

Treasurer's Report

Annual Membership Meeting
June 25, 2023



TAHOE DONNER™

TODAYS' PRESENTATION OUTLINE

- Tahoe Donner Association at-a-glance
- Operating Performance Review: Fiscal 2022, and 2023 year-to-date
- Financial Condition & Investment Portfolio
- Future Challenges and Opportunities

TAHOE DONNER ASSOCIATION – AT A GLANCE

- One of the largest HOAs in the USA – established in 1971
- 6,473 property owners; estimated \$4.5 Billion of Owners' real estate value
- Structured as a 501(c)4 tax-exempt organization
- Fifteen distinct operating business units; 90 full-time, non-seasonal employees
- Nearly 7000 acres of private and common space
- \$33.3 MM Budget for 2023
- \$88.9 MM of Association assets (12/31/22)
- Member's Equity of \$77.1 MM (12/31/22)
- Strong financial position

OPERATING PERFORMANCE - BACKGROUND

- Tahoe Donner Association (“TDA”) uses fund accounting for financial reporting.
- Recurring operating expenses and revenues are captured in the Operating Fund.
- Long term asset refurbishment, repair and replacement activity is conducted in our capital funds (Replacement Reserve, Development, and New Machinery & Equipment funds).
- Each year, a comprehensive budget (for all funds) is developed by staff and approved by the Board. This sets the annual assessment.
- The Davis-Stirling Act (California HOA law) requires TDA to develop an Operating Fund budget with a \$0 net result.

OPERATING PERFORMANCE - FISCAL YEAR 2022

- TDA recorded a Net Operating Result of \$(233,842) below budget for 2022 after \$250,000 of funding for employee retention and recruitment.
- Operating revenues were approximately \$2MM (12.7%) better than budget (and 33% greater than 2021 actual results) driven by favorable winter weather.
- Operating costs were 10.2% higher than budget (and 27% greater than 2021 actual levels) due to higher labor, utility, maintenance and insurance costs.
- The ten-year compound annual growth rate in the Operating Fund portion of the Annual Assessment is 3.1% which compares favorably to average inflation.

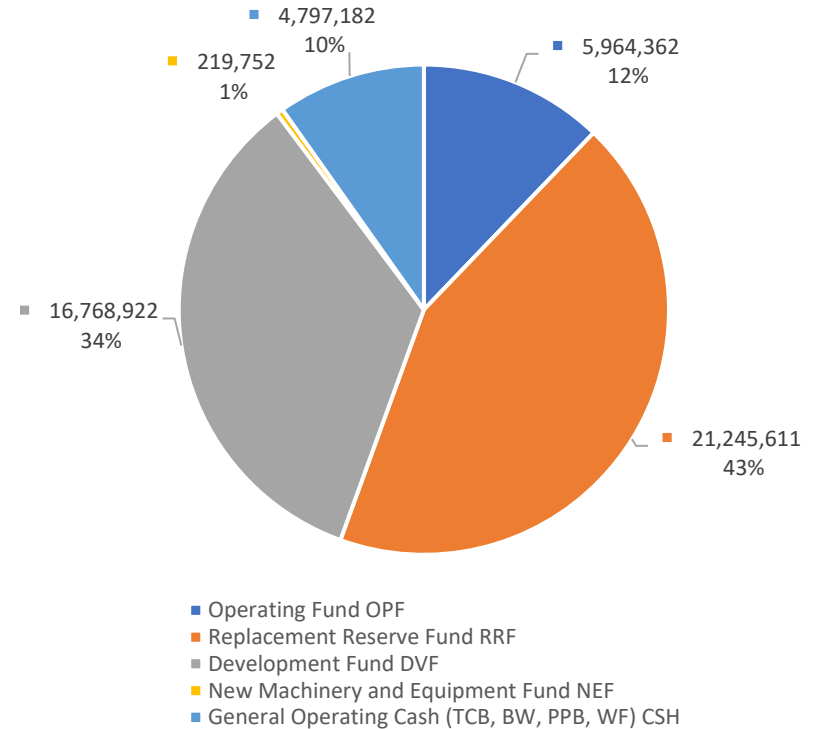
OPERATING PERFORMANCE – YEAR TO DATE 2023

- Through May 31, 2023, TDA's Operating Fund is \$450,603 (or 23%) *ahead* of budget driven by favorable winter operations and lower labor expenses offset by higher non-payroll operating expenses.
- This favorable budget variance likely will erode through the summer months as expenses increase to support a broader suite of programming activities.
- We expect upward pressure on expenses as we address food cost inflation, compete for staff to fill key positions, and deal with higher energy costs.
- Our management team is working diligently to make sure that we stay on budget.

FINANCIAL CONDITION & INVESTMENT PORTFOLIO

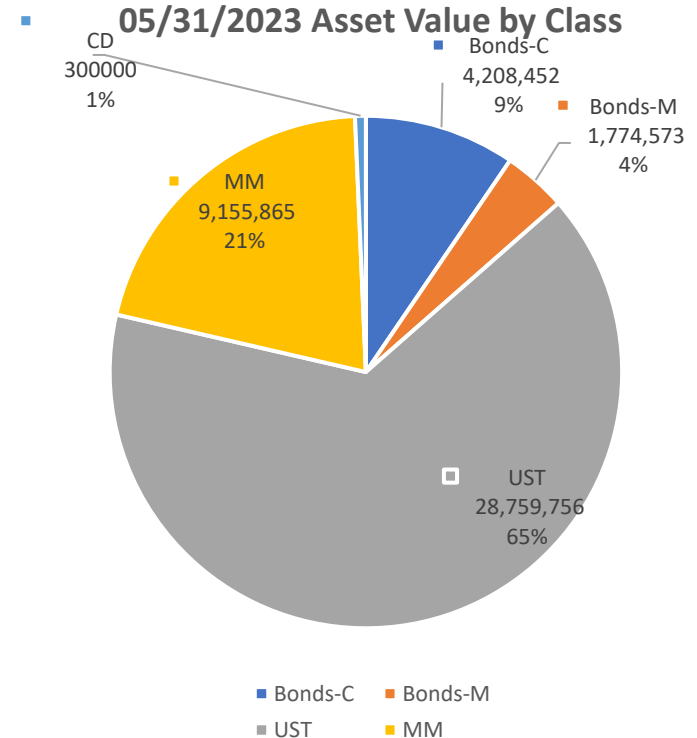
- At May 31, 2023, TDA had \$49 MM available to support our Operating Fund requirements and our Replacement Reserve, Development and New Equipment fund needs.
- Fund balances will decline through the year as we invest in key renovation and repair work during the summer/autumn construction season.
- At 12/31/22, our Replacement Reserve Funding Percentage stood at 38%, the highest level in our history.

FUND BALANCE SNAPSHOT 05/31/2023



FINANCIAL CONDITION & INVESTMENT PORTFOLIO

- The consolidated portfolio is invested in a suite of high quality, conservative investments in accordance with the TDA Investment Policy.
- The asset mix includes US Treasuries, bank CDs, corporate and municipal bonds, money market instruments and cash at banks.
- Every bond in our investment portfolio has at least one credit rating of A3/A-, or higher.





FUTURE CHALLENGES & OPPORTUNITIES

- Complete planning for a Building Replacement Fund.
- Continue to refine our funding program for the new Lodge at Downhill.
- Manage responsibly the growth of the Annual Assessment; do so with discipline and attention to our fiduciary duty under Davis-Stirling.

THANK YOU