

# 2020 ANNUAL REPORT

**\$10,420**

**PER OWNER MEMBER EQUITY**

A 6% INCREASE FROM 2019

**\$5.3 MILLION**

**IN CAPITAL EXPENDITURES**

REINVESTING IN YOUR ASSOCIATION,  
PROTECTING YOUR INVESTMENT

CAPITAL DISCUSSION STARTS ON PAGE 10

**\$2.9 MILLION**

**IN OPERATING FUND RESERVES**

A PROVEN NECESSARY CONTINGENCY FUND  
BALANCE WITH THE COVID-19 PANDEMIC

**\$696,534**

**NET OPERATING RESULTS IN OPERATING FUND**

COVID-19 IMPACTS ACROSS AMENITIES

DETAILS ON PAGE 2

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## VISION STATEMENT

Tahoe Donner is a vibrant and desirable mountain community providing attractive and well-maintained facilities, events, programs and leading customer service to its members, guests and public, all while maintaining accessible and healthy natural surroundings.



**Dear Members,**

The purpose of this Annual Report is to provide a comprehensive report on 2020 financial results. The onset of COVID-19 during Quarter 1 of 2020 had a substantial negative impact on our Operating Revenues while we saw savings in Payroll and Operating Expenses.

Management, the Finance Committee and the Board regularly monitor both operational and financial results. We are committed to both responsive and proactive management, balancing our service levels to volume and financial performance.

Please contact me anytime to discuss this report or any other financial aspect of your Association.

**TODD MARTYN-JONES**

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**\$696,534 FAVORABLE NOR RESULTS**

Net Operating Result Loss of \$5.2 million was \$696,534 or 12% favorable to Budget and \$297,324 or 6% unfavorable to 2019

**\$9.5 MILLION OPERATING REVENUES**

33% below Budget and 36% below 2019

**\$14.6 MILLION OPERATING COSTS**

28% favorable to Budget and 25% favorable to 2019

**\$5.3 MILLION CAPITAL FUNDS EXPENDITURES**

47% less expenditure to Budget due to timing of projects and deferral due to COVID-19

**\$5.9 MILLION | \$910 PER OWNER**

Assessment Contribution to Operating Fund in 2020

**\$7.5 MILLION | \$1,155 PER OWNER**

Assessment Contribution to Capital Fund in 2020

**\$75.8 MILLION TOTAL ASSETS**

Up \$4.4 million or 6% to 2019

**\$67.4 MILLION | \$10,420 PER OWNER**

Members' Equity as of 12/31/2020, up 6% to 2019

**OPERATING FUND**

**NET OPERATING RESULTS – 2020 VARIANCES TO BUDGET**

**NOR FAVORABLE TO BUDGET \$696,534 | 8% | \$107.61 PER OWNER**

**JANUARY-FEBRUARY / PRE-COVID-19**

Great ski conditions with stable weather offering many bluebird days on a good snowpack. Visitation at the Downhill Ski Resort was 7% up on Budget while the Cross Country Ski Center was 99% up on Budget.

- Revenues up favorable \$318,422 or 8% to Budget
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) favorable \$25,764 or 1% to Budget
- Net Operating Result favorable \$344,186 or 104% to Budget

**MARCH-OCTOBER / COVID-19 SHUTDOWN**

Revenues were severely impacted by COVID-19 restrictions including stay-at-home orders, no indoor dining—or, for a period, no dining whatsoever—and closure of recreation facilities. Considerable expenses were saved within Payroll and Operating Expenses due to reduced staffing requirements and overall reduced activity.

- Revenues were \$4,169,065 or 52% below Budget
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were favorable to Budget by \$4,549,836 or 34%
- Net Operating Result favorable \$380,771 to Budget or 7%

**NOVEMBER-DECEMBER / COVID-19 IN WINTER**

With COVID-19 on the rise in November, greater restrictions were re-implemented, impacting Day Tickets at Downhill and Trail Passes at Cross Country, Lessons and Rentals at both facilities along with F+B at all outlets.

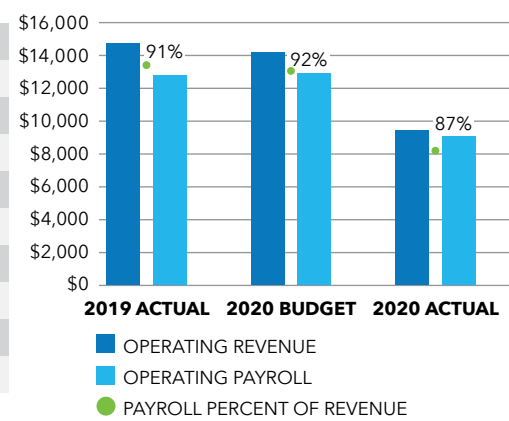
- Revenues were below Budget by \$906,727
- Total Operating Expenses (COGS, Payroll and Other Operating Expenses) were favorable to Budget by \$878,560
- Net Operating Result was below Budget by \$28,423

▶ With only 20 inches of snow at Snowplay during December, snowmaking allowed us to be open for the holiday period—albeit at reduced capacity—missing budgeted revenue by only 10%. Downhill, however, was well below Budget by 58% in December, while Cross Country revenue was better than Budget by 44% due to strong pass sales.

**REVENUE AND PAYROLL**

	2016	2017	2018	2019	2020
OPERATING REVENUES	\$12,771,029	\$13,116,553	\$13,535,047	\$14,695,538	\$9,456,935
EMPLOYEE W-2s ISSUED	897	924	958	954	695
W-2s PER \$1,000 REVENUE RATIO	7%	7%	7%	6%	7%
AVERAGE WAGES PER W-2 ISSUED	\$ 9,826	\$ 10,276	\$ 10,181	\$ 11,086	\$ 10,260
CALIFORNIA MINIMUM WAGE (1)	\$ 10.00	\$ 10.50	\$ 11.00	\$ 12.00	\$ 13.00
SEASONAL/PART-TIME FTE (3)	128.2	133.0	125.0	123.0	79.0
FULL-TIME REGULAR (2) FTE (3)	81.0	82.0	84.0	83.0	62.0
FTE (3) TOTAL	209.2	215.0	209.0	206.0	141.0
OPERATING REVENUE PER FTE	\$ 61,047	\$ 61,007	\$ 64,761	\$ 71,338	\$ 67,070
W-2 TO FTE RATIO	4.3	4.3	4.6	4.6	4.9

Chart dollars in thousands

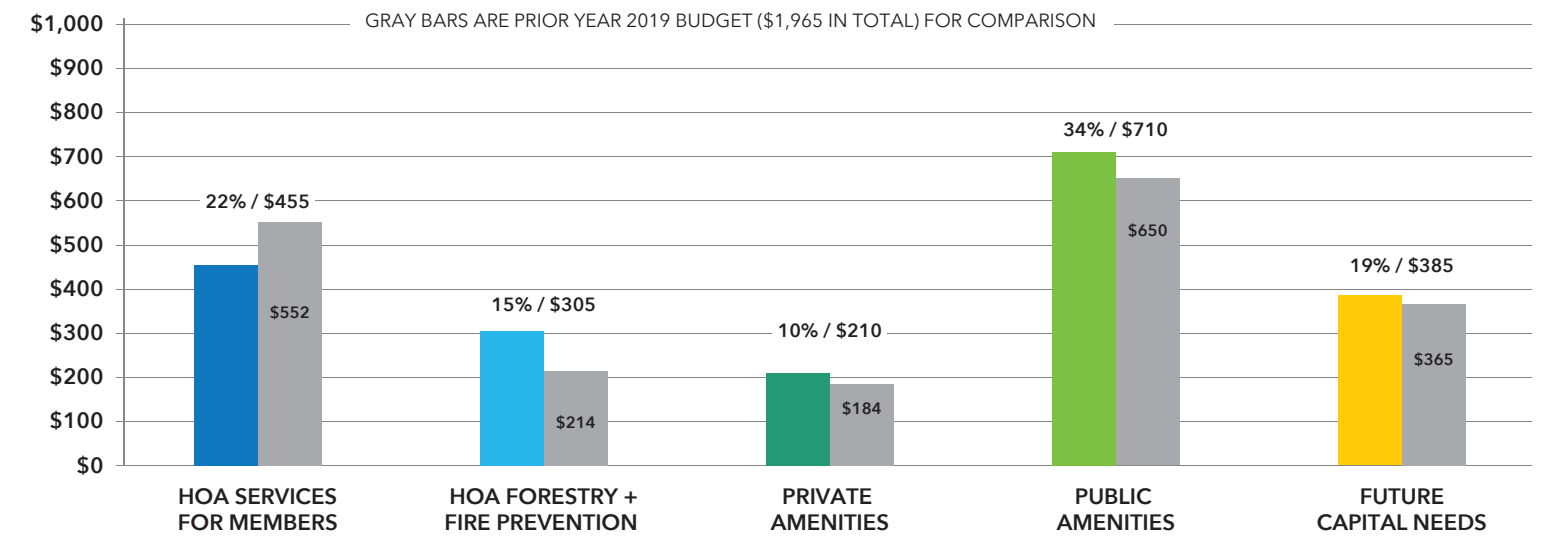


**2020 ACTUAL VERSUS BUDGET**  
REVENUE DOWN 34%, PAYROLL COSTS DOWN 30%

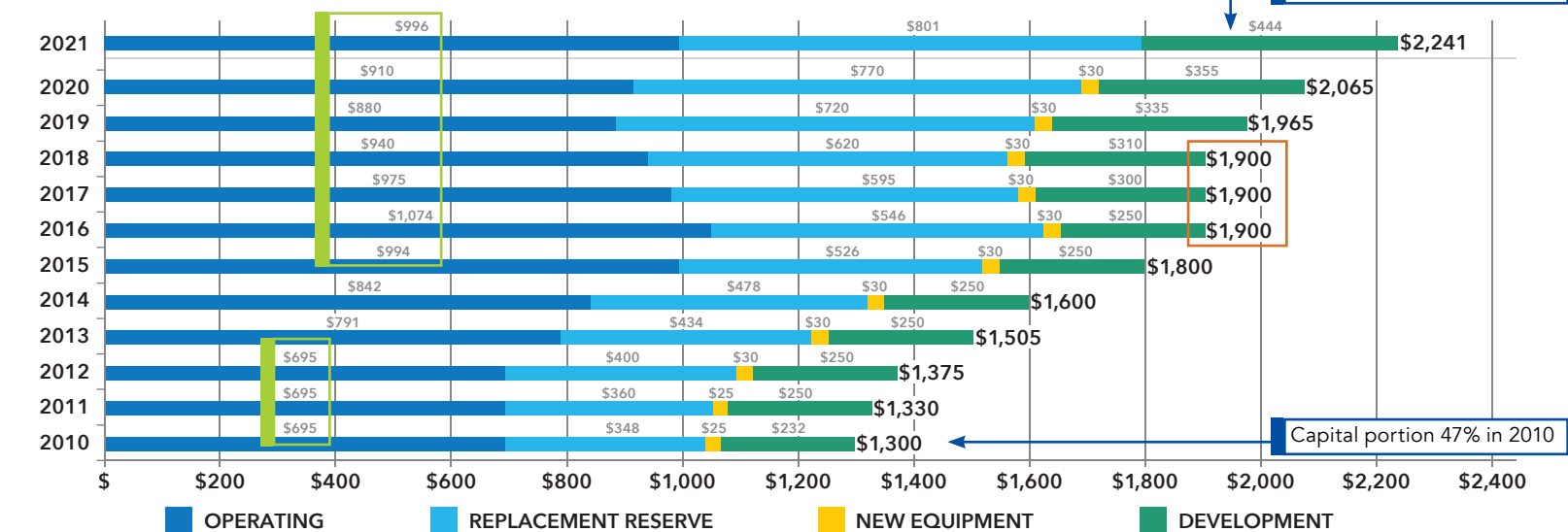
**2020 ACTUAL VERSUS PRIOR YEAR**  
REVENUE DOWN 36%, PAYROLL COSTS DOWN 29%  
CALIFORNIA MINIMUM WAGE UP \$1.00 OR 8% IN 2020 VERSUS 2019

**ANNUAL ASSESSMENT DISTRIBUTION OF 2020 ANNUAL ASSESSMENT**

**\$2,065 PER OWNER**



**ANNUAL ASSESSMENT PER OWNER BY FUND**



**COMPOUND ANNUAL GROWTH RATE (CAGR) METRICS**

	2010-2020 10 YEAR	2010-2021 11 YEAR
CAPITAL FUNDS	6.7%	7.8%
OPERATING FUND	2.7%	2.5%
TOTAL ASSESSMENT	4.7%	5.1%

Accumulating funds over time to address the aging infrastructure needs of your Association while striving to minimize the Operating Fund portion of your Assessment.

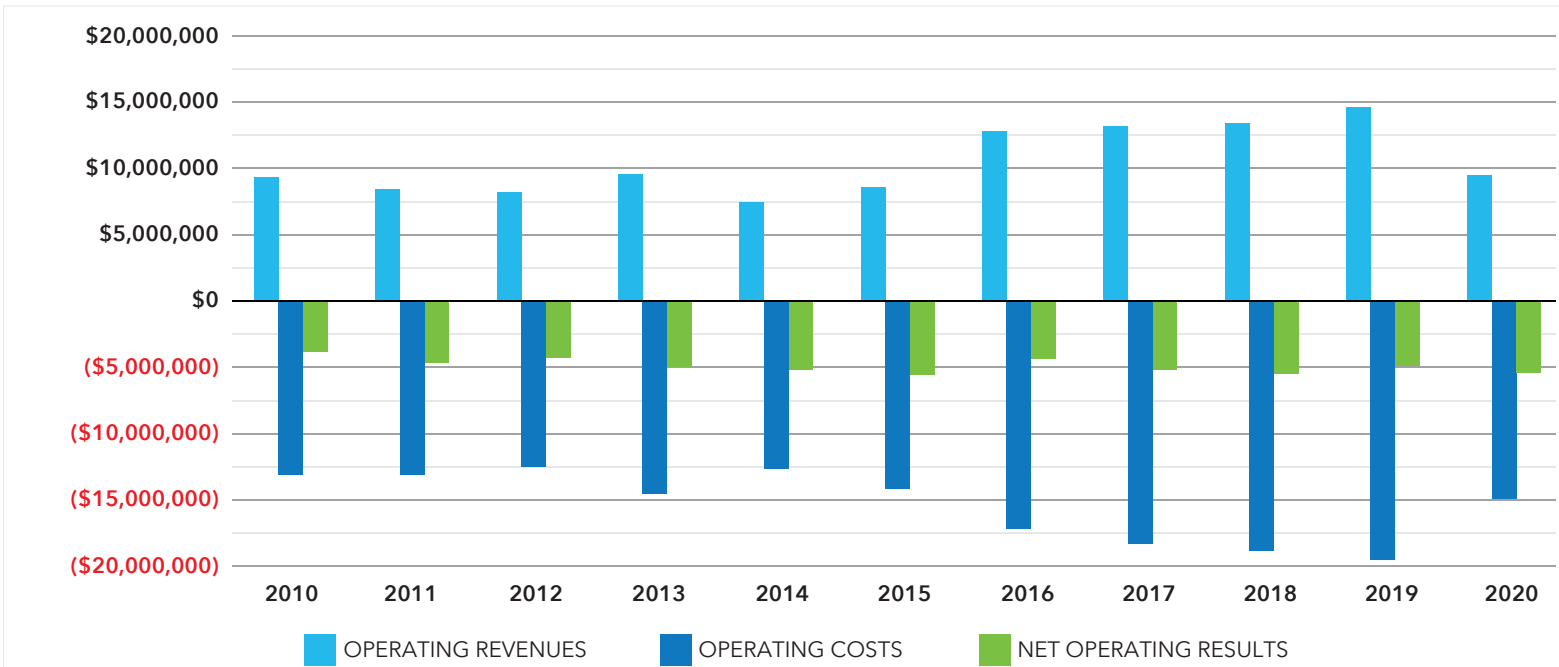
**KEY NOTES**

- Capital Funds Portion of Annual Assessment**
  - The Replacement Reserve Fund portion has been deliberately increased over time to improve the reserve funding level of our 50-year-old Association. Underfunding reserves is considered the bane of many Associations across the country. We adopted a reserves funding policy and recent Boards have adhered to this policy. The Association's reserves are now in a much stronger financial position to handle the replacement and major maintenance needs of the Association's assets.
- Operating Fund Portion of Annual Assessment**
  - The Operating Fund portion increased in 2015 and 2016 due to the combined pressures of winter droughts impacting operating revenue and payroll cost increases due to California minimum wage increases and the Federal Affordable Care Act impacts.
  - For 2017-2019, the Operating Fund portion was **decreased** due to favorable revenue trends, our snowmaking investment and price increases as well as a favorable decrease in workers' compensation costs, all favorably offsetting California minimum wage increases.
  - For 2020, the Operating Fund portion was increased by \$30 per owner to offset minimum wage increases and other operating costs.
  - For 2021, the Operating Fund portion was increased by \$86 per owner to offset minimum wage increases and a 23% increase in liability insurance; there was no Assessment increase to the New Machinery + Equipment Fund.

# OPERATING FUND

CAGR = COMPOUND ANNUAL GROWTH RATE

## ACTUAL RESULTS

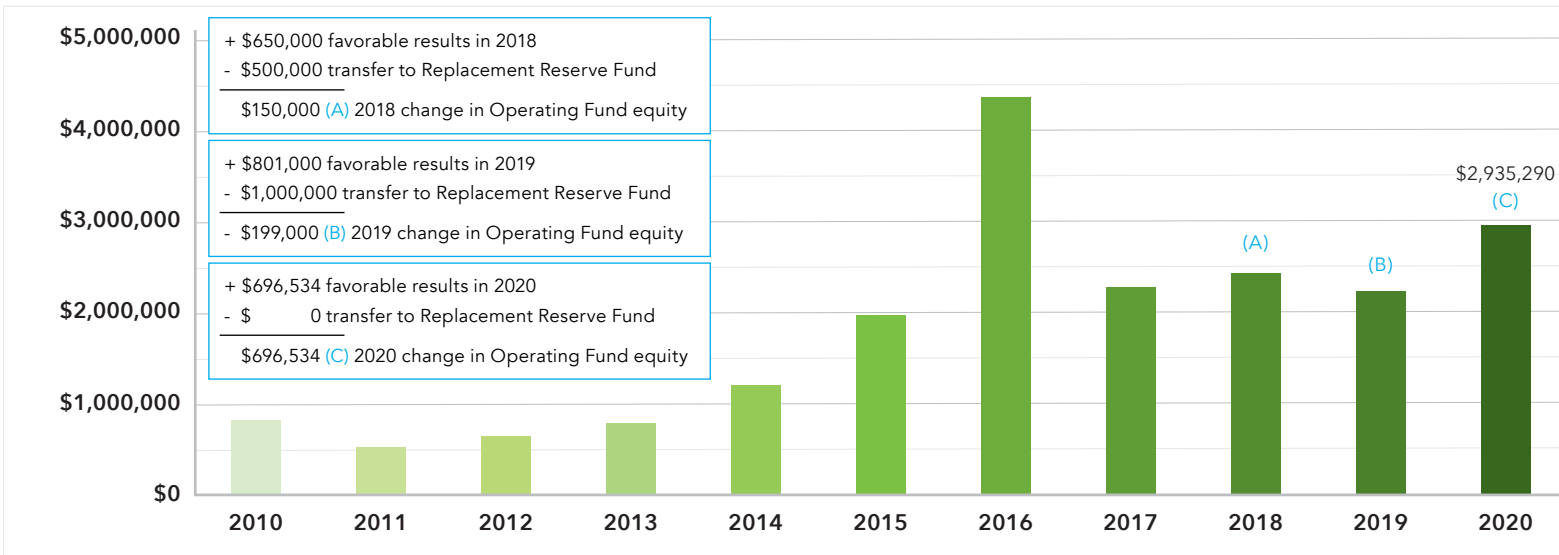


Both Revenues and Operating Expenses were greatly reduced due to COVID-19 in 2020 compared to the prior four years. However, the Net Operating Result remains relatively flat over that period.

NOTE: Each year is subject to volatility due to weather and other variables. See page 28 for Budget growth information.

# OPERATING FUND MEMBERS' EQUITY

## ACCUMULATED NET RESULTS, CONTINGENCY



### FROM THE 2010 BUDGET TO THE 2020 BUDGET 10-YEAR CAGR

- 5.3% OPERATING REVENUE GROWTH
- 4.6% OPERATING COSTS GROWTH
- 2.7% NET OPERATING RESULT LOSS (THIS LOSS EQUATES TO THE PORTION FUNDED BY THE ANNUAL ASSESSMENT)

See page 28 for more Budget Growth Information

Costs are greater than Operating Revenues (every year) though Costs have grown at a lower growth rate. Therefore, the resulting NOR Loss growth rate is lower than both Revenue and Cost growth rates.

### FOR 2021 BUDGET

The 2021 budget was determined with the assumption that COVID-19 will have a considerable impact on Operations for the first half of the year.

# NET RESULTS AFTER REPLACEMENT RESERVES CAPITAL CHARGE

## BY DEPARTMENT

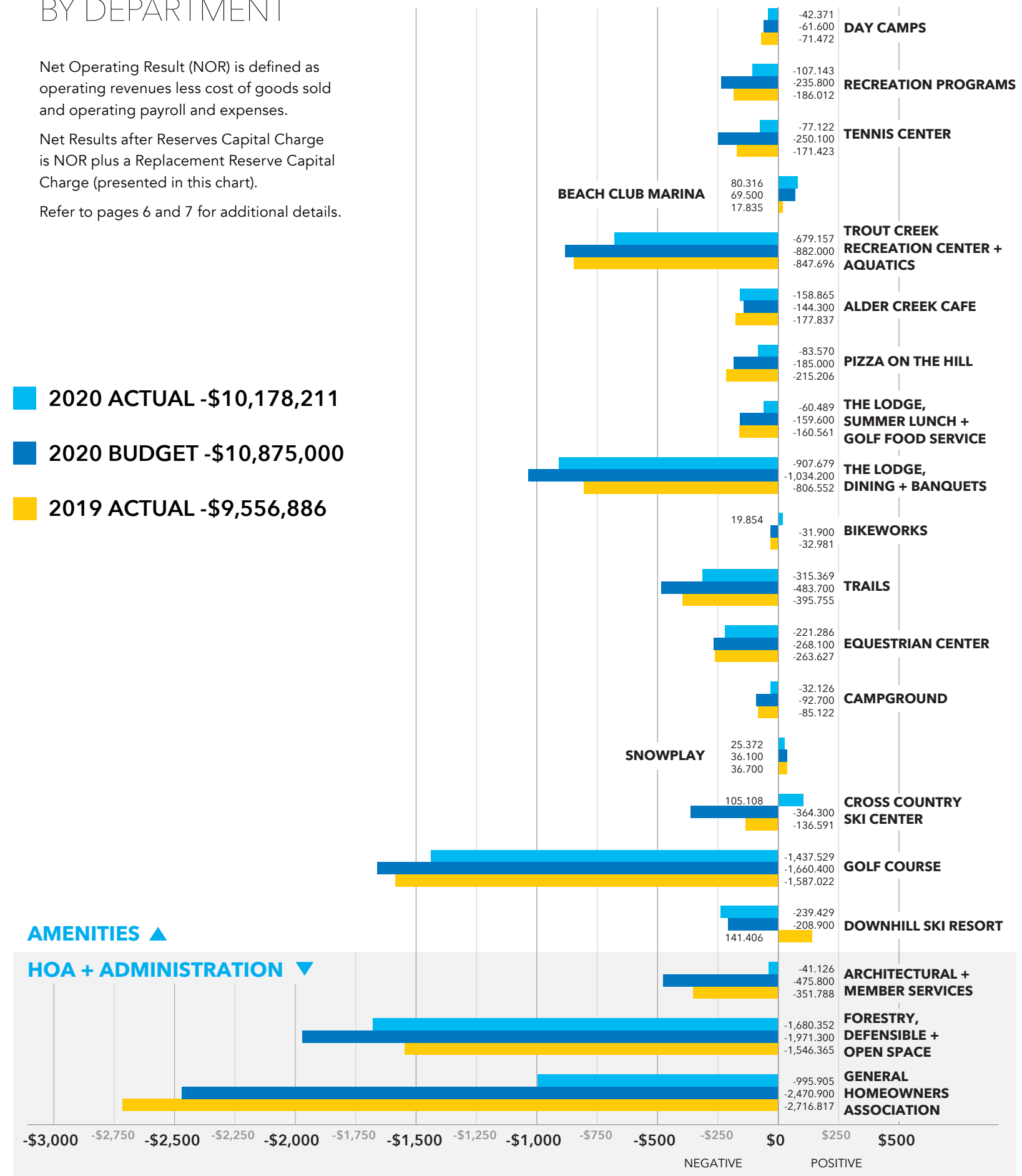
Net Operating Result (NOR) is defined as operating revenues less cost of goods sold and operating payroll and expenses.

Net Results after Reserves Capital Charge is NOR plus a Replacement Reserve Capital Charge (presented in this chart).

Refer to pages 6 and 7 for additional details.

- 2020 ACTUAL -\$10,178,211
- 2020 BUDGET -\$10,875,000
- 2019 ACTUAL -\$9,556,886

CHART DOLLARS IN THOUSANDS



# OPERATING FUND RESULTS

## 2020 DEPARTMENTAL SUMMARY

YEAR ENDING DECEMBER 31, 2020

	2020 OPERATING FUND			AMOUNTS INCLUDING REPLACEMENT RESERVE CAPITAL CONTRIBUTION					2020 NOR VERSUS BUDGET		2020 NOR VERSUS PRIOR YEAR	
	GROSS REVENUE	OPERATING COSTS TOTAL	NET OPERATING RESULTS	CONTRIBUTION TO REPLACEMENT RESERVE FUND	2020 NET RESULTS AFTER RRF	2020 PER PROPERTY 6473	2019 PER PROPERTY 6473	2020 VS 2019	2020 BUDGET	2020 VS BUDGET	2019 ACTUAL*	2020 VS 2019
<b>PRIVATE AMENITIES</b>												
Trout Creek Rec Center + Aquatics	\$ 668,271	\$ -810,428	\$ -142,157	\$ -537,000	\$ -679,157	\$ -105	\$ -131	\$ 26	143,700	-285,857	\$ -345,599	\$ 203,442
Beach Club Marina	464,555	-253,239	211,316	-131,000	80,316	12	3	9	337,200	-125,884	140,321	70,995
Tennis Center	352,122	-256,244	95,878	-173,000	-77,122	-12	-26	14	14,900	80,978	-9,668	105,546
Recreation Programs	0	-38,143	-38,143	-69,000	-107,143	-17	-29	12	-30,600	-7,543	-121,498	83,355
Day Camps	1,534	-20,905	-19,371	-23,000	-42,371	-7	-11	4	29,800	-49,171	-49,967	30,596
<b>TOTAL PRIVATE AMENITIES</b>	<b>1,486,482</b>	<b>-1,378,959</b>	<b>107,523</b>	<b>-933,000</b>	<b>-825,477</b>	<b>-128</b>	<b>-194</b>	<b>66</b>	<b>495,000</b>	<b>-387,477</b>	<b>-386,411</b>	<b>493,934</b>
<b>PUBLIC AMENITIES</b>												
Golf Course	86,618	-616,147	-529,529	-908,000	-1,437,529	-222	-245	23	-524,700	-4,829	-738,038	208,509
Downhill Ski Resort	3,461,292	-2,520,721	940,571	-1,180,000	-239,429	-37	22	-59	1,464,800	-524,229	1,244,723	-304,152
Cross Country Ski Center	1,265,594	-785,486	480,108	-375,000	105,108	16	-21	37	235,700	244,408	214,036	266,072
Snowplay	153,021	-101,649	51,372	-26,000	25,372	4	6	-2	120,000	-68,628	61,010	-9,638
Campground	119,887	-85,013	34,874	-67,000	-32,126	-5	-13	8	11,200	23,674	-22,478	57,352
Equestrian Center	78,689	-189,975	-111,286	-110,000	-221,286	-34	-41	7	-81,000	-30,286	-160,778	49,492
Trails	1,127	-105,496	-104,369	-211,000	-315,369	-49	-61	12	-209,800	105,431	-198,469	94,100
Bikeworks	172,179	-141,325	30,854	-11,000	19,854	3	-5	8	13,600	17,254	-22,696	53,550
The Lodge, Dining + Banquets	1,299,787	-1,721,466	-421,679	-486,000	-907,679	-140	-125	-15	-122,200	-299,479	-352,141	-69,538
The Lodge, Summer Lunch +												
Golf Food Service	5,264	-42,753	-37,489	-23,000	-60,489	-9	-25	16	-84,300	46,811	-139,051	101,562
Pizza on the Hill	0	-18,570	-18,570	-65,000	-83,570	-13	-33	20	1,000	-19,570	-154,432	135,862
Alder Creek Cafe	349,064	-476,929	-127,865	-31,000	-158,865	-25	-27	2	-23,300	-104,565	-148,853	20,988
<b>TOTAL PUBLIC AMENITIES</b>	<b>6,992,522</b>	<b>-6,805,530</b>	<b>186,992</b>	<b>-3,493,000</b>	<b>-3,306,008</b>	<b>-511</b>	<b>-568</b>	<b>57</b>	<b>801,000</b>	<b>-614,008</b>	<b>-417,167</b>	<b>604,159</b>
<b>TOTAL AMENITIES</b>	<b>8,479,004</b>	<b>-8,184,489</b>	<b>294,515</b>	<b>-4,426,000</b>	<b>-4,131,485</b>	<b>-638</b>	<b>-762</b>	<b>124</b>	<b>1,296,000</b>	<b>-1,001,485</b>	<b>-803,578</b>	<b>1,098,093</b>
<b>HOMEOWNERS ASSOCIATION</b>												
General HOA	295	-701,200	-700,905	-295,000	-995,905	-154	-420	266	-943,000	242,095	-2,440,976	1,740,071
Architectural Standards Office	325,269	-340,395	-15,126	-26,000	-41,126	-6	-54	48	-323,000	307,874	-327,499	312,373
Forestry, Defensible + Open Space	173,372	-1,615,724	-1,442,352	-238,000	-1,680,352	-260	-239	-21	-1,545,000	102,648	-1,323,833	-118,519
<b>TOTAL HOA</b>	<b>498,936</b>	<b>-2,657,319</b>	<b>-2,158,383</b>	<b>-559,000</b>	<b>-2,717,383</b>	<b>-420</b>	<b>-713</b>	<b>293</b>	<b>-2,811,000</b>	<b>652,617</b>	<b>-4,092,308</b>	<b>1,933,925</b>
<b>AMENITY + HOA SUPPORT SERVICES</b>												
Communications	240,013	-602,564	-362,551	0	-362,551	-56	0	0	-551,000	188,449	0	-362,551
Facility Administration +												
Risk Management	217,935	-335,027	-117,092	0	-117,092	-18	0	0	-326,000	208,908	0	-117,092
Administration	0	-466,205	-466,205	0	-466,205	-72	0	0	-555,000	88,795	0	-466,205
Information Technology	0	-602,876	-602,876	0	-602,876	-93	0	0	-718,000	115,124	0	-602,876
Accounting + Finance	1,325	-685,683	-684,358	0	-684,358	-106	0	0	-946,000	261,642	0	-684,358
Human Resources	0	-329,913	-329,913	0	-329,913	-51	0	0	-379,000	49,087	0	-329,913
Member Services	19,722	-226,446	-206,724	0	-206,724	-32	0	0	-252,000	45,276	0	-206,724
Maintenance	0	-559,624	-559,624	0	-559,624	-86	0	0	-845,000	285,376	0	-559,624
<b>TOTAL SUPPORT SERVICES</b>	<b>478,995</b>	<b>-3,808,338</b>	<b>-3,329,343</b>	<b>0</b>	<b>-3,329,343</b>	<b>-514</b>	<b>0</b>	<b>0</b>	<b>-4,572,000</b>	<b>1,242,657</b>	<b>0</b>	<b>-3,329,343</b>
<b>TOTAL OPERATING RESULTS</b>	<b>9,456,935</b>	<b>-14,650,146</b>	<b>-5,193,211</b>	<b>-4,985,000</b>	<b>-10,178,211</b>	<b>-1,058</b>	<b>-1,475</b>	<b>417</b>	<b>-6,087,000</b>	<b>893,789</b>	<b>-4,895,886</b>	<b>-297,325</b>
Assessment Revenues	5,889,745	0	5,889,745	4,985,000	10,874,745	1,680	1,600	80	5,890,000	-255	5,696,445	193,300
<b>TOTAL OPERATING FUND</b>	<b>\$ 15,346,680</b>	<b>\$ -14,650,146</b>	<b>\$ 696,534</b>	<b>\$ 0</b>	<b>\$ 696,534</b>	<b>\$ 622</b>	<b>\$ 125</b>	<b>\$ 497</b>	<b>-197,000</b>	<b>893,534</b>	<b>\$ 800,559</b>	<b>\$ -104,025</b>

\* 2019 Actual has been restated to include Overhead Allocation amounts based on the 2020 methodology  
SEE PAGES 8-9 FOR RESULTS BY DEPARTMENT HIGHLIGHTS

# OPERATING FUND RESULTS 2020 HIGHLIGHTS VERSUS BUDGET

■ FAVORABLE VARIANCE TO BUDGET ■ UNFAVORABLE VARIANCE TO BUDGET

NOR = Net Operating Results. NOR is defined as the net result of operating revenues less cost of goods sold, operating payroll and expenses and any overhead allocation.

## PUBLIC AMENITIES

### DOWNHILL SKI RESORT

**NOR \$940,571**

UNFAVORABLE -\$524,229 / 36% TO BUDGET

Early close to season in March 2020. Limited to grab-and-go-only F+B options and unable to provide Group Lessons in December 2020.

**ANNUAL:** Visits down 24%; Revenue down 28%/\$1,320,708; Costs down 24%/\$796,000.

### THE LODGE

**NOR LOSS (\$421,679)**

UNFAVORABLE -\$229,479 / 246% TO BUDGET

COVID-19 impact. Closed March 16-April 30. No banquets or weddings all year.

**ANNUAL:** Visits down 53%; Revenue down 45%/\$1,040,000; Costs down 30%/\$740,000 (Payroll savings of 29%/\$389,000).

### SNOWPLAY

**NOR \$51,372**

UNFAVORABLE -\$68,628 / 57% TO BUDGET

**ANNUAL:** Visits down 45% to Budget; Revenue down 48%/\$143,000; Costs down 42%/\$74,000.

### TRAILS

**NOR LOSS (\$104,369)**

FAVORABLE \$105,431 / 50% TO BUDGET

Savings of 49%/\$79,000 in payroll; Operating costs up 50%/\$106,000.

### PIZZA ON THE HILL

**NOR LOSS (\$18,570)**

UNFAVORABLE -\$19,570 / 1,957% TO BUDGET

Closed for the year due to COVID-19.

**ANNUAL:** Revenue down 100%/\$335,000; Costs down 94%/\$315,000.

### GOLF COURSE

**NOR LOSS (\$529,529)**

UNFAVORABLE -\$4,829 / 1% TO BUDGET

Golf Course closed for season. Driving Range revenue up 122%/\$37,000. \$20,000 in revenue for rentals of Association's golf carts to third party.

**ANNUAL:** Revenue up 189%/\$57,000; Costs up 11%/\$61,000.

### CAMPGROUND

**NOR \$34,874**

FAVORABLE \$23,674 / 211% TO BUDGET

COVID-19-friendly activity. Continued increase in sales due to reservation software.

**ANNUAL:** Visits up 24%; Revenue up 25%/\$24,000; Costs up 0.5%/\$200.

### EQUESTRIAN CENTER

**NOR LOSS (\$111,286)**

UNFAVORABLE -\$30,286 / 37% TO BUDGET

No trail rides or camps due to COVID-19. Addition of horse leasing opportunities impact Equestrian favorably \$22,000.

**ANNUAL:** Visits down 35%; Boarding Revenue up 66%/\$21,000; Overall Revenue down 69%/\$175,000; Costs down 43%/\$145,000.

### SUMMER F+B

**NOR LOSS (\$37,489)**

FAVORABLE \$46,811 / 56% TO BUDGET

Significant payroll savings due to COVID-19 and Golf Course closure saw a favorable result to Budget.

**ANNUAL:** Revenue down 95%/\$150,000; Costs down 81%/\$198,000 (Payroll savings of 93%/\$124,000).

### BIKEWORKS

**NOR \$30,854**

FAVORABLE \$17,254 / 127% TO BUDGET

COVID-19-friendly activity.

**ANNUAL:** Visits up 61% to Budget; Revenue up 24%/\$33,000; Costs up 13%/\$16,000.

### CROSS COUNTRY SKI CENTER

**NOR \$480,108**

FAVORABLE \$244,408 / 104% TO BUDGET

Record season pass sales and strong visitation numbers contribute to strong positive results.

**ANNUAL:** Visits up 38%; Revenue up 2%/\$23,594; Costs down 22%/\$221,000.

### ALDER CREEK CAFE

**NOR LOSS (\$127,865)**

UNFAVORABLE -\$104,565 / 449% TO BUDGET

COVID-19 impact.

**ANNUAL:** Visits down 53%; Revenue down 52%/\$374,000; Costs down 36%/\$269,000 (Payroll savings of 32%/\$134,000).

## PRIVATE AMENITIES

### TROUT CREEK REC CENTER + AQUATICS

**NOR LOSS (\$142,157)**

UNFAVORABLE -\$285,857 / 199% TO BUDGET

**TROUT CREEK:** Closed all of April and May due to COVID-19. Visits down 54% to Budget; Revenue down 56%/\$834,000 (Recreation Fee Sales down 21%/\$131,000); Costs down 40%/\$548,000 (Payroll savings of 45%/\$307,000).

**AQUATICS:** Revenue down 78%/\$220,000; Costs down 45%/\$127,000 (Payroll savings of \$72,000 due to COVID-19).

### TENNIS CENTER

**NOR \$95,878**

FAVORABLE \$80,980 / 543% TO BUDGET

COVID-19-friendly activity. Recreation Fee scans up (Recreation Fee revenue up 52%/\$50,000). Visits down 4%; Revenue up 44%/\$108,000 (Lessons and Rentals up 132%/\$76,000); Costs up 12%/\$27,000.

### BEACH CLUB MARINA

**NOR \$211,316**

UNFAVORABLE -\$125,884 / 37% TO BUDGET

Reservation system and limited time per reservation contribute to increase in visits. Visits up 8% to Budget; Revenue down 42%/\$333,000; Costs down 45%/\$208,000 (Payroll savings of 44%/\$144,000).

### RECREATION PROGRAMS

**NOR LOSS (\$38,143)**

UNFAVORABLE -\$7,543 / 25% TO BUDGET

No concert due to COVID-19. Revenue down 100%/\$190,000; Costs down 94%/\$183,000.

### DAY CAMPS

**NOR LOSS (\$19,371)**

UNFAVORABLE -\$49,171 / 165% TO BUDGET

Day Camps canceled for season due to COVID-19. Revenue down 99%/\$290,000; Costs down 92%/\$241,000.

## SUPPORT SERVICES

### ADMINISTRATION + FINANCE

**NOR LOSS (\$1,150,563)**

FAVORABLE \$350,437 / 23% TO BUDGET

Cost savings due to vacancy of General Manager, Director of Finance and Controller positions (Payroll savings of 45%/\$683,485).

### ARCHITECTURAL STANDARDS OFFICE

**NOR LOSS (\$15,126)**

FAVORABLE \$307,874 / 95% TO BUDGET

Revenue up 86%/\$150,000; Costs down 32%/\$158,000.

### FORESTRY

**NOR LOSS (\$1,442,352)**

FAVORABLE \$102,648 / 7% TO BUDGET

Timber sales of \$65,000 versus Budgeted sales of \$0. Increase of transfer fees due to housing sales during COVID-19. Revenue up 210%/\$117,000; Costs up 1%/\$15,000.

### COMMUNICATIONS

**NOR LOSS (\$362,551)**

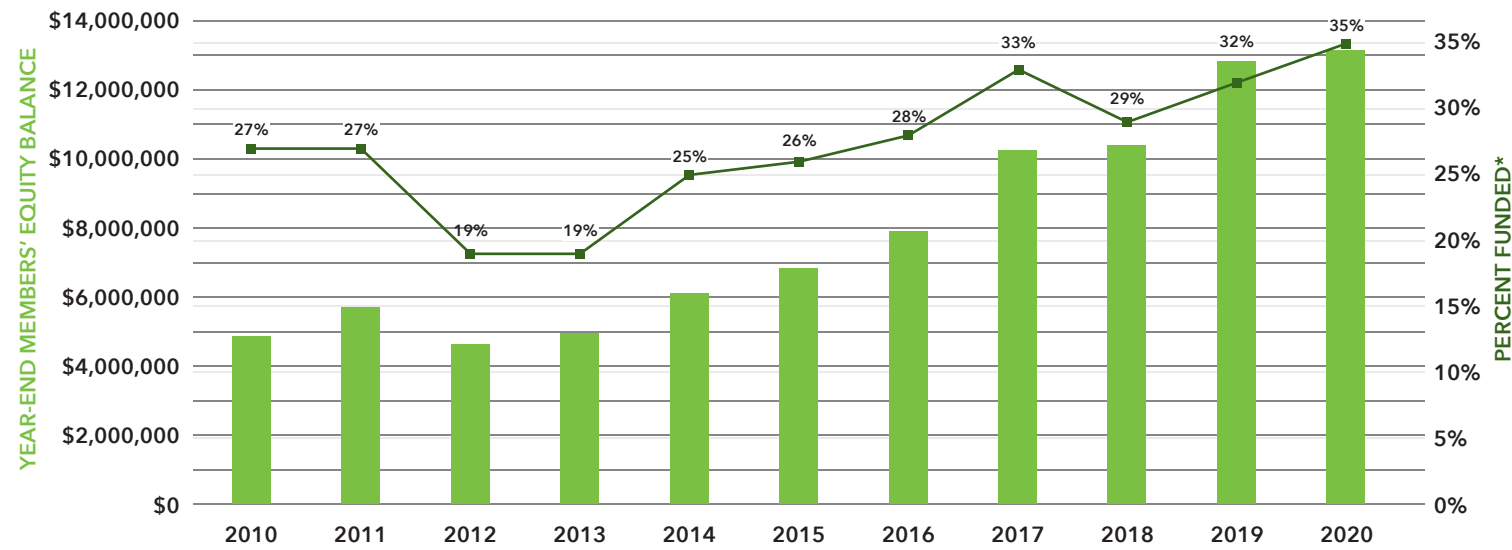
FAVORABLE \$188,452 / 34% TO BUDGET

Advertising revenue up 14%/\$30,000. Payroll savings of 19%/\$109,000 and Operating Expense savings of 25%/\$49,000.

# CAPITAL RESERVES

## REPLACEMENT RESERVE FUND

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

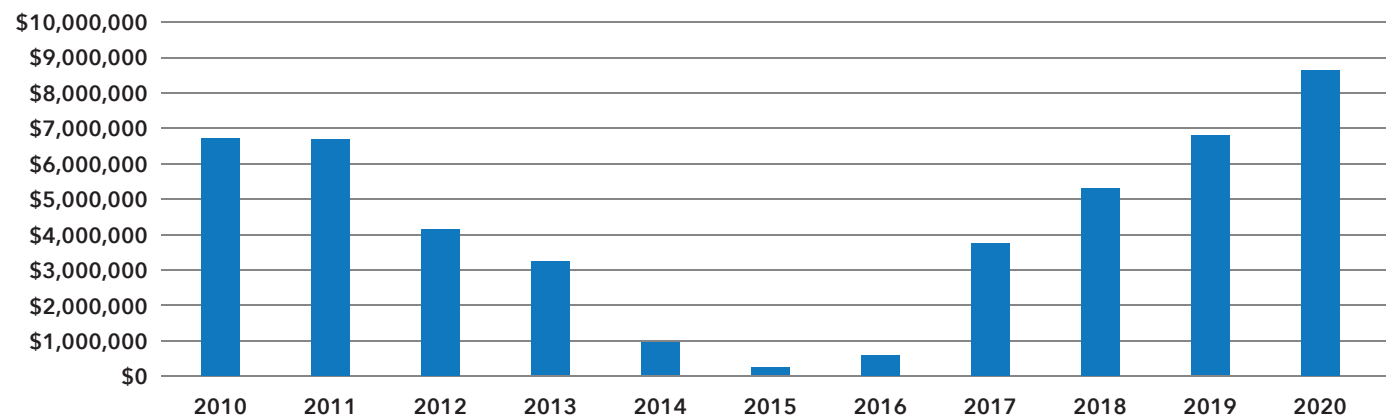


- The Replacement Reserve Fund is the capital reserve fund for existing asset components of the Association. This is a savings fund utilized to replace and preserve assets of the Association as they depreciate over time. There are over 2,000 components in the reserve study, which is updated every year, and a complete physical inspection of all components is performed every three years.
- The Association has a Replacement Reserve Fund policy which provides for a target minimum of 25% funded.\*
- The reserve study does not include the replacement of existing buildings. Funding for the replacement of existing buildings comes from the Development Fund, seen below.**
- The funding level from the Annual Assessment generally needs to increase each year to keep pace with inflation.
- The Association has a fiduciary duty to adequately reserve for the preservation of assets, which ultimately protects property values.
- The Board of Directors approved \$1,500,000 (2017), \$500,000 (2018) and \$1,000,000 (2019) transfers from Operating Fund surpluses to this fund.
- The 2020 assessment funding level was \$770 per owner or \$4,985,000, an increase of 7% over 2019.
- The 2021 assessment funding level was \$801 per owner or \$5,184,873, an increase of 4% over 2020.

\*Percent (%) Funded is the measure of the current fund balance to the current value of all future replacement costs from the Reserve Study (refer to the 2021 Budget Report for more information on the Reserve Schedule).

# DEVELOPMENT FUND

MEMBERS' EQUITY (YEAR-END FUND BALANCE)



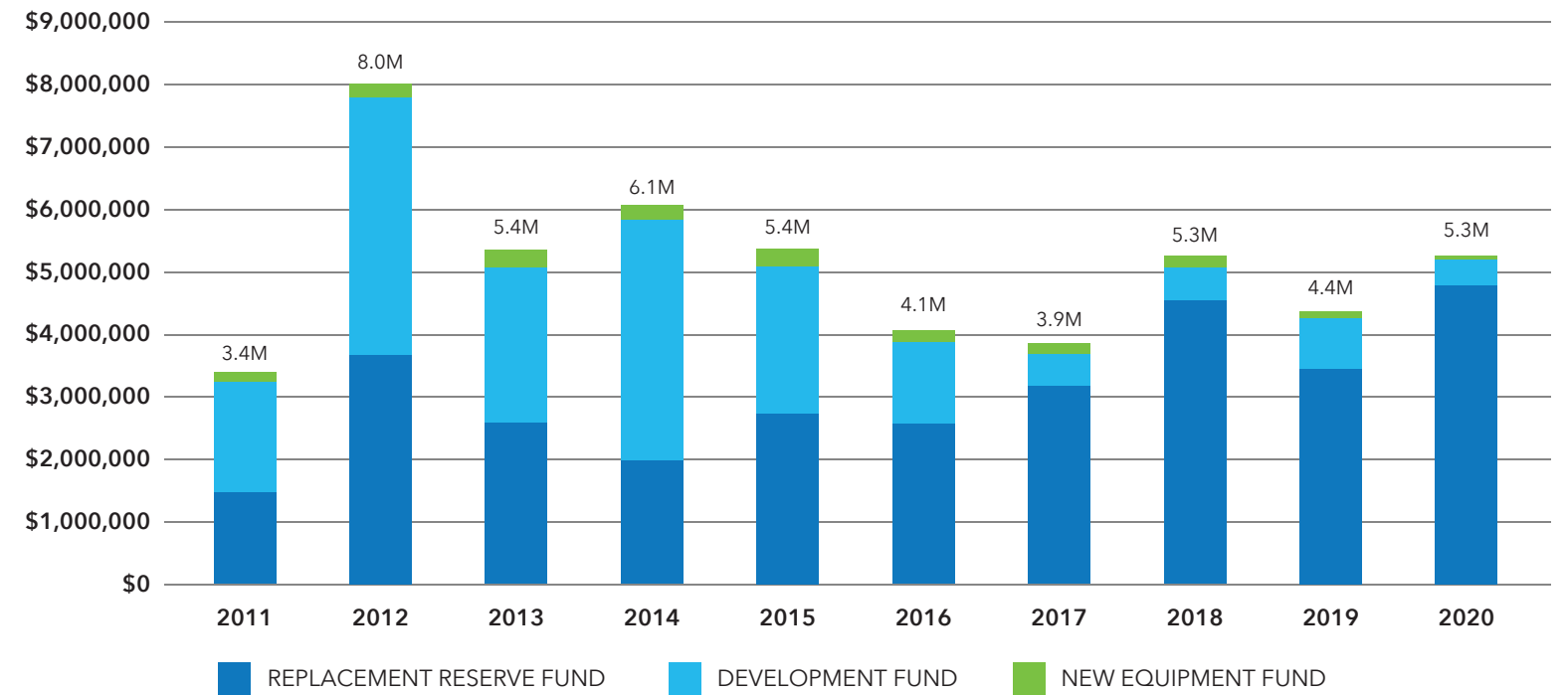
- The Development Fund was established as authorized in the governing documents of the Association to accumulate funds for large-scale projects identified as necessary due to the new capacity requirements or changing needs of the Association.
- Management, the General Plan Committee and the Board guide the prioritization of the numerous projects identified for Development Fund expenditure.
- In 2017, the Board of Directors approved a \$1,800,000 transfer from Operating Fund surpluses to this fund.
- The 2020 assessment funding level was \$355 per owner or \$2,298,000, an increase of 6% over 2019.
- The 2021 assessment funding level was \$444 per owner or \$2,874,012, an increase of 25% over 2020.

# CAPITAL EXPENDITURES

## CAPITAL FUNDS

EXPENDITURES BY YEAR

10-YEAR TOTAL = \$51.1 MILLION



Ten-year total spend of \$51.1 million equates to an average of \$5.1 million in capital fund expenditures per year. The 10-year average of depreciation expense is \$2.8 million per year for a total of \$28.3 million. *Note that many older assets are fully depreciated and now have no annual depreciation expense. The net effect is a growth in net fixed assets.*

Net fixed assets grew from \$26.8 million at the end of 2010 to \$42.3 million at the end of 2020. Bottom line – reinvesting in the Association, the net fixed assets value grew at a 4.6% growth rate.

**THE BOARD HAS A FIDUCIARY RESPONSIBILITY (BY LAW) TO DO WHAT IS BEST FOR THE ASSOCIATION, BOTH NOW AND FOR THE FUTURE. CURRENT OWNERS HAVE THE RESPONSIBILITY TO PAY FOR THE DEPRECIATION OF ASSOCIATION ASSETS, NOT TO DEFER THE BURDEN TO FUTURE OWNERS. PROPERLY MAINTAINING OUR ASSETS PROTECTS OWNERS' PROPERTY VALUES.**

### CAPITAL INVESTMENT OVER THE 10 YEARS INCLUDES:

**\$31.2 million in replacement and major repairs of existing assets (per reserve study plan)**

- \$3.1 million per year 10-year average, maintaining existing asset components (depreciation average is \$2.7 million)
- \$2.5 million per year first 5 years average, maintaining existing asset components
- \$3.7 million per year second 5 years average, maintaining existing asset components
- The increase from 2010-2015 to the 2016-2020 average is due to the overall aging of assets, the impact of Development Fund projects on related reserve components, and the 2018 replacement of Snowbird chairlift for \$1.4 million.*

**\$18.3 million in Development Fund capital investments, including:**

- Alder Creek Adventure Center building (2014-2015)
- Downhill Ski Area snowmaking investment (2015)
- Solar projects at three locations (2015-2016)
- Equestrian campus relocation and upgrades (2015-2016-2017)
- Crabtree Canyon land 640 acres (2016)
- Alder Creek Adventure Center exterior storage building (2017)
- Equestrian campus improvements, Eagle Rock Chairlift building improvements (2018)
- Trout Creek Recreation Center building expansion (2019-2020)
- Berggarten Trailhead paving (2020)

**\$1.6 million in New Equipment Fund capital investments**

\$161,000 per year average

# CAPITAL FUNDS

## REPLACEMENT RESERVE FUND

**35% FUNDED**

Replacement Reserve Funds as of December 31, 2020 ratio to Replacement Reserve Component total costs on 100% Funded Method calculation. See page 10 for by-year trends.

### \$4.8 MILLION | 2020 Expenditures

- \$2,000,000 GOLF COURSE greens replacement, tee and fairway improvements
- \$618,000 TRAILS replacement of Nature Loop Trail
- \$555,000 INFORMATION TECHNOLOGY hardware and software (Aspenware e-store)
- \$414,000 TROUT CREEK RECREATION CENTER remodel to completion
- \$108,000 TRAILS soft costs for Coyote Crossing work

The Replacement Reserve Fund is used to account for financial resources designated for the repair, restoration, replacement or maintenance of, or litigation involving repair, restoration, replacement or maintenance of, major components which the Association is obligated by state law and sound business practices to repair, restore, replace or maintain. A 30-year reserve funding and expenditure plan is produced every three years, and updated annually, to schedule and analyze the funding and expenditure needs. Over 2,000 individual items are tracked in this plan, with a current replacement value of \$62 million. A complete study and plan was performed in 2019 and is updated annually.

The year-end fund balance increased by \$301,000 or 2%. The balance fluctuates each year due to funding level from assessment and transfers, if any, as well as expenditures each year, in accordance with the 30-year reserve study.

## DEVELOPMENT FUND

### \$426,000 | 2020 Expenditures

- \$50,000 SNOWPLAY permanent utility installation
- \$49,000 DOWNHILL SKI improvement planning costs
- \$39,000 TRAILS parking lot installation for Bermgarten Trailhead
- \$32,000 TRAILS trailhead boardwalk and trail restoration
- \$28,000 CROSS COUNTRY SKI snowmaking installation soft costs

The Development Fund is specifically intended for and authorized in the governing documents of the Association. The Development Fund was established to accumulate funds for use in the development of, and additions to, facilities identified by the Board as necessary due to new capacity requirements of the Association or changing needs of the community.

The Development Fund includes funds accumulated for the specific purpose of replacing existing buildings, as only certain components of buildings are in the Replacement Reserve study.

The assessment contribution for 2020 was \$2,298,000 or \$355 per owner. The year-end fund balance increased by \$1.8 million or 27%. Savings in this fund are primarily for the anticipated known need to address the aging (50-year-old) Downhill Ski lodge.

## NEW EQUIPMENT FUND

### \$49,000 | 2020 Expenditures

- \$13,000 FORESTRY broadband Wi-Fi for the Forestry building
- \$26,000 OPERATIONS cordless electrostatic sprayers for COVID-19 safety
- \$15,000 DOWNHILL SKI two-way speakers for ticket windows

The New Equipment Fund is used to account for financial resources designated for the acquisition of new assets identified as necessary for the Association to be more efficient in operations or to provide new services to the membership.

The assessment contribution for 2020 was \$194,000 or \$30 per owner. The year-end fund balance of \$354,656 increased by \$146,982 or 71% compared to prior year end.

## PROPERTY FUND

The Property Fund is used to account for the Association's investment in its fixed assets. Capital additions to fixed assets totaled \$4.3 million (in 2019, \$3.2 million). Depreciation expense for the year totaled \$3.2 million (in 2019, \$3.4 million).

Total gross fixed asset value of \$82.8 million equates to \$12,790 per owner and net book value of fixed assets and construction in progress of \$42.4 million equates to \$6,547 per owner (an increase of \$162 to 2019).

# CAPITAL FUNDS SUMMARY

YEAR ENDING DECEMBER 31, 2020

	2020 ACTUAL	2020 BUDGET	2020 ACTUAL VS 2020 BUDGET	2019 ACTUAL	2020 ACTUAL VS 2019 ACTUAL
<b>REPLACEMENT RESERVE FUND</b>					
Beginning Fund Balance	\$ 12,827,511	\$ 12,300,000	\$ 527,511	\$ 10,400,648	\$ 2,426,863
Assessment Contribution	4,985,000	4,985,000	-	4,661,000	324,000
Interest Revenue	166,496	244,000	(77,504)	219,493	(52,997)
Operating Fund Transfer In	-	-	-	1,000,000	(1,000,000)
Other Revenue + Expense, Net	(57,813)	(222,000)	164,187	43,994	(101,807)
Major Maintenance + Fund Expenses	(970,962)	(1,022,000)	51,038	(1,075,576)	104,614
Expenditures for Capital Additions	(3,822,158)	(5,966,000)	2,143,842	(2,422,048)	(1,400,110)
Change in Fund Balance	300,563	(1,981,000)	2,281,563	2,426,863	(2,126,300)
<b>ENDING FUND BALANCE</b>	<b>\$ 13,128,074</b>	<b>\$ 10,319,000</b>	<b>\$ 2,809,074</b>	<b>\$ 12,827,511</b>	<b>\$ 300,563</b>

## NEW MACHINERY + EQUIPMENT FUND

Beginning Fund Balance	207,674	120,000	87,674	113,022	94,652
Assessment Contribution	194,000	194,000	-	194,000	-
Interest Revenue	2,661	5,000	(2,339)	6,813	(4,152)
Other Revenue + Expense, Net	-	-	-	(604)	604
Major Maintenance + Fund Expenses	-	-	-	-	-
Expenditures for Capital Additions	(49,442)	(80,000)	30,558	(105,557)	56,115
Change in Fund Balance	147,219	119,000	28,219	94,652	52,567
<b>ENDING FUND BALANCE</b>	<b>\$ 354,893</b>	<b>\$ 239,000</b>	<b>\$ 115,893</b>	<b>\$ 207,674</b>	<b>\$ 147,219</b>

## DEVELOPMENT FUND

Beginning Fund Balance	6,787,250	6,200,000	587,250	5,304,789	1,482,461
Assessment Contribution	2,298,000	2,298,000	-	2,168,000	130,000
Interest Revenue	114,175	130,000	(15,825)	160,459	(46,284)
Other Revenue + Expense, Net	(134,500)	(334,000)	199,500	(14,185)	(120,315)
Fund Expenses	-	-	-	(111,782)	111,782
Expenditures for Capital Additions	(425,968)	(3,089,000)	2,663,032	(720,030)	294,062
Change in Fund Balance	1,851,707	(995,000)	2,846,707	1,482,462	369,245
<b>ENDING FUND BALANCE</b>	<b>\$ 8,638,957</b>	<b>\$ 5,205,000</b>	<b>\$ 3,433,957</b>	<b>\$ 6,787,251</b>	<b>\$ 1,851,706</b>

## CAPITAL FUND TOTALS SEE PAGE 26 FOR SCHEDULE OF SPEND BY DEPARTMENT

Major Maintenance + Fund Expenses	(970,962)	(1,022,000)	51,038	(1,187,358)	216,396
Expenditures for Capital Additions	(4,297,568)	(9,135,000)	4,837,432	(3,247,635)	(1,049,933)
<b>TOTAL</b>	<b>\$ (5,268,530)</b>	<b>\$ (10,157,000)</b>	<b>\$ 4,888,470</b>	<b>\$ (4,434,993)</b>	<b>\$ (833,537)</b>

The variance between Actual and Budget capital expenditures is primarily driven by the timing of projects between years and deferral due to COVID-19.

The Board has a **fiduciary responsibility** (by law) to do what is best for the Association both now and for the future. Current owners have the responsibility to pay for the depreciation of Association assets, not defer the burden to future owners. Properly maintaining our assets protects owners' **property values**.

# INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS  
TAHOE DONNER ASSOCIATION

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Tahoe Donner Association, which comprise the balance sheet as of December 31, 2020, and the related statements of revenue and expenses – all funds, changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tahoe Donner Association as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## DISCLAIMER OF OPINION ON REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by generally accepted accounting principles, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## OTHER INFORMATION

The information included on pages 24-26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## COMPARATIVE INFORMATION

Information for the year ended December 31, 2019 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unmodified opinion in our report dated April 3, 2020.

As described in Note 2, the Association changed the composition of its financial statements and allocations of certain departmental expenses in 2020, and the 2019 financial statements have been restated to conform to the composition and allocations utilized in 2020.

## McCLINTOCK ACCOUNTANCY CORPORATION

TAHOE CITY, CALIFORNIA

APRIL 13, 2021

# TAHOE DONNER ASSOCIATION BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2020	TOTAL 2019
<b>ASSETS</b>							
Cash and cash equivalents, unrestricted (Note 4)	\$ 5,491,032	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,491,032	\$ 1,541,942
Cash and cash equivalents, designated and restricted (Note 4)	238,830	222,446	262,721	1,781,283	-0-	2,505,280	449,175
Investments, unrestricted (Note 4)	1,632,827	-0-	-0-	-0-	-0-	1,632,827	4,504,145
Investments, designated and restricted (Note 4)	-0-	15,112,395	-0-	6,778,817	-0-	21,891,212	21,819,252
	<u>7,362,689</u>	<u>15,334,841</u>	<u>262,721</u>	<u>8,560,100</u>	<u>-0-</u>	<u>31,520,351</u>	<u>28,314,514</u>
Assessments and other member receivables, less allowance for doubtful accounts of \$75,213 in 2020 and \$88,679 in 2019	245,507	-0-	-0-	-0-	-0-	245,507	266,025
Other receivables	13,974	19	-0-	11,111	-0-	25,104	337,009
Inventory	321,967	-0-	-0-	-0-	-0-	321,967	319,342
Prepaid expenses and other assets	1,274,413	-0-	-0-	-0-	-0-	1,274,413	860,057
Due from (to) other funds	(736,898)	(353,286)	91,976	998,208	-0-	-0-	-0-
Property and equipment, net (Note 5)	-0-	-0-	-0-	-0-	42,380,585	42,380,585	41,331,406
<b>TOTAL ASSETS</b>	<u>\$ 8,481,652</u>	<u>\$ 14,981,574</u>	<u>\$ 354,697</u>	<u>\$ 9,569,419</u>	<u>\$ 42,380,585</u>	<u>\$ 75,767,927</u>	<u>\$ 71,428,353</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 39,214	\$ 169,696	\$ -0-	\$ 10,461	\$ -0-	\$ 219,371	\$ 671,635
Accrued liabilities	1,074,079	34,876	41	1,005	-0-	1,110,001	1,584,663
Deferred revenue	4,121,222	1,648,928	-0-	914,013	-0-	6,684,163	5,556,495
Deposits from members	308,151	-0-	-0-	-0-	-0-	308,151	219,266
<b>TOTAL LIABILITIES</b>	<u>5,542,666</u>	<u>1,853,500</u>	<u>41</u>	<u>925,479</u>	<u>-0-</u>	<u>8,321,686</u>	<u>8,032,059</u>
Fund Balances - Exhibit B	<u>2,938,986</u>	<u>13,128,074</u>	<u>354,656</u>	<u>8,643,940</u>	<u>42,380,585</u>	<u>67,446,241</u>	<u>63,396,294</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,481,652</u>	<u>\$ 14,981,574</u>	<u>\$ 354,697</u>	<u>\$ 9,569,419</u>	<u>\$ 42,380,585</u>	<u>\$ 75,767,927</u>	<u>\$ 71,428,353</u>

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



# TAHOE DONNER ASSOCIATION

## STATEMENTS OF REVENUE AND EXPENSES – ALL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2020	TOTAL 2019
<b>REVENUE</b>							
Members' assessments	\$ 5,889,745	\$ 4,985,000	\$ 194,000	\$ 2,298,000	\$ -0-	\$ 13,366,745	\$ 12,719,445
Downhill ski	3,461,292	-0-	-0-	-0-	-0-	3,461,292	4,770,549
Snowplay	153,021	-0-	-0-	-0-	-0-	153,021	244,046
The Lodge and Summer F&B	1,305,051	-0-	-0-	-0-	-0-	1,305,051	2,742,223
Cross country center	1,265,594	-0-	-0-	-0-	-0-	1,265,594	1,381,116
Trout Creek recreation center and aquatics	668,271	-0-	-0-	-0-	-0-	668,271	1,310,493
Marina	464,555	-0-	-0-	-0-	-0-	464,555	680,754
Golf course	86,618	-0-	-0-	-0-	-0-	86,618	706,522
Alder Creek Cafe	349,064	-0-	-0-	-0-	-0-	349,064	490,426
Pizza on the Hill	-0-	-0-	-0-	-0-	-0-	-0-	344,563
Tennis	352,122	-0-	-0-	-0-	-0-	352,122	308,060
Day Camps	1,534	-0-	-0-	-0-	-0-	1,534	247,719
Equestrian	78,689	-0-	-0-	-0-	-0-	78,689	238,636
Recreation	-0-	-0-	-0-	-0-	-0-	-0-	201,021
Campground	119,887	-0-	-0-	-0-	-0-	119,887	95,813
Bikeworks	172,179	-0-	-0-	-0-	-0-	172,179	134,638
Trails	1,127	-0-	-0-	-0-	-0-	1,127	2,832
Communications	240,013	-0-	-0-	-0-	-0-	240,013	227,063
Architectural standards	325,269	-0-	-0-	-0-	-0-	325,269	174,557
Forestry	173,372	-0-	-0-	-0-	-0-	173,372	94,975
Interest income	62,859	166,496	2,661	119,829	-0-	351,845	500,921
Late charges, handling, transfer fees, and other fees	132,908	-0-	-0-	-0-	-0-	132,908	130,614
Miscellaneous income	43,510	-0-	-0-	-0-	-0-	43,510	54,762
<b>TOTAL REVENUE</b>	<b>15,346,680</b>	<b>5,151,496</b>	<b>196,661</b>	<b>2,417,829</b>	<b>-0-</b>	<b>23,112,666</b>	<b>27,801,748</b>
<b>OPERATING EXPENSES</b>							
Downhill ski (cost of sales of \$102,458 in 2020 and \$196,821 in 2019)	2,520,721	8,953	-0-	-0-	-0-	2,529,674	3,122,294
Snowplay (cost of sales of \$198 in 2020 and \$1,911 in 2019)	101,649	-0-	-0-	-0-	-0-	101,649	131,806
The Lodge and Summer F&B (cost of sales of \$431,666 in 2020 and \$784,377 in 2019)	1,764,219	17,018	-0-	-0-	-0-	1,781,237	2,866,067
Cross country center (cost of sales of \$70,892 in 2020 and \$85,840 in 2019)	785,486	36,295	-0-	-0-	-0-	821,781	1,031,741
Trout Creek recreation center and aquatics (cost of sales of \$4,975 in 2020 and \$20,016 in 2019)	810,428	63,605	-0-	-0-	-0-	874,033	1,221,153
Marina (cost of sales of \$13,138 in 2020 and \$51,485 in 2019)	253,239	4,753	-0-	-0-	-0-	257,992	439,036
Golf course (cost of sales of \$411 in 2020 and \$49,814 in 2019)	616,147	4,042	-0-	-0-	-0-	620,189	1,277,705
Alder Creek Cafe (cost of sales of \$116,757 in 2020 and \$164,450 in 2019)	476,929	-0-	-0-	-0-	-0-	476,929	558,925
Pizza on the Hill (cost of sales of \$-0- in 2020 and \$99,622 in 2019)	18,570	-0-	-0-	-0-	-0-	18,570	389,831
Tennis (cost of sales of \$28,553 in 2020 and \$35,643 in 2019)	256,244	-0-	-0-	-0-	-0-	256,244	246,409
Day Camps	20,905	-0-	-0-	-0-	-0-	20,905	236,927
Equestrian (cost of sales of \$-0- in 2020 and \$7,732 in 2019)	189,975	-0-	-0-	-0-	-0-	189,975	330,228
Recreation (cost of sales of \$24 in 2020 and \$1,469 in 2019)	38,143	-0-	-0-	-0-	-0-	38,143	201,961
Campground	85,013	-0-	-0-	-0-	-0-	85,013	88,241
Bikeworks (cost of sales of \$57,360 in 2020 and \$55,263 in 2019)	141,325	-0-	-0-	-0-	-0-	141,325	127,588
Trails	105,496	38,824	-0-	-0-	-0-	144,320	153,406
Communications	602,564	-0-	-0-	-0-	-0-	602,564	638,207
Architectural standards	340,395	-0-	-0-	-0-	-0-	340,395	389,199
Forestry	1,615,724	122,960	-0-	-0-	-0-	1,738,684	1,498,988
Homeowners' association operating expenses and G&A	3,891,984	760,512	-0-	124,500	-0-	4,776,996	5,797,787
<b>TOTAL OPERATING EXPENSES</b>	<b>14,635,156</b>	<b>1,056,962</b>	<b>-0-</b>	<b>124,500</b>	<b>-0-</b>	<b>15,816,618</b>	<b>20,747,499</b>
<b>FUND EXPENSES</b>							
(Gain) Loss on disposal of assets	(462)	(44,383)	-0-	-0-	29,024	(15,821)	(35,606)
Depreciation	-0-	-0-	-0-	-0-	3,219,365	3,219,365	3,440,155
Income tax provision (Note 6)	15,452	16,196	237	10,672	-0-	42,557	68,610
<b>TOTAL EXPENSES</b>	<b>14,650,146</b>	<b>1,028,775</b>	<b>237</b>	<b>135,172</b>	<b>3,248,389</b>	<b>19,062,719</b>	<b>24,220,658</b>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 696,534</b>	<b>\$ 4,122,721</b>	<b>\$ 196,424</b>	<b>\$ 2,282,657</b>	<b>\$ (3,248,389)</b>	<b>\$ 4,409,947</b>	<b>\$ 3,581,090</b>
<b>PROPERTY FUND ADDITIONS, NET (SCHEDULE 2)</b>	<b>-0-</b>	<b>(3,822,158)</b>	<b>(49,442)</b>	<b>(425,968)</b>	<b>4,297,568</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>2,242,452</b>	<b>12,827,511</b>	<b>207,674</b>	<b>6,787,251</b>	<b>41,331,406</b>	<b>63,396,294</b>	<b>59,815,204</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,938,986</b>	<b>\$ 13,128,074</b>	<b>\$ 354,656</b>	<b>\$ 8,643,940</b>	<b>\$ 42,380,585</b>	<b>\$ 67,446,241</b>	<b>\$ 63,396,294</b>

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

# TAHOE DONNER ASSOCIATION

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2020	TOTAL 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Operating Revenue Over Expenses	\$ 696,534	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 696,534	\$ 800,559
Replacement Revenue Over Expenses	-0-	4,122,721	-0-	-0-	-0-	4,122,721	3,848,912
Non-Operating Funds Revenue Over (Under) Expenses	-0-	-0-	196,424	2,282,657	(3,248,389)	(769,308)	(1,068,381)
Revenue Over (Under) Expenses	696,534	4,122,721	196,424	2,282,657	(3,248,389)	4,049,947	3,581,090
Transfers between funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Adjustments to Reconcile Operating/Replacement Revenue Over (Under) Expenses to Net Cash Provided (Used) by Operating Activities:							
Bad debt expense	67,853	9,000	-0-	4,500	-0-	81,353	24,642
Depreciation expense	-0-	-0-	-0-	-0-	3,219,365	3,219,365	3,440,155
(Gain)/Loss on disposal of assets	(462)	(44,383)	-0-	-0-	29,024	(15,821)	(35,606)
Changes in:							
Assessments receivable	(47,335)	(9,000)	-0-	(4,500)	-0-	(60,835)	(29,088)
Other receivables	201,117	84,504	871	25,413	-0-	311,905	(97,808)
Inventory	(2,625)	-0-	-0-	-0-	-0-	(2,625)	(4,419)
Prepaid expenses and other assets	(414,355)	-0-	-0-	-0-	-0-	(414,355)	(111,148)
Due to/from other funds	605,676	462,924	(84,996)	(983,604)	-0-	-0-	-0-
Accounts payable	(316,191)	(120,454)	-0-	(15,617)	-0-	(452,262)	57,643
Accrued liabilities	(491,616)	124,515	(127)	(2,943)	-0-	(370,171)	58,945
Deferred revenue	675,569	246,054	(59,197)	265,243	-0-	1,127,669	515,072
Deposits	88,885	-0-	-0-	-0-	-0-	88,885	(37,385)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,063,050</b>	<b>4,875,881</b>	<b>52,975</b>	<b>1,571,149</b>	<b>-0-</b>	<b>7,563,055</b>	<b>7,362,093</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Acquisition of property and equipment	-0-	(3,926,653)	(49,442)	(425,968)	-0-	(4,402,063)	(3,121,146)
Proceeds from sale of property and equipment	462	44,383	-0-	-0-	-0-	44,845	66,533
Purchase of investments	(4,497,871)	(22,945,302)	-0-	(7,989,212)	-0-	(35,432,385)	(52,103,064)
Maturity or redemption of investments	7,369,189	22,014,467	246,478	8,601,609	-0-	38,231,743	47,673,388
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>2,871,780</b>	<b>(4,813,105)</b>	<b>197,036</b>	<b>186,429</b>	<b>-0-</b>	<b>(1,557,860)</b>	<b>(7,484,289)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>							
<b>CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,934,830</b>	<b>62,776</b>	<b>250,011</b>	<b>1,757,578</b>	<b>-0-</b>	<b>6,005,195</b>	<b>(122,196)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,795,032</b>	<b>159,670</b>	<b>12,710</b>	<b>23,705</b>	<b>-0-</b>	<b>1,991,117</b>	<b>2,113,313</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,729,862</b>	<b>\$ 222,446</b>	<b>\$ 262,721</b>	<b>\$ 1,781,283</b>	<b>\$ -0-</b>	<b>\$ 7,996,312</b>	<b>\$ 1,991,117</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>							
Cash and cash equivalents, unrestricted	\$ 5,491,032	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,491,032	\$ 1,541,942
Cash and cash equivalents, designated and restricted	238,830	222,446	262,721	1,781,283	-0-	2,505,280	449,175
	<b>\$ 5,729,862</b>	<b>\$ 222,446</b>	<b>\$ 262,721</b>	<b>\$ 1,781,283</b>	<b>\$ -0-</b>	<b>\$ 7,996,312</b>	<b>\$ 1,991,117</b>
<b>SUPPLEMENTAL DISCLOSURE</b>							
Income taxes paid	\$ 55,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 55,000	\$ 53,970
<b>NON-CASH INVESTMENT ACTIVITIES</b>							
Acquisition of equipment financed by trade payables	\$ -0-	\$ 21,997	\$ -0-	\$ -0-	\$ -0-	\$ 21,997	\$ 126,490

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

**1 OPERATIONS**

Tahoe Donner Association (Association) is a California nonprofit mutual benefit corporation. The Association's members own the 6,473 membership properties within the Tahoe Donner subdivision in Truckee, California. The Association was organized to provide management services and maintenance of certain common areas owned by the Association. A significant portion of revenue is derived from the assessment of member dues.

The Association operates and maintains facilities, which include a golf course and pro shop, restaurant, downhill ski area, clubhouse, Nordic ski area, beach and marina area, equestrian center, campground, tennis facilities, recreation complex, pools and parks. Revenues are derived from member and non-member usage of these facilities.

The Association's Board of Directors is comprised of five members elected to serve three-year terms by a vote of the members. The Board of Directors governs in accordance with the Association's bylaws and declaration of covenants and restrictions. The Board of Directors establishes members' dues and user fees, and has the ability to enter into long-term contracts. Along with other actions, closing an Association amenity (as defined by the governing documents) requires a vote of the members.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION** – The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

**OPERATING FUND** – Used to account for financial resources available for the general operations of the Association.

**REPLACEMENT RESERVE FUND** – Used to account for financial resources designated for the repair, restoration, replacement or maintenance of, or litigation involving repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the replacement reserve fund was established.

**NEW EQUIPMENT FUND** – Used to account for financial resources designated for the purchase of new machinery, equipment, furnishings and fixtures.

**DEVELOPMENT FUND** – Used to account for financial resources designated for use in the acquisition and enhancement of facilities, equipment and other resources.

**PROPERTY FUND** – Used to account for the Association's investment in its common property and equipment, and other Association real property.

**ASSESSMENT REVENUE** – Association members are subject to annual assessments to provide funds for the Association's operating expenses, major repairs and replacements, development and purchase of new equipment. Accounts receivable at the balance sheet date primarily represents amounts due from unit owners. The Association's collection policy includes, among other things, assessing a late charge and interest, filing a lien, and assessing a lien fee on payments not received within the allowable time periods. In certain instances, foreclosure may be necessary. An allowance for doubtful accounts is created when an account's collectability is uncertain. Accounts are written off when the Association's management determines that an account is uncollectible due to an event such as bankruptcy or foreclosure proceedings.

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

**CASH** consists of cash on hand, demand deposits at banks and money market funds.

The Association minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. As of December 31, 2020, and 2019, cash balances exceeded federally insured limits by approximately \$5,137,000 and \$864,000, respectively. The Association has not experienced any losses in such accounts and management believes the Association is not exposed to any significant credit risk related to cash.

**INVESTMENTS** consist of debt securities and certificates of deposits, which are carried at amortized cost as the Association has the positive intent and ability to hold all debt securities and certificates of deposit until maturity.

**INVENTORIES** consist of food, beverage and retail goods and are stated at the lower of average cost or market.

**PROPERTY AND EQUIPMENT** of the Association includes certain facilities and land contributed by Dart in prior years. These assets are reflected in the accounts at the developers' cost basis. Purchases are stated at cost. The Association capitalizes all expenditures for property and equipment in excess of \$2,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from 3 to 60 years. These assets are recorded directly in the property fund.

Approximately 3,000 acres of undeveloped non-common area real property owned by the Association is controlled by the Association's declaration of covenants and restrictions, and bylaws.

**INTEREST INCOME** and the related income tax expense is allocated to the operating, replacement and reserve, new machinery and equipment and development funds in proportion to the interest-bearing assets of each fund.

**ASSESSMENTS PAID IN ADVANCE AND DEFERRED REVENUE** primarily represents funds received for assessments, amenity and

newsletter fees received in the current fiscal year, which apply to the subsequent fiscal year.

**DEPOSITS FROM MEMBERS** held by the Association are primarily security deposits from members for the construction of residential real property. The deposits are used to ensure that construction is completed in accordance with the guidelines established by the Association's Architectural Standards Committee. The funds are deposited in a separate trust account and are refundable upon satisfactory completion of construction.

**ADVERTISING COSTS** are expensed as incurred. For the year ended December 31, 2020 and 2019 advertising costs total \$50,594 and \$73,449, respectively.

**INCOME TAXES** – For California purposes, the Association is taxed as membership organization. As such, the Association is generally taxed only on non-member income, such as investment earnings, advertising revenue and gains on sales of assets at regular state corporate tax rates. For federal purposes, the Association has tax-exempt status as a non-profit organization under Internal Revenue Code 501(c)(4). Unrelated business income earned by the Association, such as advertising revenue, is taxed net of related expenses at regular federal corporate tax rates.

The Association has applied the accounting principles related to the accounting for uncertainty in income taxes and has determined there is no material impact on the financial statements. With some exceptions, the Association is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2016.

**CARRYING AMOUNTS** of financial instruments, including cash and cash equivalent, accounts receivable and accounts payable approximate their fair value due to the short-term maturities of these instruments.

**USE OF ESTIMATES** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RECLASSIFICATIONS** – Certain reclassifications have been made in the 2019 financial statements to conform to the classifications used in 2020. The reclassifications had no impact on the financial position or results of operations for 2019.

**RESTATEMENT** – In 2020, the Association changed the composition of its financial statements to eliminate allocations of certain departmental expenses (overhead) to the other departments they both directly and indirectly serve. Management concluded that the financial statements provided more reliable and relevant information without the allocations. The 2019 financial statements as presented for comparative purposes only have been restated to conform to the composition and allocations utilized in 2020. The restatements had no impact on the total financial position or results of operations for 2019.

**REVENUE RECOGNITION** – The Association adopted the provisions of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, ("Topic 606" in the Accounting Standards Codification (ASC)). Topic 606 superseded the revenue recognition requirements in FASB ASC 972-605, *Real Estate—Common Interest Realty Associations, Revenue Recognition*. Under Topic 606, the Association must identify a contract with a customer, among other things, and recognize revenue as the Association satisfies a performance obligation.

As described above, Association members are subject to annual assessments that provide funds for the Association's operating expenses and major repairs and replacements. Association management has considered Topic 606 and concluded that Association members are not customers as defined in the ASC. As such, all assessment revenue, including amounts allocated to the replacement fund, is recognized in the period in which it is assessed, regardless of when it is collected or expended.

**NEW ACCOUNTING PRONOUNCEMENT** – In 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2019-04, *Codification Improvements to Topic 825, Financial Instruments*. The Association adopted the provisions of this new standard during the year ended December 31, 2020. The adoption had no impact on the balance sheets or statements of revenue and expenses and changes in fund balance. The adoption removed the requirement to disclose fair value on held-to-maturity debt securities. As a result of the new accounting pronouncement, Note 4 to the financial statements was amended in 2020 and 2019 and no longer includes information on fair value.

**COVID-19** – The COVID-19 outbreak in the United States has caused varying degrees of disruption across substantially all businesses. It is at least possible that the Association may experience adverse effects from the outbreak, including the inability to achieve consistent operational service levels historically available to members. As a result of the pandemic, the Association temporarily closed its amenities, causing a reduction in revenues and related expenses in the last three quarters of 2020. Benefits were maintained for furloughed employees in all departments. Issues may arise from disruptions in normal supply chains, slower collection of member assessments, reduction in user fees, or other factors.

The Association has considered the impact of COVID-19 on the assumptions and estimates used when preparing these financial statements including the potential impairment of long-lived assets, inventory valuation and future compliance with debt covenants, noting no adjustments to be reflected in the accompanying financial statements at this time. If the economic conditions caused by COVID-19 worsen beyond what is currently estimated by management, such future changes may have an adverse impact on the Association's result of operations, financial position, and liquidity, therefore no provisions have been reflected in the accompanying financial statements.

**3 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**REVENUE RECOGNITION**

The following provides information about the Association’s composition of revenue recognized from contracts with customers, the performance obligations under those contracts, and the significant judgments made in accounting for those contracts:

Downhill ski, Cross Country and Golf revenue is derived from a wide variety of sources, including, among other things: lift, trail and course access revenue, which includes sales of lift tickets, trail access, golf course access and pass products; ski school and lesson revenue, which includes the revenue derived from ski school and lesson operations; food and beverage sales; retail sales and equipment rental revenue. Revenue is recognized over time as performance obligations are satisfied as control of the goods or services (e.g. access to ski areas, trails and golf course, provision of ski school and lesson services, etc.) is transferred to the customer, except for the retail sales, rentals and food and beverage operations revenue which are recognized at a point in time when performance obligations are satisfied by transferring control of the underlying goods to the customer. The Association records deferred revenue primarily related to the sales of the pass products. Deferred revenue is recognized throughout the ski and golf seasons as the Association’s performance obligations are satisfied as control of the service (e.g. access to the ski areas throughout the ski season) is transferred to the customer. The transfer of control is based on the number of days that have passed in the season relative to total expected season days. Total expected season days are based on historical data, and the Association believes this estimate provide a faithful depiction of its customers pass product usage.

The Association’s private amenities (Trout Creek recreation center and aquatics, Snowplay, Marina and Tennis) are accessible via an annual recreation pass or daily access fees. Revenue is derived from recreation pass usage, daily access fees, lessons, classes and trainings, retail sales, equipment rentals and food and beverage sales. Revenue is recognized over time as performance obligations are satisfied as control of the goods or services (e.g. access amenities, provision of lessons, classes and training services, etc.) is transferred to the customer, except for the retail sales, rentals and food and beverage operations revenue which are recognized at a point in time when performance obligations are satisfied by transferring control of the underlying goods to the customer. The Association records deferred revenue primarily related to the sales of the recreation pass. Deferred revenue is recognized throughout recreation pass period as the Association’s performance obligations are satisfied as control of the service (e.g. access to amenities throughout the pass period) is transferred to the customer. The transfer of control is based on an estimated number of pass holder visits relative to total expected visits. The total expected visits are estimated based on historical data, and the Association believes this estimate provides a faithful depiction of its customers’ pass product usage.

Food and beverage revenue (The Lodge and Summer F&B, Alder Creek Cafe and Pizza on the Hill) is derived from restaurants and

cafes, room rentals and banquets. Revenue is recognized at a point in time when performance obligations are satisfied by transferring controls of the underlying goods to the customer.

Communications revenue is derived primarily from newsletter ad sales. Revenue is recognized over time as performance obligations are satisfied as control of the good (e.g. inclusion of ad in the monthly newsletter) is transferred to the customer. Deferred revenue relates sales of newsletter ad space for multiple monthly publications in advance.

Other revenue sources not previously mentioned provide revenue from a variety of means including other amenity access fees, lessons and camps, retail sales, equipment rentals, special events and concerts and food and beverage sales, architectural fees and forestry grants revenues. Revenue is recognized over time as performance obligations are satisfied as control of the (e.g. completions of lessons or camps) is transferred to the customer, except for retail sales, equipment rentals and food and beverage sales which are recognized at a point in time when performance obligations are satisfied by transferring control of the underlying goods to the customer.

**ARRANGEMENTS WITH MULTIPLE PERFORMANCE OBLIGATIONS**

Some of the Association’s contracts with customers include multiple performance obligations, primarily related to bundled services such as multiple events, camps, class and lesson packages. For such contracts, revenue is allocated to each distinct and separate performance obligation based on its relative standalone selling price. The standalone selling prices are generally based on observable prices charged to customers or estimated based on historical experience and information.

**CONTRACT BALANCES**

Contract liabilities are recorded primarily as deferred revenues when payments are received or due in advance of the Association’s performance, including amounts which may be refundable. The deferred revenue balance is primarily related to accounts receivable or cash payments recorded in advance of satisfying the Association’s performance obligations related to advance purchase products consisting primarily of recreation passes, ski and golf passes, amenity related lessons and programs. Deferred revenue balances related to contracts was approximately \$2,071,000 and \$1,783,000 as of December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the Association recognized approximately \$1,592,000 and \$1,315,000 of contract revenue that was included in the deferred revenue balance as of the previous fiscal year, respectively.

Contract assets are recorded as trade receivables when the right to consideration is unconditional. Trade receivable balances were approximately \$1,900 and \$53,000 as of December 31, 2020 and 2019, respectively. Payments from customers are based on billing terms established in the contracts with customers, which vary by the type of customer, the location and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types,

contracts require payment before the products are delivered or services are provided to the customer. Impairment losses related to contract assets are recognized through the Association’s allowance for doubtful accounts analysis. Contract asset write-offs are evaluated on an individual basis.

**COSTS TO OBTAIN CONTRACTS WITH CUSTOMERS**

The Association expects that credit card fees paid in order to obtain season pass products contracts are recoverable. Accordingly, the Association recognizes these amounts as assets when they are paid prior to the start of the pass season. As of December 31, 2020,

and 2019, \$6,502 and \$11,283 of costs to obtain contracts with customers were recorded within prepaid expenses and other current assets, respectively.

Utilizing the practical expedient provided for under Topic 606, the Association has elected to expense credit card fees related to non pass products and services as incurred, as the amortization period is generally one year or less for the time between customer purchase and utilization. These fees are recorded within departmental expenses on the Association’s Statement of Revenue and Expenses and Changes in Fund Balances.

**4 CASH AND INVESTMENTS**

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

	2020	2019
Replacement Reserve Fund - designated	\$ 15,334,841	\$ 14,341,230
Development Fund - designated	8,560,100	7,414,919
New Equipment Fund - designated	262,721	259,188
Operating Fund - undesignated and unrestricted	7,123,859	6,046,087
Operating Fund – Trust – restricted 457 (b)	19,500	33,813
Operating Fund - Architectural standards deposits - restricted (Note 7)	219,330	219,277
<b>TOTAL</b>	<b>\$ 31,520,351</b>	<b>\$ 28,314,514</b>

Board designated funds in the replacement reserve fund cannot be expended than the repair, restoration, replacement or maintenance of, or litigation involving repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the replacement reserve fund was established as mandated by state law.

Designated funds in the development fund are controlled by board-adopted policy that affords the board discretion in expenditure, except where member approval is required in connection with the intended project.

Association investments consist of certificates of deposit, municipal and corporate securities, and governmental securities, and amounted to \$23,524,039 and \$26,323,397 at December 31, 2020 and 2019, respectively. Varying types and levels of safety protection cover the various Association investments, including FDIC insurance, SIPC insurance, privately funded bank insurance, and the backing of the US Treasury and its agencies.

Municipal and corporate securities, governmental securities and certificates of deposit are carried at amortized cost as they are classified as held to maturity investments since the Association has the positive intent and ability to hold all securities until maturity.

(Continued on next page)

	2020 AMORTIZED COST/NET CARRYING VALUE	2019 AMORTIZED COST/NET CARRYING VALUE
Held to maturity:		
Certificates of Deposit	\$ 382,988	\$ 1,129,197
Corporate Bonds	2,219,307	3,220,976
Municipal Securities	2,176,130	2,262,597
US Treasury Securities	18,745,614	19,710,627
<b>TOTAL HELD TO MATURITY</b>	<b>\$ 23,524,039</b>	<b>\$ 26,323,397</b>

The maturities of the held to maturity securities at December 31, 2020 and 2019 are as follows:

2020 INVESTMENT	WITHIN 1 YEAR	1-5 YEARS	TOTAL
Certificates of Deposit	\$ 382,988	\$ -0-	\$ 382,988
Corporate Bonds	400,949	1,818,358	2,219,307
Municipal Bonds	465,375	1,710,755	2,176,130
U.S. Treasury	18,745,614	-0-	18,745,614
<b>TOTAL</b>	<b>\$ 19,994,926</b>	<b>\$ 3,529,118</b>	<b>\$ 23,524,039</b>

2019 INVESTMENT	WITHIN 1 YEAR	1-5 YEARS	TOTAL
Certificates of Deposit	\$ 379,197	\$ 750,000	\$ 1,129,197
Corporate Bonds	1,054,765	2,166,211	3,220,976
Municipal Bonds	320,200	1,942,397	2,262,597
U.S. Treasury	19,215,128	495,499	19,710,627
<b>TOTAL</b>	<b>\$ 20,969,290</b>	<b>\$ 5,354,107</b>	<b>\$ 26,323,397</b>

## 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Buildings	\$ 33,368,213	\$ 33,141,996
Fixtures and facility improvements	19,146,350	18,633,568
Equipment	19,970,825	19,642,739
Land and land improvements	9,308,808	9,269,730
Furnishings	997,281	992,033
<b>TOTAL</b>	<b>82,791,477</b>	<b>81,680,066</b>
Less accumulated depreciation	(44,460,617)	(41,424,804)
	38,330,860	40,255,262
Construction in progress	4,049,725	1,076,144
<b>TOTAL</b>	<b>\$ 42,380,585</b>	<b>\$ 41,331,406</b>

## 6 INCOME TAXES

The provision for income taxes for the year ended December 31, 2020 and 2019 is as follows:

	2020	2019
State	\$ 43,403	\$ 55,935
Federal	(846)	12,675
<b>TOTAL</b>	<b>\$ 42,557</b>	<b>\$ 68,610</b>

The 2020 federal tax benefit is due to over accruing for federal tax in a prior year.

## 7 REPLACEMENT RESERVE FUND

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

Replacement funding levels, as determined by a study updated in 2020, are forecast on a 30-year basis with annual updates to replacement schedules, as they become known. The percent funded level is to exceed 25% and the replacement reserve fund balance is to equal or exceed 10% of net replacement reserve assets (total property and equipment less land and land improvements). The annual assessment allocation to the replacement reserve fund is determined by the Board of Directors with input from management. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. If additional funds are needed, the Association has the right, subject to any necessary member approval, to increase regular dues, to levy special assessments, or modify and adjust the scheduled major repairs and replacements as necessary.

## 8 INTERFUND ACTIVITY

The Association maintains five funds. The reserve fund portion of the overall assessment are deposited first to the operating fund and transferred to the reserve fund. All fund expenses are paid first by the operating fund and subsequently paid back by cash transfer. At various times during the year there is a receivable/payable (due to/from) among the funds.

During 2019, the Board of Directors approved a \$1,000,000 fund balance transfer from the operating fund to the replacement reserve fund.

## 9 RETIREMENT PLANS

The Association maintains a salary savings plan for all eligible employees. The Association matches 50% of the first 6% of the participant's contribution. Matching contributions are 20% vested after the third year of service and vest at the rate of 20% per year thereafter. Matching contributions expense was \$70,108 and \$105,493 for December 31, 2020 and 2019, respectively.

The Association maintains two defined contribution plans which qualify under Section 457(b) and Section 457(f) of the Internal Revenue Code, respectively (the 457 Plans). The 457 Plans allow for additional Association contributions and salary deferrals subject to limitations for eligible executive employees. Contributions to the 457 Plans funds are considered deferred compensation until certain future date conditions are met. The Association's contribution to the 457 Plans was \$-0- and \$57,009 for the years ended December 31, 2020 and 2019, respectively.

## 10 OPERATING LEASE OBLIGATIONS

The Association has non-cancelable operating leases for copiers and computer equipment. Rental expense under all operating leases was \$22,185 and \$40,190 for 2020 and 2019, respectively.

Future minimum lease payments under these leases are as follows:

YEAR ENDING DECEMBER 31:	
2021	\$ 5,752
2022	5,752
2023	1,917
<b>TOTAL</b>	<b>\$ 13,421</b>

## 11 COMMITMENT

During 2020, the Association entered into a contract for a consultant for The Lodge at Downhill Ski Community Engagement and Business Plan for \$57,170. As of December 31, 2020, \$44,670 remains to be spent on the project.

## 12 SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 13, 2021, the date the financial statements were issued.

# TAHOE DONNER ASSOCIATION

## SCHEDULE OF REVENUE + EXPENSES BY NATURAL CLASSIFICATION

FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	OPERATIONS			CAPITAL				TOTALS	
	AMENITIES	HOMEOWNERS' ASSOCIATION	TOTAL OPERATING FUND	REPLACEMENT RESERVE FUND	NEW EQUIPMENT FUND	DEVELOPMENT FUND	PROPERTY FUND	TOTAL 2020	TOTAL 2019
<b>REVENUE</b>									
Assessments	\$ -0-	\$ 5,889,745	\$ 5,889,745	\$ 4,985,000	\$ 194,000	\$ 2,298,000	\$ -0-	\$ 13,366,745	\$ 12,719,445
Access and use fees	4,004,090	-0-	4,004,090	-0-	-0-	-0-	-0-	4,004,090	5,724,281
Retail sales	2,301,729	-0-	2,301,729	-0-	-0-	-0-	-0-	2,301,729	4,772,930
Lessons and rental revenue	2,042,232	14,335	2,056,567	-0-	-0-	-0-	-0-	2,056,567	2,954,280
Other revenues	131,248	900,442	1,031,690	-0-	-0-	-0-	-0-	1,031,690	1,129,891
Interest income	-0-	62,859	62,859	166,496	2,661	119,829	-0-	351,845	500,921
<b>Total Revenue</b>	<b>8,479,299</b>	<b>6,867,381</b>	<b>15,346,680</b>	<b>5,151,496</b>	<b>196,661</b>	<b>2,417,829</b>	<b>-0-</b>	<b>23,112,666</b>	<b>27,801,748</b>
<b>OPERATING EXPENSES</b>									
Salaries and wages	3,915,882	3,214,565	7,130,447	-0-	-0-	-0-	-0-	7,130,447	10,279,266
Cost of good sold	826,102	-0-	826,102	-0-	-0-	-0-	-0-	826,102	1,554,443
Payroll taxes and employee benefits	977,651	856,941	1,834,592	-0-	-0-	-0-	-0-	1,834,592	2,450,699
Supplies and maintenance	740,474	1,067,044	1,807,518	-0-	-0-	-0-	-0-	1,807,518	1,799,269
Utilities	674,895	199,131	874,026	-0-	-0-	-0-	-0-	874,026	933,786
Other employee expenses	186,698	202,538	389,236	-0-	-0-	-0-	-0-	389,236	432,981
Insurance	445,000	296,020	741,020	-0-	-0-	-0-	-0-	741,020	610,514
Income tax	-0-	15,452	15,452	16,196	237	10,672	-0-	42,557	68,610
Other expenses	421,624	807,591	1,229,215	9,000	-0-	4,500	-0-	1,242,715	1,686,820
Overhead allocation	-0-	(197,000)	(197,000)	77,000	-0-	120,000	-0-	-0-	-0-
<b>Total Operating Expenses</b>	<b>8,188,326</b>	<b>6,462,282</b>	<b>14,650,608</b>	<b>102,196</b>	<b>237</b>	<b>135,172</b>	<b>-0-</b>	<b>14,888,213</b>	<b>19,816,388</b>
<b>FUND EXPENSES</b>									
(Gain) Loss on disposal of assets	-0-	(462)	(462)	(44,383)	-0-	-0-	29,024	(15,821)	(35,606)
Depreciation	-0-	-0-	-0-	-0-	-0-	-0-	3,219,365	3,219,365	3,440,155
Fund expenses	-0-	-0-	-0-	970,962	-0-	-0-	-0-	970,962	999,721
<b>Total Expenses</b>	<b>8,188,326</b>	<b>6,461,820</b>	<b>14,650,146</b>	<b>1,028,775</b>	<b>237</b>	<b>135,172</b>	<b>3,248,389</b>	<b>19,062,719</b>	<b>24,220,658</b>
<b>REVENUE OVER (UNDER) EXPENSES</b>	<b>\$ 290,973</b>	<b>\$ 405,561</b>	<b>\$ 696,534</b>	<b>\$ 4,122,721</b>	<b>\$ 196,424</b>	<b>\$ 2,282,657</b>	<b>\$ (3,248,389)</b>	<b>\$ 4,049,947</b>	<b>\$ 3,581,090</b>
<b>PROPERTY FUND ADDITIONS, NET</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>(3,822,158)</b>	<b>(49,442)</b>	<b>(425,968)</b>	<b>4,297,568</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>-0-</b>	<b>-0-</b>	<b>2,242,452</b>	<b>12,827,511</b>	<b>207,674</b>	<b>6,787,251</b>	<b>41,331,406</b>	<b>63,396,294</b>	<b>59,815,204</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 290,973</b>	<b>\$ 405,561</b>	<b>\$ 2,938,986</b>	<b>\$ 13,128,074</b>	<b>\$ 354,656</b>	<b>\$ 8,643,940</b>	<b>\$ 42,380,585</b>	<b>\$ 67,446,241</b>	<b>\$ 63,396,294</b>

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

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# TAHOE DONNER ASSOCIATION

## SCHEDULE OF CAPITAL FUNDS' EXPENDITURES BY DEPARTMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

	REPLACEMENT RESERVE FUND		NEW EQUIPMENT FUND		DEVELOPMENT FUND		CAPITAL FUNDS TOTAL	
	CAPITAL ADDITIONS	MAJOR MAINTENANCE	CAPITAL ADDITIONS	MAJOR MAINTENANCE	CAPITAL ADDITIONS	MAJOR MAINTENANCE	CAPITAL ADDITIONS	MAJOR MAINTENANCE
<b>PRIVATE AMENITIES</b>								
Trout Creek Recreation Center	\$ 432,216	\$ 59,422	\$ 5,248	\$ -0-	\$ 18,016	\$ -0-	\$ 455,480	\$ 59,422
Beach Club Marina	10,084	4,753	-0-	-0-	-0-	-0-	10,084	4,753
Tennis Center	16,990	-0-	-0-	-0-	-0-	-0-	16,990	-0-
Northwoods Pool / Aquatics	12,643	4,183	-0-	-0-	-0-	-0-	12,643	4,183
Camps + Recreation Programs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL PRIVATE AMENITIES</b>	<b>471,933</b>	<b>68,358</b>	<b>5,248</b>	<b>-0-</b>	<b>18,016</b>	<b>-0-</b>	<b>495,197</b>	<b>68,358</b>
<b>PUBLIC AMENITIES</b>								
Golf	2,047,207	4,042	-0-	-0-	-0-	-0-	2,047,207	4,042
Downhill Ski	131,102	8,953	9,880	-0-	55,088	-0-	196,070	8,953
Cross Country Ski	24,056	36,295	8,175	-0-	27,564	-0-	59,795	36,295
Campground	2,470	-0-	-0-	-0-	-0-	-0-	2,470	-0-
Equestrian	2,957	-0-	-0-	-0-	-0-	-0-	2,957	-0-
Trails	833,827	38,824	-0-	-0-	69,252	-0-	903,079	38,824
Bikeworks	20,632	-0-	-0-	-0-	-0-	-0-	20,632	-0-
The Lodge	9,261	17,018	2,371	-0-	5,116	-0-	16,748	17,018
The Lodge, Summer Lunch/Golf F&B	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Pizza on the Hill	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Alder Creek Cafe	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Snowplay	-0-	-0-	-0-	-0-	53,929	-0-	53,929	-0-
<b>TOTAL PUBLIC AMENITIES</b>	<b>3,071,512</b>	<b>105,132</b>	<b>20,426</b>	<b>-0-</b>	<b>210,949</b>	<b>-0-</b>	<b>3,302,887</b>	<b>105,132</b>
<b>TOTAL AMENITIES</b>	<b>3,543,445</b>	<b>173,490</b>	<b>25,674</b>	<b>-0-</b>	<b>228,965</b>	<b>-0-</b>	<b>3,798,084</b>	<b>173,490</b>
<b>HOMEOWNERS ASSOCIATION + GENERAL AND ADMINISTRATIVE</b>								
General Homeowners Association	14,564	47,304	-0-	-0-	-0-	-0-	14,564	47,304
Marketing + Communications	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Facility Administration	-0-	138,000	-0-	-0-	197,003	-0-	197,003	138,000
Administration	7,653	30,979	1,818	-0-	-0-	-0-	9,471	30,979
Information Technology	104,397	450,266	21,950	-0-	-0-	-0-	126,347	450,266
Accounting	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Human Resources	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Architectural Standards Office	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Member Services	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Forestry	137,757	122,960	-0-	-0-	-0-	-0-	137,757	122,960
Maintenance	14,342	7,963	-0-	-0-	-0-	-0-	14,342	7,963
<b>TOTAL HOA AND G+A</b>	<b>278,713</b>	<b>797,472</b>	<b>23,768</b>	<b>-0-</b>	<b>197,003</b>	<b>-0-</b>	<b>499,484</b>	<b>797,472</b>
<b>TOTAL</b>	<b>\$3,822,158</b>	<b>\$ 970,962</b>	<b>\$ 49,442</b>	<b>\$ -0-</b>	<b>\$425,968</b>	<b>\$ -0-</b>	<b>\$4,297,568</b>	<b>\$970,962</b>

Replacement Reserve Fund - General HOA - Major Maintenance also includes overhead (\$77,000) and bad debt expense (\$9,000) cost allocations.  
 Development Fund - General HOA - Major Maintenance also includes overhead (\$120,000) and bad debt expense (\$4,500) cost allocations.

# REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

DECEMBER 31, 2020 (UNAUDITED)

It is the policy of the Association to fund a reserve program that will adequately provide for repair and replacement of existing Association-owned assets. A 30-year reserve funding and expenditure plan is produced every three years, and updated annually, to schedule and analyze the funding needs. The Association updated a study in 2020 to estimate the remaining useful lives, the lives after replacement, and the replacement costs of the components of common property. The estimates were based on estimates from management, contractors and historical costs. Estimated current replacement costs have been adjusted to reflect a 3% inflation factor, 2% interest rate, and an 8% tax provision on investment income.

The Association does not designate the balance of the replacement fund by component. The total available for major repairs and replacements as of December 31, 2020 is \$13,128,074. The 2021 budget includes \$5,184,873 of dues allocated to the replacement fund.

The Association has not included the replacement of building structures as a component of the replacement study. These structures generally have an original useful life greater than 30 years. The Association is accumulating funds in the Development fund for specific building structure replacements, and not currently accumulating funds over time for all building structure replacements.

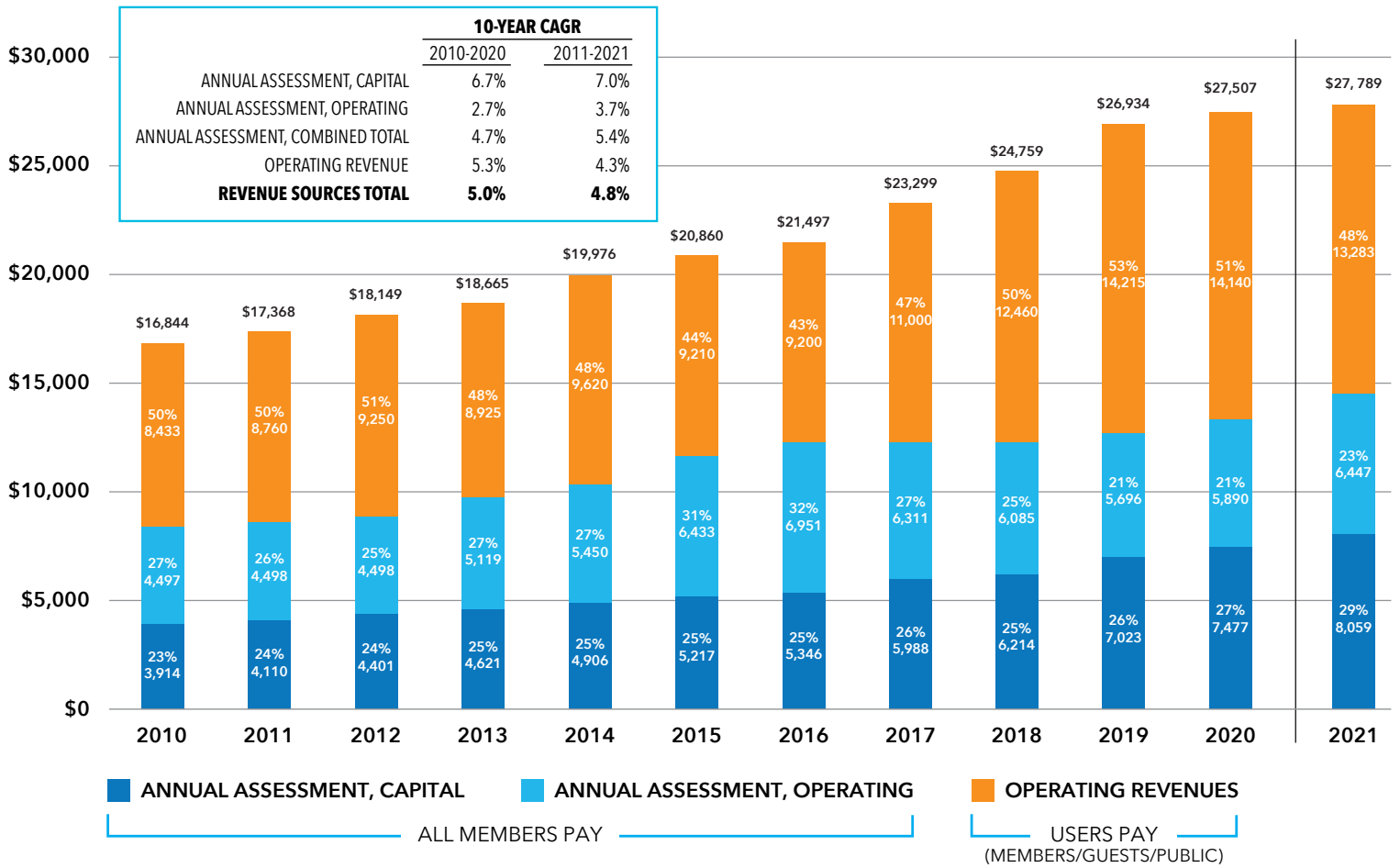
The following table is based on the study and presents significant information about the components of common property.

RESERVE COMPONENT	RANGE OF SERVICE LIFE REMAINING (YEARS)	CURRENT REPLACEMENT COSTS	RESERVE COMPONENT	RANGE OF SERVICE LIFE REMAINING (YEARS)	CURRENT REPLACEMENT COSTS
Administration	0-49	\$ 2,352,553	Downhill Ski Resort - Mountain Operations - Lift Maintenance	0-38	4,053,129
Alder Creek Cafe	1-34	164,989	Downhill Ski Resort - Mountain Operations - Rental + Retail	0-19	1,090,310
Bikeworks	0-2	73,618	Downhill Ski Resort - Mountain Operations - Snowmaking	0-20	1,060,213
Campground	0-40	638,582	Downhill Ski Resort - Mountain Operations - Top Shop	0-16	289,049
Capital Projects	-0-	215,609	Downhill Ski Resort - Mountain Operations - Winter Food + Beverage	2-14	453,275
Chalet House	0-24	349,619	Snowplay	1-7	145,230
Cross Country Ski Center	0-38	3,919,985	Tennis Complex	0-22	2,019,210
Equestrian Center	0-28	978,839	The Lodge Restaurant & Pub	0-53	3,669,979
Food Trailer	3-10	65,500	Trails	0-36	3,227,759
Forestry	0-38	2,218,415	Trout Creek Recreation Center Building	0-40	3,538,759
General Maintenance	0-14	611,451	Trout Creek Recreation Center Pool and Spa	0-1	1,434,737
Golf Complex	0-17	988,539	<b>TOTAL</b>		<b>\$ 62,455,303</b>
Golf Course	0-49	11,290,260			
Information Technology	0-39	2,283,374			
Maintenance	0-52	2,991,850			
Marina	0-38	1,363,521			
Northwoods Pool Building	0-22	435,775			
Northwoods Clubhouse	0-38	3,993,543			
Pizza on the Hill	1-25	493,118			
Recreation	0-23	593,780			
Downhill Ski Resort - Mountain Operations	0-38	5,270,969			

(See Independent Auditor's Report)

## ANNUAL BUDGET - SOURCE OF FUNDS

DOLLARS IN THOUSANDS



## ANNUAL BUDGET - USE OF FUNDS

DOLLARS IN THOUSANDS

