



# CAPITAL RESERVES

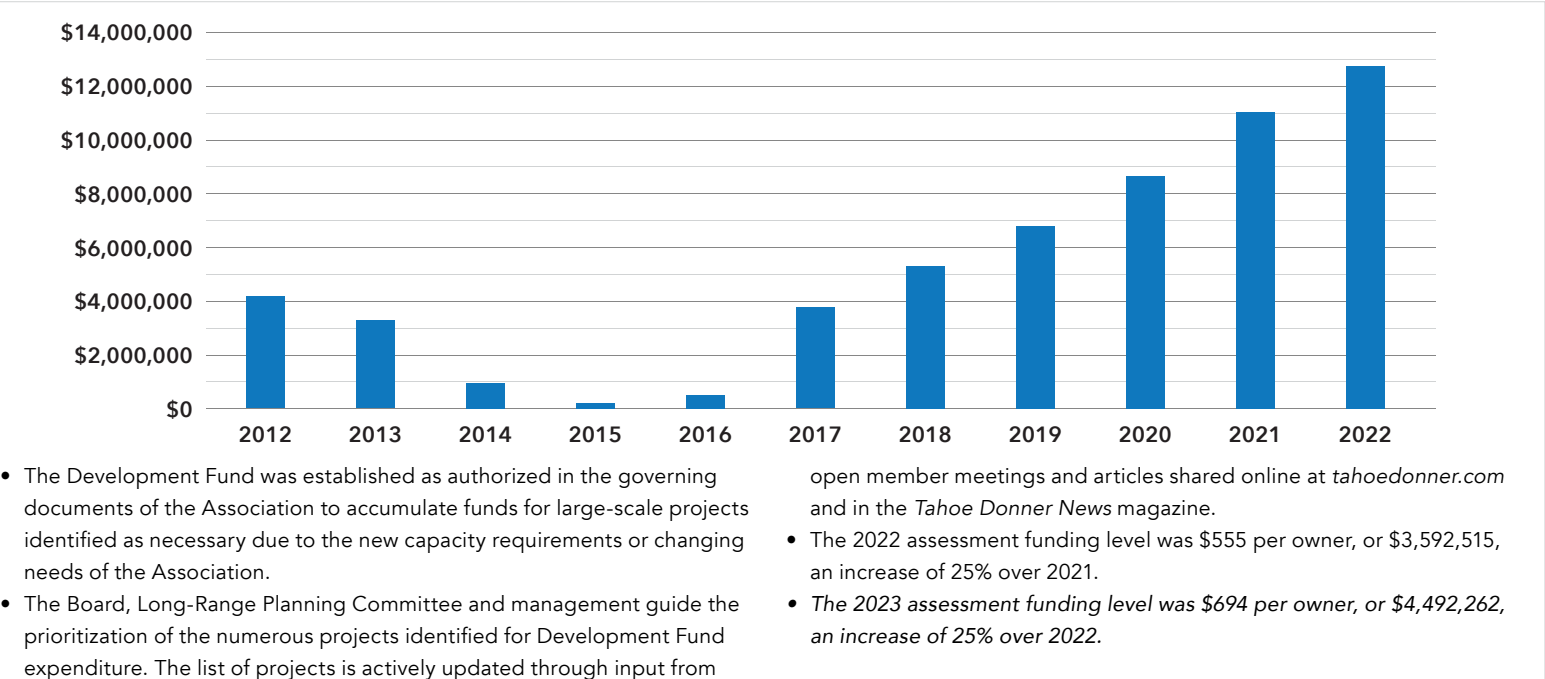
## REPLACEMENT RESERVE FUND

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



# DEVELOPMENT FUND

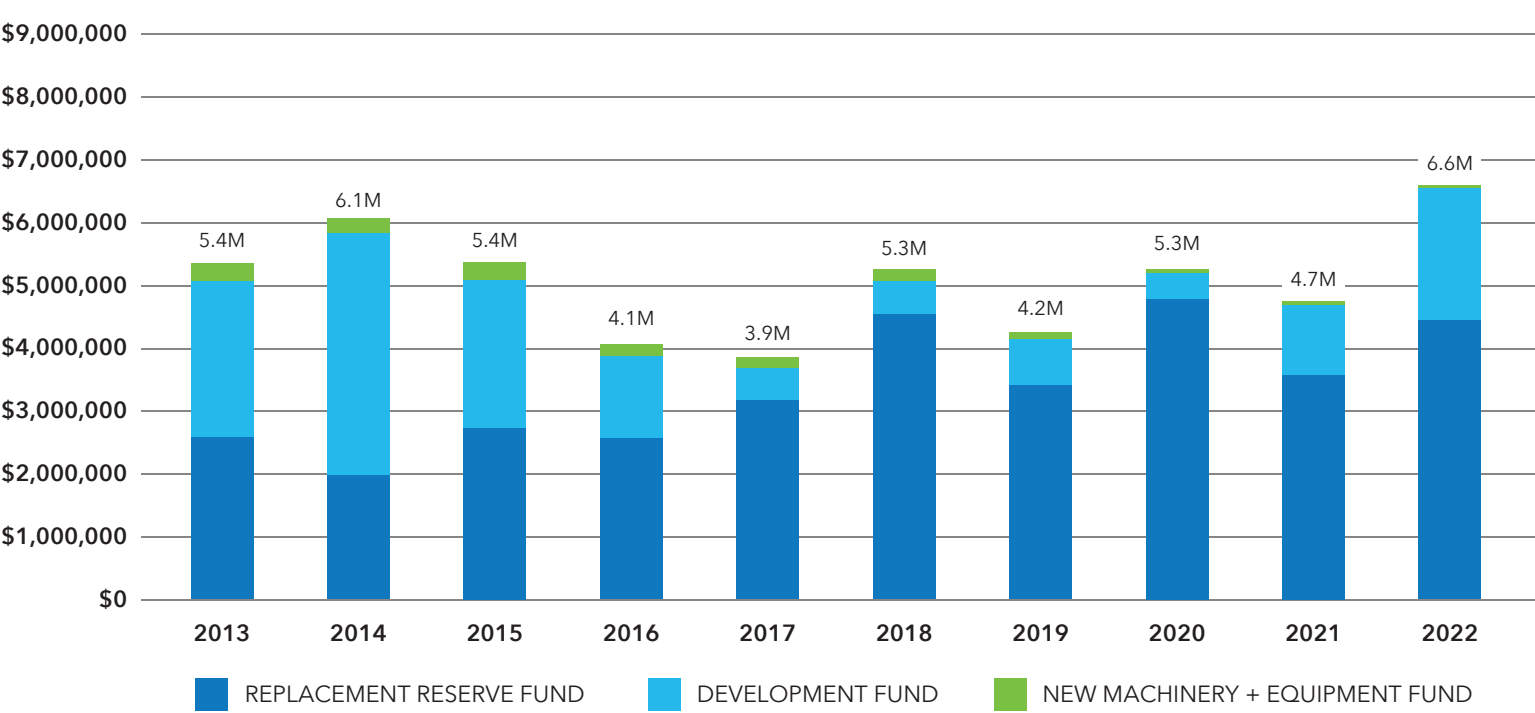
## MEMBERS' EQUITY (YEAR-END FUND BALANCE)



# CAPITAL EXPENDITURES

## CAPITAL FUNDS

EXPENDITURES BY YEAR 10-YEAR TOTAL = \$50.9 MILLION



Ten-year total spend of \$50.9 million equates to an average of \$5.09 million in Capital Fund expenditures per year. The 10-year average depreciation expense is \$2.9 million per year for a total of \$29.0 million. *Note that many older assets are fully depreciated and have no annual depreciation expense.*

The net effect is a growth in net fixed assets. Over the 10 years, the CAGR was 3.2% for net fixed assets.

Net fixed assets grew from \$33.0 million at the end of 2012 to \$45.2 million at the end of 2022. 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:**

**\$33.9 million in replacement and major repairs of existing assets (per reserve study plan)**

- \$3.4 million per year with 10-year average, maintaining existing asset components (depreciation average is \$2.7 million)
- \$2.6 million per year for first 5 years average, maintaining existing asset components
- \$4.2 million per year for second 5 years average, maintaining existing asset components

*The increase from 2013-2017 average to the 2018-2022 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 Resort lodge and Cross Country Ski Center snowmaking investments.*

**\$15.5 million in Development Fund capital investments, including:**

- Alder Creek Adventure Center building (2014-2015)
- Downhill Ski Resort snowmaking investment (2015)
- Solar projects at three locations (2015-2016)
- Equestrian campus relocation and upgrades (2015-2017)
- 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 investment (2021-2022)

**\$1.4 million in New Machinery + Equipment Fund capital investments**

\$140,000 per-year average

# CAPITAL FUNDS

## REPLACEMENT RESERVE FUND

38% FUNDED

The ratio of the Replacement Reserve Fund balance as of December 31, 2022 and the Replacement Reserve Components current replacement cost estimate (100% Funded Allocation Method) for December 31, 2022. See page 10 for by-year trends.

### \$4.5 MILLION | 2022 Expenditures

- \$443,000 GOLF OPERATIONS golf carts
- \$388,000 CROSS COUNTRY SKI CENTER grooming machine
- \$361,000 DOWNHILL SKI RESORT grooming machine
- \$180,000 MAINTENANCE snowblower machine
- \$137,000 DOWNHILL SKI RESORT shuttle bus

The Replacement Reserve Fund is used to account for financial resources designated for the repair, restoration, replacement or maintenance of, or litigation involving the 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 \$65 million. In 2022, a Reserve Study took place, 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 and replacement value.

The year-end fund balance increased by \$1.3 million, or 8.6%, from 2021. The balance fluctuates each year due to the funding level from assessment and transfers, if any, as well as expenditures each year, in accordance with the 30-year reserve study.

## DEVELOPMENT FUND

### \$2.1 MILLION | 2022 Expenditures

- \$881,000 DOWNHILL SKI RESORT lodge replacement project soft costs
- \$271,000 CROSS COUNTRY SKI CENTER snowmaking project phase 1
- \$287,000 TRAILS trailhead boardwalk and trail realignment
- \$50,000 SNOWPLAY snowmaking project phase 2

The Development Fund was established and authorized in the governing documents of the Association to accumulate funds for use in the development of 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 2022 was \$3,592,515, or \$555 per owner, reflecting a 25% increase from 2021. The year-end fund balance decreased slightly by \$81,000, or 0.6%. Savings in this fund are primarily for the replacement of the aging (50-year-old) Downhill Ski Resort lodge, workforce housing feasibility study/project and trail and trailhead projects.

In 2022, we budgeted a \$350,000 operating surplus transfer to the Development Fund. Given the increase in operating costs, this transfer did not occur.

Factoring in the 2022 Operating Fund deficit, the association still retains a \$616,000 surplus of the \$850,000 budget surplus generated in 2021.

## NEW MACHINERY + EQUIPMENT FUND

### \$42,000 | 2022 Expenditures

- \$11,000 INFORMATION TECHNOLOGY miscellaneous equipment
- \$6,000 FOOD AND BEVERAGE 40-foot storage container
- \$6,000 TENNIS CENTER ball machine
- \$5,000 CROSS COUNTRY SKI CENTER snowmaking tools

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 operate more efficiently or provide new services to members.

There was no assessment contribution for 2022. The year-end fund balance of \$260,000 decreased by -\$39,000, or -12%, compared to 2021.

## PROPERTY FUND

The Property Fund is used to account for the Association's investment in its fixed assets. Capital additions to fixed assets totaled \$5.4 million (\$3.9 million in 2021). Depreciation expense for the year totaled \$2.9 million (\$3.0 million in 2021).

Total gross fixed asset value of \$91.4 million equates to \$14,124 per owner and net book value of fixed assets and construction in progress of \$45.2 million equates to \$6,983 per owner (an increase of \$324 from 2021).

# CAPITAL FUNDS SUMMARY

YEAR ENDING DECEMBER 31, 2022

	2022 ACTUAL	2022 BUDGET	2022 ACTUAL VS 2022 BUDGET	2021 ACTUAL	2022 ACTUAL VS 2021 ACTUAL
REPLACEMENT RESERVE FUND					
Beginning Fund Balance	\$ 14,797,809	\$ 13,625,446	\$ 1,172,363	\$ 13,128,074	\$ 1,669,735
Assessment Contribution	5,489,104	5,489,104	-	5,184,873	304,231
Interest Revenue	210,108	160,000	50,108	115,267	94,841
Operating Fund Transfer In	-	-	-	-	-
Other Revenue + Expense, Net	38,921	-188,634	227,555	45,425	-6,504
Major Maintenance + Fund Expenses	-964,856	-1,190,960	226,104	-942,969	-21,887
Expenditures for Capital Additions	-3,495,601	-4,933,636	1,438,035	-2,732,862	-762,739
Change in Fund Balance	1,277,676	-664,126	1,941,802	1,669,734	-392,058
ENDING FUND BALANCE	\$ 16,075,483	\$ 12,961,320	\$ 3,114,165	\$ 14,797,808	\$ 1,277,677

NEW MACHINERY + EQUIPMENT FUND					
Beginning Fund Balance	298,521	294,236	4,285	354,656	-56,135
Assessment Contribution	-	-	-	-	-
Interest Revenue	3,321	110	3,211	42	3,279
Other Revenue + Expense, Net	-229	-	-229	-	-229
Major Maintenance + Fund Expenses	-	-	-	-	-
Expenditures for Capital Additions	-42,109	-140,500	98,391	-56,178	14,069
Change in Fund Balance	-39,017	-140,390	101,373	-56,136	17,119
ENDING FUND BALANCE	\$ 259,504	\$ 153,846	\$ 105,658	\$ 298,520	\$ -39,016

DEVELOPMENT FUND					
Beginning Fund Balance	11,031,781	10,011,237	1,020,544	8,643,940	2,387,841
Assessment Contribution	3,592,515	3,592,515	-	2,874,012	718,503
Interest Revenue	186,477	93,000	93,477	59,310	127,167
Operating Surplus Transfer In	-	350,000	-350,000	696,534	-696,534
Other Revenue + Expense, Net	-7,041	-14,000	6,959	-5,086	-1,955
Fund Expenses	-192,514	-117,083	-75,431	-125,024	-67,490
Expenditures for Capital Additions	-1,885,700	-1,109,527	-776,173	-1,111,902	-773,798
Change in Fund Balance	1,693,737	2,794,905	-1,101,168	2,387,844	-694,107
ENDING FUND BALANCE	\$ 12,725,517	\$ 12,806,142	\$ -80,624	\$ 11,031,784	\$ 1,693,734

CAPITAL FUND TOTALS SEE PAGE 26 FOR SCHEDULE OF SPEND BY DEPARTMENT					
Major Maintenance + Fund Expenses	-964,856	-1,190,960	226,104	-1,067,993	103,137
Expenditures for Capital Additions	-5,423,410	-6,183,663	760,253	-3,900,942	-1,522,468
TOTAL	\$ -6,388,266	\$ -7,374,623	\$ 986,357	\$ -4,968,935	\$ -1,419,331

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.

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, 2022, 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, 2022, 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, 2021 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, 2022.

McCLINTOCK ACCOUNTANCY CORPORATION  
TAHOE CITY, CALIFORNIA  
APRIL 14, 2023

# TAHOE DONNER ASSOCIATION BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2022	TOTAL 2021
ASSETS							
Cash and cash equivalents, unrestricted (Note 4)	\$ 8,481,306	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,481,306	\$ 8,575,802
Cash and cash equivalents, designated and restricted (Note 4)	210,005	606,423	269,669	243,047	-0-	1,329,144	20,031,519
Investments, unrestricted (Note 4)	2,230,403	-0-	-0-	-0-	-0-	2,230,403	499,989
Investments, designated and restricted (Note 4)	-0-	16,298,003	-0-	12,546,690	-0-	28,844,693	6,758,585
	10,921,714	16,904,426	269,669	12,789,737	-0-	40,885,546	35,865,895
Assessments and other member receivables, less allowance for doubtful accounts of \$158,049 in 2022 and \$104,373 in 2021							
	235,223	-0-	-0-	-0-	-0-	235,223	288,547
Other receivables	372,999	47,233	-0-	61,250	-0-	481,481	124,108
Inventory	422,559	-0-	-0-	-0-	-0-	422,559	342,115
Prepaid expenses and other assets	1,595,790	36,667	-0-	-0-	-0-	1,632,457	1,463,241
Due from (to) other funds	1,048,477	(912,842)	(10,165)	(125,470)	-0-	-0-	-0-
Property and equipment, net (Note 5)	-0-	-0-	-0-	-0-	45,199,170	45,199,170	43,098,937
TOTAL ASSETS	\$ 14,596,762	\$ 16,075,483	\$ 259,504	\$ 12,725,517	\$ 45,199,170	\$ 88,856,436	\$ 81,182,843

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$ 886,688	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 886,688	\$ 596,298
Accrued liabilities	1,973,372	-0-	-0-	-0-	-0-	1,973,372	1,260,186
Deferred revenue	8,483,279	-0-	-0-	-0-	-0-	8,483,279	6,613,883
Deposits from members	394,600	-0-	-0-	-0-	-0-	394,600	392,760
TOTAL LIABILITIES	11,737,939	-0-	-0-	-0-	-0-	11,737,939	8,863,127
Fund Balances - Exhibit B							
	2,858,823	16,075,483	259,504	12,725,517	45,199,170	77,118,497	72,319,716
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,596,762	\$ 16,075,483	\$ 259,504	\$ 12,725,517	\$ 45,199,170	\$ 88,856,436	\$ 81,182,843

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, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2022	TOTAL 2021
REVENUE							
Members' assessments	\$ 6,120,956	\$ 5,489,104	\$ -0-	\$ 3,592,515	\$ -0-	\$ 15,202,575	\$ 14,505,993
Downhill ski	5,530,646	-0-	-0-	-0-	-0-	5,530,646	3,731,124
Snowplay	266,372	-0-	-0-	-0-	-0-	266,372	311,594
The Lodge and Summer F&B	2,174,156	-0-	-0-	-0-	-0-	2,174,156	1,851,959
Cross country center	2,065,399	-0-	-0-	-0-	-0-	2,065,399	1,590,310
Trout Creek recreation center and aquatics	1,596,967	-0-	-0-	-0-	-0-	1,596,967	1,250,858
Marina	710,293	-0-	-0-	-0-	-0-	710,293	748,130
Golf course	1,641,041	-0-	-0-	-0-	-0-	1,641,041	1,536,980
Alder Creek Cafe	382,229	-0-	-0-	-0-	-0-	382,229	197,118
Pizza on the Hill	496,871	-0-	-0-	-0-	-0-	496,871	19,240
Tennis	497,220	-0-	-0-	-0-	-0-	497,220	402,909
Day Camps	354,797	-0-	-0-	-0-	-0-	354,797	309,645
Equestrian	152,553	-0-	-0-	-0-	-0-	152,553	140,341
Recreation	199,491	-0-	-0-	-0-	-0-	199,491	32,206
Campground	100,079	-0-	-0-	-0-	-0-	100,079	116,461
Bikeworks	142,527	-0-	-0-	-0-	-0-	142,527	143,339
Trails	87	-0-	-0-	-0-	-0-	87	396
Communications	300,135	-0-	-0-	-0-	-0-	300,135	267,066
Architectural standards	247,164	-0-	-0-	-0-	-0-	247,164	283,675
Forestry	502,626	-0-	-0-	-0-	-0-	502,626	141,248
Interest income	26,835	210,108	3,321	186,477	-0-	426,741	177,184
Late charges, handling, transfer fees, and other fees	101,028	-0-	-0-	-0-	-0-	101,028	114,055
Miscellaneous income	82,970	-0-	-0-	-0-	-0-	82,970	56,952
TOTAL REVENUE	23,692,442	5,699,212	3,321	3,778,992	-0-	33,173,967	27,928,783
OPERATING EXPENSES							
Downhill ski (cost of sales of \$209,195 in 2022 and \$111,714 in 2021)	3,664,651	2,860	-0-	-0-	-0-	3,667,511	2,567,926
Snowplay (cost of sales of \$458 in 2022 and \$685 in 2021)	151,383	-0-	-0-	-0-	-0-	151,383	133,537
The Lodge and Summer F&B (cost of sales of \$762,762 in 2022 and \$611,957 in 2021)	3,058,033	12,203	-0-	-0-	-0-	3,070,236	2,502,131
Cross country center (cost of sales of \$127,981 in 2022 and \$103,497 in 2021)	1,169,088	56,786	-0-	-0-	-0-	1,225,874	944,035
Trout Creek recreation center and aquatics (cost of sales of \$20,492 in 2022 and \$17,348 in 2021)	1,253,709	57,001	-0-	-0-	-0-	1,310,710	1,114,709
Marina (cost of sales of \$73,455 in 2022 and \$54,585 in 2021)	536,384	25,834	-0-	-0-	-0-	562,218	452,463
Golf course (cost of sales of \$85,288 in 2022 and \$57,805 in 2022)	1,877,400	72,152	-0-	-0-	-0-	1,949,552	1,549,156
Alder Creek Cafe (cost of sales of \$122,389 in 2022 and \$66,181 in 2021)	455,805	-0-	-0-	-0-	-0-	455,805	308,898
Pizza on the Hill (cost of sales of \$159,540 in 2022 and \$18,592 in 2021)	669,235	-0-	-0-	-0-	-0-	669,235	177,190
Tennis (cost of sales of \$32,450 in 2022 and \$28,830 in 2021)	446,194	9,636	-0-	-0-	-0-	455,830	387,609
Day Camps	247,807	-0-	-0-	-0-	-0-	247,807	240,413
Equestrian (cost of sales of \$1,242 in 2022 and \$1,165 in 2022)	344,051	-0-	-0-	-0-	-0-	344,051	300,697
Recreation (cost of sales of \$2,149 in 2022 and \$1,107 in 2021)	258,536	-0-	-0-	-0-	-0-	258,536	94,616
Campground	104,508	-0-	-0-	-0-	-0-	104,508	111,261
Bikeworks (cost of sales of \$39,461 in 2022 and \$30,592 in 2021)	182,225	-0-	-0-	-0-	-0-	182,225	160,457
Trails	77,015	12,524	-0-	-0-	-0-	89,539	175,094
Communications	784,663	-0-	-0-	-0-	-0-	784,663	755,903
Architectural standards	420,118	11,400	-0-	-0-	-0-	431,518	405,730
Forestry	2,029,494	101,988	-0-	-0-	-0-	2,131,482	1,536,664
Homeowners' association operating expenses and G&A	6,168,150	599,177	-0-	190,284	-0-	6,957,611	5,982,486
TOTAL OPERATING EXPENSES	23,898,448	961,561	-0-	190,284	-0-	25,050,293	19,900,975
FUND EXPENSES							
(Gain) Loss on disposal of assets	-0-	(47,554)	-0-	-0-	822	(46,732)	(53,644)
Depreciation	-0-	-0-	-0-	-0-	3,322,358	3,322,358	3,176,324
Income tax provision (Note 6)	27,836	11,930	229	9,272	-0-	49,267	31,653
TOTAL EXPENSES	23,926,284	925,937	229	199,556	3,323,180	28,375,186	23,055,308
REVENUE OVER (UNDER) EXPENSES	\$ (233,842)	\$ 4,773,275	\$ 3,092	\$ 3,579,436	\$ (3,323,180)	\$ 4,798,781	\$ 4,873,475
PROPERTY FUND ADDITIONS, NET (SCHEDULE 2)	-0-	(3,495,601)	(42,109)	(1,885,700)	5,423,410	-0-	-0-
FUND BALANCES, BEGINNING OF YEAR	3,092,665	14,797,809	298,521	11,031,781	43,098,940	72,319,716	67,446,241
FUND BALANCES, END OF YEAR	\$ 2,858,823	\$ 16,075,483	\$ 259,504	\$ 12,725,517	\$ 45,199,170	\$ 77,118,497	\$ 72,319,716

TAHOE DONNER ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2022	TOTAL 2021
CASH FLOWS FROM OPERATING ACTIVITIES							
Operating Revenue Over Expenses	\$ (233,842)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (233,842)	\$ 850,215
Replacement Revenue Over Expenses	-0-	4,773,275	-0-	-0-	-0-	4,773,275	4,402,596
Non-Operating Funds Revenue Over (Under) Expenses	-0-	-0-	3,092	3,579,436	(3,323,180)	259,348	(379,336)
Revenue Over (Under) Expenses	(233,842)	4,773,275	3,092	3,579,436	(3,323,180)	4,798,782	4,873,475
Adjustments to Reconcile Operating/Replacement Revenue Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities:							
Property fund additions, net	5,423,410	(3,495,601)	(42,109)	(1,885,700)	-0-	-0-	-0-
Bad debt expense	28,043	3,297	-0-	2,231	-0-	33,571	33,200
Depreciation expense	-0-	-0-	-0-	-0-	3,322,358	3,322,358	3,176,324
(Gain)/Loss on disposal of assets	-0-	(47,554)	-0-	-0-	822	(46,732)	(53,644)
Investment amortization	(13,532)	37,414	-0-	33,890	-0-	57,772	63,727
Changes in:							
Assessments receivable	25,281	(3,297)	-0-	(2,231)	-0-	19,753	(75,741)
Other receivables	(305,050)	(9,376)	-0-	(42,947)	-0-	(357,372)	(99,960)
Inventory	(80,444)	-0-	-0-	-0-	-0-	(80,444)	(20,148)
Prepaid expenses and other assets	(177,128)	5,855	-0-	2,056	-0-	(169,217)	(188,371)
Due to/from other funds	(529,601)	1,248	(7,138)	535,491	-0-	-0-	-0-
Accounts payable	290,390	-0-	-0-	-0-	-0-	290,390	398,925
Accrued liabilities	713,186	-0-	-0-	-0-	-0-	713,186	150,184
Deferred revenue	1,869,396	-0-	-0-	-0-	-0-	1,869,396	(70,280)
Deposits	1,840	-0-	-0-	-0-	-0-	1,840	84,609
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,011,949	1,265,262	(46,155)	2,222,226	-0-	10,453,282	8,272,300
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisition of property and equipment	(5,423,410)	-0-	-0-	-0-	-0-	(5,423,410)	(3,922,939)
Proceeds from sale of property and equipment	-0-	47,554	-0-	-0-	-0-	47,554	59,910
Purchase of investments	(2,216,871)	(22,415,887)	-0-	(21,302,528)	-0-	(45,935,286)	(31,683,772)
Maturity or redemption of investments	499,989	10,691,000	-0-	10,870,000	-0-	22,060,989	47,885,510
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(7,140,292)	(11,677,333)	-0-	(10,432,528)	-0-	(29,250,153)	12,338,709
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,819,654	11,018,494	315,824	8,453,349	-0-	28,607,321	7,996,312
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 4)	\$ 8,691,311	\$ 606,423	\$ 269,669	\$ 243,047	\$ -0-	\$ 9,810,450	\$ 28,607,321
ANALYSIS OF CASH AND CASH EQUIVALENTS							
Cash and cash equivalents, unrestricted	\$ 8,481,306	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,481,306	\$ 8,575,802
Cash and cash equivalents, designated and restricted	210,005	606,423	269,669	243,047	-0-	1,329,144	20,031,519
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 4)	\$ 8,691,311	\$ 606,423	\$ 269,669	\$ 243,047	\$ -0-	\$ 9,810,450	\$ 28,607,321
SUPPLEMENTAL DISCLOSURE							
Income taxes paid	\$ 20,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 20,000	\$ 55,000

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. At times, the balance may exceed federally insured limits. As of December 31, 2022 and 2021, cash balances exceeded federally insured limits by approximately \$7,815,000 and \$3,428,000, 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 the developer 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 Reserve, New Machinery and Equipment and Operating 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 years ended December 31, 2022 and 2021, advertising costs total \$46,979 and \$37,776, 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 2017.

**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.

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 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 provide 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

(Continued on next page)



NOTES TO FINANCIAL STATEMENTS

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 \$2,455,000 and \$2,648,000 as of December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the Association recognized approximately \$2,602,000 and \$1,784,000 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- as of December 31, 2022 and 2021, 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, 2022 and 2021, approximately \$-0- 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.

NOTES TO FINANCIAL STATEMENTS

4 CASH AND INVESTMENTS

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

2022	CASH	INVESTMENTS	TOTAL
Replacement Reserve Fund - designated	\$ 606,423	\$ 16,298,003	\$ 16,904,426
Development Fund - designated	243,047	12,546,690	12,789,737
New Equipment Fund - designated	269,669	-0-	269,669
Operating Fund - undesignated and unrestricted	8,481,306	2,230,403	10,711,709
Operating Fund - Trust - restricted 457 (b)	24,500	-0-	24,500
Operating Fund - Architectural standards deposits - restricted	185,505	-0-	185,505
TOTAL	\$ 9,810,450	\$ 31,075,096	\$ 40,885,546

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

Board-designated funds in the Replacement Reserve Fund cannot be expended for any purpose 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 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, 2022 and 2021 are as follows:

	2022 AMORTIZED COST/NET CARRYING VALUE	2021 AMORTIZED COST/NET CARRYING VALUE
Held to maturity:		
Certificates of Deposit	\$ 5,088,020	\$ -0-
Corporate Bonds	2,837,978	2,797,163
Municipal Securities	2,114,610	2,960,167
US Treasury Securities	21,034,488	1,501,244
TOTAL HELD TO MATURITY	\$ 31,075,096	\$ 7,258,574

5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
Buildings	\$ 35,155,668	\$ 34,551,323
Fixtures and facility improvements	19,257,339	19,273,380
Equipment	22,889,428	21,318,699
Land and land improvements	12,941,316	12,821,058
Furnishings	1,189,722	1,120,596
TOTAL	91,433,473	89,085,056
Less accumulated depreciation	(50,426,468)	(47,505,073)
	41,007,005	41,579,983
Construction in progress	4,192,165	1,518,954
TOTAL	\$ 45,199,170	\$ 43,098,937

6 INCOME TAXES

The provision for income taxes for the year ended December 31, 2022 and 2021 is as follows:

	2022	2021
State	\$ 45,444	\$ 30,697
Federal	3,823	956
TOTAL	\$ 49,267	\$ 31,653

NOTES TO FINANCIAL STATEMENTS

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 savings plan for all eligible employees. The Association matches dollar-for-dollar up to 4% of employee pay. Matching contributions are 100% vested upon opting into the Association retirement plan. Matching contributions expense was \$165,991 and \$108,090 for December 31, 2022 and 2021, 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 \$50,000 for the years ended December 31 2022 and 2021, respectively.

10 COMMITMENT

During 2021, the Association entered into a contract for design services for the lodge at the Downhill Ski Resort for \$1,234,082. As of December 31, 2022, approximately \$432,000 remains to be spent on the contract.

During 2021, the Association entered into a contract for snowmaking infrastructure at the Cross Country Ski Center for \$893,709. As of December 31, 2022, \$140,808 remains to be spent on the contact.

11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 14, 2023, 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, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

	OPERATIONS			CAPITAL				TOTALS	
	AMENITIES	HOMEOWNERS' ASSOCIATION	TOTAL OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2022	TOTAL 2021
REVENUE									
Assessments	\$ -0-	\$ 6,120,956	\$ 6,120,956	\$ 5,489,104	\$ -0-	\$ 3,592,515	\$ -0-	\$ 15,202,575	\$ 14,505,993
Access and use fees	8,147,982	-0-	8,147,982	-0-	-0-	-0-	-0-	8,147,982	6,695,186
Retail sales	4,419,797	-0-	4,419,797	-0-	-0-	-0-	-0-	4,419,797	2,955,885
Lessons and rental revenue	3,126,891	35,765	3,162,656	-0-	-0-	-0-	-0-	3,162,656	2,285,604
Late charges, fines and fees	-0-	391,399	391,399	-0-	-0-	-0-	-0-	391,399	452,303
Other revenues	616,060	806,757	1,422,817	-0-	-0-	-0-	-0-	1,422,817	856,628
Interest income	-0-	26,835	26,835	210,108	3,321	186,477	-0-	426,741	177,184
Total Revenue	16,310,730	7,381,712	23,692,442	5,699,212	3,321	3,778,992		33,173,967	27,928,783
OPERATING EXPENSES									
Salaries and wages	7,040,476	4,819,356	11,859,832	-0-	-0-	-0-	-0-	11,859,832	9,749,970
Cost of good sold	1,636,867	-0-	1,636,867	-0-	-0-	-0-	-0-	1,636,867	1,103,997
Payroll taxes and employee benefits	1,753,797	1,318,141	3,071,938	-0-	-0-	-0-	-0-	3,071,938	2,423,612
Supplies and maintenance	1,227,390	1,349,460	2,576,850	-0-	-0-	-0-	-0-	2,576,850	1,861,512
Utilities	946,367	174,206	1,120,573	-0-	-0-	-0-	-0-	1,120,573	871,943
Other employee expenses	303,708	208,184	511,892	-0-	-0-	-0-	-0-	511,892	321,447
Insurance	766,582	589,185	1,355,767	-0-	-0-	-0-	-0-	1,355,767	1,112,481
Income tax	-0-	27,836	27,836	11,930	229	9,272	-0-	49,267	31,653
Other expenses (recovery)	829,213	935,516	1,764,729	(3,297)	-0-	(2,231)	-0-	1,759,201	1,605,019
Total Operating Expenses	14,504,400	9,421,884	23,926,284	8,633	229	7,041	-0-	23,942,187	19,081,635
FUND EXPENSES									
(Gain) Loss on disposal of assets	-0-	-0-	-0-	(47,554)	-0-	-0-	822	(46,732)	(53,644)
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	3,322,358	3,322,358	3,176,324
Fund expenses	-0-	-0-	-0-	964,858	-0-	192,515	-0-	1,157,373	850,993
Total Expenses	14,504,400	9,421,884	23,926,284	925,937	229	199,556	3,323,180	28,375,186	23,055,308
REVENUE OVER (UNDER) EXPENSES	\$ 1,806,330	\$ (2,040,172)	\$ (233,842)	\$ 4,773,275	\$ 3,092	\$ 3,579,436	\$ (3,323,180)	\$ 4,798,781	\$ 4,873,475
PROPERTY FUND ADDITIONS, NET	-0-	-0-	-0-	(3,495,601)	(42,109)	(1,885,700)	5,423,410	-0-	-0-
FUND BALANCES, BEGINNING OF YEAR	-0-	-0-	3,092,665	14,797,809	298,521	11,031,781	43,098,940	72,319,716	67,446,241
FUND BALANCES, END OF YEAR	\$ -0-	\$ -0-	\$ 2,858,823	\$ 16,075,483	\$ 259,504	\$ 12,725,517	\$ 45,199,170	\$ 77,118,497	\$ 72,319,716

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, 2022

	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	\$ 389,230	\$ 57,001	\$ -0-	\$ -0-	\$ 1,101	\$ -0-	\$ 390,331	\$ 57,001
Beach Club Marina	-0-	25,834	-0-	-0-	47,349	-0-	47,349	25,834
Tennis Center	72,385	9,636	5,749	-0-	-0-	-0-	78,134	9,636
Northwoods Pool / Aquatics	-0-	27,420	-0-	-0-	-0-	-0-	-0-	27,420
Camps + Recreation Programs	28,589	-0-	5,100	-0-	-0-	-0-	33,689	-0-
TOTAL PRIVATE AMENITIES	490,204	119,891	10,849	-0-	48,450	-0-	549,503	119,891
PUBLIC AMENITIES								
Golf	892,785	72,152	-0-	-0-	-0-	-0-	892,785	72,152
Downhill Ski	686,680	2,860	1,478	-0-	931,702	-0-	1,619,860	2,860
Cross Country Ski	469,244	56,786	5,489	-0-	554,899	-0-	1,029,632	56,786
Campground	7,271	-0-	-0-	-0-	-0-	-0-	7,271	-0-
Equestrian	41,728	-0-	-0-	-0-	-0-	-0-	41,728	-0-
Trails	107,738	12,524	-0-	-0-	300,530	-0-	408,268	12,524
Bikeworks	30,956	-0-	-0-	-0-	-0-	-0-	30,956	-0-
The Lodge	208,898	12,203	6,407	-0-	50,119	-0-	265,424	12,203
The Lodge, Summer Lunch/Golf F&B	-0-	-0-	33	-0-	-0-	-0-	33	-0-
Pizza on the Hill	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Alder Creek Cafe	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Snowplay	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL PUBLIC AMENITIES	2,445,300	156,525	13,407	-0-	1,837,250	-0-	4,295,957	156,525
TOTAL AMENITIES	2,935,504	276,416	24,256	-0-	1,885,700	-0-	4,845,460	276,416
HOMEOWNERS ASSOCIATION AND GENERAL + ADMINISTRATIVE								
General Homeowners Association	48,862	32,172	-0-	-0-	-0-	-0-	48,862	32,172
Marketing + Communications	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Facility Administration	-0-	190,752	-0-	-0-	-0-	183,904	-0-	374,656
Administration	23,211	45,406	-0-	-0-	-0-	1,831	23,211	47,237
Information Technology	292,137	276,380	17,853	-0-	-0-	6,780	309,990	283,160
Accounting	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Human Resources	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Architectural Standards Office	-0-	11,400	-0-	-0-	-0-	-0-	-0-	11,400
Member Services	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Forestry	15,715	101,988	-0-	-0-	-0-	-0-	15,715	101,988
Maintenance	180,172	30,344	-0-	-0-	-0-	-0-	180,172	30,344
TOTAL HOA AND G+A	560,097	688,442	17,853	-0-	-0-	192,515	577,950	880,957
TOTAL	\$3,495,601	\$ 964,858	\$ 42,109	\$ -0-	\$1,885,700	\$ 192,515	\$5,423,410	\$1,157,373

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, 2022 (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 and a consultant updated the study in 2022 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 3.5% inflation factor, 1% investment interest rate, and an 8% tax provision on investment income.

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, 2022, is \$16,075,484. The 2023 budget includes \$5,598,886 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 has defined a DRAFT building replacement schedule and beginning in 2024 will commence funding for those projects in a fund to be determined. The Downhill Ski Resort lodge will remain funded from the current Development Fund with an additional \$3.5M from the Replacement Reserve Fund.

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

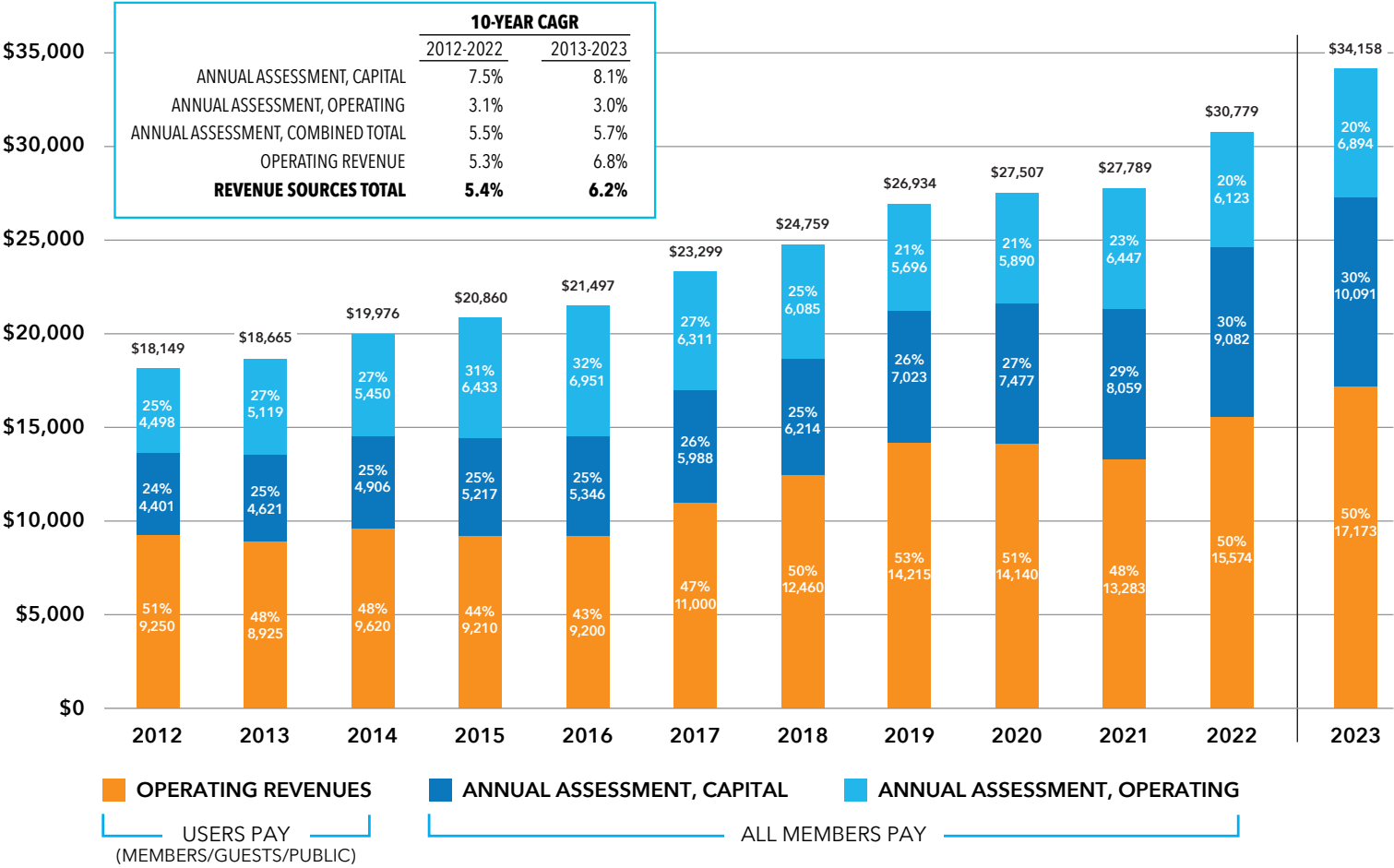
RESERVE COMPONENT	RANGE OF SERVICE LIFE REMAINING (YEARS)	CURRENT REPLACEMENT COSTS	RESERVE COMPONENT	RANGE OF SERVICE LIFE REMAINING (YEARS)	CURRENT REPLACEMENT COSTS
Administration	0-47	\$ 2,412,830	Downhill Ski Resort - Mountain Operations - Lift Maintenance	0-36	4,088,183
Alder Creek Cafe	0-32	164,989	Downhill Ski Resort - Mountain Operations - Rental + Retail	0-17	1,123,173
Bikeworks	0-3	69,000	Downhill Ski Resort - Mountain Operations - Snowmaking	0-18	1,060,213
Campground	0-38	480,838	Downhill Ski Resort - Mountain Operations - Top Shop	0-18	302,874
Capital Projects	0-5	246,650	Downhill Ski Resort - Mountain Operations - Winter Food + Beverage	0-1	502,812
Chalet House	2-22	349,519	Snowplay	0-5	148,730
Cross Country Ski Center	0-36	3,611,906	Tennis Complex	1-20	2,146,266
Equestrian Center	0-26	903,679	The Lodge Restaurant & Pub	0-50	3,723,727
Food Trailer	5-8	65,500	Trails	0-34	3,471,576
Forestry	0-36	2,452,948	Trout Creek Recreation Center Building	0-29	2,464,125
General Maintenance	0-14	676,157	Trout Creek Recreation Center Pool and Spa	0-15	1,468,357
Golf Complex	0-15	1,000,753	TOTAL		\$ 65,656,222
Golf Course	0-47	13,902,324			
Information Technology	0-39	2,320,989			
Maintenance	0-50	3,558,028			
Marina	0-36	1,353,770			
Northwoods Pool Building	0-20	437,323			
Northwoods Clubhouse	0-36	3,426,448			
Pizza on the Hill	0-36	535,714			
Recreation	0-21	656,797			
Downhill Ski Resort - Mountain Operations	0-36	6,375,024			
Downhill Ski Resort - Mountain Operations - All Areas	1	165,000			

(See Independent Auditor’s Report)



# ANNUAL BUDGET - SOURCE OF FUNDS

DOLLARS IN THOUSANDS



# ANNUAL BUDGET - USE OF FUNDS

DOLLARS IN THOUSANDS

