



Reserve Study Summary 22 Station Owners Association For Fiscal Year Starting July 1, 2023 - 24

The intent of the 22 Station Owners Association Reserve Study is to assure that adequate funding is available to meet the scheduled maintenance and replacement of the Association's common area physical property and assets without the need of a special assessment.

Summary

Changes in the actual replacement cost or remaining life of a component could significantly impact future reserve funding. Therefore, an annual analysis is recommended to ensure proper reserve funding is in place.

The 22 Station Owners Association Board of Directors has directed Hughes Reserves & Asset Management to conduct a reserve study analysis. The Hughes Reserves & Asset Management software "CapExReserves™" utilizes the component funding method also known as Cash Flow Funding, where typically components with a cost of \$1,000 or more and a useful life greater than 1 year and not more than 30 years were identified. Components with a useful life greater than 30 years are not included in this analysis. However, as the project ages, additional components may need to be added to the Reserve Study.

The analysis assumes that no unusual conditions will occur, such as vandalism, unusual use, obsolescence and acts of God. Measurements and quantities were obtained by count, measurement, or estimations from information provided by the Hughes Reserves & Asset Management component database, local contractors, management team, consultant's reports and actual experience. The analysis assumes the membership wishes to continue the use and maintenance of all the amenities currently in place.

The 22 Station Owners Association funds its reserve account through its annual reserve assessment allocations and interest from invested reserve monies. The Board determines the annual reserve assessment based on information provided to the Board and in accordance with prudent business practices. Reserve monies are invested at the direction of the Board in accordance with the approved reserve and capital investment policy. Ideally, investment maturities are timed to match the reserve schedule in order to have the funds available when required. Because the budget for the following year is being prepared, the ending balance for the current fiscal year reserve fund is estimated and based on the Boards best knowledge of reserve revenue income and expenditures during the course of the current year.

It is recommended that an annual reserve study analysis be conducted to determine the accuracy of the Reserve Study. The analysis is to include a physical inspection of the components at least every three years, prior year expenditures, estimated useful life, changes in components, and changes in revenues or expenses. Because the 22 Station Owners Association Reserve Study is a live working document it therefore requires ongoing analysis to be performed to ensure the integrity of the report. CapExReserves™ provides the ability to update the reserve study online at any time.

Based on the expenditures and funding levels over the next thirty years found in the reserve study financial exhibits, the association does not need to forecast a Special Assessment to cover any project reserve shortfall. (See Thirty Year Cash Flow Summary).

As mentioned above, Hughes Reserves utilizes the Cash Flow or "Pooling Method" of collecting reserve funds which combines all reserve funds and distributes these funds to individual components as their replacement comes due or is necessary. Funds that are pooled together in the Cash Flow method include the beginning balance, contributions to the reserve funds and interest earned on reserve fund investments. These pooled funds are matched against reserve expenditures for a period of thirty years from the date of the fiscal year being analyzed via CapExReserves™. This helps to illustrate that adequate funds are available for the full analysis period. The closer the Association is to the 50% to 100% funding level the less likely the Association will ever require a special assessment. The design of the reserve study is to provide a tool in which the Board of Directors steward the reserve funds in such a way that the property is maintained at the level the members expect it to be as well as have adequate funds to do so. Hughes recommendation is to strive to fund the reserves as close to the 100% funding level helping to ensure the goals of the Association are met.



California Assessment and Reserve Funding Disclosure Summary

22 Station Owners Association

For Fiscal Year Beginning: 7/1/2023

1) The annual current (2022-2023) assessment per unit (see below)	Total Number of Units: 206	
Note: If assessments vary by the size or type of unit, the assessment applicable are as follows:		
	Unit Type	Assessment/Quarter
Assessment #1	Studio	2,545.38
Assessment #2	1 Bedroom	2,513.24
Assessment #3	2 Bedroom	2,841.95
Assessment #4	3 Bedroom	3,578.68
Assessment #5	Penthouse	4,399.86
Assessment #6	Commercial	1,865.37
		206
		524,004.38

2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

	Total Amount Per Unit (If assessments are variable, see note below)	Purpose
Date Due		
N/A	N/A	N/A

3) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently projected Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?
 YES No

The Association's Board of Directors has relied on information, opinions, reports and statements presented to it by vendors, contractors, reserve study professionals, CPAs and/or other professionals and is relying upon this information, financial data and reports pursuant to Corporations Code 7231 in providing the association membership the information contained in this Assessment Reserve Funding Disclosure Summary. The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information supplied to the Association's Board of Directors from said professionals. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the reserve study, particularly over a thirty (30) year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancies of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain pursuant to the Association's CC&R's.

4) If the answer to #3 is no, what additional assessments or other contributions to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

Approximate Fiscal Year Assessment Will Be Due	Total Amount Per Unit
Increases to reserve contributions are projected to maintain a positive cash flow over a thirty year period.	

5) All major components are included in the reserve study and are included in its calculations. However, the following major components, which are included in the Reserve Study, are NOT included in the existing Reserve Funding.

Major Component	Remaining Useful Life (yrs)	Reason Not Included
Major Building Structures	Life of the Project	

6) Based in whole or in part on the last reserve study or update prepared by Hughes Reserves & Asset Management, LLC. as of fiscal year end and based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year to be fully funded is: * \$3,415,592
 The projected reserve fund cash balance at the end of the current fiscal year is: \$2,740,497
 Based on this balance in reserves the Association percent funded level is: 80.23%
 If an alternate, but generally accepted, method of calculation is also used, i.e. pooling method, the required reserve amount is: N/A
 The financial representations set forth in this summary are based on the best estimates of the preparer at the time and information provided by the Association. Estimates are subject to change.

Per Davis-Sterling Common Interest Development Act the current ending reserve balance divided by the current replacement cost expressed as a percent is: 62.64%

* This number is calculated based on a straight line method, wherein, each component must stand alone, not utilizing the cash flow method of funding, also know as the pooling method.

7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is See Row "A" Below, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is See Row "B" Below, leaving the reserve at See Row "C" Below percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be See Row "D" Below, leaving the reserve at See Row "E" Below percent funding. Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change.

	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027
A - Fully Funded(Recommended)	\$ 3,415,592	\$ 2,886,275	\$ 3,129,102	\$ 3,454,159	\$ 3,624,035
B- Reserve Cash Balances	\$ 2,740,497	\$ 1,417,955	\$ 1,438,606	\$ 1,571,807	\$ 1,547,741
C-Percent Funded	80.23%	49.13%	45.98%	45.50%	42.71%
D-Approved Reserve Plan	\$ 2,740,497	\$ 1,417,955	\$ 1,477,469	\$ 1,679,523	\$ 1,757,427
E-Percent Funded	80.23%	49.13%	47.22%	48.62%	48.49%
Section 5565 The current deficiency in reserve funding per ownership interest, as calculated by statutory formula, is:					(\$3,277)
This is calculated as the current estimate of the straight-line liability as of the beginning of the fiscal year which is:					\$ 3,415,592
less the current amount of accumulated cash reserves actually set aside as of that date, divided by number of owners which is:					206

Section 5300 (b)(4)
 The Association's Board of Directors has deferred or determined not to undertake repairs or replacements over the next 30 years as follows: None.
Section 5300 (b)(5)
 The Association's Board of Directors as of the date of the study, does not anticipate the levy of a special assessment for the repair, replacement or restoration of the major components.
Section 5300 (b)(8) The Association has an outstanding loan as follows: None

22 Station Owners Association
 Thirty-Year Cash Flow/Capital Budget Summary
 July 1, 2023
 Financial Exhibit

Number of Units, 7/1/2023	206
Annual capital assessment, 7/1/2023	\$ 258,441
Average CY assessment/Interval	\$ 1,255
Average increase/Interval	374.17
Inflation rate	3.50%
Interest rate on investments	0.50%
Tax rate on investment income	0.00%
Capital contingency rate	0.00%

Year	Annual Percent Change to Capital / Reserve Assessment	Capital / Reserve Account Beginning Balance	Expired Useful Life of Components Expressed in Dollars aka "Fully Funded"	Percent Ratio of Fully Funded Value to Capital / Reserve Balance	Annual Dollar Change to Capital / Reserve Assessments	Annual Member Capital / Reserve Assessment	Annual Avg. Capital / Reserve Assessment / Interval	Change in Avg. Annual Capital / Reserve Assessment / Interval	Monthly Avg. Capital / Reserve Assessment / Interval	Change in Avg. Monthly Capital / Reserve Assessment / Interval	Estimated Interest, Net of Tax	Annual Expenditures	Capital Contingency	Ending Balance
7/1/2023	42.50%	2,740,497	3,415,592	80.23%	77,079	258,441	1,255	374	105	31	10,370	(1,591,353)	-	1,417,955
7/1/2024	15.00%	1,417,955	2,886,275	49.13%	38,766	297,207	1,443	188	120	16	7,221	(244,913)	-	1,477,469
7/1/2025	10.00%	1,477,469	3,129,102	47.22%	29,721	326,928	1,587	144	132	12	7,873	(132,747)	-	1,679,523
7/1/2026	10.00%	1,679,523	3,454,159	48.62%	32,693	359,620	1,746	159	145	13	8,571	(290,287)	-	1,757,427
7/1/2027	10.00%	1,757,427	3,624,035	48.49%	35,962	395,582	1,920	175	160	15	8,292	(593,472)	-	1,567,830
7/1/2028	10.00%	1,567,830	3,551,102	44.15%	39,558	435,141	2,112	192	176	16	8,210	(286,702)	-	1,724,479
7/1/2029	10.00%	1,724,479	3,747,694	46.01%	43,514	478,655	2,324	211	194	18	9,031	(315,074)	-	1,897,091
7/1/2030	10.00%	1,897,091	3,925,331	48.33%	47,865	526,520	2,556	232	213	19	10,651	(60,373)	-	2,373,889
7/1/2031	10.00%	2,373,889	4,394,421	54.02%	52,652	579,172	2,812	256	234	21	12,738	(231,677)	-	2,734,122
7/1/2032	5.00%	2,734,122	4,702,618	58.14%	28,959	608,131	2,952	141	246	12	13,121	(827,987)	-	2,527,387
7/1/2033	5.00%	2,527,387	4,300,324	58.77%	30,407	638,537	3,100	148	258	12	12,519	(685,512)	-	2,492,932
7/1/2034	5.00%	2,492,932	4,194,069	59.44%	31,927	670,464	3,255	155	271	13	13,086	(421,895)	-	2,754,587
7/1/2035	0.00%	2,754,587	4,411,287	62.44%	-	670,464	3,255	-	271	-	14,381	(427,117)	-	3,012,316
7/1/2036	0.00%	3,012,316	4,628,018	65.09%	-	670,464	3,255	-	271	-	16,502	(94,257)	-	3,605,025
7/1/2037	0.00%	3,605,025	5,179,785	69.60%	-	670,464	3,255	-	271	-	19,226	(189,922)	-	4,104,794
7/1/2038	0.00%	4,104,794	5,642,970	72.74%	-	670,464	3,255	-	271	-	20,531	(667,781)	-	4,128,007
7/1/2039	0.00%	4,128,007	5,658,419	72.95%	-	670,464	3,255	-	271	-	21,038	(511,115)	-	4,308,395
7/1/2040	0.00%	4,308,395	5,859,068	73.53%	-	670,464	3,255	-	271	-	22,024	(477,682)	-	4,523,202
7/1/2041	0.00%	4,523,202	6,109,906	74.03%	-	670,464	3,255	-	271	-	21,927	(946,171)	-	4,269,422
7/1/2042	0.00%	4,269,422	5,923,805	72.07%	-	670,464	3,255	-	271	-	22,175	(339,250)	-	4,622,811
7/1/2043	0.00%	4,622,811	6,383,757	72.42%	-	670,464	3,255	-	271	-	18,309	(2,592,572)	-	2,719,011
7/1/2044	0.00%	2,719,011	4,729,383	57.49%	-	670,464	3,255	-	271	-	12,949	(929,075)	-	2,473,350
7/1/2045	0.00%	2,473,350	4,795,060	51.58%	-	670,464	3,255	-	271	-	13,650	(157,229)	-	3,000,235
7/1/2046	0.00%	3,000,235	5,581,484	53.75%	-	670,464	3,255	-	271	-	15,835	(336,850)	-	3,349,685
7/1/2047	0.00%	3,349,685	6,201,662	54.01%	-	670,464	3,255	-	271	-	16,260	(865,994)	-	3,170,415
7/1/2048	0.00%	3,170,415	6,328,832	50.09%	-	670,464	3,255	-	271	-	16,299	(491,682)	-	3,365,496
7/1/2049	0.00%	3,365,496	6,850,859	49.13%	-	670,464	3,255	-	271	-	17,693	(324,375)	-	3,729,278
7/1/2050	0.00%	3,729,278	7,552,898	49.38%	-	670,464	3,255	-	271	-	17,778	(1,017,804)	-	3,399,716
7/1/2051	0.00%	3,399,716	7,602,912	44.72%	-	670,464	3,255	-	271	-	17,522	(460,936)	-	3,626,767
7/1/2052	0.00%	3,626,767	8,230,062	44.07%	-	670,464	3,255	-	271	-	16,903	(1,162,940)	-	3,151,194

**22 Station Owners Association
AICPA Report by Category
July 1, 2023**

Percent Funded: 80.23%

Category	Minimum Remaining Service Life	Maximum Remaining Service Life	Est. Current Replacement Cost	Average Percent of Expired Service Life by Category	Est. Future Replacement Cost	Fiscal Year Beginning Balance Allocation by Category	Annual Assessment Allocation by Category	Monthly Assessment Allocation by Category	Expired Useful Life of Component in Dollars aka "Fully Funded"
Bld. Management Control System	0.92	0.92	117,500	98.70%	121,278	93,051	5,546	462	115,974
Communication	1.92	29.92	53,040	85.02%	57,066	36,181	2,610	217	45,094
Deck	0.92	0.92	95,000	84.13%	98,054	64,125	4,484	374	79,922
Decorator Items	0.03	2.92	156,000	93.02%	157,493	116,431	7,202	600	145,113
Doors	0.92	19.92	207,750	55.44%	275,213	92,409	12,585	1,049	115,173
Electrical	0.08	9.83	101,850	98.27%	103,077	80,309	4,714	393	100,092
Elevators	0.92	19.92	444,500	69.79%	594,033	248,895	27,164	2,264	310,208
Floor Covering-Treatment	0.75	4.92	173,730	94.33%	186,074	131,494	8,509	709	163,887
Furnishings-Equipment	0.83	4.92	54,820	84.87%	57,056	37,328	2,609	217	46,523
Hot Water Systems Shared 33%	0.58	0.58	-	0.00%	-	-	-	-	-
Hot Water Systems Shared 97%	0.09	10.51	759,510	95.10%	806,694	579,539	36,889	3,074	722,303
HVAC	0.51	8.84	291,600	91.99%	345,367	215,229	15,793	1,316	268,249
Irrigation	0.51	0.51	5,000	96.61%	5,087	3,876	233	19	4,830
Landscaping	1.92	1.92	3,500	93.16%	3,739	2,616	171	14	3,261
Misc. Equipment	0.92	9.92	173,050	94.88%	218,151	131,737	9,976	831	164,189
Misc. Wood Replacement	0.92	4.92	35,000	92.79%	39,171	26,058	1,791	149	32,478
Plumbing	4.92	4.92	7,000	95.14%	8,291	5,343	379	32	6,660
Pumps-Motors-Filters	4.92	4.92	80,000	89.30%	94,754	57,321	4,333	361	71,442
Refurbishment	10.92	11.92	332,000	63.44%	492,010	168,982	22,499	1,875	210,609
Roofing	0.92	18.92	840,795	62.35%	1,459,630	420,623	66,747	5,562	524,239
Signage	0.50	0.54	31,255	98.99%	31,828	24,825	1,455	121	30,940
Snow Melt Systems	5.51	5.51	100,000	76.50%	120,853	61,379	5,526	461	76,499
Spa	0.92	11.34	259,575	51.66%	322,593	107,602	14,752	1,229	134,108
Structural	0.92	0.92	25,000	71.59%	25,804	14,360	1,180	98	17,897
Trash Cans	0.34	0.34	12,700	98.05%	12,848	9,991	588	49	12,452
Windows	0.92	0.92	15,000	89.66%	15,482	10,791	708	59	13,449
			4,375,175		5,651,647	2,740,497	258,441	21,537	3,415,592

22 Station Owners Association, Inc.

PO Box 2635
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May 31st, 2023

Annual Insurance Disclosure Statement

On March 28th, 2023, Starr Insurance sent a letter of non-renewal to 22 Station. The current policy expires June 30, 2023. 22 Station is seeking another carrier to provide Property and Casualty (P&C) Insurance. As of the publication of this disclosure package, 22 Station has not contracted with another carrier for a P&C policy. 22 Station will disclose this information separately when available. The coverages and premiums may be different, and deductible may be higher. Homeowners, to manage risk prudently, should, and are expected, to have HO6 insurance.