

2024 BUDGET REPORT

\$2,907 ASSESSMENT

AN INCREASE OF \$283, OR 10.8%, FROM 2023

\$26.2 MILLION TOTAL OPERATING REVENUES INCLUDING ASSESSMENTS

RECREATION FEE

EFFECTIVE MAY 1, 2024 THROUGH DEC. 31, 2024

UP TO 2 PEOPLE: \$250

UP TO 4 PEOPLE: \$410

ADDITIONAL MEMBERS 5-8: \$140 PER MEMBER

PRIVATE AMENITY DAILY ACCESS FEES:

NO INCREASE FROM 2023

MEMBER WITHOUT PAID RECREATION FEE: \$12

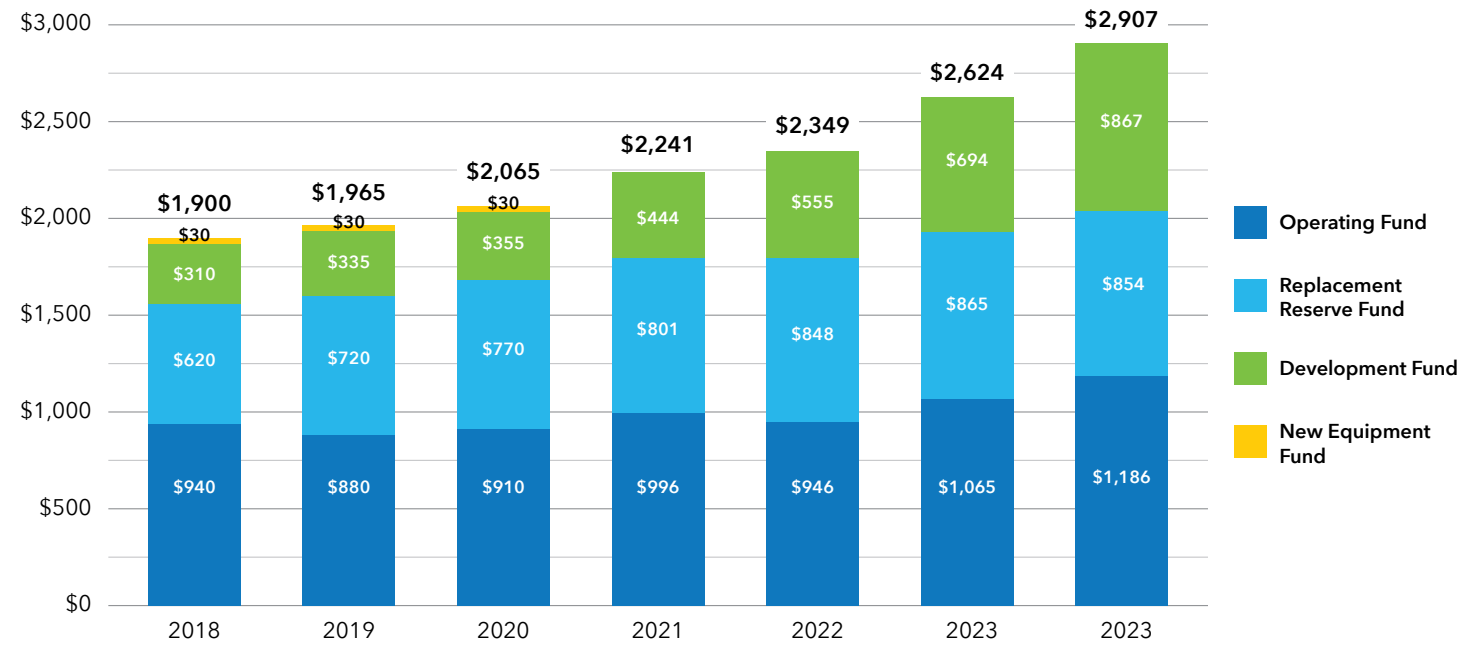
GUEST WITH MEMBER: \$15

GUEST ON GUEST CARD WITHOUT MEMBER: \$20



TAHOE DONNER

Annual Assessment History Per Owner



INTRODUCTION

Dear Members,

The Tahoe Donner Association (TDA) Board of Directors approved the 2024 Budget at the Oct. 20, 2023 Special Board Meeting. This action came after three intensive public workshops and feedback from the Finance, Long-Range Planning, and Trails + Open Space committees, as well as from members at large. The 2024 Annual Assessment is \$2,907 per property, an increase of \$283, or 10.8%, over 2023. Several factors contributed to the growth in the Assessment including an increase in labor costs (the Association's single largest expense category), an 18% year-over-year rise in insurance premiums, higher energy/utility costs and larger contributions to our Capital Funds for asset renewal and replacement. The 2024 Tahoe Donner Annual Assessment includes amounts in two categories over four funds:

OPERATING FUND	\$ 1,186
Covers the annual net operating cost of running our Association and includes our amenities, customer service, full-time and part-time staff costs and Association administration expenses	
CAPITAL FUNDS	
REPLACEMENT RESERVE FUND	\$ 854
Allows the Association to maintain our fixed assets	
NEW EQUIPMENT FUND	\$ 0
Purchases new minor assets to meet current needs	
DEVELOPMENT FUND	\$ 867
Provides capital to expand and/or replace aging, not-fit-for-purpose amenities	
2024 ANNUAL ASSESSMENT TOTAL	\$ 2,907

Beginning in August, the staff assembled an initial draft budget that was reviewed extensively by the Board and the aforementioned committees. Developing the annual budget and the Assessment is a balancing act between what we must do - *to properly maintain our member service levels, our amenities, and by extension our home values* - and what we can afford. Given significant inflationary pressures and a difficult local employment market, the management team was particularly challenged this year to achieve this balance.

As part of the budget approval process, staff recommended, and the Board agreed, to not increase amenity daily access fees for members and guests. We did agree to convert temporarily the optional Recreation Pass to an 8-month program to align it with

our calendar financial year. This is in anticipation of a new Amenity Access policy that will be approved next year and implemented in 2025. As a result, the cost for the two-person and four-person Recreation Pass was prorated (lower) according to how members typically use the pass.

The Board and staff have the most day-to-day control over the Operating Fund portion of the Assessment. Since 2014, the compound annual growth rate of this portion of the Assessment has been 3.5% which compares quite favorably to the average annual inflation rate of 3.3% for the San Francisco/Oakland/Hayward area during this same time.

The Capital Funds portion (Replacement Reserve, New Equipment and Development funds) of the total Annual Assessment has increased from roughly 42%, in 2008, to 59% in 2023 and 2024. Over the past 10 years, the compound annual rate of growth of this portion of the Assessment has increased at roughly 8.6%. This rate of increase reflects the need to accumulate funds to address aging, undersized and non-ADA or building code compliant amenities, some of which were built in the early 1970s.

The Association's 20-Year Capital Improvement Plan identifies and prioritizes major projects that will be funded by the Capital Funds. Under California law, the Board has a responsibility to ensure that sufficient funding will be in place for these investments. Importantly, the 2024 Assessment reflects the last of four planned 25% annual increases (2021-2024) to the Development Fund. The last four Boards elected to do this "savings sprint" to address previous underfunding for the Downhill Ski Lodge and other projects. As a result, we are in a better position to meet our needs as identified in the Capital Improvement Plan.

Finally, the Board authorized staff to allocate the remaining unused 2021 Operating Fund surplus of \$600,000. As a result, additional contributions will be made to our Capital Funds and Operating Fund Contingency Reserve. The net impact of this decision was to reduce the 2024 Assessment increase by \$62 per owner.

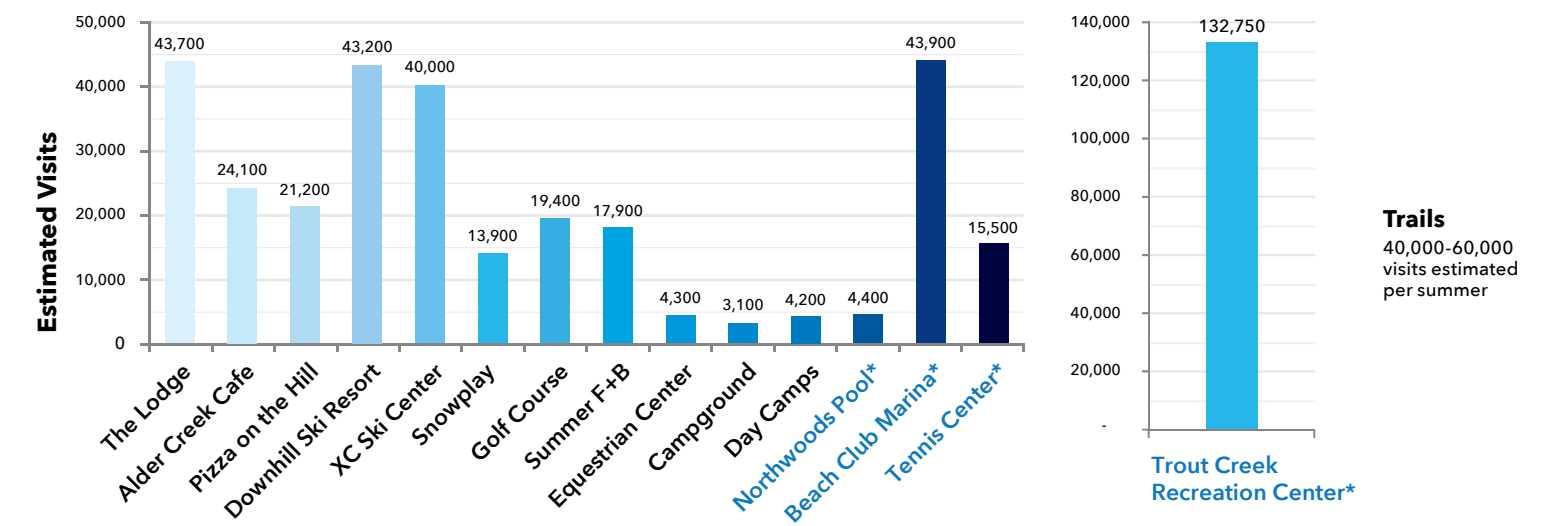
As you enjoy all that Tahoe Donner has to offer in this unique mountain environment, please understand that the Board and staff appreciate and thank you for your support in upholding this Association's distinctive character.

Sincerely,

Todd Martyn-Jones
Director of Finance, Accounting
and Business Support

Stephen M. Mahoney
Board Member and
Association Treasurer

Visitation Tools That Help Generate Revenue Projections 2024 Estimated Amenity Visitation Metrics



TAHOE DONNER MEMBER BENEFITS

HOMEOWNERS ASSOCIATION SERVICES

- Well-maintained facilities – 27 buildings
- Maintenance of common areas, including trails, parks and open space
- Administration, including accounting, member services and communication
- Architectural review and property compliance
- Covenants complaint management and compliance
- Forestry management of open space and defensible space inspection program
- Access to firewood rounds (\$50 per cord)
- Free road-side green waste chipping program
- Summer boat + RV storage (limited space, fee required)

AMENITIES

- 20% off coupons for Tahoe Donner restaurants in 2024 Annual Assessment
- Access to private amenity restaurants, including Marco Polo Grill and Marina Grill*
- Beach Club Marina access (private amenity)*
- Beach Club Marina discounts for services
- Lakeside kayak and SUP storage at Beach Club Marina (limited space, fee required)
- Bikeworks discounts, including bike rentals, lessons and guided rides
- Cross Country Ski Center discounts, including tickets, lessons and rentals
- Downhill Ski Resort discounts, including tickets, lessons and rentals
- Equestrian Center discounts, including horse boarding, pony rides and trail rides
- Golf Course discounts, including tee times, lessons and rentals
- Golf Course tee time reservation priority
- Recreation program discounts
- Snowplay sledding and tubing access*
- Free or discounted admission to select Special Events
- Summer Camps and programs reservation priority
- Tahoe Donner Campground discounts
- Tennis Center access (private amenity)*
- Tennis and pickleball court reservation priority
- Trout Creek Recreation Center access (private amenity)*

*Members with paid Recreation Fee have unlimited free access to these amenities. Members without a paid Recreation Fee pay a daily access fee of \$12 per access as of May 1, 2024.

OPERATING FUND

The Operating Fund accounts for the annual revenue and expense activities of our amenity and homeowner Association service functions. Operating Fund budgets for all departments were prepared with an emphasis on providing competitive compensation and benefits and addressing significant cost increases while continuing to provide consistent levels of service to the members. A detailed analysis of each department was prepared and evaluated by senior management before the budget was reviewed by the Finance Committee and the Board of Directors. Adopting a modified Recreation Fee period and subsequently prorated Recreation Fees were incorporated into the 2024 budget.

IN TOTAL, THE 2024 ASSESSMENT CONTRIBUTION TO OPERATIONS IS \$7,676,978 OR \$1,186 PER MEMBER-PROPERTY. THE 2024 AMOUNT REPRESENTS A \$121 INCREASE OVER 2023.

The total revenue requirement for a balanced 2024 Operating Fund budget is \$26,201,000. Operating revenues generated by users of \$18,524,000 fund 71% of the requirement (versus 71% in 2023). The necessary funding level for operations from the Annual Assessment is \$7,677,000, or 29%, of the requirement (versus 29% in 2023). This Assessment represents the shortfall of operating revenue versus operating costs in the Operating Fund budget. Refer to page 7 for budget summary by activity.

The revenue requirement to cover total operating costs represents an increase of \$2,133,000, or 9%, to the 2023 Budget with operating revenues (not including Assessment) up \$1,351,000, or 8%.

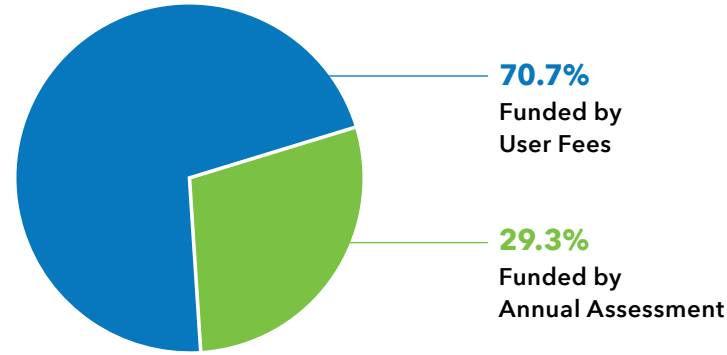
OPERATING REVENUE

Budget of \$18,524,000, excluding Assessment, has increased \$1,351,000, or 7.9%, from the 2023 Budget and represents an increase of \$749,000, or 4.2%, over the 2023 Forecast. Operating revenues are subject to significant volatility due to weather and snowpack, which can affect overall visitation and amenity usage. We are anticipating reduced Downhill Ski Resort revenues in December 2024 due to the planned construction of the Downhill Ski Lodge, mostly in Food + Beverage (F+B) and the Rental department. We are anticipating a 33% increase in revenues to Golf Course operations over 2023 Forecast, mostly due to the delayed opening of golf operations in late June 2023. We are budgeting a 12% increase in revenue for 2024 F+B operations with a renewed focus on F+B events while the anticipated Downhill Ski Lodge construction greatly impacts our revenues in the month of Dec. 2024. We also look to further revenue opportunities with the remodeling of The Lodge Pavilion completed in July 2023 and the anticipated completion of the Beach Club Marina deck expansion project in May 2024. We will again welcome back a full complement of our international J-1 employees in 2024, primarily at Downhill Ski School and F+B winter and summer operations.

Continued on page 4

Operating Fund Revenue Generated by Annual Assessment versus User Fees

Total Operating Fund = \$26,200,947



OPERATING PAYROLL

With a budget of \$16,648,000, this represents 63.5% of total operating costs and reflects an increase of 9% versus 2023 Forecast. A key element of any large-scale common interest development is the employees who operate and manage our amenities and support departments and administration. Operating payroll costs include wages, salaries and the associated costs of payroll taxes, workers' compensation, retirement savings plans and health insurance benefits. California minimum wage for 2024 is \$16 per hour; however, with the competitive nature of the labor market and the difficulty in attracting employees in the Tahoe region, the realized minimum wage is approximately 8-10% higher. The Association saw a further 6% increase in medical insurance for 2024, of which the Association covers 90% of the premium for eligible employees. Driving the shortage of seasonal workers in the region is the low availability of seasonal housing options, which results in high monthly rental rates and overall cost of living.

OPERATING EXPENSE

A budget of \$7,890,000 represents 30.1% of our total operating costs and reflects a \$624,000 increase on 2023 Forecast. We have anticipated inflation for 2024 to be 4%, which is a significant reduction to what was budgeted for 2023. The Association saw an increase of \$340,000, or 18%, to the comprehensive liability coverage carried annually. We have also continued to allocate considerable operational funds to our Forestry Department for further fire mitigation initiatives and additional funds for the upkeep of our golf course. Management is continually reviewing operational efficiencies as a means to reduce our operating costs where possible.

COST OF GOODS SOLD

Budget of \$1,663,000 represents 6.3% of our overall operating costs. Cost of Goods Sold (COGS) represents the wholesale cost of retail and F+B product and will increase and/or decrease proportionally with changes to sales of these goods. We are no longer subject to the significant supply chain issue that hampered operations in 2022 and early 2023. Food cost remains at higher levels and prices are adjusted accordingly to budget with a COGS percentage-to-revenue of approximately 30%.

OPERATING SURPLUS

When developing the 2024 Budget, there was an operating surplus remaining from 2021 of \$600,000. At its discretion, the Board could determine how to utilize this surplus and were provided several options by staff of ways of doing so. The Board voted on how to use the surplus which is discussed below.

REPLACEMENT RESERVE FUND

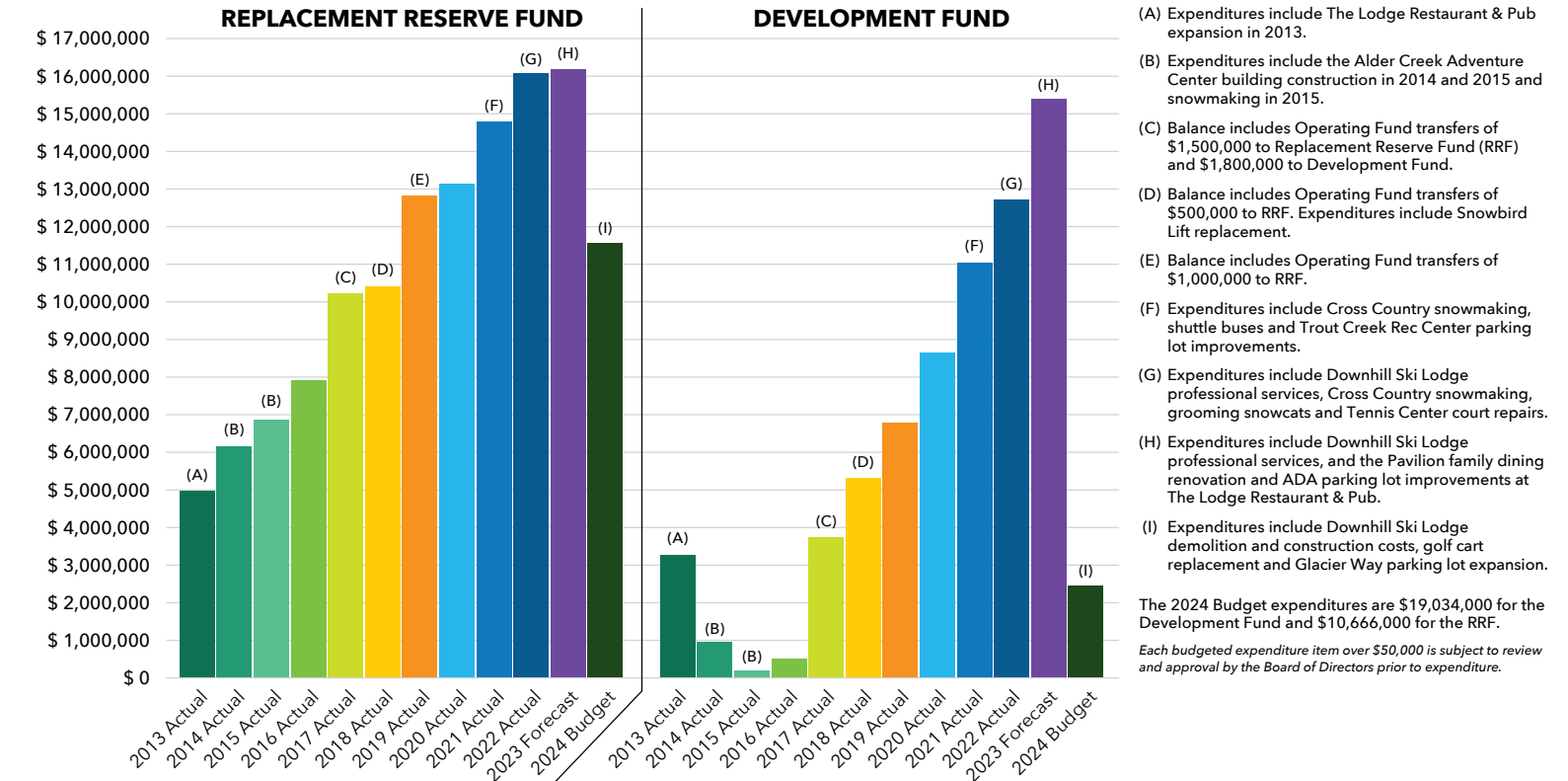
The Replacement Reserve Fund is used to account for the financial resources designated for the repair, restoration, replacement or maintenance of major common area components of the Association. Although building component replacements are included in the Replacement Reserve Fund plan, complete structure replacement

REPLACEMENT RESERVE FUND ANALYSIS

TAHOE DONNER ASSOCIATION 2024 BUDGET	Total Estimated Current Replacement Cost	Allocation of Accumulated Funds (Dec. 31, 2023)	100% Funded Allocation (Dec. 31, 2023)
Administration	\$ 966,968	\$ 200,427	\$ 550,584
Alder Creek Cafe	172,768	43,860	120,486
Beach Club Marina	1,682,457	417,886	1,147,956
Bikeworks	274,760	60,654	166,619
Campground	616,008	150,846	414,382
Capital Projects	457,650	154,421	424,204
Chalet House (Employee Housing)	349,519	106,618	292,885
Cross Country Ski Center	4,237,221	896,577	2,462,946
Cross Country Snowmaking	17,329	2,151	5,910
Equestrian Center	970,918	193,806	532,395
Food Trailer	65,500	16,354	44,925
Forestry	3,963,139	770,499	2,116,603
General Maintenance	665,157	183,746	504,760
Golf			
Golf Complex	999,061	193,280	530,950
Golf Complex Cart Barn	506,000	16,219	44,553
Golf Course	10,945,953	2,571,613	7,339,064
Lodge Golf	18,000	2,366	6,498
Information Technology	2,487,914	466,775	1,282,256
Maintenance	3,779,229	968,549	2,660,656
Northwoods Pool Building	407,753	107,040	294,046
Northwoods Clubhouse	3,809,901	1,023,512	2,811,642
Pizza on the Hill	545,854	123,417	339,034
Recreation Hut	490,533	124,140	341,019
Downhill Ski Resort			
Mountain Operations	9,335,107	2,661,014	7,309,948
Ski Lodge - All Areas	165,000	57,004	156,593
Lift Maintenance	4,180,094	880,469	2,418,696
Rental + Retail	1,125,797	273,411	751,074
Snowmaking	1,058,542	190,144	522,337
Top Shop	270,874	81,092	222,763
Top Shop Parking	62,000	12,947	35,567
Winter Food + Beverage	552,601	188,267	517,180
Parking	45,000	15,534	42,674
Snowplay	145,270	38,769	106,500
Tennis Complex	2,113,637	545,309	1,497,992
Tennis Complex Access Road	67,250	14,067	38,643
The Lodge Restaurant & Pub	4,570,147	894,098	2,456,135
Trails	4,009,500	668,722	1,837,014
Trout Creek Recreation Center			
Building	2,455,034	486,404	1,336,179
Building Basketball Area	10,000	2,644	7,262
Parking	143,500	15,352	42,173
Pool + Spa Area	1,570,676	356,783	980,101
TOTALS	\$ 70,309,623	\$ 16,176,787	\$ 44,713,203

Note: Projected accumulated funds at Dec. 31, 2023 equal approximately 36.18% of the 100% funded total based on the method of calculation in Section 1362.2.5(b)(4) of the Civil Code. The financial representations set forth in this summary are based on the best estimates of the preparer at this time. The estimates are subject to change. Remaining and useful lives vary between 1 and 30 years. Reference Disclosure Summary on page 8 and Policy 2013-3 for further information.

Fund Balances Reserved for Future Capital Needs of the Association Members' Equity (as of Dec. 31)



is not. Funding for structure replacement is discussed to the right in the review of the Development Fund.

In accordance with state law and sound business practices, it is the policy of the Association to fund a reserve program that will adequately provide for repair and replacement of existing community-owned assets. A 30-year reserve funding and expenditure plan is produced every three years and updated annually for the purpose of scheduling and analyzing the Association's funding needs. The Association's reserves consultant completed the comprehensive 3-year reserve study in 2022. **OVER 2,000 INDIVIDUAL ITEMS ARE TRACKED IN THIS PLAN, WITH A CURRENT REPLACEMENT VALUE OF APPROXIMATELY \$70,000,000.** Each item is evaluated by average useful life, present age, projected remaining useful life and estimated replacement cost.

REPLACEMENT RESERVE EXPENDITURES BUDGETED

The reserve plan schedules funding for replacement, repair and/or enhancement of the Association's existing capital investments. In the year 2024, budgeted reserve project expenditures total \$10,666,000. Components scheduled for 2024 may not necessarily be expended, based on management and Board review, the availability of contractors and other contributing factors.

The 2024 Annual Assessment contribution to the Replacement Reserve Fund, per the 30-year reserve study, determined a 4% increase on 2023, or \$900 per member-property. However, the Board voted to allocate \$300,000 of the 2021 budget surplus to decrease the Annual Assessment and a further \$100,000 to additionally fund the Replacement Reserve Fund. This reduced the contribution by \$11 from 2023, to \$854. Including the \$400,000 from the 2021 surplus and the member-property contribution, the funding to the Replacement Reserve Fund in 2024 is \$5,927,942.

The following outlines notable 2024 Budget year planned expenditure items in excess of \$100,000:

DOWNHILL SKI LODGE, \$2,500,000: Expenditure in relation to the replacement of the Downhill Ski Lodge.

GOLF COURSE CART PATHS, \$1,620,000: Full repaving of the paths due to safety concerns, roots and overall damage. This will assist in keeping carts off the course fairways and rough areas. This was originally scheduled for 2023 but had to be deferred to 2024 due to the snowpack on the golf course well into the 2023 season.

MAINTENANCE YARD FUEL STATION REPLACEMENT, \$750,000: Replacement of the fuel tank and pump system funded by the Replacement Reserve Fund. Other components of the project will be funded from the Development Fund.

MARINA DECK EXPANSION + SHADE STRUCTURES, \$425,000: Proposed project expands the existing limited deck onto the lawn area and better utilizes the space for member enjoyment. It will also help facilitate the expansion of events programming.

PEDESTRIAN BRIDGE ON HOLE 18, \$250,000: The pedestrian bridge over Trout Creek on the 18th hole of the Golf Course is no longer viable and full replacement is required.

DEVELOPMENT FUND

The Development Fund was established as authorized in governing documents to accumulate funds for large-scale projects identified as necessary due to the new capacity requirements or changing needs of the Association. In order to facilitate the future use of Development Fund Assessments toward the funding of large-scale projects, each year projects are identified as eligible for such future funding. Projects designated as eligible, though not approved, to receive funding from future Assessment contributions include building replacements, amenity expansions and additions, and recreational land and infrastructure improvements.

The 2024 Annual Assessment contribution to the Development Fund totals \$5,612,091, or \$867, per member-property, an increase of \$173, or 25%, over 2023.

Tahoe Donner's 50th anniversary in 2021 was a clear reminder that facilities built around our opening in 1971, such as the Downhill Ski Lodge, Northwoods Clubhouse and Tennis Center, are nearing the end of their useful lives, have a myriad of issues impacting services offered and need to be addressed. The Board has a

responsibility under California law to ensure that there are funding sources for these projects. Given the lack of funding contributed to the Development Fund prior to 2021, the Board approved the staff-recommended multi-year 25% increase, inclusive of the 2024 Budget. The forecast fund balance ending in 2024 is \$2,453,000, after approximately \$16,500,000 has been invested in the planned Downhill Ski Lodge.

Projects scheduled for 2024 may not necessarily be expended, based on management review and approval by the Board, the availability of contractors and other contributing factors.

The following outlines notable 2024 Budget-year planned expenditure items in excess of \$100,000:

DOWNHILL SKI LODGE REPLACEMENT, \$16,500,000: Demolition and construction costs in relation to the replacement of the Downhill Ski Lodge.

GLACIER WAY PARKING LOT EXPANSION, \$795,000: Expansion of the parking lot and addition of a permanent restroom facility.

MAINTENANCE YARD FUEL STATION REPLACEMENT, \$356,000: Addition of a roof over the fuel station along with an electric vehicle charging station for future association electric vehicles.

MARINA DECK EXPANSION + SHADE STRUCTURE, \$225,000: To further enhance member enjoyment, this project expands the existing deck into the lawn area and provides a shade structure.

TRAIL + TRAILHEAD PROJECTS, \$100,000: Projects resulting from the completion of the Trails and Open Space Master Plan.



2024 BUDGET SUMMARY – BY FUND Number of Properties = 6,473

	2024 Budget	\$ per Property
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OPERATING FUND

Beginning Balance, Start of Year	\$ 4,050,080	\$ 626
Assessment Contribution	7,676,978 (A1)	1,186
Net Operating Results	-7,676,978	-1,186
Operating Fund, Year-End Balance	\$ 4,050,080	\$ 626

REPLACEMENT RESERVE FUND

Beginning Balance, Start of Year	\$ 16,176,787	\$ 2,499
Assessment Contribution	5,527,942 (A2)	854
2021 Surplus Contribution	400,000	62
Interest Income	253,094	39
Salvage Receipts	26,000	4
Income Tax and Other Expenses	-60,000	-9
Payroll Costs	-281,000	-43
Capital Addition Investment / Expenditures	-8,081,300	-1,248
Major Repairs, Maintenance and Lease Expenses	-2,304,113	-356
Replacement Reserve Fund, Year-End Balance	\$ 11,657,410	\$ 1,801

NEW EQUIPMENT FUND

Beginning Balance, Start of Year	\$ 39,377	\$ 6
2021 Surplus Contribution	100,000	15
Interest Income	5,891	1
Capital Addition Investment	-100,000	-15
New Equipment Fund, Year-End Balance	\$ 44,040	\$ 7

DEVELOPMENT FUND

Beginning Balance, Start of Year	\$ 15,394,855	\$ 2,378
Assessment Contribution	5,612,091 (A3)	867
Interest Income	529,000	82
Income Tax and Other Expenses	-49,000	-8
Payroll Costs	-226,000	-35
Capital Addition Investment	-18,808,080	-2,906
Development Fund, Year-End Balance	\$ 2,452,866	\$ 379

Combined CAPITAL FUNDS ACTIVITY

Expenditures for Capital Additions	\$ -26,989,380	\$ -4,170
Major Repairs, Maintenance and Lease Expenses	-2,304,113	-356
Combined CAPITAL FUNDS ACTIVITY – Total	\$ -29,293,493	\$ -4,526

2024 ANNUAL ASSESSMENT RECAP

Operating Fund	\$ 7,676,978 (A1)	\$ 1,186	41%
Capital Funds			29%
Replacement Reserve Fund	5,527,942 (A2)	854	30%
Development Fund	5,612,091 (A3)	867	59%
Capital Funds, Subtotal	\$ 11,140,033	\$ 1,721	100%
Annual Assessment – Total	\$ 18,817,011	\$ 2,907	

This Fund Summary excludes the Property Fund, which accounts for the Association's investment in property and equipment. The Property Fund activities include capitalization of property and equipment purchased of \$26,994,000 and estimated depreciation expense of \$4,210,000.

2024 BUDGET SUMMARY – OPERATING FUND

	Operating Revenue (REV)	Operating Costs Total (OCT)	Net Operating Result (NOR)	Capital Charge (CC)	Net Result Including Capital Charge (NR)
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PRIVATE AMENITIES

Trout Creek Recreation Center/Aquatics/ Recreation Programs/Day Camps	\$2,117,524	-\$2,075,024	\$42,500	-\$509,513	-\$467,013
Beach Club Marina	\$571,100	-\$343,643	\$227,457	-\$269,877	-\$42,420
Beach Club Marina F+B	\$247,041	-\$248,121	\$0	\$0	\$0
Tennis Center	\$493,816	-\$450,057	\$43,759	-\$118,414	-\$74,655
TOTAL PRIVATE AMENITIES	\$3,429,481	-\$3,116,845	\$313,716	-\$897,804	-\$584,088

PUBLIC AMENITIES

Downhill Ski Resort	\$5,782,645	-\$3,758,992	\$2,023,653	-\$854,329	\$1,169,324
Cross Country Ski Center	\$2,045,387	-\$1,298,384	\$747,003	-\$386,610	\$360,393
Snowplay Sledding and Tubing	\$295,381	-\$186,389	\$108,992	-\$15,023	\$93,969
Equestrian Center	\$159,986	-\$359,871	-\$199,885	-\$58,976	-\$258,861
Campground	\$110,963	-\$120,397	-\$9,434	-\$35,710	-\$45,144
Trails	\$0	-\$319,048	-\$319,048	-\$277,485	-\$596,533
Bikeworks	\$182,150	-\$208,583	-\$26,433	-\$73,269	-\$99,702
Golf Course	\$1,622,103	-\$1,920,257	-\$298,154	-\$811,294	-\$1,109,448
Alder Creek Cafe	\$429,950	-\$511,277	-\$81,327	-\$10,340	-\$91,667
The Lodge Restaurant & Pub and Summer F+B	\$2,594,367	-\$3,131,173	-\$536,806	-\$199,046	-\$735,852
Pizza on the Hill	\$575,017	-\$742,079	-\$167,062	-\$36,087	-\$203,149
TOTAL PUBLIC AMENITIES	\$13,797,949	-\$12,556,450	\$1,241,499	-\$2,758,169	-\$1,516,670

TOTAL AMENITIES	\$17,227,430	-\$15,673,295	\$1,555,215	-\$3,655,973	-\$2,100,758
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HOMEOWNERS ASSOCIATION OPERATIONS

General HOA	\$0	-\$973,348	-\$973,348	\$0	-\$973,348
Community Standards Office <i>Formerly Architectural Standards Office</i>	\$211,950	-\$560,310	-\$348,360	\$0	-\$348,360
Forestry, Defensible and Open Space	\$293,000	-\$1,660,601	-\$1,367,601	-\$427,480	-\$1,795,081
TOTAL HOA OPERATIONS	\$504,950	-\$3,194,259	-\$2,689,309	-\$427,480	-\$3,116,789

AMENITY + HOMEOWNERS ASSOCIATION SUPPORT SERVICES

Communications	\$282,000	-\$993,378	-\$711,378	\$0	-\$711,378
Facility Administration and Risk Management	\$0	-\$1,009,231	-\$1,009,231	\$0	-\$1,009,231
Administration	\$232,262	-\$1,371,486	-\$1,139,224	-\$612,833	-\$1,752,057
Information Technology	\$0	-\$872,138	-\$872,138	-\$654,722	-\$1,526,860
Accounting and Finance	\$0	-\$1,091,298	-\$1,091,298	\$0	-\$1,091,298
Human Resources	\$0	-\$647,494	-\$647,494	\$0	-\$647,494
Workforce Housing	\$244,500	-\$392,416	-\$147,916	\$0	-\$147,916
Member Services	\$32,827	-\$435,625	-\$402,798	\$0	-\$402,798
Maintenance	\$0	-\$1,081,383	-\$1,081,383	-\$176,934	-\$1,258,317
TOTAL SUPPORT SERVICES	\$791,589	-\$7,894,449	-\$7,102,860	-\$1,444,489	-\$8,547,349

Expenses Allocated to Capital Funds	\$0	\$559,976	\$559,976	\$0	\$559,976
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TOTAL OPERATING FUND	\$18,523,969	-\$26,202,027	-\$7,678,058	-\$5,527,942	-\$13,204,920
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Capital Charge (CC) is the Replacement Reserve Fund Assessment contribution amount only.

ASSESSMENT AND REPLACEMENT RESERVE FUNDING DISCLOSURE SUMMARY

(CA CIVIL CODE SECTION 5570)

The 2024 regular Annual Assessment per ownership interest is \$2,907. The updated 30-year funding and expenditure plan, utilizing a 2.5% annual inflation of repair and replacement costs, requires a contribution to the Replacement Reserve Fund (RRF) of \$854 per property for 2024 plus the transfer of \$400,000 from the 2021 operating surplus - this effectively resulted in a decrease of \$11 over 2023. This amounts to a 2024 contribution to the RRF of \$5,927,942. There are no additional Regular or Special Assessments anticipated for the reserve program or for other purposes at this time.

In July 2023, the Community Associations Institute released updated guidance for governing an association's RRF, largely in part to the catastrophic partial collapse of Champlain Towers South complex in Surfside, Florida. Tahoe Donner Association has been quick to begin incorporating these changes and will continue to do so over the next few years. This will require an update to the Capital Funds policies, which will occur in 2024.

Based upon the most recent reserve study and other information available to the Tahoe Donner Board of Directors, the currently projected reserve account balances will be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years. This projection is principally based on the future funding plan, which requires a minimum 4% annual increase to the contribution until the fund achieves a percent-funded level minimum of 25% and until the fund balance is equal to or exceeds 10% of Net Replacement Reserve Assets (as defined in Policy Resolution 2013-3). With the \$854 Annual Assessment contribution per member-property and the \$400,000 surplus contribution, the projected fund balance in the RRF at the end of 2024 is \$11,657,000.

All major components are included in the reserve study and are included in its calculations. Components with an estimated remaining useful life of more than 30 years are not included in the reserve calculation. The Development Fund section of this report contains additional information.

Based on the method of calculation in paragraph (4) of subdivision (b) of CA Civil Code Section 5570, the estimated amount required in the RRF at the end of the current fiscal year is \$44,734,129*, based in whole or in part on the most recently completed reserve study in 2022, prepared by management and Hughes Reserves and Asset Management, Inc. as of October 2022 along with further updates by staff in 2023. The projected RRF cash balance at the end of the current fiscal year is \$16,177,000, resulting in reserves being 36.18% funded at this date.

* This amount is calculated based on a straight-line method wherein each component must stand alone, not utilizing the cash flow method of funding, also known as the pooling method.

Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the RRF at the end of each of the next five budget years is \$44,700,000 in 2024, \$44,900,000 in 2025, \$41,000,000 in 2026, \$42,700,000 in 2027 and \$43,800,000 in 2028. The projected RRF cash balance as estimated in each of those years is \$11,600,000 in 2024, \$5,100,000 in 2025, \$4,900,000 in 2026, \$4,300,000 in 2027 and \$5,500,000 in 2028.

The Replacement Reserve Fund Analysis on page 4 summarizes the component values by area and the projected available funding for repairs and replacements. The full reserve study plan with a more detailed listing of the individual plan components is available to any member upon request.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was a conservative 2% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5% per year.

NEW EQUIPMENT FUND

The New Equipment Fund is used to acquire new items identified as necessary to be more efficient in operations or to provide new services to the membership. The 2024 Assessment contribution to the fund totals \$0, or \$0 per member-property. The Board decided to allocate \$100,000 of the 2021 surplus to the New Equipment Fund for 2024, allowing for the known investments to be made. The fund is projected to have a 2024 year-end balance of \$44,000 after budgeted expenditures including fleet vehicles and a maintenance dump trailer.

POLICIES AND PROCEDURES REGARDING ASSESSMENT COLLECTION, DELINQUENCY AND FORECLOSURE ACTIONS

Each property owner's annual Regular Assessment is due at the beginning of each fiscal year on Jan. 1, and becomes delinquent on March 3 of the same fiscal year. Special and Special Individual Assessments (Architectural Standards, Covenants and Forestry Assessments, Fines and Inspection Fees) are due 30 days after invoicing and delinquent 30 days thereafter. Delinquent accounts are subject to the following schedule of procedures and charges. **(The actions indicated below will not be taken until at least the date specified, but may occur at a later date due to scheduling considerations.)**

Interest Amount: Interest charged will be equal to the maximum allowed by law (currently 12% per annum).

ANNUAL REGULAR ASSESSMENT

March 5: DELINQUENCY FEE (10% OF REGULAR ASSESSMENT BALANCE) is charged to the account; also, interest begins to accrue on the delinquent Assessment balance.

April 1: Notice of pending suspension of membership rights (eligibility for candidacy to serve as a director, to vote in any election and to access the amenities as a member) for failure to pay the Assessment and of the member's right to a prior hearing thereon, and notice of intent to record a lien against the member's property to secure amounts owed, is sent to owner(s) of record via certified mail.

April 15: Assessment lien recorded against property; the Lien Fee amount (which may be changed by the Board as part of the annual budget) is charged to the account. If requested, hearing on pending suspension of membership rights must be completed at least five days prior to the suspension's effective date.

April 20: Effective date of suspension of membership rights, which shall remain in effect until the account is brought current.

May 1: Interest begins accruing on Delinquency Fee.

June 15: Delinquent accounts become subject to all appropriate collections/legal recourses, including foreclosure of the Assessment lien, to recover amounts owed. All costs and fees related to such actions, including attorney's fees, become the property owner's obligation.

July 1: Interest begins accruing on Lien Fee.

SPECIAL AND SPECIAL INDIVIDUAL ASSESSMENT(S) Days After Invoicing

60 Days: DELINQUENCY FEE (10% OF ASSESSMENT BALANCE) is charged to the account; also, interest equal to the maximum allowed by law (currently 12% per annum) begins to accrue on the delinquent Assessment balance.

90 Days: Notice of pending suspension of membership rights (eligibility for candidacy to serve as a director, to vote in any election and to access the amenities as a member) for failure to pay the Assessment and of the member's right to a prior hearing thereon, and, if applicable, notice of intent to record a lien against the

member's property to secure amounts owed, is sent to owner(s) of record via certified mail.

105 Days: If applicable, Assessment lien recorded against property; the Lien Fee amount (which may be changed by the Board as part of the annual budget) is charged to the account. If requested, hearing on pending suspension of membership rights must be completed at least five days prior to the suspension's effective date.

110 Days: Approximate effective date of suspension of membership rights, which shall remain in effect until the account is brought current.

120 Days: Interest begins accruing on Delinquency Fee.

165 Days: Delinquent accounts become subject to all appropriate collections/legal recourses, including foreclosure of the Assessment lien, to recover amounts owed. All costs and fees related to such actions, including attorney's fees, become the property owner's obligation.

180 Days: If applicable, interest begins accruing on Lien Fee.

TIMELINESS OF PAYMENTS

In relation to the imposition of penalties, etc., in accordance with this schedule shall be determined by:

- Official USPS postmark date appearing on the envelope in which a payment is received through the mail (private postage meter dates are ignored).
- Any other method of delivery (i.e. hand-delivered payments, overnight services or electronic payments via the Member Portal) is considered delivered on date of receipt of payment.
- Send payments to:
Tahoe Donner Association, ATTN: Accounting,
11509 Northwoods Blvd., Truckee, CA 96161

APPLICATION OF PAYMENTS

It is the Association's policy to apply payments received as follows:

- First, to the oldest unpaid Assessment.
- Second, to the interest and penalties (Delinquency Fee, Lien Fee, costs of collection, etc.) related to that oldest unpaid Assessment.
- Next, to the second-oldest Assessment, followed by the interest and penalties related to that second-oldest Assessment.

This sequence continues until the most recent Assessment is paid; the interest and penalties related to that most recent Assessment are then paid.

Civil Code Section 5310 requires the following notices:

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the Associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after Jan. 1, 2003. You may wish to consult a lawyer if you dispute an Assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association

Assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after Jan. 1, 2006, an Association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent Assessments or dues, exclusive of any accelerated Assessments, late charges, fees, attorney's fees, interest and costs of collection are less than \$1,800. For delinquent Assessments or dues in excess of \$1,800 or more than 12 months delinquent, an Association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the Association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the Association may recover Assessments, reasonable costs of collection, reasonable attorney's fees, late charges and interest. The Association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common areas damaged by a member or a member's guests if the governing documents provide for this (Section 5725 of the Civil Code).

The Association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent Assessments.

If the Association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the Association (Section 5675 of the Civil Code).

At least 30 days prior to recording a lien on an owner's separate interest, the Association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has

a right to review the Association's records to verify the debt (Section 5660 of the Civil Code).

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days and to provide an owner certain documents in this regard (Section 5685 of the Civil Code).

The collection practices of the Association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt-collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, they may request a receipt, and the Association is required to provide it. On the receipt, the Association must indicate the date of payment and the person who received it. The Association must inform owners of a mailing address for overnight payments (Section 5655 of the Civil Code).

In addition, an Association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party, as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest and costs of collection if it is established that the Assessment was paid properly on time (Section 5685 of the Civil Code).

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a timeshare may request the Association to consider a payment plan to satisfy a delinquent Assessment. The Association must inform owners of the standards for payment plans, if any exist (Section 5665 of the Civil Code).

The Board of Directors must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent Assessment. These payment plans must conform with the payment plan standards of the Association if they exist (Section 5665 of the Civil Code).

NOTICE OF RIGHTS AND OBLIGATIONS RELATING TO

GOVERNING DOCUMENT ENFORCEMENT: The provisions of Tahoe Donner Association's Governing Documents (Declaration of Covenants and Restrictions, Bylaws, Articles of Incorporation and Association Rules) may be enforced by the Association or by any owner, and the prevailing party in such an action is entitled to an award of reasonable attorney's fees and costs. However, before most Governing Document enforcement actions may be taken to court, Civil Code Section 5935 requires the initiating party to serve a Request for Resolution (the "Request") upon the other parties to the dispute. The objective of the Request must be to encourage the recipient opposing parties to agree to resolve the matter through arbitration, mediation or some other form of alternative dispute resolution ("ADR"). The form and details of the ADR process, and whether its result will be binding or non-binding on the parties, must be agreed upon by the parties. If you receive a Request, you have 30 days to either accept or reject the ADR proposal. If you do not respond to the party issuing the Request within that time, you will be deemed to have rejected the proposal. If the Request is rejected, the other party may file a suit. You should be advised that failure by any member of the Association to comply with the pre-filing requirements of section 5935 of the Civil Code may result in the loss of your rights to sue the Association or another member of the Association regarding enforcement of the Governing Documents. In a Governing Document enforcement lawsuit, the court may also consider a party's refusal to participate in ADR in determining an attorney's fee award. With regard to internal dispute resolution, Tahoe Donner Association follows the process described in section 5915 of the Civil Code. For more information, please contact the Association offices.

As required by California Civil Code section 5300(b)(9), the following is a summary of Tahoe Donner Association's insurance coverages:

PROPERTY/INLAND MARINE/BOILER INSURANCE POLICIES: Lexington Insurance Co.: Property Limit - \$115,778,781; Deductible - \$75,000 per occurrence for buildings, contents, lifts, moveable equipment, etc.; Granite State Insurance Co.: Inland Marine Limit - \$9,788,539; Deductible - varies \$25,000 to \$100,000; Lexington Insurance Co.: Boiler Limit - \$48,361,834; Deductibles - \$75,000 minimum for compressors, motors, pumps, equipment generating electricity and property damage

GENERAL LIABILITY POLICIES: Granite State Insurance Co.: Limit - \$2,000,000; General Aggregate - \$2,000,000 per occurrence; Deductible - \$25,000 per occurrence

EXCESS LIABILITY (UMBRELLA) POLICIES: National Union Fire Insurance Co. of PA: Limit - \$5,000,000; General Aggregate - \$5,000,000; Deductible - \$10,000 per occurrence. Additional excess liability coverage over the current Umbrella: Berkley Custom: Limit - \$5,000,000; Markel American: Limit - \$10,000,000; Starstone: Limit - \$10,000,000; Westfield Specialty Insurance: Limit - \$10,000,000; Liberty Surplus Insurance: Limit - \$10,000,000

CRIME POLICIES: Granite State Insurance Co.; Limit - \$500,000; Deductible - \$5,000 per occurrence; Additional excess crime coverage: Travelers: Limit - \$5,000,000, Granite American Insurance Co., Limit - \$20,000,000

EARTHQUAKE AND FLOOD INSURANCE POLICIES: Granite State Insurance Co; Limit - \$3,000,000 per occurrence; Earthquake Aggregate - \$3,000,000; Deductible - \$100,000; Flood Deductible - \$50,000

POLLUTION POLICIES: Beazley: Limit - \$1,000,000 per occurrence; General Aggregate - \$2,000,000; Deductible - \$25,000

TERRORISM/SABOTAGE/ACTIVE SHOOTER POLICIES: Lloyds: Limit - \$1,000,000 per occurrence for active shooter/malicious acts limits; Deductible - \$5,000

DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICIES: Everest National: Limit - \$5,000,000; Deductibles - Non-Indemnifiable Loss: None; Indemnifiable Loss: \$50,000

DIRECTORS AND OFFICERS EXCESS LIABILITY INSURANCE POLICIES: RSUI: Limit - \$5,000,000; Ironshore: Limit - \$10,000,000; Houston Specialty: Limit - \$5,000,000; Landmark: Limit - \$5,000,000

BUSINESS AUTOMOBILE POLICIES: New Hampshire Insurance: Limit - \$1,000,000; Deductibles - \$5,000 per occurrence

THE CIVIL CODE REQUIRES THAT THE FOLLOWING STATEMENT APPEARS:

"This summary of the Association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage." In fact, since all of our common areas and facilities are owned solely by the Association as a corporate entity and not by the Association's individual members, the insurance carried by the Association insures only the Association and only with regard to its actions and its property. It does not insure individual members their property (individual homes and lots) or their actions.

PHOTO CREDITS:

Cover - Allan Crawford took this aerial photo of the 2023 Summer Concert on the Green on the Golf Course Driving Range in July 2023.

Page 6 - Rekha Strader, submitted for the 2022 Tahoe Donner Photo Contest, shows Stone Strader jumping off the dock at the Beach Club Marina.

Page 11 - Doug Riegelhuth, submitted for the 2023 Tahoe Donner Photo Contest, was taken at the end of Lion's Leap on the Tahoe Donner trail system during an early-morning bike ride.

ANNUAL POLICY STATEMENT SUMMARY (California Civil Code 5310(a), 4040)

Association's Designated Recipient

Mail or Personal Delivery: Board, Tahoe Donner Association, 11509 Northwoods Blvd., Truckee, CA 96161
Email: info@tahoedonner.com

Right of Notice to Two Addresses

A member may submit a request to have notices sent to up to two different specified addresses.

General Notice Location

11509 Northwoods Blvd., Truckee, CA 96161 and tahoedonner.com

Right to Receive General Notice by Individual Delivery

A member has the option to receive general notices by individual delivery.

Right to Receive Board Minutes

A member has a right to Board meeting minutes, other than an executive session.

Minutes are available at the General Notice Locations indicated above. Upon request, the minutes can be mailed to the member

Statement of Assessment Collection Policies and Assessment Collection and Lien Policy

The statement of Assessment collection and lien policies is provided on pages 8-11 of this budget report document.

Governing Document Enforcement and Fine Policy

Governing Documents, Resolutions and Policies, refer to tahoedonner.com/governing-documents

Rules and Fines, refer to tahoedonner.com/covenants-rules

Dispute Resolution Procedure Summary

Refer to Notice of Rights and Obligations section on page 10

Architectural Guidelines and Procedures

Refer to tahoedonner.com/community-standards

Overnight Payment Mailing Address

Accounting, Tahoe Donner Association, 11509 Northwoods Blvd., Truckee CA 96161

45-Day Notices

Tahoe Donner Association, 11509 Northwoods Blvd., Truckee, CA 96161 and tahoedonner.com/45-day-notice

Charges for Documents Provided

The Association may charge members for the direct and actual cost of copying and redacting documents. However, Associations may not charge a fee that exceeds the amount necessary to defray the costs for which it is levied. Also, the Association must inform the member of the cost before copying the requested documents.

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.

2024 BUDGET SUMMARY

\$2,907
ANNUAL
ASSESSMENT

PER OWNER PROPERTY
(DUE JAN. 1, 2024)

VERSUS 2023 - AN INCREASE OF \$283 (\$23.58 PER MONTH)

- + \$173 Salary and wage increases, 4% merit increase (not guaranteed), budgeting for all positions and full operations, including increased J-1 staffing in Downhill Ski School
- + \$173 Increase Development Fund contribution to address the changing needs of the members and address aging facilities needs
- + \$64 Increase in payroll taxes, health insurance renewal, workers' compensation premiums and employee 401(k) costs
- + \$47 Liability insurance policy increases due to industry losses
- + \$4 Decrease in projected Cross Country Ski Center revenue to offset weather variability
- \$83 Increase in revenue at the Downhill Ski Resort, driven by additional J-1 staffing at the ski school and modest increases in overall pricing and user fees
- \$51 Increase in revenue from Recreation Fee to help cover private amenity costs
- \$28 Expanded revenue opportunities at The Lodge Restaurant & Pub, incorporating the Pavilion
- \$6 Increase in advertising revenue
- \$2 Minimal price increases at the Golf Course
- \$8 Other increases in revenue and expense savings

= + \$283 TOTAL CHANGE IN ANNUAL ASSESSMENT

RECREATION FEE OPTIONS + PRIVATE AMENITY DAILY ACCESS FEES

EFFECTIVE MAY 1, 2024 THROUGH DEC. 31, 2024

The Recreation Fee allows cardholders unlimited access to the Trout Creek Recreation Center, Beach Club Marina, Northwoods Pool, Tennis Center and Snowplay.

The Recreation Fee will begin following the traditional calendar in 2025. As such, 2024 will see a prorated 8-month Recreation Fee period with the following pricing options.

UP TO 2 PEOPLE
\$250

UP TO 4 PEOPLE
\$410

Additional members 5-8: \$140 per member

PRIVATE AMENITY DAILY ACCESS FEES

Member without paid Recreation Fee:
\$12, no increase from 2023

Guest with Member:
\$15, no increase from 2023

Guest on Guest Card without Member:
\$20, no increase from 2023

FACTS + FIGURES ABOUT YOUR ASSOCIATION

ESTIMATES AS OF NOV. 2023; SUBJECT TO CHANGE

- 6,473 Member Property Owners
- 25,000 Members
- Established in 1971
- 90% Built-Out
- Owned and Managed by the Property Owners
- 7,000 Acres
- 27 Buildings
- 120,000 Square Feet of Conditioned Space
- Over 55,000 Trees Planted in Past Decade
- 68 Miles of Paved Public Roads
- 60 Miles of Trails (and More Planned)
- \$4.7 Billion Estimated Tahoe Donner Community Real Estate Value

OWN AND OPERATE

- Golf Course
- Beach Club Marina
- Downhill Ski Resort
- Cross Country Ski Center
- Snowplay Sledding + Tubing
- Equestrian Center
- Tennis Center
- Pools
- Gym + Recreation Center
- Day Camps
- Restaurants
- Retail Shops

PAY YOUR ANNUAL ASSESSMENT ONLINE

Quickly and easily pay your 2024 Annual Assessment and the 2024 Recreation Fee online via the Tahoe Donner member portal.

For step-by-step instructions, visit tahoedonner.com/online-annual-assessment.

[TAHOEDONNER.COM/MEMBER-PORTAL](https://tahoedonner.com/member-portal)