

2023 ANNUAL REPORT

\$12,874

PER OWNER MEMBER EQUITY

A 7% INCREASE FROM 2022

\$6.9 MILLION

IN CAPITAL EXPENDITURES

REINVESTING IN YOUR ASSOCIATION,
PROTECTING YOUR INVESTMENT

CAPITAL DISCUSSION STARTS ON PAGE 10

\$2.5 MILLION

IN OPERATING FUND RESERVES

A PROVEN NECESSARY CONTINGENCY
FUND BALANCE

-\$342,963

NET OPERATING DEFICIT TO BUDGET

AFTER SECOND-DRIEST NOVEMBER-DECEMBER
IN RECENT HISTORY

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 2023 financial results.

The consolidated Operating Fund generated a deficit to Budget of -\$342,963. The early-year surplus from the near-record-breaking snowfall of winter 2022/23 was offset by a delayed golf course opening and the lack of snowfall impacting winter 2023/24 operations.

Revenue finished \$421,340 positive to Budget, a majority of that being increased sales of Recreation Fee passes, which came in \$293,000 positive to Budget. Food + Beverage and retail also exceeded expectations, each ending at over \$100,000 favorable to budgeted revenue. Increases in revenue were offset with employee housing (-\$290,000), general insurance (-\$98,000) and employee burden including health insurance and workers compensation (-\$97,000) exceeding budgeted expense.

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.

STEVE HOGAN, Controller, Accounting + Business Support
shogan@tahoedonner.com | (530) 587-9418

**OPERATING FUND RESULT:
-\$342,963 DEFICIT TO BUDGET**

The period of November-December 2023 has been noted as the second-driest in recent history, which deterred visitation to the Tahoe region and ski areas.

\$17.6 MILLION OPERATING REVENUES
2.5% greater than Budget and 0% (flat) to 2022

\$24.8 MILLION OPERATING COSTS
-3.1% unfavorable to Budget and -3.8% unfavorable to 2022

\$6.9 MILLION CAPITAL FUNDS EXPENDITURES
Up \$300,000, or 0.4% from 2022

\$6.9 MILLION | \$1,065 PER OWNER
Annual Assessment Contribution to Operating Fund in 2023, up \$119 per owner from 2022

\$10.1 MILLION | \$1,559 PER OWNER
Annual Assessment Contribution to Capital Funds in 2023, up \$156 per owner from 2022

\$94.6 MILLION TOTAL ASSETS
Up \$5.7 million, or 6.4% to 2022

\$83.3 MILLION | \$12,874 PER OWNER
Members' Equity as of Dec. 31, 2023, up 7% from 2022

OPERATING FUND

NET OPERATING RESULTS - 2023 VARIANCES TO BUDGET

NOR UNFAVORABLE TO BUDGET -\$342,963 | -4.97% | -\$52.98 PER OWNER

JANUARY-APRIL

Near-record-breaking snowfall led to great ski conditions and operational challenges. Conditions allowed the Downhill Ski Resort to stay open for an additional week in April. This period saw 41,591 downhill skier visits and 39,549 cross country skier visits.

- Revenues favorable \$299,040, or 3.85% to Budget.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were favorable \$79,754, or 1% to Budget.
- Net Operating Result favorable \$378,795, or 61% to Budget.

MAY-SEPTEMBER

Intense snowpack delayed the opening of the Golf Course until late June, with only 9 holes open for the first few weeks. Reduced pricing continued through early July when course conditions justified full pricing. Labor savings were captured from the delayed hiring of summer course maintenance staff.

- Revenues were -\$93,629, or -1.3% unfavorable to Budget.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were unfavorable to Budget by -\$40,759, or -0.4%.
- Net Operating Result unfavorable -\$134,387 to Budget, or -3.6%.

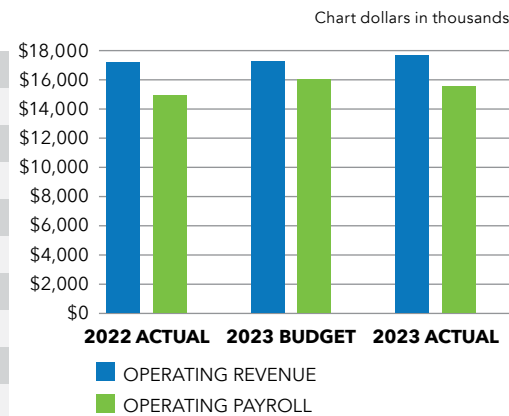
OCTOBER-DECEMBER

Minimal snowpack challenged winter operations, but recent snowmaking investments allowed for Downhill Ski Resort to operate Snowbird Chairlift and Cross Country Ski Center to open 3km of trail. Food + Beverage saw strong revenue in this period, up \$41,000, or 6% to Budget.

- Revenues were favorable to Budget by \$215,928.
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were unfavorable to Budget by -\$803,299.
- Net Operating Result was unfavorable to Budget by -\$587,371.

REVENUE AND PAYROLL

	2019	2020	2021	2022	2023
OPERATING REVENUES	\$ 14,695,538	\$ 9,456,935	\$ 13,248,144	\$ 17,571,487	\$ 17,605,695
EMPLOYEE W-2s ISSUED	954	695	710	844	867
W-2s PER \$1,000 REVENUE RATIO	6%	7%	5%	5%	5%
AVERAGE WAGES PER W-2 ISSUED	\$ 11,086	\$ 10,260	\$ 13,737	\$ 14,058	\$ 14,106
CALIFORNIA MINIMUM WAGE (1)	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00	\$ 15.50
SEASONAL/PART-TIME FTE (3)	123.0	79.0	109.0	125.9	136.0
FULL-TIME REGULAR (2) FTE (3)	83.0	62.0	46.0	46.0	57.0
FTE (3) TOTAL	206.0	141.0	155.0	171.9	193.0
OPERATING REVENUE PER FTE	\$ 71,338	\$ 67,070	\$ 85,472	\$ 102,218	\$ 91,221
W-2 TO FTE RATIO	4.6	4.9	4.6	4.9	4.5

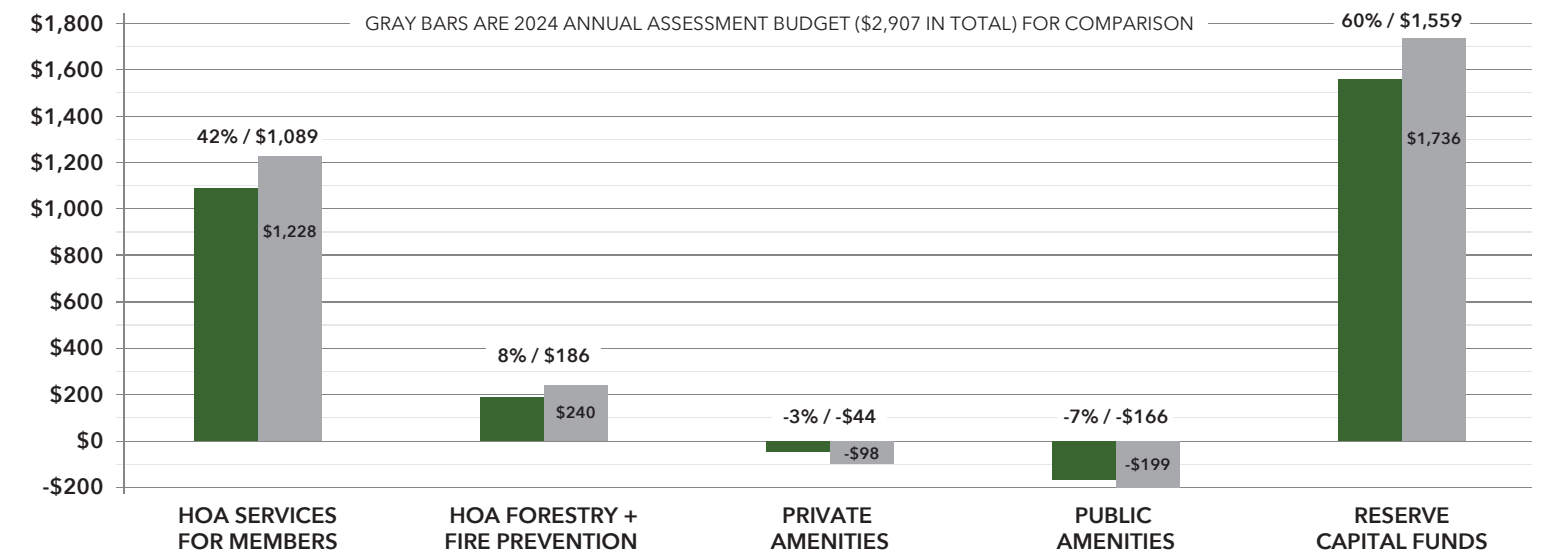


2023 ACTUAL VERSUS BUDGET
REVENUE UP 2.5%, PAYROLL COSTS DOWN -3.0%

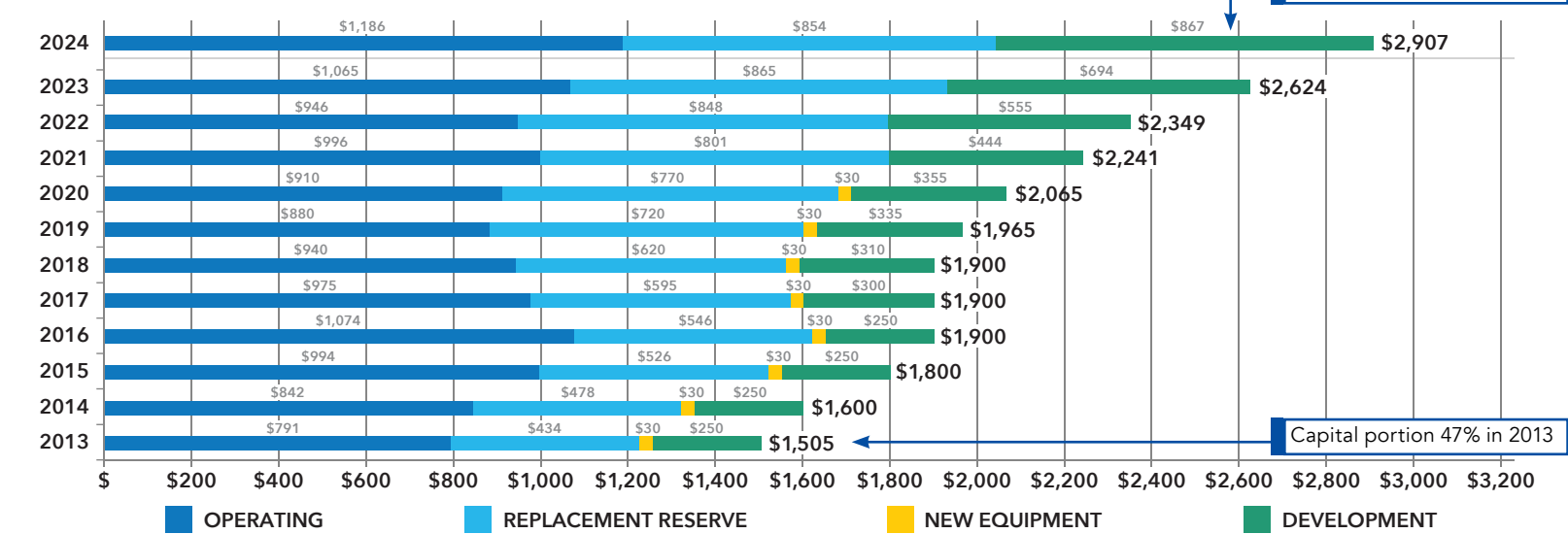
2023 ACTUAL VERSUS PRIOR YEAR
REVENUE UP 0.2%, PAYROLL COSTS UP 3.6%
CALIFORNIA MINIMUM WAGE UP \$0.50, OR 3%, IN 2023 VERSUS 2022

**ANNUAL ASSESSMENT
DISTRIBUTION OF 2023 ANNUAL ASSESSMENT**

\$2,624 PER OWNER



ANNUAL ASSESSMENT PER OWNER BY FUND



COMPOUND ANNUAL GROWTH RATE (CAGR) METRICS

	2014-2023 10 YEAR	2013-2023 11 YEAR
CAPITAL FUNDS	8.3%	8.1%
OPERATING FUND	2.6%	3.0%
TOTAL ASSESSMENT	5.7%	5.7%

Accumulating funds over time to address the aging infrastructure needs of your Association 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.

Operating Fund Portion of Annual Assessment

- 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 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.
- For 2023, the Operating Fund portion increased \$119 per owner with presumed construction on the Downhill Ski Lodge impacting winter operations, as well as increased utility and insurance costs.

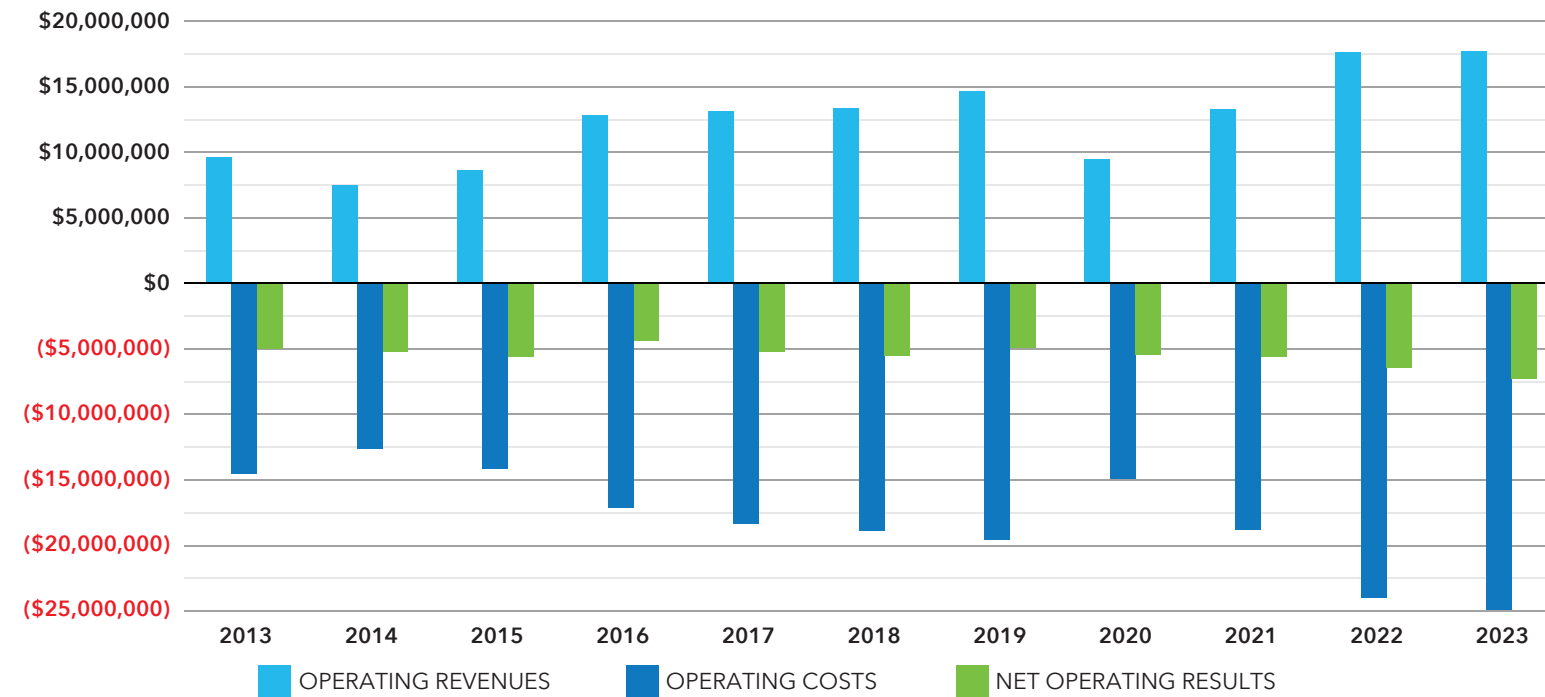
More Operating Fund historical information on page 4

More Capital Funds historical information on pages 10-11

OPERATING FUND

CAGR = COMPOUND ANNUAL GROWTH RATE

ACTUAL RESULTS

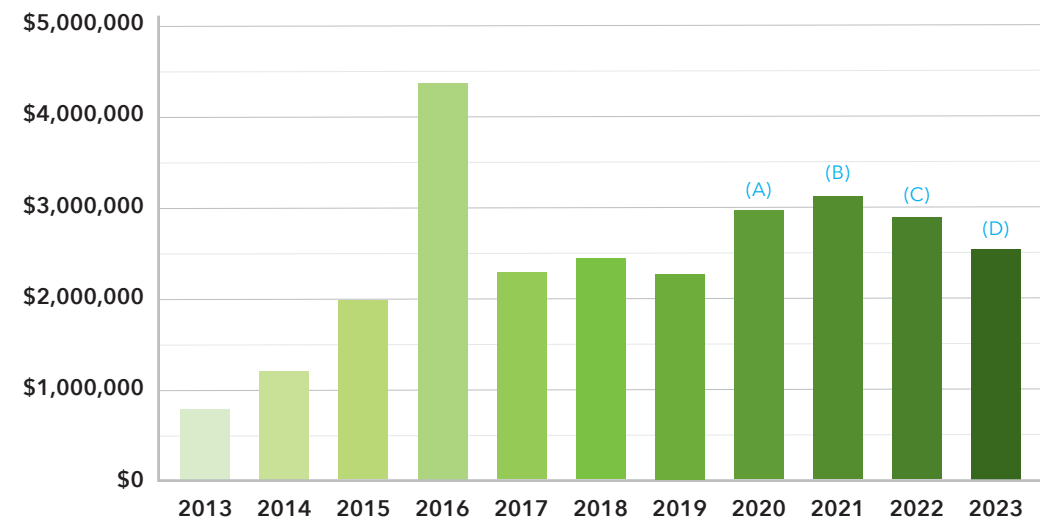


Revenue finished the year \$421,000 favorable to Budget, while Utilities, Supplies + Maintenance and Staff Retention + Incentives saw total expenses exceed Budget by \$764,000.

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



+ \$696,534 favorable results in 2020
- \$696,534 transfer to Development Fund
+ \$ 0 (A) 2020 change in Operating Fund equity
+ \$850,213 favorable results in 2021
- \$750,000 transfers
+ \$100,213 (B) 2021 change in Operating Fund equity (\$250,000 used to fund 2022 employee retention and incentives. In 2024, \$400,000 of surplus transferred to Replacement Reserve Fund and \$100,000 transferred to New Machinery Fund.)
- \$233,842 unfavorable results in 2022
- \$ 0 transfers
- \$233,842 (C) 2022 change in Operating Fund equity
- \$342,963 unfavorable results in 2023
- \$ 0 transfers
- \$342,963 (D) 2023 change in Operating Fund equity

FROM THE 2014 BUDGET TO THE 2023 BUDGET 10-YEAR CAGR

- 8.7% OPERATING REVENUE GROWTH
- 6.9% OPERATING COSTS GROWTH
- 3.6% 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 2024 BUDGET

The 2024 Budget was prepared with the assumption of continued labor cost pressure, along with continued high inflation and higher overall operating costs.

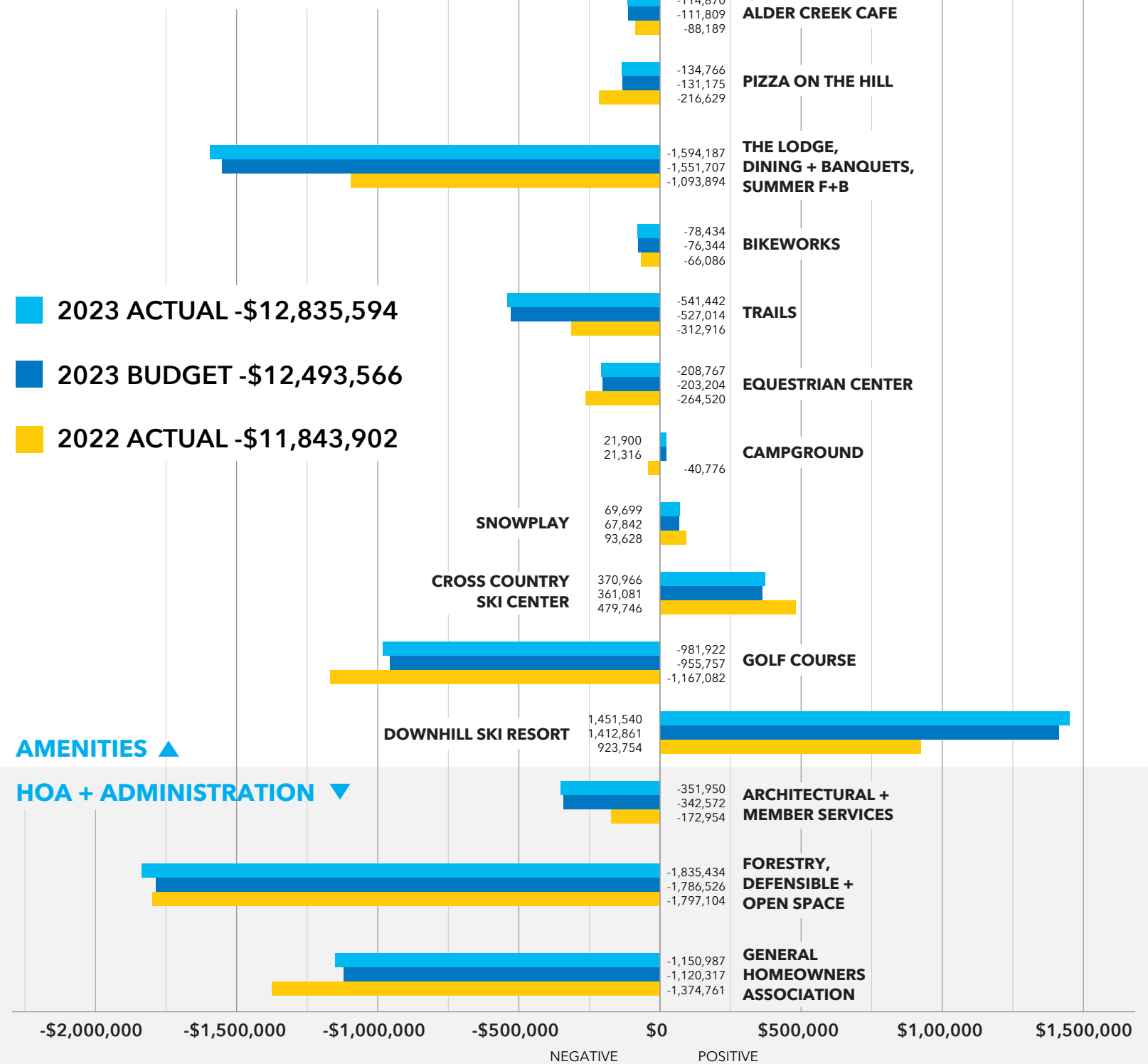
NET RESULTS AFTER REPLACEMENT RESERVE CAPITAL CHARGE

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.



OPERATING FUND RESULTS

2023 DEPARTMENTAL SUMMARY

YEAR ENDING DECEMBER 31, 2023

	2023 OPERATING FUND			AMOUNTS INCLUDING REPLACEMENT RESERVE CAPITAL CONTRIBUTION					2023 NOR VERSUS BUDGET		2023 NOR VERSUS PRIOR YEAR	
	GROSS REVENUE	OPERATING COSTS TOTAL	NET OPERATING RESULT	CONTRIBUTION TO REPLACEMENT RESERVE FUND	2023 NET RESULTS AFTER RRF	2023 PER PROPERTY 6,473	2022 PER PROPERTY 6,473	2023 VS 2022 ACTUAL	2023 BUDGET	2023 VS BUDGET	2022 ACTUAL	2023 VS 2022
PRIVATE AMENITIES												
Trout Creek Recreation Center + Aquatics	\$ 1,645,652	\$ -1,565,328	\$ 80,324	\$ -634,645	\$ -554,322	\$ -86	\$ -30	\$ -55	-94,605	174,929	\$ 343,258	\$ -262,935
Beach Club Marina	776,646	-537,841	238,804	-60,987	177,817	27	3	24	205,977	32,827	173,910	64,895
Tennis Center	485,055	-437,879	47,175	-51,897	-4,721	-1	-13	12	41,779	5,396	51,026	-3,851
Recreation Programs	229,777	-221,933	7,844	-67,926	-60,082	-9	-9	0	-32,309	40,153	-59,045	66,888
Day Camps	378,388	-213,919	164,469	0	164,469	25	17	9	80,729	83,740	106,989	57,481
TOTAL PRIVATE AMENITIES	3,515,517	-2,976,900	538,617	-815,455	-276,839	-43	-32	-11	201,571	337,046	616,138	-77,522
PUBLIC AMENITIES												
Golf Course	1,327,568	-1,645,229	-317,661	-664,261	-981,922	-152	-180	29	-252,639	-65,022	-236,359	-81,302
Downhill Ski Resort	5,756,212	-4,037,795	1,718,417	-266,877	1,451,540	224	143	82	1,384,534	333,883	1,865,995	-147,577
Cross Country Ski Center	1,775,096	-1,181,081	594,014	-223,049	370,966	57	74	-17	842,123	-248,109	896,311	-302,297
Snowplay	253,791	-184,092	69,699	0	69,699	11	14	-4	121,008	-51,309	114,989	-45,290
Campground	135,453	-111,029	24,424	-2,524	21,900	3	-6	10	16,985	7,439	-4,429	28,852
Equestrian Center	169,896	-363,193	-193,297	-15,470	-208,767	-32	-41	9	-145,278	-48,019	-191,498	-1,799
Trails	95	-271,097	-271,002	-270,440	-541,442	-84	-48	-35	-266,149	-4,853	-76,928	-194,074
Bikeworks	223,398	-252,815	-29,417	-49,017	-78,434	-12	-10	-2	9,101	-38,518	-39,699	10,282
The Lodge, Dining + Banquets	2,053,198	-2,682,024	-628,825	-826,069	-1,454,895	-225	-165	-60	-589,452	-39,373	-859,699	230,874
The Lodge, Summer Lunch + Golf Food Service	298,703	-437,996	-139,292	0	-139,292	-22	-4	-18	-24,297	-114,995	-24,178	-115,114
Pizza on the Hill	540,182	-669,483	-129,301	-5,465	-134,766	-21	-33	13	-136,858	7,557	-172,363	43,063
Alder Creek Cafe	422,497	-532,370	-109,873	-4,997	-114,870	-18	-14	-4	-73,250	-36,623	-73,576	-36,297
TOTAL PUBLIC AMENITIES	12,956,089	-12,368,203	587,886	-2,328,168	-1,740,282	-269	-271	2	885,828	-297,942	1,198,566	-610,680
TOTAL AMENITIES	16,471,606	-15,345,103	1,126,503	-3,143,624	-2,017,121	-312	-303	-9	1,087,399	39,104	1,814,704	-688,202
HOMEOWNERS ASSOCIATION												
General HOA	0	-922,781	-922,781	-228,206	-1,150,987	-178	-212	35	-461,287	-461,494	-824,814	-97,967
Community Standards Office	157,534	-509,484	-351,950	0	-351,950	-54	-27	-28	-265,677	-86,273	-172,954	-178,996
Forestry, Defensible + Open Space	297,891	-1,663,181	-1,365,290	-470,144	-1,835,434	-284	-278	-6	-1,218,021	-147,269	-1,526,868	161,577
TOTAL HOMEOWNERS ASSOCIATION	455,425	-3,095,446	-2,640,022	-698,350	-3,338,372	-516	-517	1	-1,944,985	-695,037	-2,524,635	-115,386
AMENITY + HOA SUPPORT SERVICES												
Communications	293,347	-909,472	-616,124	0	-616,124	-95	-75	0	-636,638	20,514	-484,528	-131,596
Facility Administration + Risk Management	0	-477,553	-477,553	-268,476	-746,029	-115	-98	0	-469,713	-7,840	-631,592	154,038
Administration	353,390	-1,175,175	-821,785	-185,783	-1,007,567	-156	-195	0	-1,166,450	344,665	-1,264,507	442,722
Information Technology	0	-764,453	-764,453	-776,252	-1,540,705	-238	-224	0	-863,396	98,943	-807,189	42,735
Accounting + Finance	0	-1,074,953	-1,074,953	0	-1,074,953	-166	-144	0	-1,091,991	17,038	-934,087	-140,866
Human Resources	0	-565,049	-565,049	0	-565,049	-87	-74	0	-550,688	-14,361	-480,723	-84,326
Member Services	31,927	-354,260	-322,333	0	-322,333	-50	-43	0	-373,630	51,297	-280,551	-41,781
Maintenance	0	-1,080,939	-1,080,939	-526,402	-1,607,341	-248	-156	0	-883,653	-197,286	-761,690	-319,249
TOTAL SUPPORT SERVICES	678,665	-6,401,854	-5,723,189	-1,756,912	-7,480,101	-1,156	-1,010	0	-6,036,159	312,970	-5,644,867	-78,322
TOTAL OPERATING RESULTS	17,605,695	-24,842,403	-7,236,708	-5,598,886	-12,835,594	-827	-820	-8	-6,893,745	-342,963	-6,354,798	-881,910
Assessment Revenues	6,893,745	0	6,893,745	0	6,893,745	1,065	946	119	6,893,745	0	6,120,956	772,789
TOTAL OPERATING FUND	\$ 24,499,440	\$ -24,842,403	\$ -342,963	\$ -5,598,886	\$ -5,941,849	\$ 238	\$ 126	\$ 111	0	-342,963	\$ -233,842	\$ -109,121

SEE PAGES 8-9 FOR RESULTS BY DEPARTMENT HIGHLIGHTS

OPERATING FUND RESULTS

2023 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

ALDER CREEK CAFE

NOR LOSS (\$109,873)

UNFAVORABLE -\$36,623 / -50% TO BUDGET

Strong revenues came in \$67,000, or 17%, favorable to Budget. Increased staffing cost contributed to labor expense exceeding Budget by \$50,000, along with increased utility usage and cost \$15,000 unfavorable to Budget.

DOWNHILL SKI RESORT

NOR \$ 1,718,417

FAVORABLE \$333,883 / 24% TO BUDGET

Near-record-breaking snowfall in early 2023 contributed to strong visitation. Revenue was 24% better than Budget. Expenses were -3% unfavorable to Budget mostly due to extra labor required for snow load management.

PIZZA ON THE HILL

NOR LOSS (\$129,301)

FAVORABLE \$7,557 / 6% TO BUDGET

Bingo Night, Music by the Meadow and Trivia Night events brought a new energy and increased awareness and visitation to the re-opened (end of 2021) amenity.

BIKEWORKS

NOR LOSS (\$29,417)

UNFAVORABLE -\$38,518 / -423% TO BUDGET

Bike rental revenues were 28% favorable to Budget, supported by the introduction of e-bikes to the rental fleet. Higher cost of goods and labor combined to exceed Budget by \$73,000, or 45%.

EQUESTRIAN CENTER

NOR LOSS (\$193,297)

UNFAVORABLE -\$48,019 / -33% TO BUDGET

Revenue was favorable to Budget by 8%. Considerable increases in feed cost and veterinary expenses contributed to operating cost exceeding Budget by \$59,000, or 19%.

SNOWPLAY

NOR \$69,699

UNFAVORABLE -\$51,309 / -42% TO BUDGET

Extremely challenging weather contributed to a reduction in visitation and a shortfall of revenues of \$47,000. Additional cost of \$7,500 recognized in snow grooming machine maintenance.

CAMPGROUND

NOR \$24,424

FAVORABLE \$7,439 / 44% TO BUDGET

A smoke-free summer drove an increase in campers and revenue came in \$16,000 favorable to Budget. Disposal, sewer and electric costs were increased due to higher visitation, ending \$12,000 unfavorable to Budget.

GOLF COURSE

NOR (\$317,661)

UNFAVORABLE -\$65,022 / -26% TO BUDGET

Delayed opening due to immense snowpack, along with reduced pricing for the first few weeks of operation impacted revenues. Strong retail sales – \$33,000 favorable to budget – helped offset the loss of greens fees.

SUMMER F+B

NOR LOSS (\$139,292)

UNFAVORABLE -\$114,995 / -473% TO BUDGET

Despite a delayed opening, revenues finished \$5,000, or 2%, favorable to Budget. Operating expenses exceeded Budget by 38%, mostly due to increased employee housing costs recorded in this department.

CROSS COUNTRY SKI CENTER

NOR \$594,014

UNFAVORABLE -\$248,109 / -29% TO BUDGET

Reduction in season pass sales, challenging early 2023 weather conditions and a dry beginning to winter 2023/24 led to revenues falling short to Budget of \$302,000.

THE LODGE

NOR LOSS (\$628,825)

UNFAVORABLE -\$39,373 / -7% TO BUDGET

Revenue was -2.1% unfavorable to Budget, impacted by delayed opening of the Pavilion and the reduction in banquet revenue. Utilities continued to increase with expenses -\$15,000, or 15%, unfavorable to Budget.

TRAILS

NOR LOSS (\$271,002)

UNFAVORABLE -\$4,853 / -2% TO BUDGET

Staff training and certifications accounted for an additional \$4,700, while labor was managed to within 0.46% of Budget.

PRIVATE AMENITIES

BEACH CLUB MARINA

NOR \$238,804

FAVORABLE \$32,827 / 16% TO BUDGET

Mostly favorable weather and a smoke-free summer resulted in revenues that were 1.8% favorable to Budget.

DAY CAMPS

NOR \$164,469

FAVORABLE \$83,740 / 104% TO BUDGET

Once again, sold-out Summer Camps resulted in revenue \$55,000, or 18%, better than Budget. Operating expenses were \$21,000, or 9%, favorable to Budget.

RECREATION PROGRAMS

NOR LOSS \$7,844

FAVORABLE \$40,153 / 124% TO BUDGET

Event revenue was \$18,500, or 11% favorable to Budget. Salaries and wages were favorable to Budget by \$17,000. Supplies and maintenance were -\$15,000 unfavorable to Budget.

TENNIS CENTER

NOR \$47,175

FAVORABLE \$5,396 / 13% TO BUDGET

Along with other outdoor summer amenities, favorable weather led to revenues coming in 6.3% favorable to Budget.

TROUT CREEK REC CENTER + AQUATICS

NOR \$80,324

FAVORABLE \$174,929 / 185% TO BUDGET

TROUT CREEK REC CENTER: NOR favorable to Budget by \$135,825 mostly due to higher-than-anticipated Recreation Fee revenue and daily use entry fees.

AQUATICS: NOR favorable to Budget by \$39,104 due to savings on seasonal labor and lower utility expenses.

SUPPORT SERVICES

COMMUNICATIONS

NOR LOSS (\$616,124)

FAVORABLE \$20,514 / 3% TO BUDGET

Advertising and sponsorship revenue increased \$49,000, or 14% to Budget. Salaries and wages were -\$14,000 unfavorable to Budget.

COMMUNITY STANDARDS OFFICE

NOR LOSS (\$351,950)

UNFAVORABLE -\$86,273 / -32% TO BUDGET

Total revenue was unfavorable to Budget by -\$191,000, mostly due to a reduction in fine revenue. There were payroll savings of \$116,000 with multiple vacant positions throughout the year.

FORESTRY

NOR LOSS (\$1,365,290)

UNFAVORABLE -\$147,269 / -12% TO BUDGET

CAL FIRE grant recorded as revenue with expenses offset to defensible space. Salaries and wages were -\$137,000, or -21%, unfavorable to Budget with additional defensible space projects completed.

MAINTENANCE

NOR LOSS (\$1,080,393)

UNFAVORABLE -\$197,286 / -22% TO BUDGET

Total payroll was -\$76,000 unfavorable to Budget with additional labor required to clear early 2023 immense snowpack, along with increased fuel and vehicle maintenance to manage the snow load.

I.T., FINANCE + HUMAN RESOURCES

NOR LOSS (\$2,404,455)

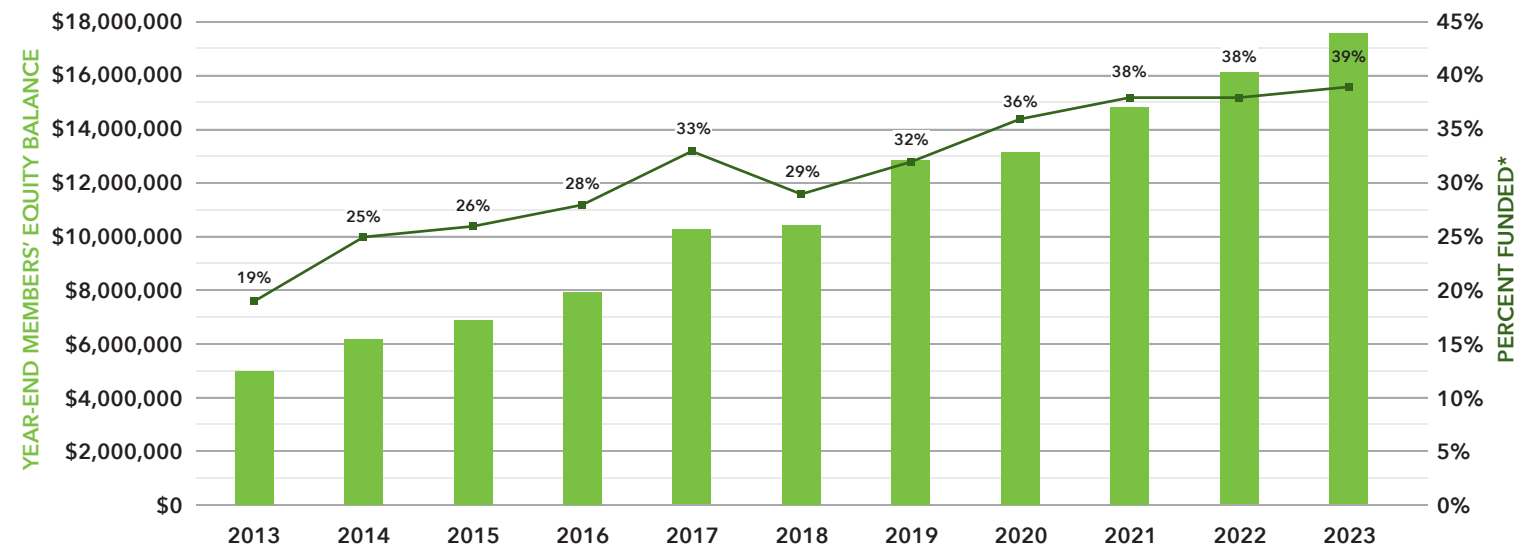
FAVORABLE \$101,620 / 0% TO BUDGET

Salaries and wages were \$29,000 favorable to Budget with vacant positions throughout the year. Employee retention programs, including 401k match and health insurance costs, were -\$21,000 unfavorable to Budget, but were offset with other operating costs savings.

CAPITAL RESERVES

REPLACEMENT RESERVE FUND

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

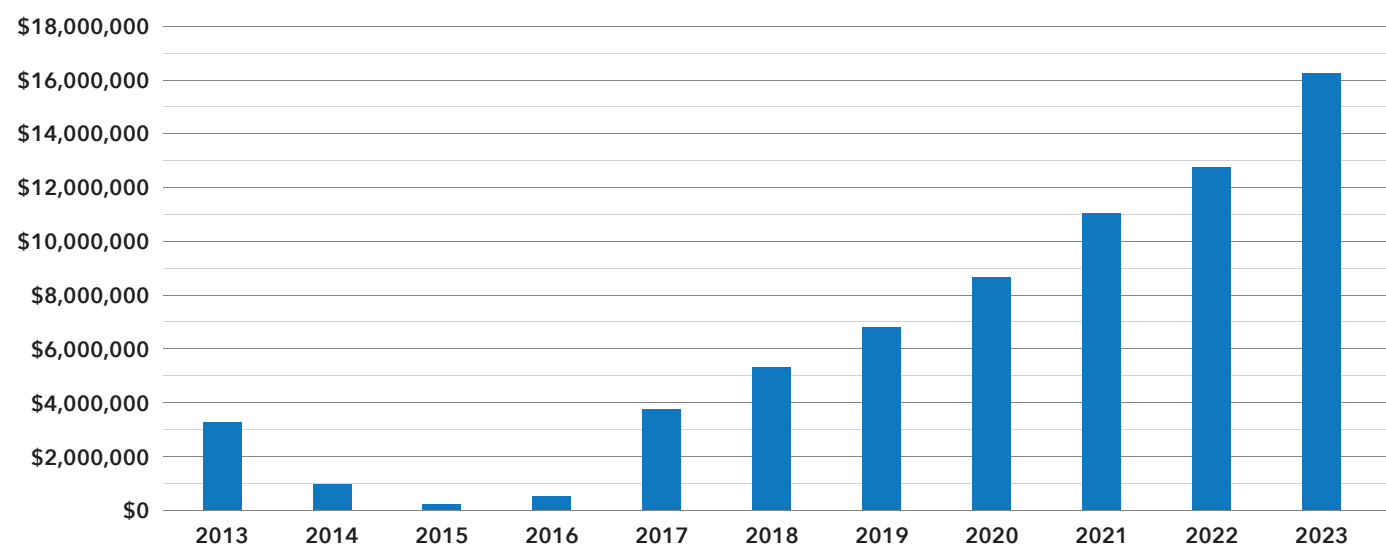


- The Replacement Reserve Fund is the capital reserve fund for existing asset components of the Association. This savings fund is utilized to replace and preserve assets of the Association as they depreciate over time. There are over 2,000 components in the reserve study, which is updated every year by staff. A complete physical inspection of all components is performed every three years and last occurred in 2022.
- The Association has a Replacement Reserve Fund policy that provides for a target minimum of 25% funded.*
- The reserve study does not include the replacement of existing buildings. Funding for the replacement of existing buildings comes from the Development Fund, seen below.**
- The funding level from the Annual Assessment generally needs to increase each year to keep pace with, or exceed, the inflation rate.
- The Association has a fiduciary duty to adequately reserve for the preservation of assets, which ultimately protects property values.
- The 2023 assessment funding level was \$865 per owner, or \$5,599,145, an increase of 2% over 2022.
- The 2024 assessment funding level was \$854 per owner, or \$5,527,942, a decrease of 1% over 2023. An additional \$400,000 was funded from the 2021 surplus.

*Percent (%) Funded is the measure of the current fund balance to the current value of all future replacement costs from the Reserve Study (refer to the 2024 Budget Report for more information on the Reserve Schedule).

DEVELOPMENT FUND

MEMBERS' EQUITY (YEAR-END FUND BALANCE)



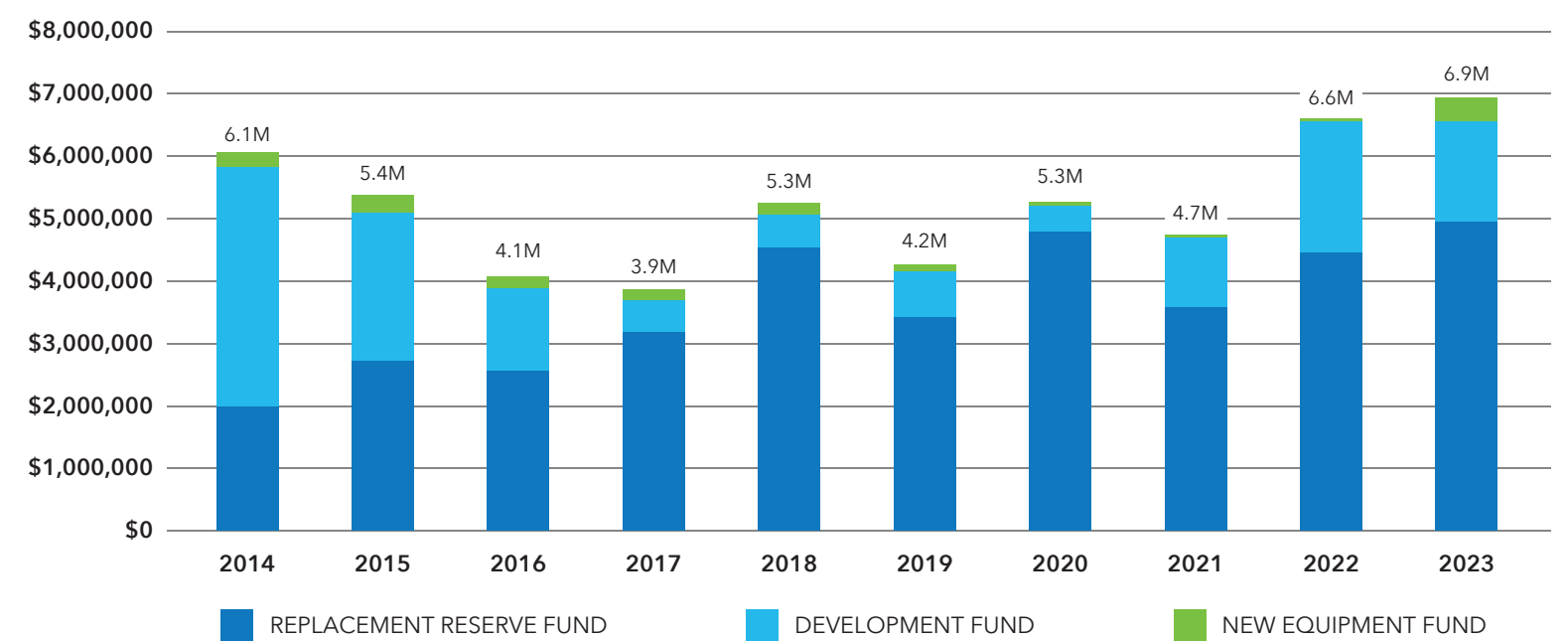
- The Development Fund was established as authorized in the governing documents of the Association to accumulate funds for large-scale projects identified as necessary due to the new capacity requirements or changing needs of the Association.
- The Board, Long-Range Planning Committee and management guide the prioritization of the numerous projects identified for Development Fund expenditure. The list of projects is actively updated through input from open member meetings and articles shared online at tahoedonner.com and in the *Tahoe Donner News* magazine.
- The 2023 assessment funding level was \$694 per owner, or \$4,492,262, an increase of 25% over 2022.
- The 2024 assessment funding level was \$867 per owner, or \$5,612,091, an increase of 25% over 2023.

CAPITAL EXPENDITURES

CAPITAL FUNDS

EXPENDITURES BY YEAR

10-YEAR TOTAL = \$52.4 MILLION



Ten-year total spend of \$52.4 million equates to an average of \$5.24 million in Capital Fund expenditures per year. The 10-year average depreciation expense is \$3.03 million per year for a total of \$30.3 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 2.9% for net fixed assets.

Net fixed assets grew from \$35.0 million at the end of 2013 to \$47.0 million at the end of 2023. 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:

\$36.2 million in replacement and major repairs of existing assets (per reserve study plan)

- \$3.6 million per year with 10-year average, maintaining existing asset components (depreciation average is \$3.0 million)
- \$3.0 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 2014-2018 average to the 2019-2023 average is due to the overall aging of assets, the impact of Development Fund projects on related reserve components, the Downhill Ski Resort lodge and Cross Country Ski Center snowmaking investments, recent improvements to the parking lot and walkways at The Lodge Restaurant & Pub, as well as investments in updated maintenance equipment.

\$14.6 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)
- Berggarten Trailhead paving (2020)
- Downhill Ski Lodge professional services, Cross Country Ski Center snowmaking investment (2021-2023)
- Workforce Housing Feasibility Study (2023)
- Beach Club Marina Deck Expansion Planning (2023)

\$1.5 million in New Equipment Fund capital investments

- \$140,000 per-year average
- Forestry Tree Masticator (2023)

CAPITAL FUNDS

REPLACEMENT RESERVE FUND

39% FUNDED

The ratio of the Replacement Reserve Fund balance as of December 31, 2023 and the Replacement Reserve Components current replacement cost estimate (100% Funded Allocation Method) for December 31, 2023. See page 10 for by-year trends.

\$4.9 MILLION | 2023 Expenditures

- \$425,000 THE LODGE RESTAURANT & PUB parking lot, walkways and snowmelt
- \$380,000 THE LODGE RESTAURANT & PUB Pavilion and Grotto enhancements
- \$385,100 MAINTENANCE backhoe loader
- \$174,250 FORESTRY John Deere bulldozer

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 \$70 million.

2023 saw a variance in expense to budget of \$4.2 million, mostly due to the delayed beginning of the Downhill Ski Lodge replacement project.

The year-end fund balance increased by \$1.5 million, or 9.0%, from 2022. 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

\$1.6 MILLION | 2023 Expenditures

- \$804,000 DOWNHILL SKI RESORT lodge replacement project soft costs
- \$268,500 CROSS COUNTRY SKI CENTER snowmaking project phase
- \$63,000 ADMINISTRATION workforce housing study
- \$38,250 BEACH CLUB MARINA deck expansion project soft costs

The Development Fund was established and authorized in the governing documents of the Association to accumulate funds for use in the development of – and additions to – 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 2023 was \$4,492,262, or \$694 per owner, reflecting a 25% increase from 2022. The year-end fund balance increased by \$3,500,000, or 28.0%. Savings in this fund are primarily for the replacement of the aging (50-year-old) Downhill Ski Resort lodge and other future facility replacement or enhancement projects.

NEW EQUIPMENT FUND

\$379,685 | 2023 Expenditures

- \$141,000 FORESTRY tree masticator
- \$101,000 THE LODGE RESTAURANT & PUB Pavilion umbrellas and snack bar improvements
- \$80,000 ACCOUNTING Domo data platform
- \$40,000 BIKEWORKS demo e-bikes

The New 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 2023. The year-end fund balance of -\$113,972 decreased by -\$373,000, or -144%, compared to 2022. Of the 2023 expense, \$118,000 is to be reimbursed by the Truckee Fire Protection District through an approved grant.

PROPERTY FUND

The Property Fund is used to account for the Association's investment in its fixed assets. Capital additions to fixed assets totaled \$5.2 million (\$5.4 million in 2022). Depreciation expense for the year totaled \$3.2 million (\$2.9 million in 2022).

Total gross fixed asset value of \$94.6 million equates to \$14,615 per owner and net book value of fixed assets and construction in progress of \$47.1 million equates to \$7,283 per owner (an increase of \$300 from 2022).

CAPITAL FUNDS SUMMARY

YEAR ENDING DECEMBER 31, 2023

	2023 ACTUAL	2023 BUDGET	2023 ACTUAL VS 2023 BUDGET	2022 ACTUAL	2023 ACTUAL VS 2022 ACTUAL
REPLACEMENT RESERVE FUND					
Beginning Fund Balance	\$ 16,075,485	\$ 14,778,500	\$ 1,296,985	\$ 14,797,809	\$ 1,277,676
Assessment Contribution	5,599,145	5,598,886	259	5,489,104	110,041
Interest Revenue	857,417	116,376	741,041	210,108	647,309
Operating Fund Transfer In	-	-	-	-	-
Other Revenue + Expense, Net	-78,591	-213,875	135,284	38,921	-117,512
Major Maintenance + Fund Expenses	-1,443,666	-1,957,298	513,632	-964,856	-478,810
Expenditures for Capital Additions	-3,481,307	-7,684,565	4,203,258	-3,495,601	14,294
Change in Fund Balance	1,452,998	-4,140,476	5,593,474	1,277,676	175,322
ENDING FUND BALANCE	\$ 17,528,483	\$ 10,638,024	\$ 6,890,459	\$ 16,075,485	\$ 1,452,998
NEW MACHINERY + EQUIPMENT FUND					
Beginning Fund Balance	\$ 259,504	291,126	\$ -31,622	298,521	\$ -39,017
Assessment Contribution	-	-	-	-	-
Interest Revenue	6,827	220	6,607	3,321	3,506
Other Revenue + Expense, Net	-618	-	-618	-229	-389
Major Maintenance + Fund Expenses	-	-	-	-	-
Expenditures for Capital Additions	-379,685	-121,000	-258,685	-42,109	-337,576
Change in Fund Balance	-373,476	-120,780	-252,696	-39,017	-334,459
ENDING FUND BALANCE	\$ -113,972	\$ 170,346	\$ -284,318	\$ 259,504	\$ -373,476
DEVELOPMENT FUND					
Beginning Fund Balance	12,725,518	13,728,187	-1,002,669	11,031,781	1,693,737
Assessment Contribution	4,492,262	4,492,262	-	3,592,515	899,747
Interest Revenue	737,511	136,000	601,511	186,477	551,034
Operating Surplus Transfer In	-	-	-	-	-
Other Revenue + Expense, Net	-81,374	-18,000	-63,374	-7,041	-74,333
Fund Expenses	-310,604	-170,000	-140,604	-192,514	-118,090
Expenditures for Capital Additions	-1,304,005	-12,809,941	11,505,936	-1,885,700	581,695
Change in Fund Balance	3,533,789	-8,369,679	11,903,468	1,693,737	1,840,052
ENDING FUND BALANCE	\$ 16,259,307	\$ 5,358,508	\$10,900,799	\$ 12,725,518	\$ 3,533,789
CAPITAL FUND TOTALS SEE PAGE 26 FOR SCHEDULE OF SPEND BY DEPARTMENT					
Major Maintenance + Fund Expenses	-1,754,271	-2,127,298	373,027	-1,157,370	-596,901
Expenditures for Capital Additions	-5,164,997	-20,615,506	15,450,509	-5,423,410	258,413
TOTAL	\$ -6,919,268	\$-22,742,804	\$15,823,536	\$ -6,580,780	\$ -338,488

The variance between Actual and Budget capital expenditures is primarily driven by the timing of projects between years, weather delays and contractor availability. Most notably in 2023 was the delayed construction of the new Downhill Ski Resort lodge.

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, 2023, 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, 2023, 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 '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 '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 pages 18 and 19 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.

SUMMARIZED COMPARATIVE INFORMATION

Information for the year ended December 31, 2022 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 14, 2023.

McCLINTOCK ACCOUNTANCY CORPORATION
TAHOE CITY, CALIFORNIA
MARCH 15, 2024

TAHOE DONNER ASSOCIATION BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2023	TOTAL 2022
ASSETS							
Cash and cash equivalents, unrestricted (Note 3)	\$ 6,694,597	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,694,597	\$ 8,481,306
Cash and cash equivalents, designated and restricted (Note 3)	210,277	1,313,988	25,480	5,503	-0-	1,555,248	1,329,144
Investments, unrestricted (Note 3)	1,481,375	-0-	-0-	-0-	-0-	1,481,375	2,230,403
Investments, designated and restricted (Note 3)	-0-	18,367,072	-0-	16,564,915	-0-	34,931,987	28,844,693
	8,386,249	19,681,060	25,480	16,570,418	-0-	44,663,207	40,885,546
Assessments and other member receivables, less allowance for credit losses of \$88,393 in 2023 and \$158,049 in 2022	225,721	-0-	-0-	-0-	-0-	225,721	235,223
Other receivables	31,514	115,210	-0-	119,709	-0-	266,433	481,481
Inventory	510,431	-0-	-0-	-0-	-0-	510,431	422,559
Prepaid expenses and other assets	1,767,769	36,818	-0-	-0-	-0-	1,804,587	1,632,457
Due from (to) other funds	2,874,876	(2,304,604)	(139,452)	(430,820)	-0-	-0-	-0-
Property and equipment, net (Note 4)	-0-	-0-	-0-	-0-	47,145,272	47,145,272	45,199,170
TOTAL ASSETS	\$ 13,796,560	\$ 17,528,484	\$ (113,972)	\$ 16,259,307	\$ 47,145,272	\$ 94,615,651	\$ 88,856,436
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 466,596	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 466,596	\$ 886,688
Accrued liabilities	1,955,961	-0-	-0-	-0-	-0-	1,955,961	1,973,372
Deferred revenue	8,468,043	-0-	-0-	-0-	-0-	8,468,043	8,483,279
Deposits from members	390,100	-0-	-0-	-0-	-0-	390,100	394,600
TOTAL LIABILITIES	11,280,700	-0-	-0-	-0-	-0-	11,280,700	11,737,939
Fund Balances - Exhibit B	2,515,860	17,528,484	(113,972)	16,259,307	47,145,272	83,334,951	77,118,497
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,796,560	\$ 17,528,484	\$ (113,972)	\$ 16,259,307	\$ 47,145,272	\$ 94,615,651	\$ 88,856,436

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, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2023	TOTAL 2022
REVENUE							
Members' assessments	\$ 6,893,745	\$ 5,599,145	\$ -0-	\$ 4,492,262	\$ -0-	\$ 16,985,152	\$ 15,202,575
Downhill ski	5,756,212	-0-	-0-	-0-	-0-	5,756,212	5,530,646
Snowplay	253,791	-0-	-0-	-0-	-0-	253,791	266,372
The Lodge and Summer F&B	2,351,902	-0-	-0-	-0-	-0-	2,351,902	2,174,156
Cross country center	1,775,096	-0-	-0-	-0-	-0-	1,775,096	2,065,399
Trout Creek recreation center and aquatics	1,645,652	-0-	-0-	-0-	-0-	1,645,652	1,596,967
Marina	776,645	-0-	-0-	-0-	-0-	776,645	710,293
Golf course	1,327,569	-0-	-0-	-0-	-0-	1,327,569	1,641,041
Alder Creek Cafe	422,498	-0-	-0-	-0-	-0-	422,498	382,229
Pizza on the Hill	540,182	-0-	-0-	-0-	-0-	540,182	496,871
Tennis	485,055	-0-	-0-	-0-	-0-	485,055	497,220
Day Camps	378,388	-0-	-0-	-0-	-0-	378,388	354,797
Equestrian	169,895	-0-	-0-	-0-	-0-	169,895	152,553
Recreation	229,777	-0-	-0-	-0-	-0-	229,777	199,491
Campground	135,453	-0-	-0-	-0-	-0-	135,453	100,079
Bikeworks	223,398	-0-	-0-	-0-	-0-	223,398	142,527
Trails	95	-0-	-0-	-0-	-0-	95	87
Communications	292,828	-0-	-0-	-0-	-0-	292,828	300,135
Community standards	157,538	-0-	-0-	-0-	-0-	157,538	247,164
Forestry	297,891	-0-	-0-	-0-	-0-	297,891	502,626
Interest income	204,444	857,417	6,827	737,511	-0-	1,806,200	426,741
Late charges, handling, transfer fees, and other fees	118,807	-0-	-0-	-0-	-0-	118,807	101,028
Miscellaneous income	62,758	-0-	-0-	-0-	-0-	62,758	82,970
TOTAL REVENUE	24,499,619	6,456,562	6,827	5,229,773	-0-	36,192,782	33,173,967
OPERATING EXPENSES							
Downhill ski (cost of sales of \$211,348 in 2023 and 209,195 in 2022)	4,037,800	27,412	-0-	-0-	-0-	4,065,212	3,667,511
Snowplay (cost of sales of \$4,979 in 2023 and \$458 in 2022)	184,091	-0-	-0-	-0-	-0-	184,091	151,383
The Lodge and Summer F&B (cost of sales of \$725,248 in 2023 and \$762,762 in 2022)	3,120,022	67,370	-0-	-0-	-0-	3,187,392	3,070,236
Cross country center (cost of sales of \$106,563 in 2023 and \$127,981 in 2022)	1,181,082	53,698	-0-	-0-	-0-	1,234,780	1,225,874
Trout Creek recreation center and aquatics (cost of sales of \$24,482 in 2023 and \$20,492 in 2022)	1,565,329	148,642	-0-	-0-	-0-	1,713,971	1,310,710
Marina (cost of sales of \$64,245 in 2023 and \$73,455 in 2022)	537,842	20,398	-0-	-0-	-0-	558,240	562,218
Golf course (cost of sales of \$91,881 in 2023 and \$85,288 in 2022)	1,645,228	69,400	-0-	-0-	-0-	1,714,628	1,949,552
Alder Creek Cafe (cost of sales of \$143,353 in 2023 and \$122,389 in 2022)	532,366	-0-	-0-	-0-	-0-	532,366	455,805
Pizza on the Hill (cost of sales of \$147,802 in 2023 and \$159,540 in 2022)	669,484	-0-	-0-	-0-	-0-	669,484	669,235
Tennis (cost of sales of \$26,721 in 2023 and \$32,450 in 2022)	437,879	22,855	-0-	-0-	-0-	460,734	455,830
Day Camps	213,919	35,438	-0-	-0-	-0-	249,357	247,807
Equestrian (cost of sales of \$4,117 in 2023 and \$1,242 in 2022)	363,193	5,239	-0-	-0-	-0-	368,432	344,051
Recreation (cost of sales of \$2,451 in 2023 and \$2,149 in 2022)	221,933	-0-	-0-	-0-	-0-	221,933	258,536
Campground	111,027	2,219	-0-	-0-	-0-	113,246	104,508
Bikeworks (cost of sales of \$80,817 in 2023 and \$39,461 in 2022)	252,815	-0-	-0-	-0-	-0-	252,815	182,225
Trails	271,097	66,111	-0-	-0-	-0-	337,208	89,539
Communications	909,472	-0-	-0-	-0-	-0-	909,472	784,663
Architectural standards	509,487	-0-	-0-	-0-	-0-	509,487	431,518
Forestry	1,663,177	219,592	-0-	-0-	-0-	1,882,769	2,131,482
Homeowners' association operating expenses and G&A	6,384,817	742,876	-0-	325,187	-0-	7,452,880	6,957,611
TOTAL OPERATING EXPENSES	24,812,060	1,481,250	-0-	325,187	-0-	26,618,497	25,050,293
FUND EXPENSES							
(Gain) Loss on disposal of assets	-0-	(39,627)	-0-	-0-	6,717	(32,910)	(46,732)
Depreciation	-0-	-0-	-0-	-0-	3,212,178	3,212,178	3,322,358
Income tax provision (Note 5)	30,522	80,631	618	66,791	-0-	178,562	49,267
TOTAL EXPENSES	24,842,582	1,522,254	618	391,978	3,218,895	29,976,327	28,375,186
REVENUE OVER (UNDER) EXPENSES	\$ (342,963)	\$ 4,934,308	\$ 6,209	\$ 4,837,795	\$ (3,218,895)	\$ 6,216,455	\$ 4,798,781
PROPERTY FUND ADDITIONS, NET (SCHEDULE 2)	-0-	(3,481,307)	(379,685)	(1,304,005)	5,164,997	-0-	-0-
FUND BALANCES, BEGINNING OF YEAR	2,858,823	16,075,483	259,504	12,725,517	45,199,170	77,118,497	72,319,716
FUND BALANCES, END OF YEAR	\$ 2,515,860	\$ 17,528,484	\$ (113,972)	\$ 16,259,307	\$ 47,145,272	\$ 83,334,952	\$ 77,118,497

TAHOE DONNER ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2023	TOTAL 2022
CASH FLOWS FROM OPERATING ACTIVITIES							
Operating Revenue Over (Under) Expenses	\$ (342,963)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (342,963)	\$ (233,842)
Replacement Revenue Over Expenses	-0-	4,934,308	-0-	-0-	-0-	4,934,308	4,773,275
Non-Operating Funds Revenue Over (Under) Expenses	-0-	-0-	6,209	4,837,795	(3,218,895)	1,625,109	259,348
Revenue Over (Under) Expenses	(342,963)	4,934,308	6,209	4,837,795	(3,218,895)	6,216,454	4,798,781
Adjustments to Reconcile Operating/Replacement Revenue Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities:							
Property fund additions, net	5,164,997	(3,481,307)	(379,685)	(1,304,005)	-0-	-0-	-0-
Bad debt expense	15,349	23,083	-0-	14,583	-0-	53,015	33,571
Depreciation expense	-0-	-0-	-0-	-0-	3,212,178	3,212,178	3,322,358
(Gain)/Loss on disposal of assets	-0-	(39,627)	-0-	-0-	6,717	(32,910)	(46,732)
Investment amortization	(129,485)	(445,063)	-0-	(576,147)	-0-	(1,150,695)	57,772
Changes in:							
Assessments receivable	(5,847)	(23,083)	-0-	(14,583)	-0-	(43,513)	19,753
Other receivables	341,485	(67,977)	-0-	(58,459)	-0-	215,049	(357,372)
Inventory	(87,872)	-0-	-0-	-0-	-0-	(87,872)	(80,444)
Prepaid expenses and other assets	(171,979)	(151)	-0-	-0-	-0-	(172,130)	(169,217)
Due to/from other funds	(1,826,398)	1,391,761	129,287	305,350	-0-	-0-	-0-
Accounts payable	(650,804)	-0-	-0-	-0-	-0-	(650,804)	290,390
Accrued liabilities	(17,411)	-0-	-0-	-0-	-0-	(17,411)	713,186
Deferred revenue	(15,236)	-0-	-0-	-0-	-0-	(15,236)	1,869,396
Deposits	(4,500)	-0-	-0-	-0-	-0-	(4,500)	1,840
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,269,336	2,291,944	(244,189)	3,204,534	-0-	7,521,625	10,453,282
CASH FLOWS FROM INVESTING ACTIVITIES							
Acquisition of property and equipment	(4,934,285)	-0-	-0-	-0-	-0-	(4,934,285)	(5,423,410)
Proceeds from sale of property and equipment	-0-	39,627	-0-	-0-	-0-	39,627	47,554
Purchase of investments	(8,571,488)	(18,656,876)	-0-	(29,530,078)	-0-	(56,758,442)	(45,935,286)
Maturity or redemption of investments	9,450,000	17,032,870	-0-	26,088,000	-0-	52,570,870	22,060,989
NET CASH USED BY INVESTING ACTIVITIES	(4,055,773)	(1,584,379)	-0-	(3,442,078)	-0-	(9,082,230)	(29,250,153)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,691,311	606,423	269,669	243,047	-0-	9,810,450	28,607,321
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 3)	\$ 6,904,874	\$ 1,313,988	\$ 25,480	\$ 5,503	\$ -0-	\$ 8,249,845	\$ 9,810,450
ANALYSIS OF CASH AND CASH EQUIVALENTS							
Cash and cash equivalents, unrestricted	\$ 6,694,597	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,694,597	\$ 8,481,306
Cash and cash equivalents, designated and restricted	210,277	1,313,988	25,480	5,503	-0-	1,555,248	1,329,144
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 3)	\$ 6,904,874	\$ 1,313,988	\$ 25,480	\$ 5,503	\$ -0-	\$ 8,249,845	\$ 9,810,450
SUPPLEMENTAL DISCLOSURE							
Income taxes paid	\$ 76,357	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 76,357	\$ 20,000
Acquisition of equipment financed by trade payables	\$ 230,712	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 230,712	\$ -0-

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.

MEMBER ASSESSMENTS AND ALLOWANCE FOR

CREDIT LOSSES – 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.

The Association treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include close monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association’s control. An allowance for credit losses 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.

Allowance for credit losses as of December 31 was as follows:

	2023	2022
Beginning balance	\$ 158,049	\$ 221,059
Provision for expected credit loss	40,623	(33,572)
Less: write offs	(110,279)	(29,438)
Ending allowance for credit losses	<u>\$ 88,393</u>	<u>\$ 158,049</u>

REVENUE RECOGNITION – The Association’s accounting policies with regards to revenue from contracts with customers are discussed in Note 3.

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. The balance at times may exceed federally insured limits. As of December 31, 2023 and 2022, cash balances exceeded federally insured limits by approximately \$4,795,000 and \$7,815,000, 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 and reserve, new machinery and equipment and development 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 Community Standards Office. 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 year ended December 31, 2023 and 2022 advertising costs total \$37,102 and \$46,979, 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 2018.

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.

RECLASSIFICATIONS – Certain reclassifications have been made in the 2022 financial statements to conform to the classifications used

in 2023. The reclassifications had no impact on the financial position or results of operations for 2022.

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.

NEW ACCOUNTING PRONOUNCEMENT – In 2023, the Association implemented ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including held-to-maturity debt securities, and accounts receivable. Financial assets measured at amortized cost will be presented at the amount expected to be collected, net of an allowance for credit losses. There were no transition adjustments required to be made as a result of implementing the new standard.

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

(Continued on next page)

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.

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 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 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 \$2,288,000 and \$2,455,000 as of December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Association recognized approximately \$2,445,000 and \$2,602,000 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, 2023 and 2022, 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, 2023 and 2022, 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.

3 CASH AND INVESTMENTS

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

2023	CASH	INVESTMENTS	TOTAL
Replacement Reserve Fund - designated	\$ 1,313,988	\$ 18,367,072	\$ 19,681,060
Development Fund - designated	5,503	16,564,915	16,570,418
New Equipment Fund - designated	25,480	-0-	25,480
Operating Fund - undesignated and unrestricted	6,694,597	1,481,375	8,175,972
Operating Fund - Trust - restricted 457 (b)	24,500	-0-	24,500
Operating Fund - Architectural standards deposits - restricted	185,777	-0-	185,777
TOTAL	\$ 8,249,845	\$ 36,413,362	\$ 44,663,207

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

Board designated funds in the replacement reserve fund cannot be expended for any purpose other 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, 2023 and 2022 are as follows:

	2023 AMORTIZED COST/NET CARRYING VALUE	2022 AMORTIZED COST/NET CARRYING VALUE
Held to maturity:		
Certificates of Deposit	\$ 11,482,174	\$ 5,088,020
Corporate Bonds	2,155,867	2,837,978
Municipal Securities	1,555,053	2,114,610
US Treasury Securities	21,220,268	21,034,488
TOTAL HELD TO MATURITY	\$ 36,413,362	\$ 31,075,096

The maturities of the held to maturity securities at December 31, 2023 and 2022 are all within one to five years.

4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Buildings	\$ 35,290,229	\$ 35,155,668
Fixtures and facility improvements	21,425,517	19,257,339
Equipment	27,195,669	22,889,428
Land and land improvements	12,941,316	12,941,316
Furnishings	1,551,645	1,189,722
TOTAL	98,404,376	91,433,473
Less accumulated depreciation	(53,417,153)	(50,426,468)
	44,987,223	41,007,005
Construction in progress	2,158,049	4,192,165
TOTAL	\$ 47,145,272	\$ 45,199,170

5 INCOME TAXES

The provision for income taxes for the year ended December 31, 2023 and 2022 is as follows:

	2023	2021
State	\$ 178,562	\$ 45,444
Federal	-0-	3,823
TOTAL	\$ 178,562	\$ 49,267

6 REPLACEMENT RESERVE FUND

The Association's policy is to maintain replacement funding levels sufficient to pay for capital replacements, refurbishments, and repairs. Funds for replacement of common area property and equipment is accounted for through a replacement reserve fund. The funds are designated for major repairs and replacement. When major repairs or replacement occur, the expenditures are charged against the fund balance or, if certain conditions are met, a transfer is made for property and equipment to the property fund and the expenditures are capitalized.

Replacement funding levels, as determined by a study updated in 2023, are forecast on a 30-year basis with annual updates to replacement schedules, as they become known. The percent funded level is to exceed 25% and the replacement reserve fund balance is to equal or exceed 10% of net replacement reserve assets (total property and equipment less land and land improvements). The annual assessment allocation to the replacement reserve fund is determined by the Board of Directors with input from management. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. If additional funds are needed, the Association has the right, subject to any necessary member approval, to increase regular dues, to levy special assessments, or modify and adjust the scheduled major repairs and replacements as necessary.

7 INTERFUND ACTIVITY

The Association maintains five funds. The reserve funds' portion of the overall assessment are 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.

8 RETIREMENT PLANS

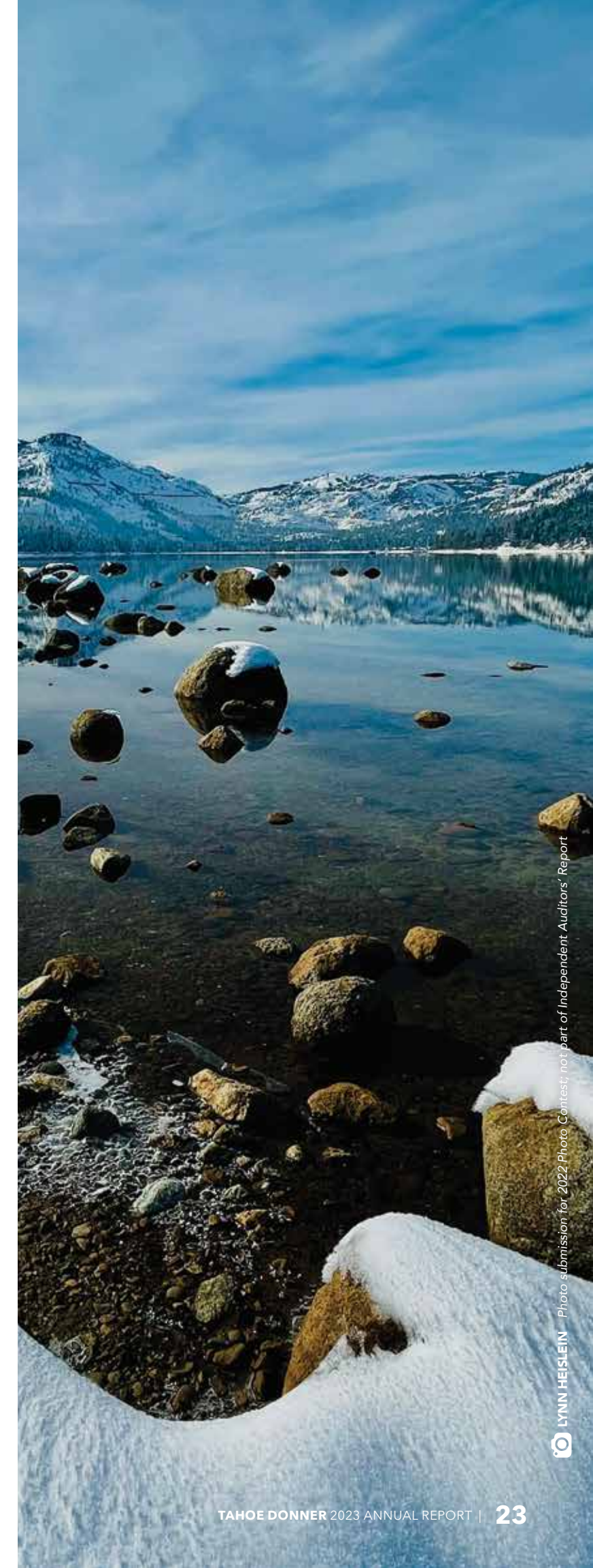
The Association sponsors a 401(k)-retirement plan for the benefit of Association employees who meet plan eligibility requirements. Under this plan, the Association will contribute a Safe Harbor match of up to 4% to all employees enrolled in the plan. Matching contributions expense was \$219,238 and \$165,991 for December 31, 2023 and 2022, 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 \$25,000 for the years ended December 31, 2023 and 2022, respectively.

9 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 15, 2024, the date the financial statements were issued.

(Continued on next page)



LYNN HEISLEIN - Photo submission for 2022 Photo Contest; not part of Independent Auditors' Report

TAHOE DONNER ASSOCIATION

SCHEDULE OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES BY NATURAL CLASSIFICATION

FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

	OPERATIONS			CAPITAL				TOTALS	
	AMENITIES	HOMEOWNERS' ASSOCIATION	TOTAL OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2023	TOTAL 2022
REVENUE									
Assessments	\$ -0-	\$ 6,893,745	\$ 6,893,745	\$ 5,599,145	\$ -0-	\$ 4,492,262	\$ -0-	\$ 16,985,152	\$ 15,202,575
Access and use fees	7,767,814	-0-	7,767,814	-0-	-0-	-0-	-0-	7,767,814	8,147,982
Retail sales	4,684,461	-0-	4,684,461	-0-	-0-	-0-	-0-	4,684,461	4,419,797
Lessons and rental revenue	3,276,830	16,555	3,293,385	-0-	-0-	-0-	-0-	3,293,385	3,162,656
Late charges, fines and fees	-0-	306,639	306,639	-0-	-0-	-0-	-0-	306,639	391,399
Other revenues	742,503	606,628	1,349,131	-0-	-0-	-0-	-0-	1,349,131	1,422,817
Interest income	-0-	204,444	204,444	857,417	6,827	737,511	-0-	1,806,200	426,741
Total Revenue	16,471,608	8,028,011	24,499,619	6,456,562	6,827	5,229,773	-0-	36,192,782	33,173,967
OPERATING EXPENSES									
Salaries and wages	7,229,487	5,000,425	12,229,912	-0-	-0-	-0-	-0-	12,229,912	11,859,832
Cost of good sold	1,630,007	-0-	1,630,007	-0-	-0-	-0-	-0-	1,630,007	1,636,867
Payroll taxes and employee benefits	1,855,935	1,399,910	3,255,845	-0-	-0-	-0-	-0-	3,255,845	3,071,938
Supplies and maintenance	1,355,462	1,018,942	2,374,404	-0-	-0-	-0-	-0-	2,374,404	2,576,850
Utilities	958,434	180,771	1,139,205	-0-	-0-	-0-	-0-	1,139,205	1,120,573
Other employee expenses	604,359	206,326	810,685	-0-	-0-	-0-	-0-	810,685	511,892
Insurance	906,959	691,850	1,598,809	-0-	-0-	-0-	-0-	1,598,809	1,355,767
Income tax	-0-	30,522	30,522	80,631	618	66,791	-0-	178,562	49,267
Other expenses	811,284	961,909	1,773,193	23,083	-0-	14,583	-0-	1,810,859	1,759,201
Total Operating Expenses	15,351,927	9,490,655	24,842,582	103,714	618	81,374	-0-	25,028,288	23,942,187
FUND EXPENSES									
(Gain) Loss on disposal of assets	-0-	-0-	-0-	(39,627)	-0-	-0-	6,717	(32,910)	(46,732)
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	3,212,178	3,212,178	3,322,358
Fund expenses	-0-	-0-	-0-	1,458,167	-0-	310,604	-0-	1,768,771	1,157,373
Total Expenses	15,351,927	9,490,655	24,842,582	1,522,254	618	391,978	3,218,895	29,976,327	28,375,186
REVENUE OVER (UNDER) EXPENSES	\$ 1,119,681	\$ (1,462,644)	\$ (342,963)	\$ 4,934,308	\$ 6,209	\$ 4,837,795	\$ (3,218,895)	\$ 6,216,455	\$ 4,798,781
PROPERTY FUND ADDITIONS, NET	-0-	-0-	-0-	(3,481,307)	(379,685)	(1,304,005)	5,164,997	-0-	-0-
FUND BALANCES, BEGINNING OF YEAR	-0-	-0-	2,858,823	16,075,483	259,504	12,725,517	45,199,170	77,118,497	72,319,716
FUND BALANCES, END OF YEAR	\$ -0-	\$ -0-	\$ 2,515,860	\$ 17,528,484	\$ (113,972)	\$ 16,259,307	\$ 47,145,272	83,334,952	\$ 77,118,497

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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TAHOE DONNER ASSOCIATION

SCHEDULE OF CAPITAL FUNDS' EXPENDITURES BY DEPARTMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

	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	\$ 394,250	\$ 148,642	\$ -0-	\$ -0-	\$ 2,738	\$ -0-	\$ 396,988	\$ 148,642
Beach Club Marina	33,225	20,398	-0-	-0-	40,464	-0-	73,689	20,398
Tennis Center	22,775	22,855	-0-	-0-	-0-	-0-	22,775	22,855
Northwoods Pool / Aquatics	15,119	-0-	-0-	-0-	-0-	-0-	15,119	-0-
Camps + Recreation Programs	24,286	35,438	-0-	-0-	-0-	-0-	24,286	35,438
TOTAL PRIVATE AMENITIES	489,655	227,333	-0-	-0-	43,202	-0-	532,857	227,333
PUBLIC AMENITIES								
Golf	508,183	69,400	38,971	-0-	49,132	-0-	596,286	69,400
Downhill Ski	207,240	27,412	-0-	-0-	804,887	-0-	1,012,127	27,412
Cross Country Ski	142,111	53,698	187	-0-	268,140	-0-	410,438	53,698
Campground	-0-	2,219	-0-	-0-	-0-	-0-	-0-	2,219
Equestrian	8,362	5,239	14,999	-0-	-0-	-0-	23,361	5,239
Trails	171,674	66,111	-0-	-0-	40,032	-0-	211,706	66,111
Bikeworks	43,098	-0-	48,067	-0-	-0-	-0-	91,165	-0-
The Lodge	658,951	67,370	103,153	-0-	21,433	-0-	783,537	67,370
Pizza on the Hill	4,805	-0-	-0-	-0-	-0-	-0-	4,805	-0-
Alder Creek Cafe	4,394	-0-	-0-	-0-	-0-	-0-	4,394	-0-
TOTAL PUBLIC AMENITIES	1,748,818	291,449	205,377	-0-	1,183,624	-0-	3,137,819	291,449
TOTAL AMENITIES	2,238,473	518,782	205,377	-0-	1,226,826	-0-	3,670,676	518,782
HOMEOWNERS ASSOCIATION AND GENERAL + ADMINISTRATIVE								
General Homeowners Association	162,493	38,157	-0-	-0-	13,820	-0-	176,313	38,157
Facility Administration	-0-	253,869	-0-	-0-	-0-	310,604	-0-	564,473
Administration	122,137	34,839	-0-	-0-	63,359	-0-	185,496	34,839
Information Technology	335,326	359,186	32,444	-0-	-0-	-0-	367,770	359,186
Forestry	193,781	219,592	141,864	-0-	-0-	-0-	335,645	219,592
Maintenance	429,097	33,742	-0-	-0-	-0-	-0-	429,097	33,742
TOTAL HOA AND G+A	1,242,834	939,385	174,308	-0-	77,179	310,604	1,494,321	1,249,989
TOTAL	\$3,481,307	\$ 1,458,167	\$379,685	\$ -0-	\$1,304,005	\$ 310,604	\$5,164,997	\$1,768,771

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

DECEMBER 31, 2023 (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 2023 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, 2023, is \$17,528,484. The 2024 budget includes \$5,527,942 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.

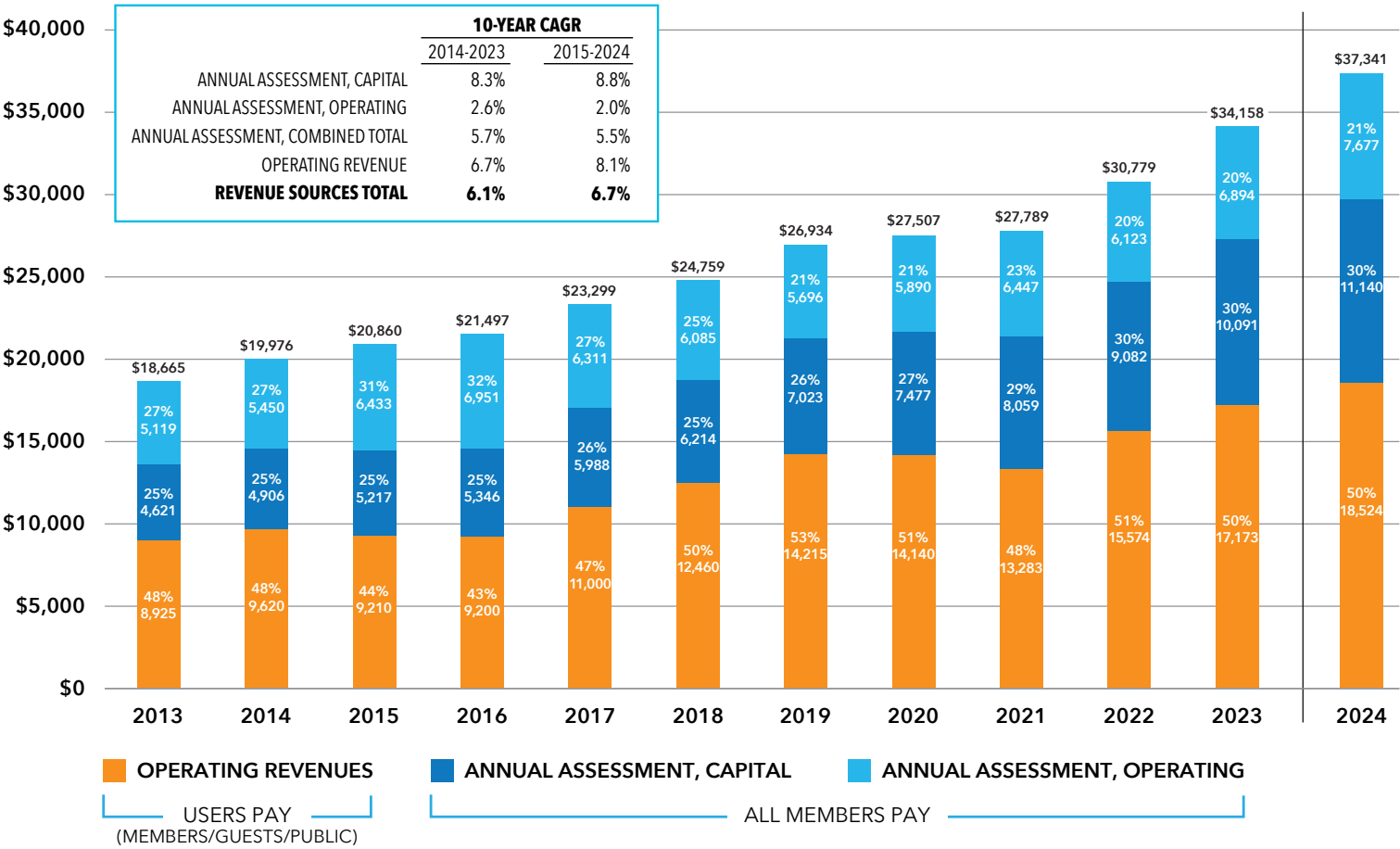
The following table is based on the study and presents significant information about the components of common property.

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

