

From: [Steve Mahoney](#)
To: [Don Koenes](#); [David Mickaelian](#); [Todd Martyn-Jones](#); [Steve Hogan](#)
Cc: cravano@aol.com; [Michael Rudolph](#); [Patricia West](#)
Subject: March 2023 5501 Sub-Committee Acknowledgement
Date: Monday, May 1, 2023 4:20:25 PM
Attachments: [TDA Accounts Reconciliation March 2023 copy.pdf](#)
[TDA March 2023 Account Statements.pdf](#)

Ladies & Gentlemen;

This note is a formal acknowledgment that a Sub-Committee of the Tahoe Donner Association (“TDA”) Board of Directors (S. Mahoney and D. Koenes) along with members of TDA’s accounting staff met on April 25, 2023 to complete the financial review called for by Section 5500 (and permitted by Section 5501) of the CA Civil Code (“Davis-Stirling Act”) for the month of March 2023.

The group (or a sub-group made up of those Directors who attended the meeting for items marked with an *) reviewed the following items as called for by CA Civil Code 5500:

- a. Current reconciliation of the association’s operating accounts,*
- b. Current reconciliation of the association’s reserve accounts *,
- c. Current year’s actual operating revenues and expenses compared to budget,
- d. Latest account statements prepared by the financial institutions for all accounts *,
- e. An income and expense statement for the association’s operating and reserve accounts, and
- f. Check register, monthly general ledger, and delinquent assessment receivable reports.

As TDA’s Treasurer, I have reviewed (i) the March 2023 month-end account statements for Tahoe Donner’s principal operating and investment accounts as provided by TDA’s banks and investment/brokerage firms, and (ii) a summary reconciliation of activity in these accounts prepared by TDA’s accounting staff. I have made appropriate inquiries of TDA staff as to satisfy me that my review of the statements for the operating and capital funds’ accounts provided by our investment firms and banks was conducted in accordance with the requirements of CA Civil Code 5500. I also confirm that the reconciliations I reviewed are accurate in all material respects in accordance with the requirements of section 5500 of the Davis – Stirling Act.

I have enclosed pdfs of the bank and investment account statements that I reviewed. During my review, I identified several items that require staff follow-up, annotated on the account reconciliation, including:

1. Funds in the Stifel Operating Fund account of circa \$4.0MM invested in the Stifel Bank & Trust deposit program significantly exceed the FDIC insurance limits. This might be a timing issue because roughly the same amount was invested in an Hermes US government securities-backed money market fund on the same date. Also, please double check the monthly interest amount. The Stifel account statement reports interest income

that is roughly \$33,000 higher than the reconciliation.

2. There are a number of large outstanding (uncashed) checks in the Pacific Premier Bank payroll account, dating back several months. Do we attempt to contact payees if they haven't cashed the check well beyond the date the check was written?
3. In the Eaton Vance Corporate Bond account managed by Morgan Stanley there is an approximately \$70,000 mark-to-market loss versus our cost basis. TDA is a buy and hold investor; we do not reflect mark-to-market losses in our general ledger. However, please confirm with KC Krichbaum, our advisor, that Morgan Stanley's investment management practices do not crystallize actual mark to market losses.
4. In the Eaton Vance Municipal Bond account managed by Morgan Stanley there is an approximately \$31,000 mark-to-market loss versus our cost basis. TDA is a buy and hold investor; we do not reflect mark-to-market losses in our general ledger. However, please confirm with KC Krichbaum, our advisor, that Morgan Stanley's investment management practices do not crystallize actual mark to market losses. Also, the annualized cash return on our cost basis of roughly 1.2% seems low.
5. Because our balances in the Tri Counties Bank General Account are very low now having moved the bulk of our activity to Pacific Premier Bank, we are incurring cash costs to keep the accounts open. Should we, can we, close the rest of the Tri Counties Bank accounts?

Don, please review the attached account statements and reconciliation. If you too are satisfied that we have met the requirements of Sections 5500 and 5501 of the CA Civil Code, then please send a note to this group acknowledging your agreement. Thank you.

Patty, please arrange for this email message (without the attachments) to be attached to the March 5501 Meeting report that is circulated to the full Board at a future meeting.

Thanks to all for your participation. Please reach out if you have any questions.

Regards,

Steve Mahoney
Mobile: 415 866 8525
smahoney@tahoedonner.com