22 STATION OWNERS ASSOCIATION, INC.

Olympic Valley, California

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

June 30, 2026 and 2025

22 STATION OWNERS ASSOCIATION, INC.

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McClintock
ACCOUNTANCY CORPORATION

305 West Lake Boulevard
P.O. Box 6179
Tahoe City, Ca 96145

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
22 Station Owners Association, Inc.

Opinion

We have audited the accompanying financial statements of 22 Station Owners Association, Inc., which comprise the balance sheet as of June 30, 2026, and the related statements of revenue and expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 22 Station Owners Association, Inc. as of June 30, 2026, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 22 Station Owners Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis `for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 22 Station Owners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 22 Station Owners Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 22 Station Owners Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Required Supplementary Information on Future Major Repairs and Replacements on page 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, 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.

Comparative Information

Information for the year ended June 30, 2025 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unmodified opinion on our report dated October 9, 2025.



McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
October 8, 2026

Exhibit A

BALANCE SHEETS
June 30, 2026 (with comparative totals for 2025)

	2026				2025
	Operating Fund	Replacement Fund	Parking Fund	Total	Total
ASSETS					
Cash and cash equivalents	$ 718,285	$ 3,634,956	$ 176,752	$ 4,529,993	$ 3,931,731
Assessments receivable	42,472	-0-	-0-	42,472	31,687
Accounts receivable-other	220,899	-0-	-0-	220,899	52,822
Prepaid expenses	39,106	-0-	-0-	39,106	76,113
Due (to) from other funds (Note 7)	(21,773)	(22,199)	43,972	-0-	-0-
TOTAL ASSETS	$ 998,989	$ 3,612,757	$ 220,724	$ 4,832,470	$ 4,092,353
LIABILITIES AND FUND BALANCES					
Accounts payable	$ 451,835	$ 630,858	$ -0-	$ 1,082,693	$ 549,964
Assessments paid in advance	332,269	-0-	-0-	332,269	182,634
TOTAL LIABILITIES	784,104	630,858	-0-	1,414,962	732,598
Fund balances	214,885	2,981,899	220,724	3,417,508	3,359,755
TOTAL LIABILITIES AND FUND BALANCES	$ 998,989	$ 3,612,757	$ 220,724	$ 4,832,470	$ 4,092,353

The accompanying notes are an integral part of these statements.

Exhibit B

STATEMENTS OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
For the Year ended June 30, 2026 and 2025

	2026				2025
	Operating Fund	Replacement Fund	Parking Fund	Total	Total
REVENUE					
Residential assessments	$ 941,516	$ 847,992	$ -0-	$ 1,789,508	$ 1,517,649
Commercial assessments	411,319	92,536	-0-	503,855	524,167
Residential cost center assessments	1,356,610	-0-	-0-	1,356,610	1,768,310
Commercial cost center assessments	163,821	-0-	-0-	163,821	178,064
Parking unit assessments	-0-	-0-	54,328	54,328	52,848
Special assessment (Note 9)	-0-	-0-	224,407	224,407	-0-
Master association upper level garage	70,402	-0-	-0-	70,402	67,601
Master association snow melt contribution	29,811	-0-	-0-	29,811	32,403
Late charges/interest	11,021	-0-	-0-	11,021	20,695
Residential billbacks	33,727	-0-	-0-	33,727	2,354
Miscellaneous	6,855	-0-	-0-	6,855	14,732
Interest	4,667	95,145	6,473	106,285	145,294
Total Revenue	3,029,749	1,035,673	285,208	4,350,630	4,324,117
EXPENSES					
Utilities	1,174,459	-0-	-0-	1,174,459	1,272,808
Maintenance	675,678	-0-	-0-	675,678	989,906
Management fees (Note 4)	347,337	-0-	-0-	347,337	344,636
Insurance	715,822	-0-	-0-	715,822	897,560
Professional fees	55,351	-0-	-0-	55,351	48,672
Office, licenses, and other	21,632	-0-	-0-	21,632	13,332
Communication	-0-	4,850	-0-	4,850	4,210
Decks	-0-	-0-	-0-	-0-	7,600
Decorator items	-0-	22,929	-0-	22,929	3,256
Doors	-0-	3,974	-0-	3,974	12,896
Electrical	-0-	6,979	-0-	6,979	9,380
Elevators	-0-	2,230	-0-	2,230	49,066
Furnishings/equipment	-0-	2,657	-0-	2,657	3,941
Hot water system	-0-	691,075	-0-	691,075	5,087
Floor covering/treatment	-0-	179,693	-0-	179,693	-0-
HVAC	-0-	734	-0-	734	35,975
Plumbing	-0-	-0-	-0-	-0-	6,749
Reserve study	-0-	1,320	1,320	2,640	2,640
Roofing	-0-	1,212	-0-	1,212	229,445
Spa	-0-	6,432	-0-	6,432	14,519
Snow melt systems	-0-	-0-	-0-	-0-	1,805
Windows	-0-	68,404	-0-	68,404	25,202
Pumps/motors/filters	-0-	5,912	-0-	5,912	-0-
Building management control system	-0-	-0-	-0-	-0-	213
Garage	-0-	-0-	274,222	274,222	4,031
Miscellaneous equipment/replacements	-0-	435	-0-	435	15,754
Bank service charges	-0-	-0-	-0-	-0-	15
Provision for income tax (Note 5)	1,239	25,262	1,719	28,220	46,947
Total Expenses	2,991,518	1,024,098	277,261	4,292,877	4,045,645
Revenue Over Expenses	38,231	11,575	7,947	57,753	278,472
Fund Balances, Beginning of Year	176,654	2,970,324	212,777	3,359,755	3,081,283
Fund Balances, End of Year	$ 214,885	$ 2,981,899	$ 220,724	$ 3,417,508	$ 3,359,755

The accompanying notes are an integral part of these statements.

Exhibit C

STATEMENTS OF CASH FLOWS
For the Year ended June 30, 2026 and 2025

	2026				2025
	Operating Fund	Replacement Fund	Parking Fund	Total	Total
Cash Flows from Operating Activities:					
Revenue Over Expenses	$ 38,231	$ 11,575	$ 7,947	$ 57,753	$ 278,472
Adjustments to Reconcile Revenue Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Change in assessments receivable	(10,786)	-0-	-0-	(10,786)	(21,484)
Change in accounts receivable - other	(168,077)	-0-	-0-	(168,077)	(5,159)
Change in prepaid expenses and other assets	(22,993)	60,000	-0-	37,007	(63,958)
Change in due to/due from other funds	(103,149)	108,623	(5,474)	-0-	-0-
Change in accounts payable	(58,525)	591,254	-0-	532,729	42,061
Change in assessments paid in advance	149,636	-0-	-0-	149,636	15,630
Net Cash Provided (Used) by Operating Activities:	(175,663)	771,452	2,473	598,262	245,562
Net Increase (Decrease) in Cash and Cash Equivalents	(175,663)	771,452	2,473	598,262	245,562
Cash and Cash Equivalents, Beginning of Year	893,948	2,863,504	174,279	3,931,731	3,686,169
Cash and Cash Equivalents, End of Year	$ 718,285	$ 3,634,956	$ 176,752	$ 4,529,993	$ 3,931,731
Supplementary Cash Flow Information:					
Taxes paid	$ 50,250	$ -0-	$ -0-	$ 50,250	$ 49,900

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 2026 and 2025

1. Form and Nature of Organization

22 Station Owners Association, Inc. (the Association) is a California non-profit mutual benefit corporation organized for the purpose of managing and maintaining the common areas of the condominium project known as 22 Station at the Village at Palisades Tahoe. The Association operates under the Palisades Village Neighborhood Company, which acts as the master association for The Village at Palisades Tahoe. The Association's responsibilities include maintaining, protecting and operating the common areas of the project, providing certain facilities and services to homeowners and others, and levying and collecting assessments. The Association members currently consist of those persons or entities owning the 151 residential units and 55 commercial units within the condominium project. The Association's policies are established by the Board of Directors within the framework of the Covenants, Conditions and Restrictions (CC&Rs) of the Association. A significant portion of the Association's revenue is derived from assessments and contributions from the master association.

2. Significant Accounting Policies

A. The Association's governing documents provide certain guidelines for controlling its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts on the fund accounting basis. 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 Fund - Used to account for financial resources designated for future major repairs and replacements.

Parking Fund – Used to account for financial resources designated for future major repairs and replacements related to the parking garage.

B. Association residential members and the commercial member are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from residential members and commercial tenants. The Association's policy includes, among other things, assessing late charges and interest on payments not received on a timely basis and placing liens on the property of members whose assessments are delinquent.

The Association treats uncollectible accounts as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include close monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances and susceptibility to

factors outside the Association's control. An allowance for credit losses is created when an account's collectability is uncertain. Accounts are written off when the Association's management determines than an account is uncollectible due to an event such as a bankruptcy or foreclosure proceeding. Allowance for credit loss was $-0- as of June 30, 2026 and 2025.

C. The Association has 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 in Note 2. B., Association members are subject to monthly 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.

D. Contract revenue consists of snow melt contributions. This revenue is recognized as the performance obligations are satisfied, in accordance with Topic 606, at transaction amounts expected to be collected. The Association's performance obligations related to its contract revenue is satisfied on a pro-rata basis over the period for which the income applies. A contract liability (income received in advance) is recorded when the Association has the right to receive payment in advance of the performance obligations related to the income.

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 the contract revenue. Deferred revenue balances related to contracts was $-0- as of June 30, 2026 and 2025.

E. Real property and other common property acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned in common by the individual unit owners and not by the Association.

F. Personal property and equipment purchased by the Association is capitalized and depreciated using the straight-line method over their estimated useful life of five to ten years.

G. It is the policy of the Association to include in the annual budget assessments for the cost of future replacement of common areas and equipment. The assessments for future replacements are included in designated cash and investment accounts within the capital replacement fund. The budgeted amount is based on a 30-year forecast of replacement costs of each of the Association's common area and equipment components, giving effect to inflation forecasts. The Association is funding for such future major repairs and replacements over the estimated useful lives of the components based on a study's estimates of current replacement costs, considering amounts previously designated for future major repairs and replacements. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right, subject to member approval, to increase regular assessments or to levy special assessments. It may also delay major repairs and replacements until funds are available.

H. The Association is taxed on net income as a regular corporation. Member revenue can be offset to the extent of member expenses. In general, dues allocated for future major repairs and replacements and parking garage assessments can be set aside on a tax-free basis if applicable guidelines are followed. Additionally, other amounts received by the Association, such as investment income, are taxed net of related expenses for federal and state purposes. The Association's three previous federal tax returns and four previous state tax returns are available for examination by the taxing authorities.

I. Assessments paid in advance represent assessments collected in the current period that are applicable to the following period.

J. For purposes of the Statements of Cash Flows (Exhibit C), cash and cash equivalents are amounts held in demand accounts and money market accounts.

K. The carrying amounts of financial instruments, including cash, accounts receivable, and accounts payable, approximate their fair value due to the short-term maturities of these instruments.

L. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. The Association's financial statements do not include the activities of the Palisades Village Neighborhood Company, the master association organized for the benefit of The Village at Palisades Tahoe where the Association is located, and do not

include the activities of First Ascent Owners Association, Inc., another residential/ commercial association located within The Village at Palisades Tahoe.

3. Concentration of Risk

The Association maintains demand and savings accounts at various banks. As of June 30, 2026 and 2025, these accounts exceeded the federally insured limits by approximately $1,874,365 and $1,642,266, respectively.

The Association invests a portion of its cash in a money market mutual fund that holds primarily commercial paper, certificates of deposit. Money market mutual fund holdings are not federally insured but are subject to SIPC insurance.

4. Developer Ownership and Control/Related Party

During 2026 and 2025, the company that owned the commercial parcels within the development had approximately 27% of total voting rights within the Association. Neither this company nor any of its affiliates owned any residential units within the development as of June 30, 2026 and 2025.

During 2026 and 2025, the company that owned the commercial parcels within the development referred to above was contracted as property manager for the Association. The amount of property management fee expense was $347,337 and $344,636 for the fiscal years 2026 and 2025, respectively.

5. Income Taxes

The provision for taxes is as follows for the years ending June 30:

	2026	2025
Federal	$ 18,918	$ 34,231
State	9,302	12,716
	$ 28,220	$ 46,947

6. Property and Equipment

Property and equipment consisted of the following for the years ended June 30:

	2026	2025
Furniture and fixtures	$ 105,413	$ 105,413
Less: accumulated depreciation	(105,413)	(105,413)
	$ -0-	$ -0-

7. Interfund Activity

The Association maintains an operating fund and a replacement fund. The replacement fund assessments are collected by the operating fund and paid over to the replacement fund. At various times during the year, there is a receivable/payable (due to-due from) between the funds. Additionally, the Association maintains a parking fund. Parking fund assets are held in the operating fund. At June 30, 2026, the operating fund and the replacement fund owed the parking fund $21,773 and $22,199, respectively. At June 30, 2025, the operating fund owed the replacement fund and the parking fund $86,424 and $38,498 respectively.

During the year ended June 30, 2025 the board approved an interfund loan of $800,000 from the replacement fund to the operating fund to cover an increase in insurance premiums. The loan was fully repaid as of June 30, 2025.

8. Easement and Cost Sharing Agreement

The Association has an Easement and Cost Sharing Agreement with Palisades Village Neighborhood Company relating to the operating expenses and replacement costs of mechanical facilities located within the condominium common areas that provide services to the Association and the plaza area within the Village at Palisades Tahoe. The agreement provides for monthly reimbursements from Palisades Village Neighborhood Company of metered use of the mechanical facilities as well as a percentage of any expenses incurred by the associations for maintenance, repair and replacement of the facilities. At June 30, 2026 and 2025, Palisades Village Neighborhood Company owed the Association $121,180 and $-0- respectively, under this agreement.

Under the agreement with Palisades Village Neighborhood Company, maintenance costs associated directly with the snowmelt system and certain landscaping services are paid by Palisades Village Neighborhood Company and a percentage is subsequently reimbursed by the Association. At June 30, 2026 and 2025, the Association owed the Palisades Village Neighborhood Company $14,600 and $428, respectively, for such costs.

9. Special Assessment

During the year ended June 30, 2026, the board approved to levy a special assessment to Palisades Village Neighborhood Company and Palisades Tahoe for expenses related to the repair of the interior parking garage access ramp in the amount of $103,227 and $121,180, respectively. The amounts were recognized in full as of June 30, 2026.

10. Commitment

During the year ended June 30, 2026, the Association entered into a contract for a boiler plant replacement project. The total contract value, including approved change orders, was approximately $889,765. As of June 30, 2026, construction costs incurred totaled

$607,423, leaving a remaining contractual commitment of $282,342. In accordance with the terms of the contract, the Association had withheld retainage of $30,371 as of June 30, 2026.

11. Subsequent Events

The Association has performed an evaluation of subsequent events through October 8, 2025, which is the date the financial statements were available to be issued.

Schedule 1

REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

June 30, 2026

(Unaudited)

The Association's outside consultants updated a study in 2026 to estimate the remaining useful lives, the life after replacement and the replacement costs of the components of common property. The estimates were based on the consultants' and contractors' estimates and historical costs. Estimated current replacement costs have been adjusted to reflect a 0.5% interest rate on investments and a 3.5% inflation factor between the date of the study and the date that the components will require repair and replacement.

The Association does not designate the balance of the replacement fund by component. The total funds available for major repairs and replacements as of June 30, 2026 is $2,981,899. The 2026/27 budget includes a total of $812,892 of assessments allocated to the replacement fund.

The following table is based on the study which identifies selected components of the overall major facilities and equipment. Reserve studies in general do not purport to quantify the entire replacement cost of each category for which funds are being set aside.

Category	Estimated Range of Remaining Lives (Years)	Estimated Current Replacement Costs
Communication	0-18	$ 285,040
Deck	2-6	45,000
Decorator items	7-14	20,000
Doors	1-29	175,750
Electrical	3-16	164,350
Elevators	0-18	1,837,920
Exercise equipment	1	15,000
Exterior siding components	1-3	120,000
Fences and gates	3	14,775
Floor covering-treatment	1-9	391,540
Furnishings-equipment	1-3	55,120
Hot water systems	1-13	93,000
Hot water systems shared 97%	0-7	896,765
HVAC	1-28	246,400
Landscaping	1-4	8,500
Life Safety	1-3	66,500
Misc. equipment	7-16	83,050
Plumbing	1-3	13,500
Pumps-motors-filters	2	120,000
Reserve study inspection	1	3,000
Restrooms	8-9	332,000
Roofing	0-7	2,898,795
Signage	1-8	31,255
Snow melt systems	1-14	106,400
Spa	1-8	328,750
Windows	4-27	-0-
		$ 8,352,410