

INFORMATION



December 6, 2019

Subject: 5501 Committee Report – 11/26/19 Meeting on October 2019 Financial Records

BACKGROUND:

California recently passed AB2912, effective January 1, 2019, that created new civil code 5500/5501.

1. Civil Code 5500 Items Monthly Review Meeting Items
 - a. Current reconciliation of the association's operating accounts,
 - b. Current reconciliation of the association's reserve accounts,
 - c. Current year's actual operating revenues and expenses compared to budget,
 - d. Latest account statements prepared by the financial institutions for all accounts,
 - e. An income and expense statement for the association's operating and reserve accounts, and
 - f. Check register, monthly general ledger, and delinquent assessment receivable reports
2. Civil Code Monthly CA5501 Report
 - a. A statement that subcommittee members have reviewed the items in (1) above,
 - b. A statement regarding any noteworthy findings, including any corrections to be made in a further review of the month and or subsequent months, and
 - c. Acknowledgment by subcommittee participants of their participation in the review.

REPORT:

- a. The committee met on November 26, 2019 from 2:00pm to 3:30pm and reviewed items in (1) above for October 2019 financial records.
- b. The committee reviewed October Financial Statements/Report. October Operating Fund NOR loss of \$895,000 was on Budget, favorable \$1,000. YTD October Operating Fund NOR is favorable \$536,00/12% to Budget. Golf had an under-performing season, with October revenue off budget \$24,000/38% and NOR off \$37,000/46%. Golf YTD October to budget, revenue off \$452,000/39% and NOR is off \$408,000.
- c. The committee performed a review of October investments reconciliation and reporting. Investments remain heavy in US Treasuries and short on maturities. The investments subcommittee continues to evaluate the long-term strategy. Review noted no exceptions to compliance with current Investment Policy # 2015-5.
- d. The committee reviewed the trial balance, General Ledger, check register and supporting reconciliations. Several check payments were reviewed and reconciliations for Catering Deposits, Incentive Accrual and PTO accrual were reviewed in detail.
- e. The committee reviewed member delinquent accounts receivable reports. Note, the full Board is briefed in executive session monthly on this matter.

INFORMATION



f. Other discussion items included:

Consolidated Results reporting. The committee reviewed the new section F05 Consolidated All Funds report and thanks Accounting staff for developing this new requested report; providing a company as-a-whole financial results, comparative to Budget and Prior Year. See Attachment A of this report for further information.

Potential need for legal clarification regarding annual approval of financial transfers under AB2912.

Need for communication to members for remaining banquet events taking place in the Tent. Salmon to discuss with Marketing. Report to the Board the date of the last tent event scheduled for 2020. Below are the eight Lodge tent events booked for 2020, event date and guest count:

06/27/20	Lawn & Tent	150
06/28/20	Tent, Grotto, Lawn	100
07/11/20	Tent, Grotto, Lawn	150
07/18/20	Tent, Grotto, Lawn	150
07/25/20	Tent, Grotto, Lawn	125
08/29/20	Pavillion	150
09/12/20	Tent, Grotto, Lawn	220
09/19/20	Tent, Grotto, Lawn	100

g. The committee noted no adjustments necessary to the October 2019 financial statements. Items for follow-up at a future date include the following:

Old, remains outstanding:

1. Investments accounting and reconciliation, cross-training (target by June 2020). [Salmon]
2. Report to the Board on the ADA remodel of Northwoods bathrooms (contractors, costs) [Salmon]

h. Committee Attendees (Acknowledgment received via email confirmation for all listed below)

1. Jeff Connors, Treasurer
2. Jennifer Jennings, Board Member
3. Steve Mahoney, Finance Committee designee
4. Marty Anderson, Finance Committee designee
5. John Dundas, Finance Committee designee
6. Michael Salmon, Director of Finance
7. Melanie Rives, Controller

i. Next 5501 Meeting – November Review is scheduled for December 23, 2019 (Board – Treasurer and Wu) (Finance Committee –Dundas)

Prepared by: Michael Salmon, Director of Finance

Board Agenda Meeting Date for Ratification: December 14, 2019

GM Approval for Agenda: _____

Attachment A

Forecast YE 12/31/2019 - Consolidated Members' Equity Change

\$	4,234,000	YTD October Actuals - change in consolidated members' equity	< see next 2 pages, yellow highlight
	(1,239,000)	OPF - Nov.Dec - NOR at Budget (\$947k Nov) (\$292k Dec)	
	1,239,000	OPF - Nov.Dec - Assessment Revenue	
	(394,000)	RRF - Nov.Dec - Expenditure - Expenses (F14, pg5of13) diff between YTD Act and Forc	
	(33,000)	RRF - Nov.Dec - other income/expense, net	
	(29,000)	DVF - Nov.Dec - Expenditure - Expenses diff between YTD Act and Forc	
	9,000	DVF - Nov.Dec - other income/expense, net	
	(550,000)	PF - Nov.Dec - Depreciation Expense	
\$	3,237,000	Forecast 2019 - change in consolidated members' equity	
\$	500	<i>per owner</i>	
		<i>5.4% increase over YE 12/31/2018 ME</i>	

Forecast YE 12/31/2019 - Members' Equity Changes - Recap by Fund

	536,000	OPF - NOR fav to Budget	
	900,000	PF - Capital Additions (4.2m) in excess of Depreciation (\$3.3m)	
	730,000	RRF - Expenditures (\$3,931,000) less than Assessment Revenues (\$4,661,000)	
	753,000	DVF - Expenditures (\$1,415,000) less than Assessment Revenues (\$2,168,000)	
	-	NEF - Expenditures (\$194,000) less than Assessment Revenues (\$194,000)	
	169,000	RRF - investment income > expenses net change	
	142,000	DVF - investment income > expenses net change	
	7,000	NEF - investment income > expenses net change	
	-	OPF to RRF Transfer of \$1m (no change in consolidated ME)	
\$	3,237,000	Forecast 2019 - change in consolidated members' equity	

Tahoe Donner Association
Consolidated Statement of Revenues, Expenses and Changes in Members' Equity
For the ten months ending October 2019

See next page for same information presented differently.

	Actual	Budget	Prior Yr	Variance to Budget		Variance to PriorYr		
				Amount	Pctg	Amount	Pctg	
Operating Fund								
Operating Revenue	\$ 12,375,967	\$ 12,289,000	\$ 11,014,029	\$ 86,967	1%	\$ 1,361,937	12%	
Operating Costs	(16,296,612)	(16,746,000)	(15,850,333)	449,388	3%	(446,280)	-3%	
Net Operating Result	<u>(3,920,645)</u>	<u>(4,457,000)</u>	<u>(4,836,303)</u>	536,355	12%	915,658	19%	
Assessment Revenue	4,457,000	4,457,000	4,863,000	-	0%	(406,000)	-8%	
Members Equity Transfer	(1,000,000)	-	(500,000)	(1,000,000)	#DIV/0!	(500,000)	100%	
Change in Members' Equity	<u>\$ (463,645)</u>	<u>\$ -</u>	<u>\$ (473,303)</u>	<u>\$ (463,645)</u>	NA	<u>\$ 9,658</u>	<u>2%</u>	
Replacement Reserve Fund								
Investment Income	\$ 241,638	\$ 143,330	\$ 176,272	\$ 98,308	69%	\$ 65,366	37%	
Expenditures - Capital	(1,744,429)	(3,100,830)	(2,695,509)	1,356,401	44%	951,080	35%	
Expenditures - Expense	(806,029)	(1,099,170)	(780,536)	293,141	27%	(25,493)	-3%	
Fund Expenses (allocated OH new 2019)	(84,126)	(84,126)	(19,500)	-	0%	(64,626)	-331%	
Assets Sale Proceeds	45,143	25,000	64,054	20,143	81%	(18,911)	-30%	
Net Result	<u>(2,347,803)</u>	<u>(4,115,796)</u>	<u>(3,255,219)</u>	1,767,993	43%	907,416	28%	
Assessment Revenue	4,661,000	4,661,000	4,013,000	-	0%	648,000	16%	
Members Equity Transfer	1,000,000	-	500,000	1,000,000	#DIV/0!	500,000	100%	
Change in Members' Equity	<u>\$ 3,313,197</u>	<u>\$ 545,204</u>	<u>\$ 1,257,781</u>	<u>\$ 2,767,993</u>	<u>508%</u>	<u>\$ 2,055,416</u>	<u>163%</u>	
Development Fund								
Investment Income	\$ 143,084	\$ 71,670	\$ 68,468	\$ 71,414	100%	\$ 74,616	109%	
Expenditures - Capital	(516,406)	(1,583,330)	(337,228)	1,066,924	67%	(179,178)	-53%	
Expenditures - Expense	(10,309)	-	-	(10,309)	#DIV/0!	(10,309)	#DIV/0!	
Fund Expenses (alloacted OH new 2019)	(110,378)	(110,377)	(11,833)	(1)	0%	(98,545)	-833%	
Net Result	<u>(494,009)</u>	<u>(1,622,037)</u>	<u>(280,593)</u>	1,128,028	70%	(213,416)	-76%	
Assessment Revenue	2,168,000	2,168,000	2,007,000	-	0%	161,000	8%	
Change in Members' Equity	<u>\$ 1,673,991</u>	<u>\$ 545,963</u>	<u>\$ 1,726,407</u>	<u>\$ 1,128,028</u>	<u>207%</u>	<u>\$ (52,416)</u>	<u>-3%</u>	
New Equipment Fund								
Investment Income	\$ 5,995	\$ 2,500	\$ 2,808	\$ 3,495	140%	\$ 3,187	114%	
Expenditures - Capital	(108,302)	(155,830)	(167,976)	47,528	31%	59,674	36%	
Expenditures - Expense	-	-	-	-	#DIV/0!	-	#DIV/0!	
Net Result	<u>(102,306)</u>	<u>(153,330)</u>	<u>(165,168)</u>	51,024	33%	62,862	38%	
Assessment Revenue	194,000	194,000	194,000	-	0%	-	0%	
Change in Members' Equity	<u>\$ 91,694</u>	<u>\$ 40,670</u>	<u>\$ 28,832</u>	<u>\$ 51,024</u>	<u>125%</u>	<u>\$ 62,862</u>	<u>218%</u>	
Property Fund								
Expenditures - Capital (increase ME in Fund)	\$ 2,369,136	\$ 4,839,990	\$ 3,200,712	\$ (2,470,854)	-51%	\$ (831,576)	-26%	
Depreciation Expense / Chg in ME for Fund	(2,750,000)	(2,750,000)	(2,701,000)	-	0%	(49,000)	-2%	
Change in Members' Equity	<u>\$ (380,864)</u>	<u>\$ 2,089,990</u>	<u>\$ 499,712</u>	<u>\$ (2,470,854)</u>	<u>-118%</u>	<u>\$ (880,576)</u>	<u>-176%</u>	
Consolidated Change in Members' Equity	\$ 4,234,372	\$ 3,221,827	\$ 3,039,429	\$ 1,012,545	31%	\$ 1,194,943	39%	

Tahoe Donner Association
Consolidated Statement of Revenues, Expenses and Changes in Members' Equity
For the ten months ending October 2019

See prior page for same information presented differently.

	Actual	Budget	Prior Yr	Variance to Budget		Variance to Prior Yr		
				Amount	Pctg	Amount	Pctg	
Operating Fund								
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Operating Costs	<u>(16,296,612)</u>	<u>(16,746,000)</u>	<u>(15,850,333)</u>	449,388	3%	(446,280)	-3%	
Net Operating Result	<u>(3,920,645)</u>	<u>(4,457,000)</u>	<u>(4,836,303)</u>	536,355	12%	915,658	19%	
Replacement Reserve Fund								
Investment Income	241,638	143,330	176,272	98,308	69%	65,366	37%	
Expenditures - Expense	(806,029)	(1,099,170)	(780,536)	293,141	27%	(25,493)	-3%	
Fund Expenses (allocated OH new 2019)	(84,126)	(84,126)	(19,500)	-	0%	(64,626)	-331%	
Assets Sale Proceeds	<u>45,143</u>	<u>25,000</u>	<u>64,054</u>	20,143	81%	(18,911)	-30%	
Net Result	<u>(603,374)</u>	<u>(1,014,966)</u>	<u>(559,711)</u>	411,592	41%	(43,664)	-8%	
Development Fund								
Investment Income	143,084	71,670	68,468	71,414	100%	74,616	109%	
Expenditures - Expense	(10,309)	-	-	(10,309)	#DIV/0!	(10,309)	#DIV/0!	
Fund Expenses (allocated OH new 2019)	<u>(110,378)</u>	<u>(110,377)</u>	<u>(11,833)</u>	(1)	0%	(98,545)	-833%	
Net Result	<u>22,397</u>	<u>(38,707)</u>	<u>56,635</u>	61,104	158%	(34,238)	-60%	
New Equipment Fund								
Investment Income	5,995	2,500	2,808	3,495	140%	3,187	114%	
Expenditures - Expense	-	-	-	-	#DIV/0!	-	#DIV/0!	
Fund Expenses	<u>-</u>	<u>-</u>	<u>-</u>	-	#DIV/0!	-	#DIV/0!	
Net Result	<u>5,995</u>	<u>2,500</u>	<u>2,808</u>	3,495	140%	3,187	114%	
Property Fund								
Depreciation Expense	(2,750,000)	(2,750,000)	(2,701,000)	-	0%	(49,000)	-2%	
Net Result, Before Assessment Revenue	<u>\$ (7,245,628)</u>	<u>\$ (8,258,173)</u>	<u>\$ (8,037,571)</u>	<u>\$ 1,012,545</u>	<u>12%</u>	<u>\$ 791,943</u>	<u>10%</u>	
Assessment Revenue	11,480,000	11,480,000	11,077,000	-	0%	403,000	4%	
Consolidated Change in Members' Equity	<u>\$ 4,234,372</u>	<u>\$ 3,221,827</u>	<u>\$ 3,039,429</u>	<u>\$ 1,012,545</u>	<u>31%</u>	<u>\$ 1,194,943</u>	<u>39%</u>	
Capital Funds - Capital Expenditures (cash asset to capital asset, no change in Consolidated Members' Equity)								
Replacement Reserve Fund	(1,744,429)	(3,100,830)	(2,695,509)	1,356,401	44%	951,080	35%	
Development Fund	(516,406)	(1,583,330)	(337,228)	1,066,924	67%	(179,178)	-53%	
New Equipment Fund	(108,302)	(155,830)	(167,976)	47,528	31%	59,674	36%	
Total Capital Expenditures	<u>\$ (2,369,136)</u>	<u>\$ (4,839,990)</u>	<u>\$ (3,200,712)</u>	<u>\$ 2,470,854</u>	<u>51%</u>	<u>\$ 831,576</u>	<u>26%</u>	
Members Equity Transfers:								
From - Operating Fund	(1,000,000)	-	(500,000)	(1,000,000)		(500,000)		
To - Replacement Reserve Fund	1,000,000	-	500,000	1,000,000		500,000		
To - Development Fund	-	-	-	-		-		

Tahoe Donner Association
Operating Fund - Consolidated P&L by Component
For the ten months ending October 2019

Total Operating Fund - YTD						Component	Amenities - YTD				Homeowners Association - YTD						
Actual	Budget	Prior Yr	Variance to Budget		Variance to PriorYr		Actual	Variance to Budget		Variance to PriorYr		Actual	Variance to Budget		Variance to PriorYr		
			Amount	Pctg	Amount			Pctg	Amount	Pctg	Amount		Pctg	Amount	Pctg	Amount	Pctg
\$ 12,375,967	\$ 12,289,000	\$ 11,014,029	\$ 86,967	1%	\$ 1,361,937	12%	\$ 11,710,455	\$ 16,855	0%	\$ 1,393,408	14%	\$ 665,512	\$ 70,112	12%	\$ (31,470)	-5%	
996,450	973,000	938,610	23,450	2%	57,840	6%	Recreation Fee	996,450	23,450	2%	57,840	6%	-	-	0%	-	0%
3,683,883	3,625,600	2,946,413	58,283	2%	737,470	25%	Access & Use Fees	3,683,883	58,283	2%	737,470	25%	-	-	0%	-	0%
3,721,856	3,995,000	3,633,951	(273,144)	-7%	87,905	2%	Food and Beverage	3,731,847	(264,953)	-7%	89,912	2%	(9,991)	(8,191)	455%	(2,007)	25%
499,562	457,700	451,101	41,862	9%	48,461	11%	Retail Product	473,949	33,049	7%	55,748	13%	25,613	8,813	52%	(7,287)	-22%
2,674,837	2,533,400	2,214,603	141,437	6%	460,235	21%	Lessons & Rentals	2,661,562	140,162	6%	459,610	21%	13,275	1,275	11%	625	5%
799,378	704,300	829,352	95,078	13%	(29,973)	-4%	Other	162,763	26,863	20%	(7,172)	-4%	636,615	68,215	12%	(22,801)	-3%
(1,351,893)	(1,404,250)	(1,311,564)	52,357	4%	(40,329)	-3%	Cost of Goods Sold	(1,351,893)	52,357	4%	(40,329)	-3%	-	-	0%	-	0%
(8,494,560)	(8,637,056)	(8,159,093)	142,496	2%	(335,467)	-4%	Payroll Direct	(5,164,337)	44,700	1%	(325,776)	-7%	(3,330,222)	97,797	3%	(9,691)	0%
(2,069,598)	(2,351,720)	(2,043,525)	282,122	12%	(26,074)	-1%	Payroll Burden	(1,249,010)	151,998	11%	(16,240)	-1%	(820,588)	130,124	14%	(9,834)	-1%
(10,564,158)	(10,988,776)	(10,202,618)	424,618	4%	(361,541)	-4%	Payroll Total	(6,413,348)	196,697	3%	(342,016)	-6%	(4,150,810)	227,921	5%	(19,525)	0%
(4,380,561)	(4,352,974)	(4,336,151)	(27,587)	-1%	(44,410)	-1%	Expenses	(4,868,950)	(38,138)	-1%	(2,387,013)	-96%	488,389	10,551	-2%	2,342,603	126%
(335,632)	(369,212)	(329,177)	33,580	9%	(6,455)	-2%	Personnel Costs	(209,343)	4,594	2%	(12,183)	-6%	(126,289)	28,986	19%	5,728	4%
(806,758)	(787,785)	(781,832)	(18,973)	-2%	(24,926)	-3%	Utilities	(626,586)	(35,451)	-6%	(27,440)	-5%	(180,172)	16,478	8%	2,514	1%
(174,987)	(138,150)	(124,245)	(36,837)	-27%	(50,742)	-41%	Fuel Costs	(114,566)	(29,666)	-35%	(40,046)	-54%	(60,421)	(7,171)	-13%	(10,695)	-22%
(1,231,813)	(1,182,700)	(1,186,580)	(49,113)	-4%	(45,233)	-4%	Supplies	(701,698)	(12,458)	-2%	(6,639)	-1%	(530,116)	(36,656)	-7%	(38,594)	-8%
(624,043)	(580,292)	(553,462)	(43,751)	-8%	(70,581)	-13%	Repairs & Maintenance	(401,287)	(13,082)	-3%	(23,396)	-6%	(222,756)	(30,669)	-16%	(47,184)	-27%
(357,306)	(263,660)	(273,944)	(93,646)	-36%	(83,361)	-30%	Forestry Land Maint	(1,143)	457	29%	1,354	54%	(356,162)	(94,102)	-36%	(84,715)	-31%
(468,800)	(468,800)	(379,000)	-	0%	(89,800)	-24%	Insurance	(244,800)	-	0%	(10,800)	-5%	(224,000)	-	0%	(79,000)	-54%
(234,631)	(241,800)	(229,380)	7,169	3%	(5,251)	-2%	Taxes-Property&Income	-	-	0%	-	0%	(234,631)	7,169	3%	(5,251)	-2%
(281,851)	(261,790)	(231,566)	(20,061)	-8%	(50,285)	-22%	Credit Card Fees	(267,823)	(17,693)	-7%	(49,951)	-23%	(14,028)	(2,368)	-20%	(334)	-2%
(131,965)	(95,339)	(109,931)	(36,626)	-38%	(22,034)	-20%	Licenses Permits Fees	(46,282)	(6,642)	-17%	(6,622)	-17%	(85,683)	(29,984)	-54%	(15,412)	-22%
103,225	(127,446)	(137,033)	230,671	181%	240,258	175%	All other expenses	25,179	71,804	154%	69,310	157%	78,046	158,867	197%	170,947	184%
164,000	164,000	-	-	0%	164,000	#####	Allocated Overhead	(2,280,600)	-	0%	(2,280,600)	0%	2,444,600	-	0%	2,444,600	#####
\$ (3,920,645)	\$ (4,457,000)	\$ (4,836,303)	\$ 536,355	12%	\$ 915,658	19%	Net Operating Result	\$ (923,736)	\$ 227,771	20%	\$ (1,375,950)	-304%	\$ (2,996,910)	\$ 308,583	-9%	\$ 2,291,608	-43%
(16,296,612)	(16,746,000)	(15,850,333)	449,388	3%	(446,280)	-3%	Total Operating Costs	(12,634,191)	210,916	2%	(2,769,358)	-28%	(3,662,421)	238,472	6%	2,323,078	39%
11,480,000	11,480,000	11,077,000	-	0%	403,000	4%	Assessment Revenue					11,480,000	-	0%	403,000	4%	
(4,661,000)	(4,661,000)	(4,013,000)	-	0%	(648,000)	16%	Replacement Reserve Fund					(4,661,000)	-	0%	(648,000)	16%	
(194,000)	(194,000)	(194,000)	-	0%	-	0%	Development Fund					(194,000)	-	0%	-	0%	
(2,168,000)	(2,168,000)	(2,007,000)	-	0%	(161,000)	8%	New Equipment Fund					(2,168,000)	-	0%	(161,000)	8%	
4,457,000	4,457,000	4,863,000	-	0%	(406,000)	-8%	Net, Operating Fund Portion					4,457,000	-	0%	(406,000)	-8%	
\$ 536,355	\$ -	\$ 26,697	\$ 536,355	NA	\$ 509,658	-1909%	Net Result	\$ (923,736)	\$ 227,771	-20%	\$ (1,375,950)	-304%	\$ 1,460,090	\$ 308,583	27%	\$ 1,885,608	-443%