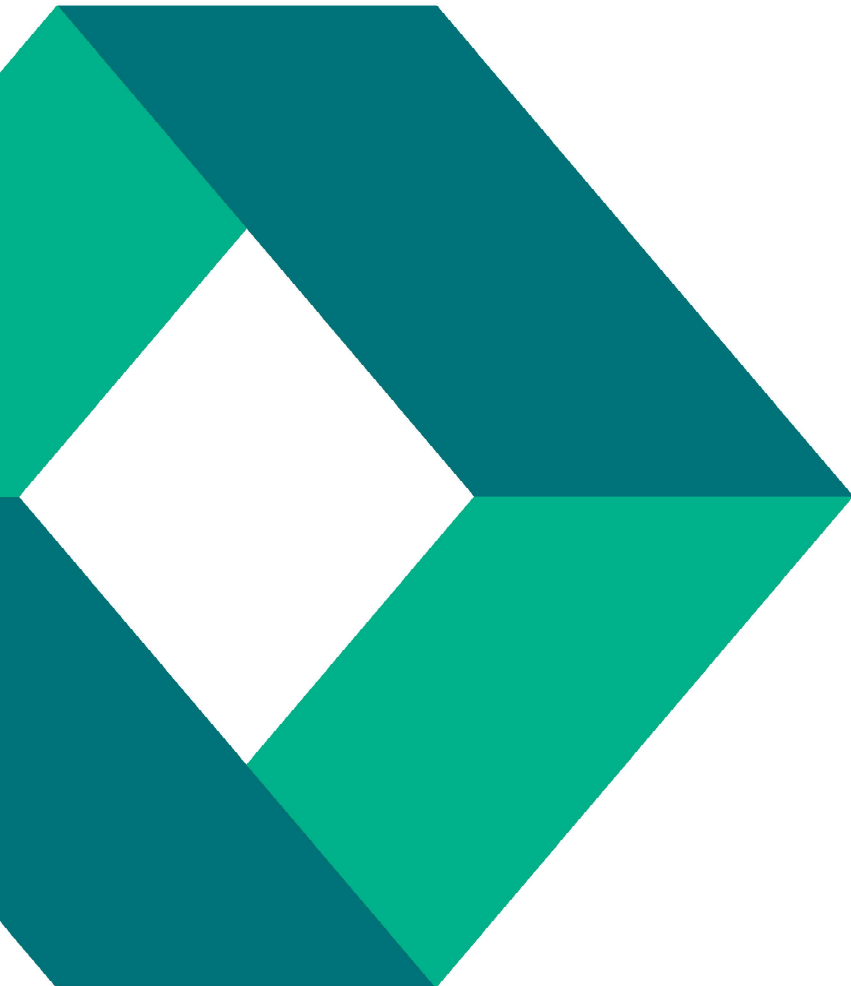


East Palestine Community Improvement Corporation

Financial Statements

For the Years Ended
December 31, 2025 and 2024



DGPerry
CPAs + Advisors

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East Palestine Community Improvement Corporation

Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 51,885	\$ 73,427
Accounts receivable	-	5,180
Total Current Assets	<u>51,885</u>	<u>78,607</u>
Property and Equipment		
Construction in Progress	<u>216,779</u>	<u>99,970</u>
Other Noncurrent Assets		
Assets held for sale	2,107,150	-
Intangible asset - purchase option	<u>100,000</u>	<u>-</u>
Total Concurrent Assets	<u>2,207,150</u>	
Total Assets	<u><u>\$ 2,475,814</u></u>	<u><u>\$ 178,577</u></u>
Liabilities and Net Assets		
Long-Term Liabilities		
Deferred revenue	<u>20,000</u>	<u>20,000</u>
Total Liabilities	20,000	20,000
Net Assets		
Without donor restrictions	<u>2,455,814</u>	<u>158,577</u>
Total Liabilities and Net Assets	<u><u>\$ 2,475,814</u></u>	<u><u>\$ 178,577</u></u>

No assurance is provided.

East Palestine Community Improvement Corporation

Statement of Activities For the Years Ended December 31, 2025 and 2024

Revenues and Other Support		
Donations	60,680	1,765
Brighten our Future Campaign	91,698	156,500
Sales - advertising	1,280	3,560
In-kind contributions - donated property	<u>2,198,100</u>	<u>-</u>
Total Revenues and Other Support	2,351,758	161,825
Expenses		
Program	48,000	2,283
General and administrative	<u>8,562</u>	<u>965</u>
Total Expenses	56,562	3,248
Other Income (Expense)		
Interest income	<u>2,041</u>	<u>-</u>
Total Other Income (Expense)	2,041	-
Change in Net Assets	<u>2,297,237</u>	<u>158,577</u>
Net Assets, Beginning of Year	<u>158,577</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ 2,455,814</u></u>	<u><u>\$ 158,577</u></u>

No assurance is provided.

East Palestine Community Improvement Corporation

Statement of Functional Expenses
For the Year Ended December 31, 2025

Program	General and Administrative	Totals
\$ 6,252	\$ -	\$ 6,252
-	125	125
-	2,243	2,243
1,354	-	1,354
-	3,500	3,500
976	-	976
32,743	-	32,743
6,675	-	6,675
-	2,694	2,694
\$ 48,000	\$ 8,562	\$ 56,562

No assurance is provided.

East Palestine Community Improvement Corporation

Statement of Functional Expenses
 For the Year Ended December 31, 2024

Program	General and Administrative	Totals
\$ 2,283	\$ -	\$ 2,283
-	20	20
-	945	945
\$ 2,283	\$ 965	\$ 3,248

No assurance is provided.

East Palestine Community Improvement Corporation

Statement of Cash Flows For the Years Ended December 31, 2025 and 2024

Cash Flows from Operating Activities		
Change in net assets	\$ 2,297,237	\$ 158,577
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Noncash contribution - donated property	(2,198,100)	-
(Increase) decrease in operating assets:		
Accounts receivable	5,180	(5,180)
Net Cash Provided (Used) by Operating Activities	104,317	153,397
Cash Flows from Investing Activities		
Additions to construction in progress	(25,859)	(99,970)
Purchase of intangible asset - purchase option	(100,000)	-
Net Cash Provided (Used) by Investing Activities	(125,859)	(99,970)
Cash Flows from Financing Activities		
Deferred revenue	-	20,000
Net Cash Provided (Used) by Financing Activities	-	20,000
Net Increase (Decrease) in Cash and Cash Equivalents	(21,542)	73,427
Beginning Cash and Cash Equivalents	73,427	-
Ending Cash and Cash Equivalents	\$ 51,885	\$ 73,427
Supplementary Cash Flow Disclosures		
Cash paid for interest	\$ -	\$ -

Noncash operating and financing activities:

Donated property received and recorded as an in-kind contribution totaled \$2,198,100 for the year ended December 31, 2025.

No assurance is provided.

East Palestine Community Improvement Corporation

Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies

Organization and Business Activity

The East Palestine Community Improvement Corporation (the "Corporation") is a nonprofit community improvement organization, which was formed on March 28, 2024, with the primary purpose of promoting economic development and revitalization within the Village of East Palestine. The Corporation is in the early stages of its development activities, and a significant portion of its assets consists of properties held for future development.

Basis of Accounting

The Corporation has prepared its financial statements on the accrual basis in conformity with accounting principles generally accepted in the United States of America. Accrual basis accounting allows for revenue to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash.

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 the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Corporation follows Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958-210, Presentation of Financial Statements. Under ASC 958-210, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Corporation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Net assets with voluntary designations by the governing board of the organization are considered to be without donor restrictions under the guidelines of FASB ASC 958-205-45-2.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

No assurance is provided.

East Palestine Community Improvement Corporation

Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Corporation's receivables consist of amounts due from donations and advertising sales and are presented net of an allowance for credit losses, if any. The Corporation estimates the allowance for credit losses based on historical loss experience, current conditions, and reasonable and supportable forecasts. The Corporation considers various factors, such as the credit quality of its customers, the aging of its receivables, the economic environment, and the collectability of its receivables, in estimating the expected credit losses. The Corporation determined that as of December 31, 2025 and 2024 there was no allowance for credit losses.

Property and Equipment

Property and equipment purchased are recorded at cost. Donated assets are recorded at fair market value at the date of the gift. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 5 to 30 years. Maintenance and repairs are charged to expense when incurred. Assets with a useful life beyond one year or repairs and maintenance that extend the useful life of an asset beyond one year are capitalized and depreciated over the asset's useful life. Construction in progress represents property donated for development projects that are not yet placed in service and are not depreciated until completed.

Restriction Policy

The Corporation has no donor-imposed restrictions which need to be classified as net assets with donor restriction.

Program Services

For financial statement purposes, the Corporation is involved with one program service, which is to promote economic development and revitalization within the Village of East Palestine.

Functional Allocation of Expenses

The costs of providing the program and related activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Federal Income Taxes

The Corporation is a nonprofit organization and is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code. By virtue of Ohio law, the Corporation is not subject to Ohio income taxes.

Note B - Revenue Recognition

The Corporation recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, and ASC Topic 606, *Revenue from Contracts with Customers*, as applicable.

Contributions and In-Kind Contributions

Contributions, including unconditional promises to give, are recognized as revenue when received or when the donor makes a promise to give that is, in substance, unconditional. Contributions are recorded at fair value at the date of donation.

The Corporation reports contributions as net assets without donor restrictions unless donor-imposed restrictions are present. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

No assurance is provided.

East Palestine Community Improvement Corporation

Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note B - Revenue Recognition (continued)

Contributions and In-Kind Contributions (continued)

In-kind contributions, including donated property, are recorded at their estimated fair value at the date of donation. Donated property is capitalized as construction in progress and is not monetized but is used in furtherance of the Corporation's mission.

Conditional contributions are not recognized as revenue until the conditions on which they depend are substantially met or explicitly waived. Amounts received prior to satisfying such conditions are recorded as refundable advances.

Exchange Transactions (Revenue from Contracts with Customers)

Revenue from exchange transactions, including advertising revenue, is recognized when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration the Corporation expects to be entitled to in exchange for those goods or services. Revenue from advertising is recognized at the point in time when the advertising services are provided.

Special Events and Campaign Revenue

Revenue from fundraising campaigns, including the Brighten Our Future Campaign, is recognized as contributions when received or when an unconditional promise to give is made.

Note C - Property and Equipment and In-Kind Contributions

Property and equipment consist primarily of construction in progress related to the Corporation's efforts to promote economic development and community revitalization within the Village of East Palestine. Construction in progress includes costs incurred for development projects that are not yet placed into service. These costs consist of land and property held for redevelopment, as well as expenditures for site preparation, architectural, engineering, and other project-related activities. Construction in progress is not depreciated until the related assets are completed and placed into service.

During the year ended December 31, 2025, the Corporation received donated real property to support its development initiatives. The estimated fair value of the donated property totaled \$2,198,100 at the date of contribution and has been recognized as in-kind contribution revenue in the accompanying statement of activities.

The fair value of the donated property was determined based on a combination of publicly available property tax assessed values and estimated market values for comparable properties at the date of donation. As of December 31, 2025, construction in progress totaled \$216,779.

Donated property is classified based on management's intended use of the asset. Property intended to be developed and used in operations is recorded as construction in progress. Property intended to be sold is recorded as assets held for sale and is not depreciated.

The Corporation did not recognize any donor-imposed restrictions associated with these contributions as of December 31, 2025.

The Corporation evaluates long-lived assets, including construction in progress and assets held for sale, for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable.

No assurance is provided.

East Palestine Community Improvement Corporation

Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note D - Assets Held for Sale

Assets held for sale consist of donated real property that management intends to sell rather than use in operations. These assets are recorded at their estimated fair value at the date of donation, which represents their initial carrying value.

As of December 31, 2025, assets held for sale totaled \$2,107,150.

These properties are expected to be marketed and sold in furtherance of the Corporation's mission to support economic development and revitalization efforts. No depreciation is recorded on assets held for sale.

Management evaluates these assets for impairment if events or circumstances indicate that their carrying value may not be recoverable.

Note E - Purchase Option

The Corporation has entered into an agreement that provides the right to purchase certain property in the future. Costs associated with this agreement have been capitalized as a purchase option and are included in other noncurrent assets.

The purchase option will be evaluated for inclusion in property and equipment upon exercise. If the option is not exercised, the related costs may be expensed or written off. The purchase option is considered an indefinite-lived asset until exercised or abandoned.

Note F - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Corporation. The Corporation's primary program is economic development and community revitalization within the Village of East Palestine.

Expenses that can be directly identified with a specific function are charged directly to that function. Certain costs that are not directly attributable to a single function are allocated on a reasonable basis that is consistently applied.

The expenses that are allocated include administrative and general costs, which are allocated based on reasonable bases such as usage or the nature of the expense.

Professional services, including architectural, engineering, and project-related costs, are charged directly to program services. Costs associated with general operations of the Corporation, including accounting fees, bank fees, and administrative expenses, are classified as general and administrative.

The Corporation evaluates its allocation methodologies on an annual basis and adjusts the methods, if necessary, to reflect changes in activities and resource utilization. No fundraising salaries or joint costs requiring allocation were incurred during the year.

No assurance is provided.

East Palestine Community Improvement Corporation

Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note G - Commitments and Contingencies

Credit Risk from Cash Deposits in Excess of Insurance Limits

The Corporation maintains its cash balances in one financial institution. The balance in bank is insured by the Federal Deposit Insurance Corporation up to a maximum amount of \$250,000 per institution. Balances in excess of the \$250,000 level are considered a contingent risk under generally accepted accounting principles and may occur from time to time with the Corporation.

Note H - Economic Development Grant

The Corporation entered into an Economic Development Grant Agreement with the Village of East Palestine during 2024, under which the Corporation received \$20,000 to support the commencement of its economic development activities.

The grant is intended to be used to fund operations related to industrial, commercial, distribution, and research development within the Village of East Palestine.

The grant agreement contains a condition whereby the Village retains the right to request repayment of all or a portion of the funds if the Corporation receives similar funding from Norfolk Southern Railway. As this condition represents a barrier that must be overcome and includes a right of return, the funds received have been recorded as a refundable advance (liability) in the accompanying statement of financial position as of December 31, 2025 and 2024.

The Corporation will recognize the grant as contribution revenue when the condition is substantially met or explicitly waived.

The outstanding balance of the refundable advance was \$20,000 as of December 31, 2025 and 2024. The Corporation has not received such funding as of December 31, 2025.

Note I - Liquidity and Availability of Resources

The Corporation's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of December 31, 2025 and 2024:

Financial assets, at year end:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 51,885	\$ 73,427
Accounts receivable	-	5,180
Financial assets, at year end	<u>\$ 51,885</u>	<u>\$ 78,607</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash and cash equivalents are held in a checking account.

The Corporation's primary sources of liquidity include contributions, fundraising activities, and other support. The timing and amounts of such receipts can vary, and the Corporation manages its liquidity by monitoring cash flows and maintaining sufficient cash balances to meet operating needs.

No assurance is provided.

East Palestine Community Improvement Corporation

Notes to Financial Statements
For the Years Ended December 31, 2025 and 2024

Note I - Liquidity and Availability of Resources (continued)

Financial assets that are subject to donor restrictions or other contractual limitations are not available for general expenditure within one year of the statement of financial position date. As of December 31, 2025 and 2024, the Corporation did not have any financial assets subject to donor restriction.

Additionally, certain assets of the Corporation are invested in construction in progress and are not available to meet general operating expenditures within one year.

Note J - Subsequent Events

The Corporation has evaluated subsequent events through March 31, 2026, the date the financial statements were available to be issued.

No assurance is provided.