2027 BUDGET REPORT



$4,080 ASSESSMENT
An Increase of $459, or 12.7%, from 2026

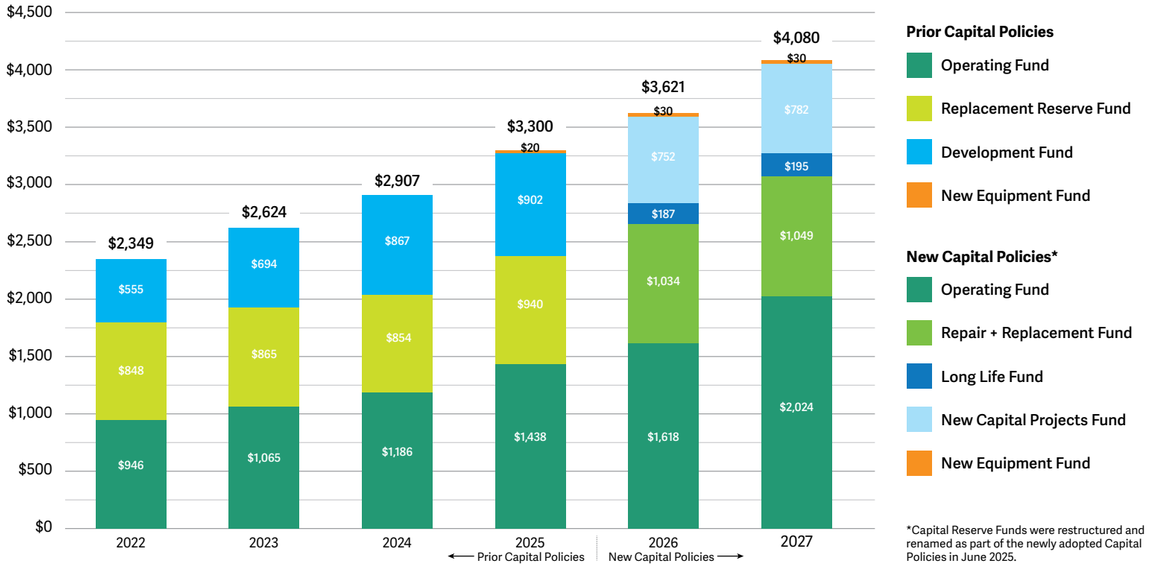
$30.7 MILLION
Total Operating Fund Revenues
Including Assessments

$17.6 MILLION
Total Operating Revenues

TAHOE DONNER

Annual Assessment History

Per Owner



*Capital Reserve Funds were restructured and renamed as part of the newly adopted Capital Policies in June 2025.

Introduction

Dear Members,

At its Oct. 16, 2026 public meeting, the Tahoe Donner Association Board of Directors approved the 2027 Annual Budget and Annual Assessment. The total Annual Assessment for 2027 is $4,080 per property, an increase of $459, or 12.7%, from the 2026 assessment of $3,621.

The budget was developed and approved over the course of four months, led by our professional staff, and included four intensive open Board meetings, with member participation through the Finance, Long-Range Planning and Trails and Open Space committees, as well as general member comments throughout the process.

The increase is primarily attributable to rising operating costs, including California minimum wage increases, property and general liability insurance, employee benefits, taxes, and utilities. The budget also reflects the reclassification of certain recurring expenses from the Repair and Replacement Fund to the Operating Fund, consistent with recommendations from reserve study professionals and the Association's auditors. This change shifts approximately $88 per property between funds and without impact to the total Annual Assessment. Otherwise, increases in capital funds are in line with inflation.

The 2027 budget incorporates reduced yet realistic revenue projections based on historical operating performance and current conditions. While more optimistic revenue assumptions could reduce the assessment on paper, they would also increase the risk of revenue shortfalls. Using achievable projections strengthens financial planning, reduces the potential of needing to draw down minimum operating balances, and limits the risk of future special assessments.

Throughout the budget process, staff reviewed operating expenses, staffing needs, service levels, and potential efficiencies to help manage costs while maintaining safe, reliable, and high-quality amenities and services. The budget also reflects a change in the funding of certain recurring maintenance activities, aligning these costs with the appropriate funding source and improving the long-term transparency of the Association's financial planning.

The 2027 assessment allocations are as follows:

Assessment Fund	2026	2027	Change
Operating Fund	$1,618	$2,024	+$406
Replacement Reserve Fund (RRF)	$1,034	$1,049	+$15
Long Life Fund (LLF)	$187	$195	+$8
New Capital Projects Fund (NCPF)	$752	$782	+$30
New Equipment Fund (NEF)	$30	$30	—
Total Annual Assessment	**$3,621**	**$4,080**	**+$459**

The approved budget also incorporates the Association's updated reserve planning, including a long-term cash-flow analysis designed to support responsible funding decisions over time. Maintaining adequate reserves and realistic operating assumptions is important to protect the Association's financial stability while planning for the future needs of our community. The combined Capital Fund assessment is $2,056 per property, an increase of $53, or approximately 2.6%, from 2026.

The 2027 budget reflects the financial pressures facing the Association, the steps taken to manage costs, and the need to fund both current operations and long-term asset preservation. Our goal is to provide members with dependable amenities and services while maintaining a sustainable financial plan for Tahoe Donner.

We remain committed to managing Association resources responsibly while maintaining the amenities, services, and community experience that make Tahoe Donner special. The Board and staff sincerely appreciate your support in preserving the unique character of our community as you experience all that Tahoe Donner has to offer in this remarkable mountain setting.

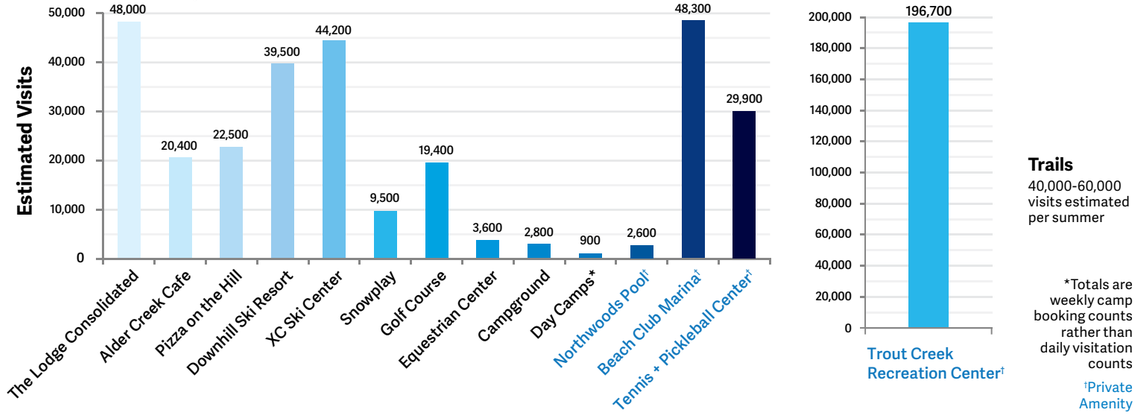
Justin Malley
Director of Finance and Accounting

Don Koenes
Board Member and Association Treasurer

ANY DIFFERENCES IN ASSESSMENT REVENUE DUE TO ROUNDING

Visitation Tools That Help Generate Revenue Projections

2026 Estimated Amenity Visitation Metrics



Trails
40,000-60,000 visits estimated per summer

*Totals are weekly camp booking counts rather than daily visitation counts

†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 2027 ASSESSMENT CONTRIBUTION TO OPERATIONS IS $13,098,761 OR $2,024 PER MEMBER-PROPERTY. THE 2027 AMOUNT REPRESENTS A $406 INCREASE OVER 2026.

The total revenue requirement for a balanced 2027 Operating Fund budget is $30,675,140. Operating revenue, generated by Amenity users, will contribute 57.3% of the requirement ($17,576,379), which leaves the remaining 42.7% ($13,098,761) 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 amenity.

OPERATING REVENUE

Revenue is budgeted at $17,576,379, a decrease of $614,000 (-3.4%) from the prior year budget. Operating revenues remain subject to significant volatility due to winter weather and snowpack conditions, as well as summer air quality impacts from nearby wildfires, which can affect operating dates, visitation, and amenity usage. The 2027 budget reflects more reasonable and achievable revenue targets across operating departments, recognizing the significant volatility associated with winter weather and snowpack conditions, as well as summer air quality impacts from nearby wildfires.

Rather than relying on aggressive revenue growth assumptions, projections prioritize reasonable operating expectations based on historical performance and trends, helping mitigate the risk of revenue shortfalls. Revenue varies by amenity, with increases projected for areas including Equestrian, Golf, Pizza on the Hill (POTH), Alder Creek Cafe (ACC) and the cumulative private amenities departments, while other areas reflect more cautious forecasts based on recent operating results and conditions.

OPERATING PAYROLL

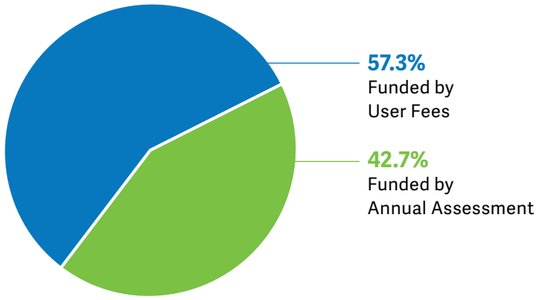
With a 2027 budget of $ 20,638,366, operating payroll represents approximately 63.8% of total operating costs and reflects a 4.9% increase compared with the 2026 budget. Payroll encompasses wages and salaries, payroll taxes, workers' compensation, retirement savings plans and health insurance benefits. Maintaining a competitive workforce remains essential to operating and managing Tahoe Donner's amenities, support departments and administration. Rising labor costs, California minimum wage requirements, employee benefits and the competitive labor market in the Tahoe region

Continued on Page 4 ▶

Continued from Page 3

Operating Fund Revenue Generated by Annual Assessment versus User Fees

Total Operating Fund = $30,675,140



continue to place upward pressure on payroll expenses. The 2027 budget also reflects staffing and compensation requirements across departments to support planned operations and service delivery.

OPERATING EXPENSE

With a 2027 budget of $9,844,167, operating expenses represent approximately 30.4% of total operating costs. This reflects a 17.1% increase compared with the 2026 budget, including the impact of higher operating costs and expenses associated with maintaining Tahoe Donner's amenities and infrastructure. Insurance, utilities, and other operating inputs continue to experience cost pressures. Management remains focused on identifying operational efficiencies and managing discretionary spending while maintaining the facilities, services, and resources necessary to support Association operations.

COST OF GOODS SOLD

The 2027 budget of $1,849,198 represents approximately 5.7% of total operating costs. Cost of Goods Sold (COGS) represents the wholesale cost of retail, food, and beverage products and generally varies with sales volume and product mix. The 2027 budget reflects an overall COGS-to-revenue ratio of approximately 10.5%, consistent with the 2026 budget. Individual departments maintain different COGS ratios based on their operations, with food and beverage departments generally carrying higher product costs than other amenities. Budgeted costs reflect anticipated sales and purchasing requirements while recognizing the importance of managing product costs and maintaining appropriate margins.

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 maintain a reserve funding program that adequately provides for the repair and replacement of existing community-owned assets. An extensive, onsite review of the association's 30-year reserve funding schedule is conducted by the association's reserve specialist every three years, with the most recent review completed in summer 2026. The reserve funding schedule is also reviewed annually by staff to ensure assumptions and funding strategies remain appropriate and reflect current conditions. OVER 2,300 INDIVIDUAL ITEMS ARE TRACKED IN

Continued on Page 5 ▶

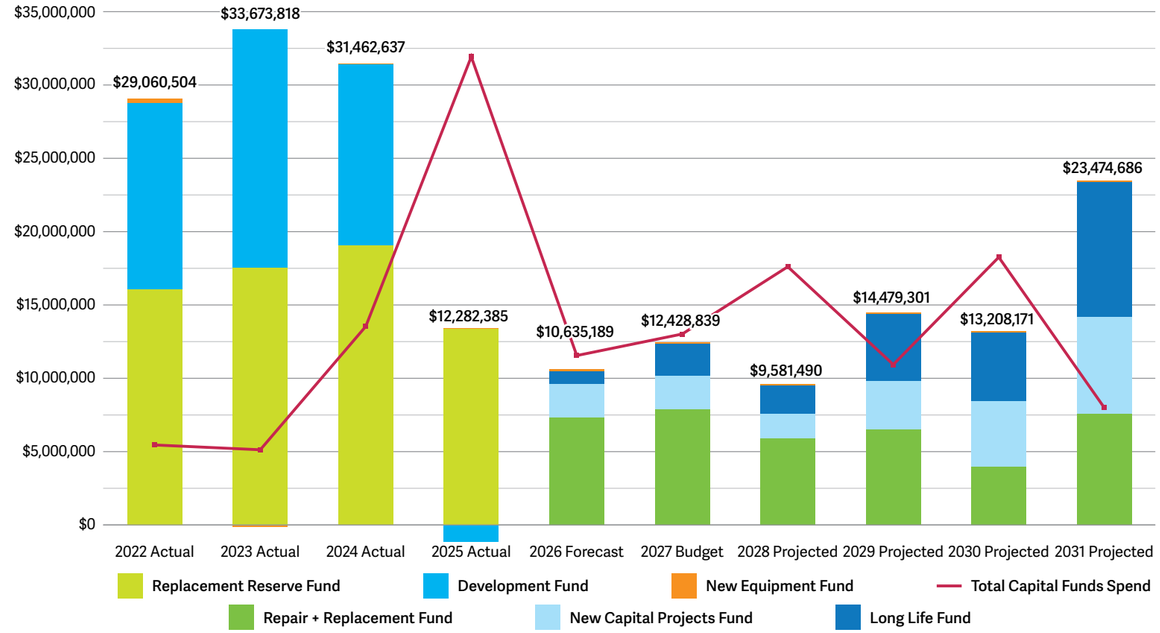
Repair + Replacement Fund Analysis

Tahoe Donner Association 2027 Budget	Total Estimated Current Replacement Cost	Allocation of Accumulated Funds (Dec. 31, 2026)	100% Funded Allocation (Dec. 31, 2026)
Administration	$ 942,552	$ 104,150	$ 601,104
Alder Creek Cafe	251,464	34,506	199,156
Beach Club Marina	1,988,124	154,603	892,298
Bikeworks	164,500	18,907	109,124
Campground	1,551,586	182,760	1,054,809
Capital Projects	456,835	44,230	255,276
Chalet House (Employee Housing)	381,262	47,948	276,737
Cross Country Ski Center	5,490,433	591,561	3,414,219
Cross Country Snowmaking	1,107,104	60,718	350,436
Equestrian Center	1,692,109	183,730	1,060,408
Food Trailer	72,900	10,382	59,918
Forestry	5,650,689	469,120	2,707,548
General Maintenance	951,457	116,757	673,870
Golf			
Golf Complex	1,146,742	148,609	857,703
Golf Complex Cart Storage	770,000	85,542	493,710
Golf Course	11,174,074	1,065,339	6,148,652
Lodge Golf	12,000	1,471	8,489
Information Technology	2,294,557	260,119	1,501,287
Maintenance	3,913,309	410,554	2,369,528
Northwoods Pool Building	420,908	54,794	316,244
Northwoods Clubhouse	3,797,659	472,167	2,725,132
Pizza on the Hill	500,051	53,945	311,344
Recreation Hut	696,914	94,009	542,575
Risk	38,000	1,189	6,863
Downhill Ski Resort			
Mountain Operations	13,140,748	462,451	2,669,058
Ski Lodge - All Areas	166,840	2,280	13,158
Winter Food + Beverage	801,001	18,284	105,528
Lift Maintenance	4,655,802	595,824	3,438,824
Parking	45,460	516	2,975
Rental + Retail	787,998	89,141	514,483
Rentals	72,846	1,720	9,927
Snowmaking	1,061,713	123,395	712,180
Top Shop	474,443	69,741	402,512
Top Shop Parking	63,500	2,836	16,370
Snowplay	145,270	15,872	91,605
Tennis Complex	2,424,189	287,694	1,660,437
Tennis Complex Access Road	70,245	9,927	57,294
The Lodge Restaurant & Pub	5,516,372	634,865	3,664,153
Trails	7,000,034	398,157	2,297,980
Trout Creek Recreation Center			
Building	2,853,731	339,487	1,959,361
Basketball Area	10,037	1,163	6,711
Parking	137,114	10,864	62,701
Pool + Spa Area	2,587,589	292,591	1,688,703
TOTALS	**$ 87,480,161**	**$ 8,023,917**	**$ 46,310,390**

Note: Projected accumulated funds at Dec. 31, 2026 equal approximately **17.33%** 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



THE 30-YEAR RESERVE FUNDING SCHEDULE, WITH A CURRENT ESTIMATED REPLACEMENT VALUE OF APPROXIMATELY $87,500,000. 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) 2027 budgeted expenditures total is $7,254,673. Components scheduled for 2027 may not necessarily be expended, based on management and board review, the availability of contractors and other contributing factors.

The 2027 Annual Assessment contribution to the RRF per the 30-year reserve funding schedule is $1,049 per property owner. The total funds provided to the RRF in 2027 will be $6,790,132.

The following outlines notable 2027 budget year planned expenditure items in excess of $250,000:

TROUT CREEK RECREATION CENTER POOL PAVERS, $509,512: Combined with Recreation Pool deck Trex replacement of $169,069 and soft costs of $50,845 for improvements to the Recreation Pool deck and pavers, totaling $729,426.

OTHER ASSOCIATION REAL PROPERTY CORRECTIVE MAINTENANCE, $278,381: Forestry maintenance on Association-owned property not considered common area.

COMMON AREA FUELS CORRECTIVE MAINTENANCE – YEAR 4, $251,398: Fuel reduction and corrective maintenance in common areas within Units 2 and 8.

The forecasted ending balance of the Fund in 2027 is $7,902,988.

Long Life Expenditures Budgeted

The Long Life Fund's (LLF) 2027 budgeted expenditures total is $285,443. The 2027 Annual Assessment contribution to the LLF is $195 per property owner. The total funds provided to the LLF in 2027 will be $1,262,235.

The following outlines notable 2027 budget year planned expenditure items in excess of $100,000:

NORTHWOODS CAMPUS MASTER PLAN – NORTHWOODS CLUBHOUSE BUILDING, $106,000: Planning for the phased remodel or replacement of the Northwoods Clubhouse, originally built in 1971.

LIFE MAINTENANCE BUILDING RELOCATION + REPLACEMENT, $106,000: Planning to replace and relocate the lower lift maintenance building to improve storage, skier circulation and alignment with the new Downhill Ski Lodge.

The forecasted ending balance of the Fund in 2027 is $2,191,988.

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 building replacements, amenity expansions and additions and recreational land and infrastructure improvements. The DF includes

Continued on Page 6 ▶

ANY DIFFERENCES IN ASSESSMENT REVENUE DUE TO ROUNDING

Continued from Page 5

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 served as an important reminder that many of the facilities built around the community's opening in 1971 were nearing or had reached the end of their useful lives. The replacement of the Downhill Ski Lodge in 2025 represents a significant investment in addressing these aging infrastructure needs. Other facilities continue to require attention due to age, deferred maintenance and issues affecting the services they provide. The board has a responsibility under California law to ensure adequate funding sources are available to address these capital needs and preserve the community's assets for future generations.

New Capital Projects Expenditures Budgeted

The New Capital Projects Fund's (NCPF) 2027 budgeted expenditures total is $5,318,985. Components scheduled for 2027 may not necessarily be expended, based on management and board review, the availability of contractors and other contributing factors.

The 2027 Annual Assessment contribution to the NCPF is $782 per property owner. The total funds provided to the NCPF in 2027 will be $5,061,886.

The following outlines notable 2027 budget year planned expenditure items in excess of $250,000:

WORKFORCE HOUSING IMPLEMENTATION PLAN, $3,993,000: Planned purchase of a multi-residential complex to provide employee housing and support employee recruitment and retention.

The forecasted ending balance of the Fund in 2027 is $2,268,616.

New Equipment Expenditures Budgeted

The New Equipment Fund's (NEF) 2027 budgeted expenditures total is $267,237. The 2027 Annual Assessment contribution to the NEF is $30 per property owner. The total funds provided to the NEF in 2027 will be $194,190.

Assets scheduled for 2027 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 2027 is $65,246.

2027 BUDGET SUMMARY – BY FUND

Number of Properties = 6,473

	2027 Budget	$ per Property
OPERATING FUND		
Beginning Balance, Start of Year	$ 2,758,122	$ 426
Assessment Contribution	13,098,761 *(A1)*	2,024
Net Operating Results	(13,098,761)	(2,024)
Operating Fund, Year-End Balance	**$ 2,758,122**	**$ 426**
REPAIR + REPLACEMENT FUND (RRF)		
Beginning Balance, Start of Year	$ 8,023,917	$ 1,240
Assessment Contribution	6,790,132 *(A2)*	1,049
Surplus Contribution	-	-
Interest Income	343,612	54
Salvage Receipts	-	-
Expenditures for Capital Additions	(7,254,673)	(1,121)
Repair + Replacement Fund, Year-End Balance	**$ 7,902,988**	**$ 1,221**
LONG LIFE FUND (LLF)		
Beginning Balance, Start of Year	$ 1,143,038	$ 177
Assessment Contribution	1,262,235 *(A3)*	195
Surplus Contribution	-	-
Interest Income	72,158	12
Expenditures for Capital Additions	(285,443)	(45)
Long Life Fund, Year-End Balance	**$ 2,191,988**	**$ 339**
NEW CAPITAL PROJECTS FUND (NCPF)		
Beginning Balance, Start of Year	$ 2,304,717	$ 357
Assessment Contribution	5,061,886 *(A4)*	782
Surplus Contribution	-	-
Interest Income	220,998	35
Expenditures for Capital Additions	(5,318,985)	(822)
New Capital Projects Fund, Year-End Balance	**$ 2,268,616**	**$ 351**
NEW EQUIPMENT FUND (NEF)		
Beginning Balance, Start of Year	$ 131,437	$ 21
Assessment Contribution	194,190 *(A5)*	30
Interest Income	6,856	2
Expenditures for Capital Additions	(267,237)	(42)
New Equipment Fund, Year-End Balance	**$ 65,246**	**$ 11**

2027 ANNUAL ASSESSMENT RECAP

Operating Fund	$ 13,098,761 *(A1)*	$ 2,024	50%
Capital Funds			
Repair + Replacement Fund (RRF)	6,790,132 *(A2)*	1,049	26%
Long Life Fund (LLF)	1,262,235 *(A3)*	195	5%
New Capital Projects Fund (NCPF)	5,061,886 *(A4)*	782	19%
New Equipment Fund (NEF)	194,190 *(A5)*	30	1%
Capital Funds, Subtotal	$ 13,308,443	$ 2,056	50%
Annual Assessment – Total	**$ 26,407,204**	**$ 4,080**	100%

Note: *All Start of Year and Year-End Balance figures are estimates and subject to change*

2027 BUDGET SUMMARY – OPERATING FUND

	Operating Revenue (REV)	Operating Expenditures Total (EXP)	Net Operating Result (NOR)	Capital Allocation (CA)	Net Operating Result Including Capital Allocation (NORCA)
PRIVATE AMENITIES					
Trout Creek Recreation Center/Aquatics	$445,147	-$1,885,398	-$1,440,251	$0	-$1,440,251
Recreation Programs/Day Camps	$672,990	-$602,110	$70,880	$0	$70,880
Beach Club Marina	$691,875	-$702,315	-$10,440	$0	-$10,440
Tennis Center	$451,945	-$623,969	-$172,024	$0	-$172,024
TOTAL PRIVATE AMENITIES	**$2,261,957**	**-$3,813,792**	**-$1,551,835**	**$0**	**-$1,551,835**
PUBLIC AMENITIES					
Downhill Ski Resort	$5,640,121	-$4,369,666	$1,270,455	$0	$1,270,455
Cross Country Ski Center	$1,844,768	-$1,329,463	$515,304	$0	$515,304
Snowplay Sledding and Tubing	$236,101	-$226,234	$9,867	$0	$9,867
Equestrian Center	$169,801	-$364,933	-$195,132	$0	-$195,132
Campground	$142,212	-$133,487	$8,725	$0	$8,725
Trails	$0	-$497,725	-$497,725	$182,330	-$315,394
Bikeworks	$215,763	-$235,718	-$19,954	$0	-$19,954
Golf Course	$1,927,306	-$2,235,006	-$307,700	$0	-$307,700
Alder Creek Cafe	$563,738	-$730,512	-$166,774	$0	-$166,774
The Lodge Restaurant & Pub and Summer F+B	$2,401,091	-$2,972,864	-$571,773	$0	-$571,773
Pizza on the Hill	$713,491	-$806,061	-$92,570	$0	-$92,570
TOTAL PUBLIC AMENITIES	**$13,854,391**	**-$13,901,667**	**-$47,275**	**$182,330**	**$135,055**
TOTAL AMENITIES	**$16,116,349**	**-$17,715,459**	**-$1,599,110**	**$182,330**	**-$1,416,780**
HOMEOWNERS ASSOCIATION OPERATIONS					
General HOA	$0	-$1,271,170	-$1,271,170	$0	-$1,271,170
Community Standards Office *Formerly Architectural Standards Office*	$177,741	-$604,989	-$427,248	$0	-$427,248
Forestry, Defensible and Open Space	$179,603	-$1,851,184	-$1,671,581	$414,295	-$1,257,286
TOTAL HOA OPERATIONS	**$357,344**	**-$3,727,343**	**-$3,369,999**	**$414,295**	**-$2,955,704**
AMENITY + HOMEOWNERS ASSOCIATION SUPPORT SERVICES					
Communications	$234,026	-$1,137,184	-$903,158	$0	-$903,158
Facility Administration and Risk Management	$0	-$740,442	-$740,442	$644,830	-$95,611
Administration	$304,196	-$2,518,419	-$2,214,222	$283,800	-$1,930,422
Information Technology	$0	-$1,137,032	-$1,137,032	$25,920	-$1,111,112
Accounting and Finance	$0	-$1,382,913	-$1,382,913	$0	-$1,382,913
Human Resources	$10,000	-$956,181	-$946,181	$0	-$946,181
Workforce Housing	$246,640	-$306,783	-$60,143	$0	-$60,143
Risk	$0	-$647,728	-$647,728	$0	-$647,728
Member Services	$307,824	-$610,232	-$302,408	$0	-$302,408
Maintenance	$0	-$1,452,017	-$1,452,017	$105,415	-$1,346,601
TOTAL SUPPORT SERVICES	**$1,102,686**	**-$10,888,929**	**-$9,786,243**	**$1,059,966**	**-$8,726,277**
Expenses Allocated to Capital Funds	$0				$0
TOTAL OPERATING FUND	**$17,576,379**	**-$32,331,731**	**-$14,755,352**	**$1,656,591**	**-$13,098,761**

ANY DIFFERENCES IN ASSESSMENT REVENUE DUE TO ROUNDING

ASSESSMENT AND REPLACEMENT RESERVE FUNDING DISCLOSURE SUMMARY

(CA CIVIL CODE SECTION 5570)

The 2027 regular Annual Assessment per property is $4,080. The updated 30-year funding and expenditure plan, utilizing a 3.0% annual inflation of repair and replacement costs, requires a contribution to the Repair + Replacement Fund (RRF) of $1,049 per property for 2027, a 1.5% increase over 2026. This amounts to a 2027 contribution to the RRF of $6,790,177. 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 $1,049 Annual Assessment contribution per member-property, the projected fund balance in the RRF at the end of 2027 is $7,902,988.

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 $46,310,390, based in whole or in part on the most recently completed Reserve Study in 2026, prepared by management and Hughes Reserves and Asset Management, Inc. as of summer 2026 along with further updates by staff annually. The projected RRF cash balance at the end of the current fiscal year is $8,023,917, resulting in reserves being 17.3% 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 $50,300,000 in 2027, $52,400,000 in 2028, $56,300,000 in 2029, $56,800,000 in 2030 and $62,300,000 in 2031. The projected RRF cash balance as estimated in each of those years is $7,900,000 in 2027, $5,900,000 in 2028, $6,500,000 in 2029, $4,000,000 in 2030 and $7,600,000 in 2031.

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 4.5% 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, to vote in any election and to access the amenities as a member) for failure to pay the Assessment and of the member's right to a prior hearing thereon, and notice of intent to record a lien against the member's property to secure amounts owed, is sent to owner(s) of record via certified mail.

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

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

May 1: Interest begins accruing on Delinquency Fee.

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

July 1: Interest begins accruing on Lien Fee.

SPECIAL AND SPECIAL INDIVIDUAL ASSESSMENT(S)
Days After Invoicing

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

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

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

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

120 Days: Interest begins accruing on Delinquency Fee.

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

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

TIMELINESS OF PAYMENTS

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

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

APPLICATION OF PAYMENTS

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

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

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

Civil Code Section 5310 requires the following notices:

NOTICE ASSESSMENTS AND FORECLOSURE

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

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay association Assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after Jan. 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent Assessments or dues, exclusive of any accelerated Assessments, late charges, fees, attorney's fees, interest and costs of collection are less than $1,800. For delinquent Assessments or dues in excess of $1,800 or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

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

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

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

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt (Section 5660 of the Civil Code).

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

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

PAYMENTS

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

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

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

MEETINGS AND PAYMENT PLANS

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

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

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

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

PROPERTY/INLAND MARINE/BOILER INSURANCE POLICIES: Lexington Insurance Company; Property Limit – $172,553,320; Deductible – $100,000 per occurrence. Business Income with Extra Expense – $2,000,000. Granite State Insurance Company; Inland Marine coverage includes scheduled lifts – $5,669,315; golf equipment/ golf carts – $1,624,404; blanket mobile equipment – $2,738,958; tee-to-green coverage – $500,000; fixed snowmaking equipment – $2,575,000. Deductibles vary by equipment and coverage. Equipment Breakdown Limit – $100,000,000; Deductible – $25,000.

GENERAL LIABILITY POLICIES: Granite State Insurance Company; Each Occurrence Limit – $1,000,000; General Aggregate – $3,000,000; Products and Completed Operations Aggregate – $3,000,000; Property Damage/Bodily Injury Deductible – $25,000 per occurrence. Employee Benefits Liability – $1,000,000; Deductible – $1,000 per claim. Sexual Misconduct Liability – $1,000,000; Deductible – $25,000.

SEXUAL ABUSE AND MOLESTATION EXCESS LIABILITY POLICIES: Underwriters at Lloyd's of London; Wrongful Acts Limit – $1,000,000; Retention – $5,000. This claims-made policy is maintained to satisfy Truckee Tahoe Unified School District insurance requirements for Tahoe Donner's continued use of the Truckee High School parking lot for Marina overflow parking operations.

EXCESS LIABILITY (UMBRELLA) POLICIES: National Union Fire Insurance Company of Pittsburgh; Limit – $5,000,000 per occurrence; Aggregate – $5,000,000; Retained Limit – $10,000. Additional excess liability coverage over the current Umbrella; Berkley National Insurance Company: Limit – $5,000,000; Markel American Insurance Company: Limit – $10,000,000; Starstone National Insurance Company: Limit – $10,000,000; Westfield Specialty Insurance Company: Limit – $10,000,000; Liberty Surplus Insurance Corporation: Limit – $10,000,000.

CRIME POLICIES: Granite State Insurance Company; Employee Theft Limit – $500,000; Deductible – $5,000 per occurrence. Additional coverage includes Forgery or Alteration – $250,000; Computer and Funds Transfer Fraud – $250,000; Theft of Money and Securities – $25,000. Additional excess crime coverage: Travelers Casualty and Surety Company of America: Limit – $5,000,000; Great American Insurance Company: Limit – $20,000,000.

CYBER LIABILITY INSURANCE POLICIES: Hiscox Insurance Company; Cyber Aggregate Limit – $1,000,000; Deductible – $5,000. Additional coverage includes Bricking Costs – $1,000,000; Cyber Crime (Funds Transfer Fraud, Social Engineering, and Reverse Social Engineering) – $250,000; Dependent Business Interruption – $1,000,000; Dependent System Failure – $1,000,000; Enhanced Privacy Regulation – $1,000,000; Reputational Harm – $1,000,000; System Failure – $1,000,000; Utility Fraud – $1,000,000; Digital Media Liability – $1,000,000.

EARTHQUAKE AND FLOOD INSURANCE POLICIES: Lexington Insurance Company; Earthquake Limit – $3,000,000 per occurrence; Deductible – $100,000. Flood Limit – $3,000,000 per occurrence; Deductible – $100,000.

POLLUTION POLICIES: Palomar; Limit – $1,000,000 per occurrence; General Aggregate – $2,000,000; Deductible – $25,000

TERRORISM/SABOTAGE/ACTIVE SHOOTER POLICIES: Underwriters at Lloyd's of London; Terrorism and Sabotage Limit – $159,185,770 per occurrence aggregate; Deductible – $5,000. Business Interruption Limit – $2,000,000; Deductible – $5,000. Active Shooter and Malicious Attack General Aggregate – $1,000,000.

DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICIES: Swiss Re Corporate Solutions America Insurance; Directors and Officers Limit – $5,000,000 per claim; Aggregate – $5,000,000; Deductible – $50,000. Employment Practices Liability – $5,000,000 per claim; Aggregate – $5,000,000; Deductible – $75,000. Wage and Hour Coverage – $100,000; Deductible – $100,000. Fiduciary Liability – $1,000,000 per claim; Aggregate – $1,000,000; Deductible – $0.

DIRECTORS AND OFFICERS EXCESS LIABILITY INSURANCE POLICIES: RSUI Indemnity Company: Limit – $5,000,000; Ironshore Specialty Insurance Company: Limit – $10,000,000; Landmark American Insurance Company: Limit – $5,000,000; Houston Specialty Insurance Company: Limit – $5,000,000.

BUSINESS AUTOMOBILE POLICIES: New Hampshire Insurance Company; Combined Single Limit – $1,000,000; Comprehensive Deductible – $1,000; Collision Deductible – $1,000.

THE CIVIL CODE REQUIRES THAT THE FOLLOWING STATEMENT APPEARS:

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

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.

Photo Credits:
Cover – Nikki Ritcher, showing the Beach Club Marina patio on a morning in July 2025.

Page 12 – Court Leve, sunrise over Tahoe Donner Golf Course Hole 18.

2027 BUDGET **SUMMARY**

$4,080 ANNUAL ASSESSMENT

PER OWNER PROPERTY
(DUE JAN. 1, 2027)

VERSUS 2026 – AN INCREASE OF $459 ($38.25 PER MONTH)

+	$95	Lowered revenue projections in public amenities to reflect more reasonable target expectations given weather volatility risks
+	$88	Shift of components from Repair + Replacement Fund to Operating Fund, as recommended by the Repair + Replacement Fund Study Expert and Tahoe Donner's Auditors
+	$70	Payroll impact of new California minimum wage
+	$60	Increase in state, federal and local taxes (primarily property taxes)
+	$56	Increase in general liability insurance policy costs due to market pressures
+	$53	Increase of capital contributions to the Reserve Fund accounts (LLF, NCPF, NEF and RRF)
+	$35	Increase in utilities due to industry rate increases and new Truckee Donner Public Utility District market pricing
+	$30	Increase in employee benefit costs due to market pressures with no plan changes
-	$28	Net budgeted savings across all departments
= +	$459	**TOTAL CHANGE IN ANNUAL ASSESSMENT**

FACTS + FIGURES ABOUT YOUR ASSOCIATION

ESTIMATES AS OF NOV. 2025; SUBJECT TO CHANGE

- 6,473 Member Properties
- 23,500 Members
- Established in 1971
- 92.5% 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)
- $7.35 Billion Estimated Tahoe Donner Community Real Estate Value

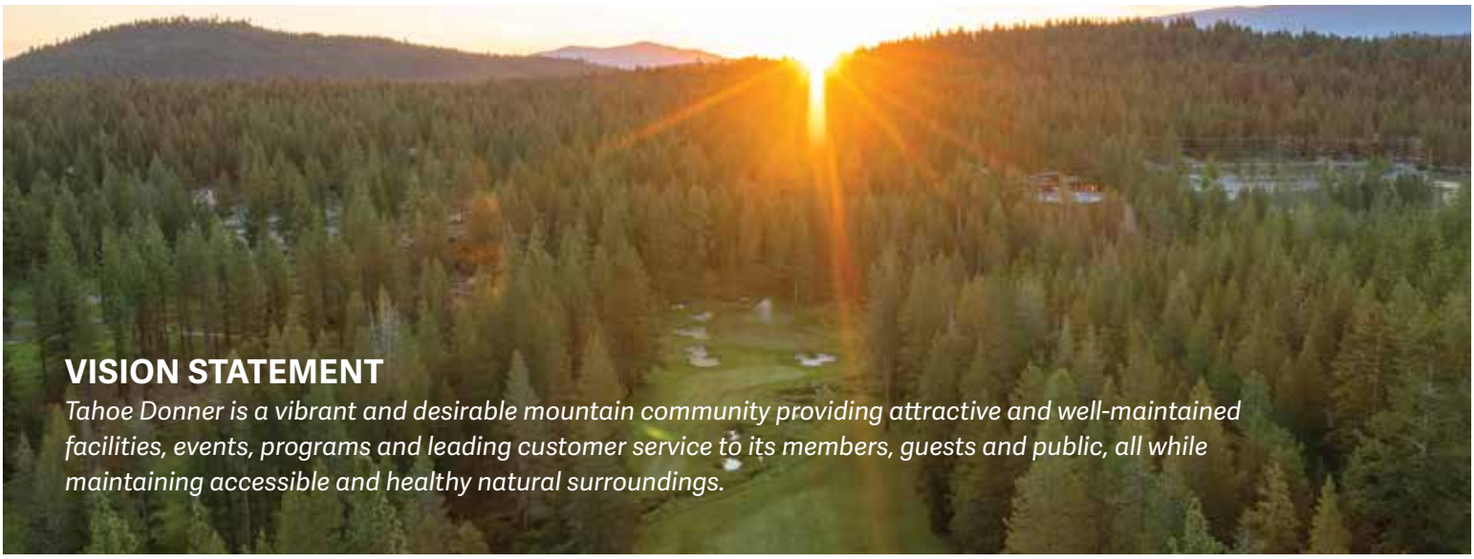
OWN AND OPERATE

- 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 2027 Annual Assessment online!

Watch for your Annual Assessment mailer for details.



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.

ANY DIFFERENCES IN ASSESSMENT REVENUE DUE TO ROUNDING