



FINANCE COMMITTEE MEETING

FINAL REPORT

September 19, 2024

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (4):** The Chair (Niedringhaus) called the meeting to order at 3:04 pm PDT after noting that a quorum was present

Attendees (All attendees present on either Zoom Video Conference Call or in person at Northwoods Clubhouse):

Members: Leibow, Falk, Niedringhaus, Rudolph, Vietor, Ravano, Kodres

Absent:

Staff Lead: Justin Malley (Director of Finance)

Board Liaison(s): Steve Mahoney

LRPC Liaison to FC: Dan Simmons

TDA Staff: Annie Rosenfeld (General Manager),

Member(s): Jay Wertheim (Member and Prospective Finance Committee candidate)

2. **Member and Committee Member Comments:** A request was made by the Chair for comments by any Member or Committee Member who wished to do so. No Member comments were forthcoming.

Mr. Mahoney announced to the committee that this was his final meeting as the Director liaison to the Committee. The committee thanked him for his service and wished him well on his move to Vermont.

3. **Follow-up Items:**

a.) Approval of the May, June and July 2024 Finance Committee Minutes. The Chair indicated that all drafts had been circulated for comment prior to the meeting. A motion to approve the Minutes was made with Mr. Falk providing a 1st with Mr. Rudolph providing a 2nd. A unanimous approval resulted and the Minutes would be forwarded to the Board.

b.) Discussion regarding the operating and capital plans occurred for further clarification of several items.

4. **Committee Management:**

1. **Recurring Tasks - Presentation and Discussion of August 2024 Financial**

Results: Mr. Malley reviewed August results. Highlights are:

- a. August NOR results of -\$524,463 was unfavorable to budget by -\$4,713.

Year-to-date, NOR loss was \$3,996,943 and unfavorable to budget by -\$24,063

(-0.61%). Although results are basically flat to budget, on a YoY basis, NOR variance is down 23% versus 2023 same period. Primary factors are less than 1.0% revenue growth while expenses have shown a 5.3% increase when compared to the same period in the prior year.

- b. Reviewing various operating revenue streams with comparisons to budget for the month of August:
 1. Golf was unfavorable by approximately \$38,000 due to green fees being unfavorable to budget by \$43,057 and partially offset by lessons and rentals (\$2,382) and golf retail (\$7,360). Staff perceives that the green fees were budgeted higher than prior year results.
 2. Tennis Center revenue was favorable to plan by \$26,000. Tennis lessons and rentals accounted for over 45% of the favorable variance.
 3. The Marina was favorable to budget by \$20,000 due increased usage (almost 100% of the favorable variance) and additional F&B revenue.
 4. Bikeworks was favorable by \$8,000 with retail revenue being a significant portion (130%) of favorable variance.
 5. The Equestrian Center had a \$7,000 favorable comparison to budget for the month of \$7,000 with the daily usage fee being favorable by \$11,838. The FC discussed possible reasons for the favorable variance and felt that the Wild West event contributed to the favorable results.
 6. Food and Beverage missed budget by approximately \$49,000 unfavorable. The principal variance was a -\$55,000 unfavorable variance to budget at the Lodge. The FC has had ongoing discussions with the Administrative Staff trying to better understand the causal factors for F&B performance and potential mechanisms for improvement.
 - c. Cost of Goods Sold (“COGS”) was at a level of 29.6% compared to a budgeted level of 30.5%. Beverage COGS was the main contributor to the lower percentage (16.2% actual vs. budget of 26.1%) while Retail was at 85.7% actual compared to a budget of 0.0%.
 - d. Total payroll and burden were favorable by about \$100,000 (6.0%) due to Capitalized payroll favorable by \$83,000, Salaries/wages favorable by \$36,000 and offset by insurance (\$13,000 unfavorable).
 - e. Other Operating Expenses were unfavorable to budget. Supplies and maintenance while favorable by \$94,000 due to “defensible space labor allocation” were offset by administrative costs that were not favorable due to unbudgeted Depreciation expense of \$324,000. The FC discussed this variance with staff to better understand the relationship between operating expense, capital expense and their accounting treatment as well as the depreciation miss.
2. **General Discussions:** The FC discussed with staff the concept of accrual versus cash accounting. The HOA is currently of a cash basis but does certain accruals, especially at year end for audit purposes. Mr. Malley will provide additional thoughts about this topic in the coming months as he becomes better acquainted with the systems and accounting for the HOA.

3. **Ski Lodge Update:** Work is continuing as planned.
4. **Long Range Planning Update:** As Mr. Leibow will be leaving Tahoe Donner at some point as a member, the question of a replacement liaison was discussed for possible replacement candidates.
5. **Finance Committee Working Groups:** The Investment subcommittee met and had an initial review with Mr. Mahoney prior to his departure from the Board.
5. **Follow-up Items:** Continuing participation in the 2025 budget process.
6. **5501 Meeting Attendance:**
 - a. September: Rudolph
 - b. October: TBD
 - c. November: TBD
7. **Next FC Meeting:** October 17th, 3:00-4:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom.

Adjournment: A motion was made to adjourn (Niedringhaus and seconded (Leibow). The meeting was concluded at 5:04 pm PDT with a unanimous vote.

Prepared and submitted by Michael Rudolph, Vice Chair, Finance Committee