

2026 BUDGET REPORT



\$3,621 ASSESSMENT

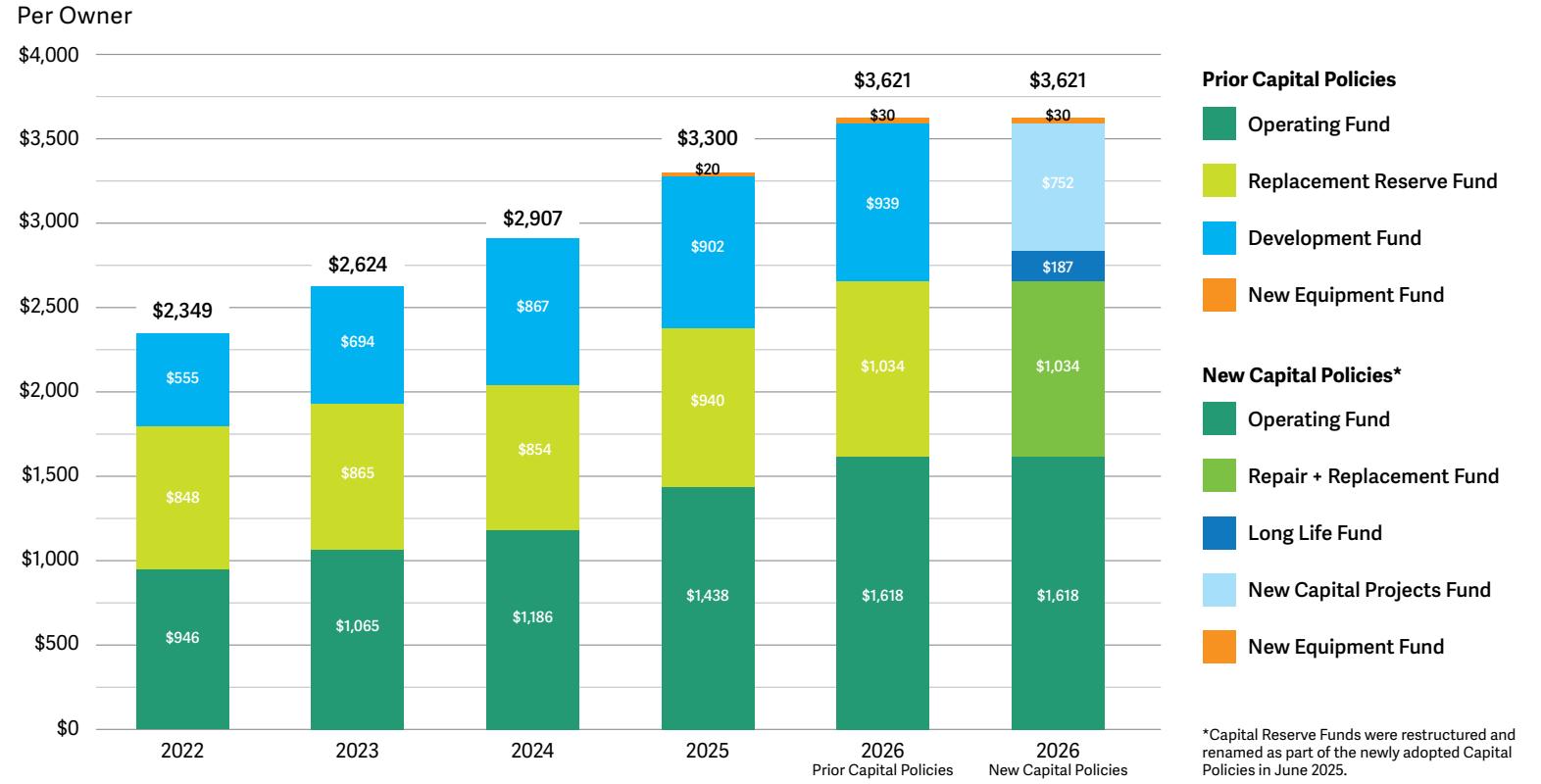
An Increase of \$321, or 9.7%, from 2025
Now Inclusive of 4 Member Photo ID Cards
With Private Amenity Access

\$28.7 MILLION
Total Revenues

\$18.2 MILLION
Total Operating Revenues



Annual Assessment History



Introduction

Dear Members,

The Tahoe Donner Association Board of Directors approved the 2026 Budget at the evening Oct. 14, 2025 Special Board Meeting. Led by our professional staff, the budget was developed and approved over the course of four robust open sessions, with member participation through the Finance, Long-Range Planning and Trails and Open Space committees, as well as general member comments. This cycle, the Finance Committee, and particularly its Budget Working Group, were especially involved with staff in the review and building of the Annual Budget.

The 2026 Annual Assessment is \$3,621 per property, inclusive of four Member Photo ID cards granting access to private amenities without additional Recreation Fees or Daily Access Fees for card holders. Including this private amenity access, operating expenses and capital funding needs covered by the assessment increased by \$321 (9.7%) for 2026 over 2025.

The Recreation Fee and Member Daily Access Fees will sunset Dec. 31, 2025. With the elimination of the Rec Fee, owners who purchased a 4-person Rec Fee in 2025 will have a net out-of-pocket cash reduction in 2026 of \$179 (-4.7%). For owners that purchased a 2-person Rec Fee in 2025, the net out-of-pocket cash difference in 2026 of \$16 (+0.4%). Owners that did not purchase any Rec Fee in 2025, and instead opted for Daily Access Fees, will have a year-over-year cash-out-of-pocket increase of \$291 (+8.7%), based on the calculated average Daily Access Fee spend for those properties. The inclusion of private amenity access for four members per property is an implementation of the Amenity Access Rule, adopted in October 2024.

Other factors impacting the 2026 assessment include increased operating costs, principally labor (the association's largest expense category), insurance, an update to HOA industry Reserve Study Standards expanding the scope of what is covered by our Repair + Replacement Fund, plus continuing inflationary pressures of Major Components. Operational efficiencies and revenue growth, through expanded offerings, amounting to \$451 per property, were identified to partially offset these cost pressures.

The 2026 Tahoe Donner Annual Assessment is dedicated as follows:

OPERATING FUND

\$ 1,618

This fund covers the daily operating costs of our association including amenities, customer service, staff payroll and administrative expenses.

CAPITAL FUNDS

\$

The association's 20-Year Capital Improvement Plan outlines and prioritizes major projects funded by these Capital Reserve Funds. Under California law, the board is responsible for ensuring adequate funding for these vital investments.

REPAIR + REPLACEMENT FUND

\$ 1,034

This fund saves for corrective maintenance, repair and replacement of **existing** items that wear out within 30 years (e.g. paint, flooring, vehicles).

LONG LIFE FUND

\$ 187

This fund saves for the repair and replacement of **existing** items that last longer than 30 years (e.g. roofs, foundations).

NEW CAPITAL PROJECTS FUND

\$ 752

This fund saves for **new** real estate purchases and major facility additions and enhancements (e.g. new trailheads, more snowmaking).

NEW EQUIPMENT FUND

\$ 30

This fund saves for **new** furniture, technology and other new equipment purchases.

2026 ANNUAL ASSESSMENT TOTAL

\$ 3,621

The annual budget process carefully balances delivering services, maintaining amenities, investing to protect our home values, and providing community safety and enjoyment, all with fiscal prudence.

The board and staff sincerely appreciate your support in preserving the unique character of our community. Please, explore all that Tahoe Donner has to offer in this remarkable mountain setting!

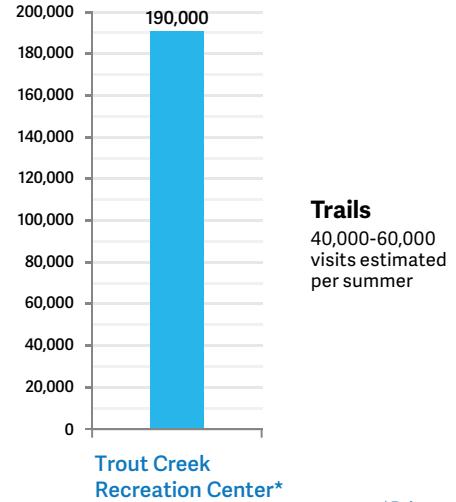
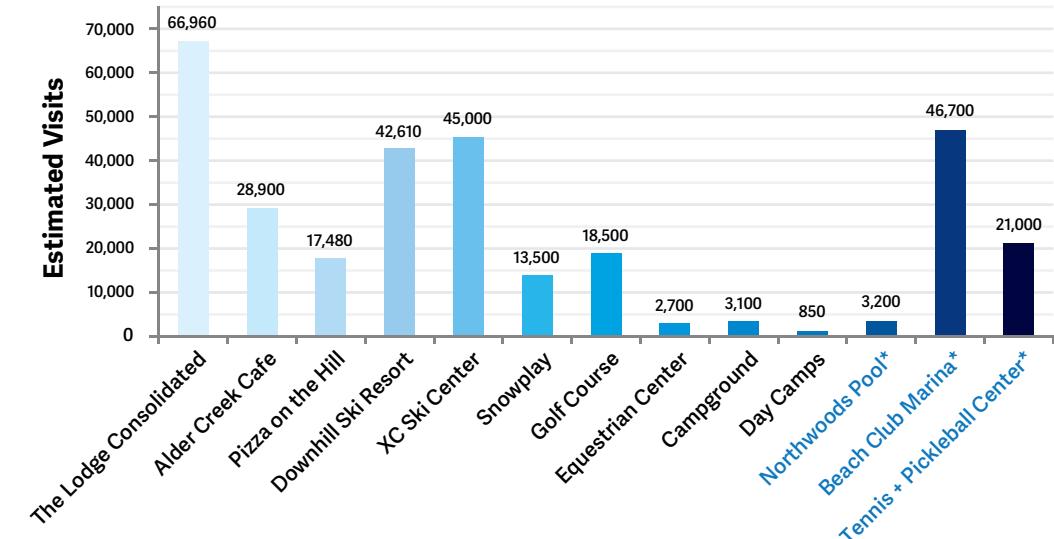
Sincerely,

Justin Malley
Director of Finance, Accounting
and Business Support

Don Koenes
Board Member and
Association Treasurer

Visitation Tools That Help Generate Revenue Projections

2026 Estimated Amenity Visitation Metrics



*Private Amenity

Homeowner Value



Fire Safety +
Forest Health



Trails + Facility
Management



Amenities +
Mountain Lifestyle



Community
Building + Events



Community Standards +
Compliance

Member ID Card Benefits

- Private Amenity Access
- Food + Beverage Member-Exclusive Deals and Buy-One-Get-One Special Offers

- Priority Reservation Windows
- Discounted Services (e.g. Ski Passes, Golf Passes and Rentals)

Operating Fund

The Operating Fund accounts for the annual revenue and expense activities of our amenity and homeowner association support functions. Operating Fund budgets for all departments were prepared with an emphasis on providing competitive compensation and benefits, 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.

IN TOTAL, THE 2026 ASSESSMENT CONTRIBUTION TO OPERATIONS IS \$10,468,581 OR \$1,618 PER MEMBER-PROPERTY. THE 2026 AMOUNT REPRESENTS A \$180 INCREASE OVER 2025.

The total revenue requirement for a balanced 2026 Operating Fund budget is \$28,659,254. Operating revenue, generated by Amenity users, will contribute 63.5% of the requirement (\$18,190,673), which leaves the remaining 36.5% (\$10,468,581) to be funded by the Annual Assessment. 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.

Operating Revenue

Revenue is budgeted at \$18,190,673, an increase of \$1,300,000 (7.5%) from the prior year budget. While operating revenues are subject to significant volatility due to weather and snowpack, which can affect operating dates, overall visitation and amenity usage, the primary

driver of the forecasted revenue growth is the opening of the new Downhill Ski Lodge. The change of the Rec Fee and member daily access fee from Operating Revenue to (inclusion in the) Assessment Revenue offsets a significant portion of the gross revenue increase forecasted by the Downhill Ski Lodge re-opening.

We are planning for modest revenue increases in 2026 for Golf, Pizza on the Hill (POTH), Alder Creek Cafe (ACC), Recreation, Bikeworks, Day Camps, The Lodge Restaurant & Pub and the cumulative view of the Homeowners Association (HOA) Support Departments. Golf will benefit from the further leveraging of the newest booking software that improve round yields by tapping into the general public interest for unused member rounds. Recreation and Day Camps will benefit from increased program offerings and minimal rate increases. POTH will have additional operating hours. ACC will return to offering a hot menu in the summer and increased hours during peak periods.

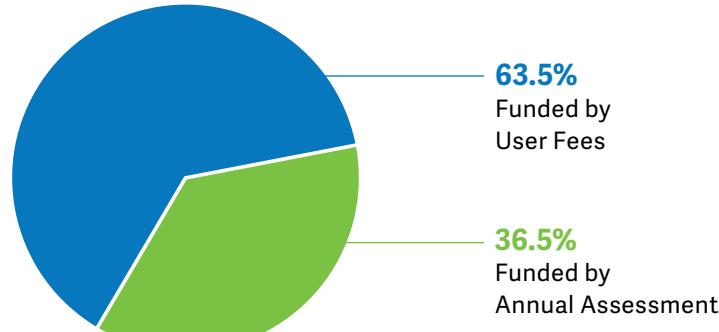
Operating Payroll

With a budget of \$19,673,457, this represents 66% of total operating costs and reflects a increase of 10.1% versus 2025. A critical component of any large-scale common interest development is the dedicated workforce that operates and manages our amenities, support departments and administration. Operating payroll costs encompass not only wages and salaries but also related expenses such as payroll taxes, workers compensation, retirement savings

Continued on Page 4

Operating Fund Revenue Generated by Annual Assessment versus User Fees

Total Operating Fund = \$26,200,947



plans, and health insurance benefits. As California's minimum wage, which is already significantly above the national average, rises to \$16.90 per hour, local economic pressures—such as fast-food restaurants offering starting wages above \$20 per hour—combined with the competitive labor market in the Tahoe region, often necessitate that our starting pay be set 15-20% higher than the minimum wage to attract employees. TDA saw a further 8% increase to medical insurance for 2026. Further increasing the year-over-year payroll expense increase is the staff ramp-up to return to normal winter operations with the Downhill Ski Lodge re-opening.

OPERATING EXPENSE

Management's ongoing commitment to operational efficiencies has enabled TDA to limit the year-over-year increase in operating expenses to just 5% (roughly \$400,000), bringing the total to \$8,404,578 for 2026, in spite of the fact that Utilities (10%) and General Liability Insurance (16%) each experienced double digit market increases. The Operating Expense represents 28% of our overall operating budget.

COST OF GOODS SOLD

The budget of \$1,919,323 represents 6.4% of our overall operating costs. Cost of Goods Sold (COGS) represents the wholesale cost of retail, food and beverage products and will increase and/or decrease proportionally with changes to sales of these goods. We are no longer subject to the significant supply chain issues that hampered operations immediately following COVID, yet food costs remain at higher levels, and to budget with a COGS percentage-to-revenue of roughly 30%, prices are adjusted accordingly.

Reserve Study Fund

The Reserve Study Fund (RSF) is a Capital Reserve Umbrella Fund used to plan and provide funding for the repair, restoration, replacement, and/or maintenance of existing Major Components of the association. The RSF includes two sub-funds: the Repair + Replacement Fund (RRF), which includes existing Major Components that have a useful life of 30-years or less; and the Long Life Fund (LLF), which includes existing Major Components that have a useful life in excess of 30-years, including "life-of-the-building" components.

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. An extensive, onsite review by the association's reserve specialist of the Reserve Study is conducted every three years, unless advised otherwise by outside council, and further reviewed annually by the board. **OVER 2,000 INDIVIDUAL ITEMS ARE TRACKED IN THE RESERVE STUDY, WITH A CURRENT ESTIMATED**

Continued on Page 5 ►

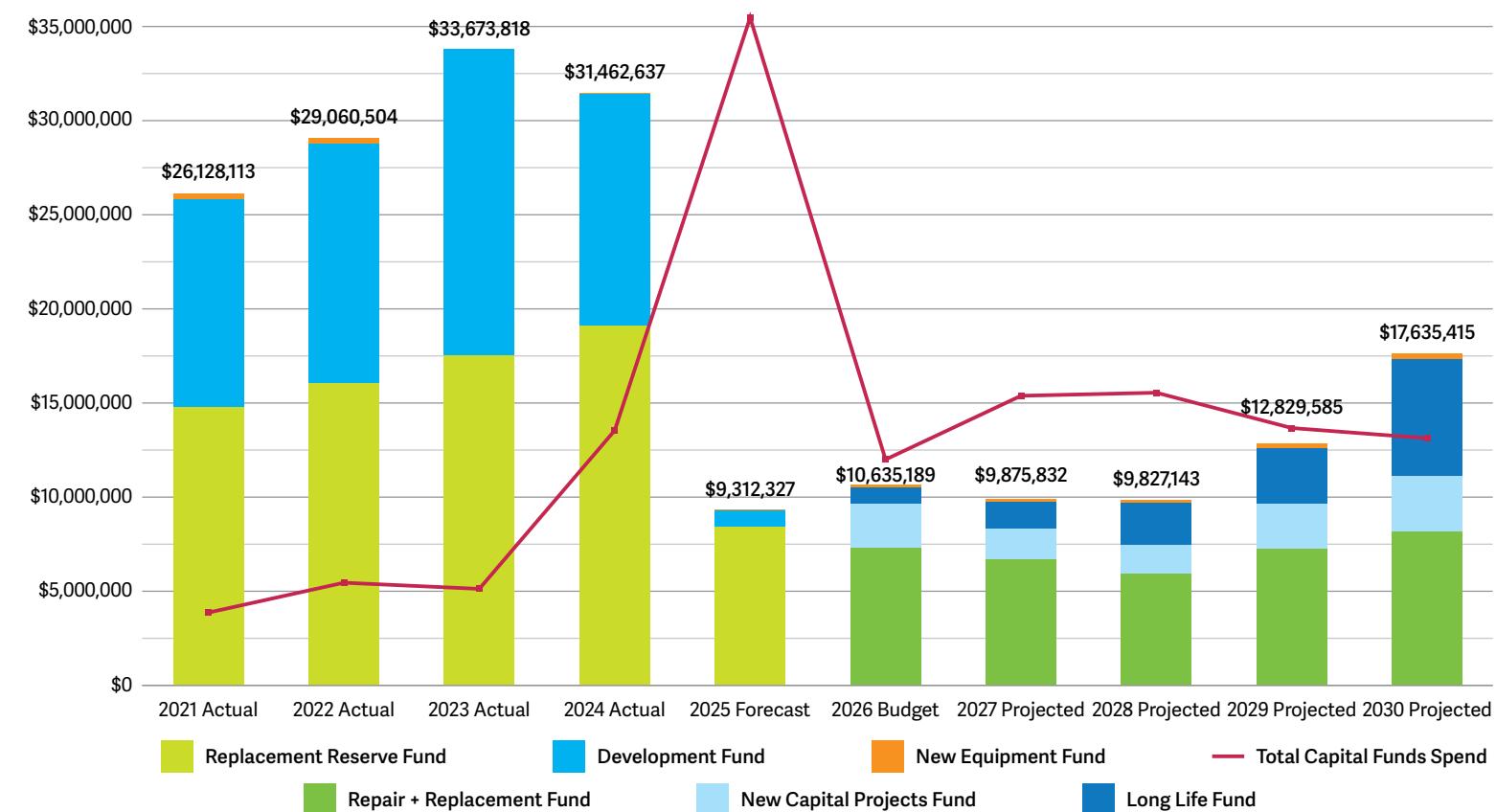
Repair + Replacement Fund Analysis

Tahoe Donner Association 2026 Budget	Total Estimated Current Replacement Cost	Allocation of Accumulated Funds (Dec. 31, 2025)	100% Funded Allocation (Dec. 31, 2025)
Administration	\$ 907,754	\$ 116,225	\$ 592,976
Alder Creek Cafe	249,535	36,539	186,420
Beach Club Marina	1,632,973	212,515	1,084,247
Bikeworks	292,543	30,436	155,286
Campground	1,529,713	179,036	913,439
Capital Projects	442,650	78,437	400,187
Chalet House (Employee Housing)	397,219	70,545	359,919
Cross Country Ski Center	5,423,843	665,321	3,394,455
Cross Country Snowmaking	1,108,604	53,755	274,259
Equestrian Center	1,458,237	195,400	996,929
Food Trailer	72,900	10,836	55,283
Forestry	4,816,053	457,701	2,335,180
General Maintenance	816,708	137,110	699,531
Golf			
Golf Complex	1,033,342	130,629	666,465
Golf Complex Cart Barn	526,705	36,344	185,427
Golf Course	11,251,812	1,193,304	6,086,250
Lodge Golf	12,000	1,418	7,234
Information Technology	2,813,887	328,375	1,675,363
Maintenance	3,870,447	412,896	2,106,586
Northwoods Pool Building	420,752	54,120	276,117
Northwoods Clubhouse	3,588,576	526,490	2,686,141
Pizza on the Hill	509,857	68,017	347,020
Recreation Hut	503,914	78,003	397,970
Downhill Ski Resort			
Mountain Operations	9,134,558	391,333	1,996,572
Ski Lodge - All Areas	165,000	29,620	151,120
Lift Maintenance	4,649,850	656,049	3,347,151
Rental + Retail	1,125,797	99,835	509,356
Snowmaking	1,058,542	130,044	663,484
Top Shop	270,946	32,767	167,179
Top Shop Parking	62,000	1,957	9,986
Winter Food + Beverage	702,601	9,059	46,221
Parking	45,000	7,503	38,281
Snowplay	145,270	15,443	78,791
Tennis Complex	2,404,883	388,091	1,980,032
Tennis Complex Access Road	67,250	8,980	45,814
The Lodge Restaurant & Pub	5,236,292	643,702	3,284,155
Trails	4,059,410	334,440	1,706,305
Trout Creek Recreation Center			
Building	2,793,693	330,066	1,683,993
Building Basketball Area	10,000	1,545	7,881
Parking	136,780	10,559	53,870
Pool + Spa Area	2,574,849	286,518	1,461,811
TOTALS	\$ 78,322,745	\$ 8,450,963	\$ 43,114,686

Note: Projected accumulated funds at Dec. 31, 2025 equal approximately 19.60% 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.

Combined Annual Capital Funds Ending Balances

5-Year Historical and 5-Year Projected



REPLACEMENT VALUE OF APPROXIMATELY \$78,000,000.

Each item is evaluated by average useful life, present age, projected remaining useful life and estimated replacement cost.

Repair + Replacement Expenditures Budgeted

The Repair + Replacement Fund's (RRF) 2026 budgeted expenditures total is \$8,173,561. Components scheduled for 2026 may not necessarily be expended, based on management and board review, the availability of contractors and other contributing factors.

The 2026 Annual Assessment contribution to the RRF per the Reserve Study is \$1,034 per property owner. The total funds provided to the RRF in 2026 will be \$6,693,082.

The following outlines notable 2026 budget year planned expenditure items in excess of \$250,000:

2008 INTERNATIONAL DUMP TRUCK DIESEL, \$460,000:

Replacement of the Forestry Department's diesel dump truck.

ALDER CREEK ADVENTURE CENTER PARKING LOT DRAINAGE

REPAIR, \$420,000: Expenditures in relation to the construction repairs needed to mitigate the drainage issues presented by the north parking lot of ACAC to avoid current maintenance and path-of-travel issues.

MILLING/PAVING - NORTHWOODS, \$269,000:

Replacement of the paving at Northwoods Clubhouse.

STARCRAFT 14 - XL 30' BUS, \$290,000:

Replacement of Downhill Ski Resort's 30-foot Starcraft 14 Bus.

The forecasted ending balance of the Fund in 2026 is \$7,317,865.

Long Life Expenditures Budgeted

The Long Life Fund's (LLF) 2026 budgeted expenditures total is \$369,726. The 2026 Annual Assessment contribution to the LLF is \$187 per property owner. The total funds provided to the LLF in 2026 will be \$1,210,451.

The following outlines notable 2026 budget year planned expenditure items in excess of \$100,000:

TENNIS + PICKLEBALL CENTER BUILDING REPLACEMENT, \$106,000:

Planning to replace and/or enhance the Tennis + Pickleball Center building, built in 1971, which has reached the end of its useful life.

NORTHWOODS CAMPUS MASTER PLAN - NORTHWOODS CLUBHOUSE BUILDING, \$263,000:

The project is a full master plan of the associated Northwoods Clubhouse, built in 1971, including remodel and/or replacement options.

The forecasted ending balance of the Fund in 2026 is \$877,038.

Development Fund

The Development Fund (DF) is a Capital Reserve Umbrella Fund established, as authorized in governing documents, to accumulate funds for capital improvements that result in the creation or acquisition of new Major Components that do not qualify for RSF funding. In order to facilitate the future use of DF 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 amenity expansions and additions, real estate acquisitions, and infrastructure improvements that do not otherwise qualify for RSF funding. The DF includes two sub-funds: the New Capital Projects Fund (NCPF), which is used to provide funding for new capital projects; and the New Equipment Fund (NEF), which is used to provide funding

for new capital improvements that are not considered and/or cannot be considered a capital project or a component of a capital project.

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 + Pickleball Center, are nearing, or at, 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.

New Capital Projects Expenditures Budgeted

The New Capital Projects Fund's (NCPF) 2026 budgeted expenditures total is \$3,562,352. Components scheduled for 2026 may not necessarily be expended, based on management and board review, the availability of contractors and other contributing factors.

The 2026 Annual Assessment contribution to the NCPF is \$752 per property owner. The total funds provided to the NCPF in 2026 will be \$4,867,696.

The following outlines notable 2026 budget year planned expenditure items in excess of \$250,000:

DOWNSHILL SKI LODGE REPLACEMENT, \$1,463,000: The retention payment for the Downhill Ski Lodge replacement project.

TENNIS + PICKLEBALL COURT IMPROVEMENT PROJECT, \$762,000: Expenditures related to the replacement/ enhancement of the Tennis + Pickleball Center's courts.

The forecasted ending balance of the Fund in 2026 is \$2,307,903.

New Equipment Expenditures Budgeted

The New Equipment Fund's (NEF) 2026 budgeted expenditures total is \$95,796. The 2026 Annual Assessment contribution to the NEF is \$30 per property owner. The total funds provided to the NEF in 2026 will be \$194,190.

Assets scheduled for 2026 purchase may not necessarily be acquired based on management and board review, the availability of contractors and other contributing factors.

The forecasted ending balance of the Fund in 2026 is \$132,383.

2026 BUDGET SUMMARY – BY FUND		Number of Properties = 6,473		
	2026 Budget	\$ per Property		
OPERATING FUND				
Beginning Balance, Start of Year	\$ 0	\$ 0		
Assessment Contribution	10,468,581 (A1)	1,618		
Net Operating Results	-10,468,581	-1,618		
Operating Fund, Year-End Balance	\$ 0	\$ 0		
REPAIR + REPLACEMENT FUND (RRF)				
Beginning Balance, Start of Year	\$ 8,450,576	\$ 1,306		
Assessment Contribution	6,693,082 (A2)	1,034		
Interest Income	347,768	54		
Salvage Receipts	0	0		
Income Tax and Other Expenses	-7,590	-2		
Payroll Costs	-418,869	-65		
Expenditures for Capital Additions	-7,730,602	-1,195		
Major Repairs, Maintenance and Lease Expenses	-16,500	-3		
Repair + Replacement Fund, Year-End Balance	\$ 7,317,865	\$ 1,131		
LONG LIFE FUND (LLF)				
Beginning Balance, Start of Year	\$ 0	\$ 0		
Assessment Contribution	1,210,451 (A3)	187		
Interest Income	36,314	6		
Income Tax and Other Expenses	-726	-1		
Expenditures for Capital Additions	-369,000	-58		
Long Life Fund, Year-End Balance	\$ 877,038	\$ 136		
NEW CAPITAL PROJECTS FUND (NCPF)				
Beginning Balance, Start of Year	\$ 831,580	\$ 129		
Assessment Contribution	4,867,696 (A4)	752		
Interest Income	170,978	27		
Income Tax and Other Expenses	-3,420	-1		
Payroll Costs	-392,731	-61		
Expenditures for Capital Additions	-3,166,201	-490		
New Capital Projects Fund, Year-End Balance	\$ 2,307,903	\$ 357		
NEW EQUIPMENT FUND (NEF)				
Beginning Balance, Start of Year	\$ 30,171	\$ 5		
Assessment Contribution	194,190 (A5)	30		
Interest Income	3,818	1		
Income Tax and Other Expenses	-76	-1		
Expenditures for Capital Additions	-95,720	-15		
New Equipment Fund, Year-End Balance	\$ 132,383	\$ 21		
Combined CAPITAL FUNDS ACTIVITY				
Expenditures for Capital Additions	\$ -11,361,523	\$ -1,756		
Major Repairs, Maintenance and Lease Expenses	-16,500	-3		
Combined CAPITAL FUNDS ACTIVITY – Total	\$ -11,378,023	\$ -1,758		
2026 ANNUAL ASSESSMENT RECAP				
Operating Fund	\$ 10,468,581 (A1)	\$ 1,618	45%	
Capital Funds				
Repair + Replacement Fund (RRF)	6,693,082 (A2)	1,034	29%	
Long Life Fund (LLF)	1,210,451 (A3)	30	1%	
New Capital Projects Fund (NCPF)	4,867,696 (A4)	752	21%	
New Equipment Fund (NEF)	194,190 (A5)	187	5%	
Capital Funds, Subtotal	\$ 12,965,419	\$ 2,003	55%	
Annual Assessment – Total	\$ 23,434,000	\$ 3,621	100%	

2026 BUDGET SUMMARY – OPERATING FUND					
	Operating Revenue	Operating Costs Total	Net Operating Result	Capital Charge	Net Result Including Capital Charge (NR)
	(REV)	(OCT)	(NOR)	(CC)	(NR)
PRIVATE AMENITIES					
Trout Creek Recreation Center/Aquatics	\$493,191	-\$1,743,671	-\$1,250,480	\$0	-\$1,250,480
Recreation Programs/Day Camps	\$611,603	-\$575,093	\$36,510	\$0	\$36,510
Beach Club Marina	\$664,207	-\$697,487	-\$33,280	\$0	-\$33,280
Tennis Center	\$372,327	-\$516,209	-\$143,881	\$0	-\$143,881
TOTAL PRIVATE AMENITIES	\$2,141,329	-\$3,532,460	-\$1,391,131	\$0	-\$1,391,131
PUBLIC AMENITIES					
Downhill Ski Resort	\$6,228,483	-\$4,180,979	\$2,047,503	\$0	\$2,047,503
Cross Country Ski Center	\$1,977,620	-\$1,351,462	\$626,158	\$0	\$626,158
Snowplay Sledding and Tubing	\$259,351	-\$201,121	\$58,230	\$0	\$58,230
Equestrian Center	\$138,282	-\$348,441	-\$210,159	\$0	-\$210,159
Campground	\$129,853	-\$121,431	\$8,422	\$0	\$8,422
Trails	\$0	-\$391,915	-\$391,915	\$114,000	-\$277,915
Bikeworks	\$222,869	-\$254,035	-\$31,166	\$0	-\$31,166
Golf Course	\$1,833,289	-\$2,099,717	-\$266,428	\$0	-\$266,428
Alder Creek Cafe	\$505,145	-\$641,251	-\$136,106	\$0	-\$136,106
The Lodge Restaurant & Pub and Summer F+B	\$2,606,040	-\$3,086,807	-\$480,767	\$0	-\$480,767
Pizza on the Hill	\$657,270	-\$808,805	-\$151,536	\$0	-\$151,536
TOTAL PUBLIC AMENITIES	\$14,558,202	-\$13,485,965	\$1,072,237	\$114,000	\$1,186,237
TOTAL AMENITIES	\$16,699,531	-\$17,018,426	-\$318,895	\$114,000	-\$204,895
HOMEOWNERS ASSOCIATION OPERATIONS					
General HOA	\$0	-\$1,126,323	-\$1,126,323	\$0	-\$1,126,323
Community Standards Office <small>Formerly Architectural Standards Office</small>	\$165,246	-\$585,131	-\$419,885	\$0	-\$419,885
Forestry, Defensible and Open Space	\$182,799	-\$1,777,306	-\$1,594,507	\$229,996	-\$1,364,511
TOTAL HOA OPERATIONS	\$348,045	-\$3,488,760	-\$3,140,715	\$229,996	-\$2,910,719
AMENITY + HOMEOWNERS ASSOCIATION SUPPORT SERVICES					
Communications	\$274,545	-\$1,057,409	-\$782,864	\$0	-\$782,864
Facility Administration and Risk Management	\$0	-\$750,330	-\$750,330	\$663,749	-\$86,581
Administration	\$356,002	-\$1,708,078	-\$1,352,076	\$0	-\$1,352,076
Information Technology	\$0	-\$930,324	-\$930,324	\$0	-\$930,324
Accounting and Finance	\$47,200	-\$1,215,160	-\$1,167,960	\$18,000	-\$1,149,960
Human Resources	\$0	-\$807,358	-\$807,358	\$65,500	-\$741,858
Workforce Housing	\$218,800	-\$455,828	-\$237,028	\$0	-\$237,028
Risk	\$0	-\$605,851	-\$605,851	\$0	-\$605,851
Member Services	\$246,550	-\$570,818	-\$324,268	\$0	-\$324,268
Maintenance	\$0	-\$1,389,016	-\$1,389,016	\$246,860	-\$1,142,156
TOTAL SUPPORT SERVICES	\$1,143,097	-\$9,490,173	-\$8,347,076	\$994,109	-\$7,352,967
TOTAL OPERATING FUND	\$18,190,673	-\$29,997,358	-\$11,806,686	\$1,338,105	-\$10,468,581

Capital Charge (CC) is the Repair + Replacement Fund Assessment contribution amount only.

ANY DIFFERENCES IN ASSESSMENT REVENUE DUE TO ROUNDING

LEARN MORE AT TAHOEDONNER.COM 7

ASSESSMENT AND REPLACEMENT RESERVE FUNDING DISCLOSURE SUMMARY

(CA CIVIL CODE SECTION 5570)

The 2026 regular Annual Assessment per ownership interest is \$3,621. The updated 30-year funding and expenditure plan (Reserve Study), utilizing a 3.0% annual inflation of repair and replacement costs, requires a contribution to the Repair + Replacement Fund (RRF) of \$1,034 per property for 2026, a 10% increase over 2025. This amounts to a 2026 contribution to the RRF of \$6,693,082. 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 "Replacement Reserve Fund" (now the Repair + Replacement Fund), largely in part to the catastrophic partial collapse of Champlain Towers South complex in Surfside, Florida. Tahoe Donner Association was quick to begin incorporating these changes, culminating in an update to the Capital Funds policies in 2025.

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 annual increase of "the most recently published 12-month San Francisco CPI plus 5% until the percent-funded level exceeds 25% of the capital improvement costs designated in the 30-year expenditure plan" (as defined in Policy Resolution 2025-9). With the \$1,034 Annual Assessment contribution per member-property, the projected fund balance in the RRF at the end of 2026 is \$7,317,865.

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 RRF calculation; those assets are included in the Long Life Fund (LLF) calculations. 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 "Fully Funded" value in the RRF at the end of the current fiscal year is \$43,114,688*, 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 annually. The projected RRF cash balance at the end of the current fiscal year is \$8,450,576, resulting in reserves being 19.6% 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 "Fully Funded" value in the RRF at the end of each of the next five budget years is \$45,700,000 in 2026, \$48,100,000 in 2027, \$49,900,000 in 2028, \$53,000,000 in 2029 and \$55,300,000 in 2030. The projected RRF cash balance as estimated in each of those years is \$7,300,000 in 2026, \$6,700,000 in 2027, \$6,000,000 in 2028, \$7,300,000 in 2029 and \$8,200,000 in 2030.

The Repair + Replacement 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 3% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3% per year.

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 3: 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 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 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:

Granite State Insurance Co.: Property Limit – \$135,248,565; Deductible – \$100,000 per occurrence for buildings, contents, lifts, moveable equipment, etc.; Granite State Insurance Co.: Inland Marine Limit – \$9,788,539; Deductible – \$100,000 per occurrence; Granite State Insurance Co.: Boiler Limit – \$48,361,834; Deductible – \$100,000 minimum for compressors, motors, pumps, equipment generating electricity and property damage

GENERAL LIABILITY POLICIES: Granite State Insurance Co.: Limit – \$1,000,000; General Aggregate – \$2,000,000 per occurrence; Deductible – \$25,000 per occurrence, \$2,000,000 aggregate

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, Great 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: Palomar: 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 – \$1,000 per occurrence

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

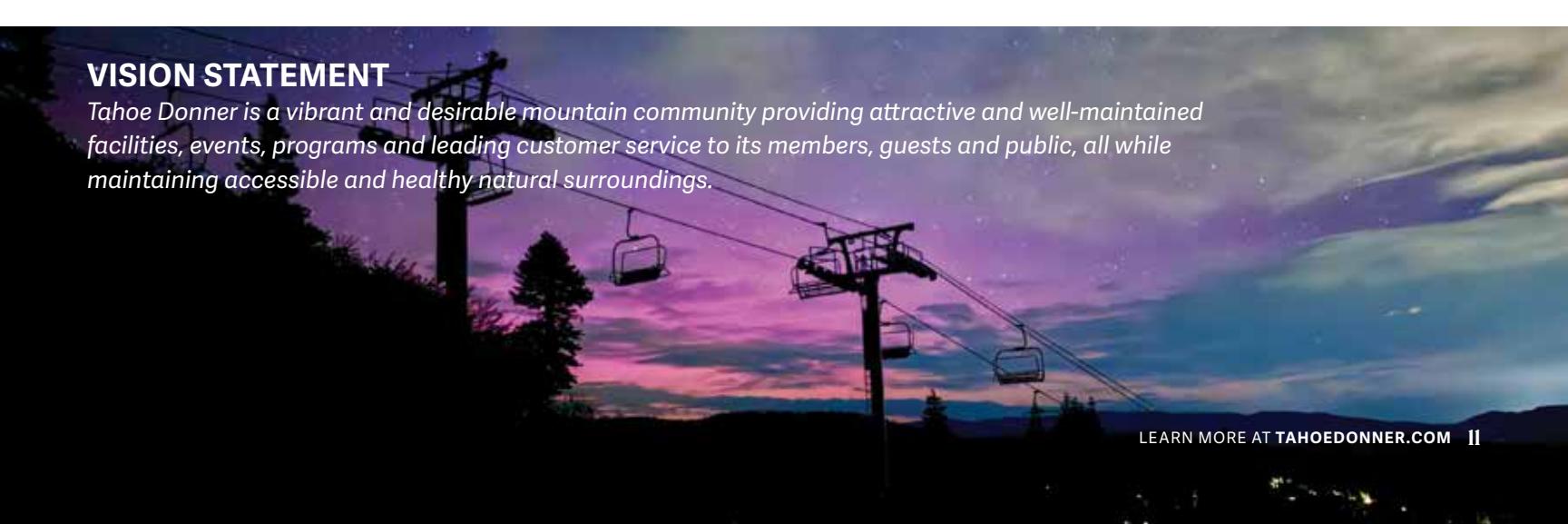
Tahoe Donner Association, 11509 Northwoods Blvd., Truckee, CA 96161 and tahoedonner.com/45-day-notices

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.



2026 BUDGET SUMMARY

\$3,621
ANNUAL
ASSESSMENT

PER OWNER PROPERTY
(DUE JAN. 1, 2026)

VERSUS 2025 – AN INCREASE OF \$321 (\$26.75 PER MONTH)

- + **\$278** Inclusion, with the Annual Assessment, of four Member Photo ID Cards per property to access private amenities
- + **\$262** Salary, wage and benefit increases, and budgeting for all positions
- + **\$141** Increase in Capital Reserve Fund contribution to address the changing needs of the members and address the needs of aging facilities
- + **\$56** Increase in general liability insurance policy and workers compensation costs due to industry losses
- + **\$48** Increase in expenses (excluding utilities and insurance) due to inflation and market rate increases
- + **\$16** Increase in utilities due to industry rate increases
- **\$393** Increase of Winter Operations revenue from re-opening of the Downhill Ski Resort lodge
- **\$33** Increase in revenue from public amenities, including increased offerings, programs and visitation
- **\$30** Increase in revenue from Food and Beverage, including extended operating hours, banquet services growth and a hot food menu returning to Alder Creek Cafe
- **\$18** Increase of capitalized labor allocation in Forestry for additional Repair + Replacement Fund work
- **\$6** Net revenue increase across HOA Support operations to cover direct costs of member support transactions

= + **\$321** TOTAL CHANGE IN ANNUAL ASSESSMENT

FACTS + FIGURES ABOUT YOUR ASSOCIATION

ESTIMATES AS OF NOV. 2025; SUBJECT TO CHANGE

- 6,473 Member Property Owners
- 25,000 Members
- Established in 1971
- 92% Built-Out
- Owned and Managed by the Property Owners
- 7,000 Acres
- 120,000 Square Feet of Conditioned Space
- 80,000 Tons of Green Waste Removed Annually
- Over 63,000 Trees Planted in Past Decade
- 62 Miles of Paved Public Roads
- 75+ Miles of Trails (and More Planned)
- \$6.1 Billion Estimated Tahoe Donner Community Real Estate Value

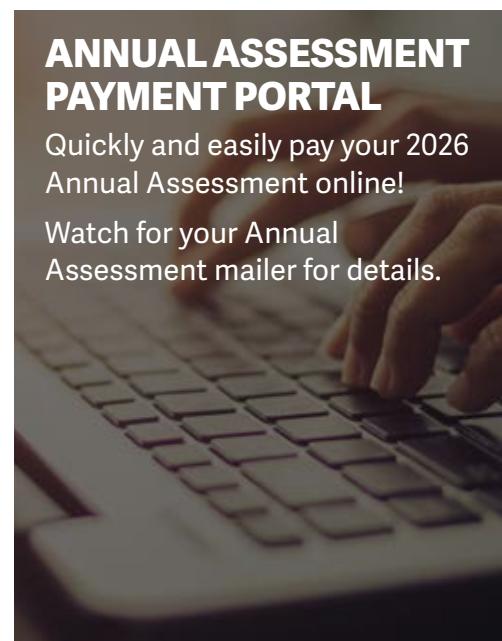
OWN AND OPERATE

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

ANNUAL ASSESSMENT PAYMENT PORTAL

Quickly and easily pay your 2026 Annual Assessment online!

Watch for your Annual Assessment mailer for details.



**SEASON PASS
PRICES INCREASE
DECEMBER 1**

DOWNSHILL | CROSS COUNTRY | COMBO

LEARN MORE AT TAHOEDONNER.COM/SKISEASONPASSES