

FINGER LAKES REUSE, INC.

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2025 and 2024**



FINGER LAKES REUSE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Finger Lakes ReUse, Inc.
Ithaca, New York

Opinion

We have audited the accompanying financial statements of Finger Lakes ReUse, Inc. (the Organization), a nonprofit organization, which comprise the Statements of Financial Position as of December 31, 2025 and 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years 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 the Organization as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Insero & Co. CPAs, LLP

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Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
May 4, 2026

FINGER LAKES REUSE, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 18,779	\$ 71,333
Grants Receivable	120,673	151,379
Accounts Receivable	17,614	15,108
Prepaid Expenses	18,781	35,625
Total Current Assets	175,847	273,445
Noncurrent Assets		
Fixed Assets, Net of Accumulated Depreciation of \$1,010,504 in 2025 and \$899,833 in 2024	1,658,095	1,546,913
Restricted Cash and Cash Equivalents: Nonprofit Finance Fund Debt Service Reserve	69,330	69,295
Total Noncurrent Assets	1,727,425	1,616,208
Total Assets	\$ 1,903,272	\$ 1,889,653
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 80,248	\$ 131,978
Payroll Liabilities Payable	164,469	303,434
Sales Tax Payable	27,406	97,333
Compensated Absences	70,686	66,882
Gift Certificates	111,548	129,665
Mortgage Interest Payable	-	2,538
Line of Credit Payable	172,092	91,748
Current Portion of Notes and Loans Payable	54,032	6,986
Current Portion of Mortgage Payable	1,565,421	190,253
Total Current Liabilities	2,245,902	1,020,817
Noncurrent Liabilities		
Notes and Loans Payable - Net of Current Portion	410,185	458,683
Mortgage Payable - Net of Current Portion	-	1,662,712
Total Noncurrent Liabilities	410,185	2,121,395
Total Liabilities	2,656,087	3,142,212
Net Assets		
Without Donor Restrictions	(829,815)	(1,395,559)
With Donor Restrictions	77,000	143,000
Total Net Assets (Deficit)	(752,815)	(1,252,559)
Total Liabilities and Net Assets	\$ 1,903,272	\$ 1,889,653

See Notes to Financial Statements

FINGER LAKES REUSE, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2025	2024
Net Assets Without Donor Restrictions		
Support		
Contributions	\$ 279,852	\$ 300,547
In-Kind Donations	-	240
Grants	175,939	107,948
Government Support	<u>600,459</u>	<u>562,660</u>
Total Support	<u>1,056,250</u>	<u>971,395</u>
Revenues		
Merchandise Sales	2,704,655	2,476,434
Program Income	53,170	38,736
Other Income	1,132,817	47,376
Net Assets Released From Restrictions	<u>143,000</u>	<u>127,500</u>
Total Revenues	<u>4,033,642</u>	<u>2,690,046</u>
Total Revenues and Support	<u>5,089,892</u>	<u>3,661,441</u>
Expenses		
Program Services	<u>3,545,190</u>	<u>3,190,036</u>
Supporting Services		
Management and General	975,559	661,948
Fundraising	<u>3,399</u>	<u>3,113</u>
Total Supporting Services	<u>978,958</u>	<u>665,061</u>
Total Expenses	<u>4,524,148</u>	<u>3,855,097</u>
Change in Net Assets Without Donor Restrictions	<u>565,744</u>	<u>(193,656)</u>
Changes in Net Assets With Donor Restrictions		
Grants	77,000	143,000
Net Assets Released From Restrictions	<u>(143,000)</u>	<u>(127,500)</u>
Change in Net Assets With Donor Restrictions	<u>(66,000)</u>	<u>15,500</u>
Change in Net Assets	499,744	(178,156)
Net Assets (Deficit), January 1,	<u>(1,252,559)</u>	<u>(1,074,403)</u>
Net Assets (Deficit), December 31,	<u>\$ (752,815)</u>	<u>\$ (1,252,559)</u>

See Notes to Financial Statements

FINGER LAKES REUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Services and Operations</u>	<u>Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and Wages	\$ 2,146,338	\$ 89,240	\$ 2,235,578	\$ 430,045	\$ -	\$ 2,665,623
Payroll Taxes and Fringe Benefits	414,811	16,821	431,632	125,414	-	557,046
Total Salaries and Related Expenses	2,561,149	106,061	2,667,210	555,459	-	3,222,669
Cost of Goods Sold	9,240	-	9,240	-	-	9,240
Interest, Finance Charges, and Late Fee Expense	75,584	-	75,584	31,054	-	106,638
Contractual Services	43,314	-	43,314	146,175	425	189,914
Rent and Lease Amortization	232,618	-	232,618	-	-	232,618
Dues, Fees, and Subscriptions	61,414	260	61,674	8,014	439	70,127
IRS Penalty	-	-	-	146,593	-	146,593
Utilities	59,217	901	60,118	7,957	-	68,075
Vehicle Expense	21,924	-	21,924	-	-	21,924
Insurance	4,168	2,000	6,168	27,194	400	33,762
Donations	-	-	-	11,217	-	11,217
Repairs and Maintenance	96,369	-	96,369	1,493	-	97,862
Advertising and Promotion	51,259	136	51,395	4,806	-	56,201
Tools and Supplies	43,339	46	43,385	1,020	-	44,405
Property Insurance	16,565	-	16,565	4,041	-	20,606
Telephone	9,307	195	9,502	2,380	-	11,882
Real Estate Taxes	37,648	-	37,648	-	-	37,648
Travel Expenses	2,155	381	2,536	6,227	843	9,606
Other	637	-	637	-	-	637
Professional Development	563	142	705	5,416	-	6,121
Printing and Postage	5,494	-	5,494	1,544	1,292	8,330
Total Expenses Before Depreciation and Amortization	3,331,964	110,122	3,442,086	960,590	3,399	4,406,075
Depreciation and Amortization Expense	103,104	-	103,104	14,969	-	118,073
Total Expenses	\$ 3,435,068	\$ 110,122	\$ 3,545,190	\$ 975,559	\$ 3,399	\$ 4,524,148

See Notes to Financial Statements

FINGER LAKES REUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>		<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Services and Operations</u>	<u>Education</u>		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and Wages	\$ 1,880,699	\$ 75,007	\$ 1,955,706	\$ 391,385	\$ -	\$ 2,347,091
Payroll Taxes and Fringe Benefits	403,731	19,229	422,960	106,981	-	529,941
Total Salaries and Related Expenses	2,284,430	94,236	2,378,666	498,366	-	2,877,032
Cost of Goods Sold	5,600	-	5,600	-	-	5,600
Interest, Finance Charges, and Late Fee Expense	80,718	-	80,718	33,163	-	113,881
Contractual Services	19,844	-	19,844	17,484	-	37,328
Rent and Lease Amortization	221,372	-	221,372	-	-	221,372
Dues, Fees, and Subscriptions	59,613	-	59,613	13,305	248	73,166
Non-Capitalized Equipment	8,237	332	8,569	3,271	-	11,840
Utilities	52,943	664	53,607	5,086	-	58,693
Vehicle Expense	41,260	-	41,260	-	-	41,260
Insurance	6,975	1,500	8,475	37,901	15	46,391
Donations	-	-	-	12,149	-	12,149
Repairs and Maintenance	77,904	-	77,904	174	-	78,078
Advertising and Promotional	37,462	16	37,478	11,230	-	48,708
Tools and Supplies	33,871	86	33,957	1,109	-	35,066
Property Insurance	10,852	-	10,852	3,639	-	14,491
Telephone	9,717	249	9,966	1,860	-	11,826
Real Estate Taxes	29,169	-	29,169	-	-	29,169
Travel Expenses	679	301	980	2,675	686	4,341
Other	15,531	-	15,531	231	-	15,762
Professional Development	565	138	703	6,672	-	7,375
Printing and Postage	4,785	13	4,798	425	2,164	7,387
Total Expenses Before Depreciation	3,001,527	97,535	3,099,062	648,740	3,113	3,750,915
Depreciation Expense	90,974	-	90,974	13,208	-	104,182
Total Expenses	\$ 3,092,501	\$ 97,535	\$ 3,190,036	\$ 661,948	\$ 3,113	\$ 3,855,097

See Notes to Financial Statements

FINGER LAKES REUSE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2025	2024
Cash Flows From Operating Activities		
Change in Net Assets	\$ 499,744	\$ (178,156)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	110,671	96,781
Amortization of Loan Acquisition Costs	7,402	7,401
Forgiveness of Mortgages Payable	(255,000)	-
(Increase) Decrease in Grants Receivable	30,706	(142,350)
(Increase) Decrease in Accounts Receivable	(2,506)	44,704
(Increase) Decrease in Prepaid Expenses	16,844	1,106
Increase (Decrease) in Accounts Payable	(51,730)	50,181
Increase (Decrease) in Payroll Liabilities Payable	(138,965)	290,794
Increase (Decrease) in Sales Tax Payable	(69,927)	44,390
Increase (Decrease) in Compensated Absences	3,804	(3,897)
Increase (Decrease) in Gift Certificates	(18,117)	4,772
Increase (Decrease) in Mortgage Interest Payable	(2,538)	(3,567)
Net Cash Provided (Used) by Operating Activities	130,388	212,159
Cash Flows From Investing Activities		
Purchase of Fixed Assets	(221,853)	(62,064)
Net Cash Provided (Used) by Investing Activities	(221,853)	(62,064)
Cash Flows From Financing Activities		
Payments on Mortgages Payable	(39,946)	(34,990)
Payments of Loans	(1,452)	-
Payments on Line of Credit	(270,039)	(112,120)
Proceeds From Line of Credit	350,383	32,533
Net Cash Provided (Used) by Financing Activities	38,946	(114,577)
Net Increase in Cash and Cash Equivalents	(52,519)	35,518
Cash and Cash Equivalents, January 1,	140,628	105,110
Cash and Cash Equivalents, December 31,	\$ 88,109	\$ 140,628
Supplemental Information		
Interest Paid	\$ 114,178	\$ 114,178

See Notes to Financial Statements

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

***Note 1* Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

Finger Lakes ReUse, Inc. (the Organization) is a nonprofit organization in Ithaca, New York with the mission to enhance community, economy, and environment through reuse. The Organization formally began operations in 2008. The Organization provides convenient affordable ways to discard and acquire local reusable materials to reduce waste, alleviate poverty and contribute to regional workforce development. Revenue is generated mainly from the sale of donated used items, grants, government contracts, and other fundraising activities. The Organization's retail and production facilities provide job training in technology, retail, and customer service for individuals who face barriers to traditional employment and Living Wage career paths for staff. It provides no-cost reused items for qualifying households in crisis; education and public programming about reuse and the environment; and technical support to other related organizations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

- **Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

Fixed Assets

Fixed assets, including building improvements, computers, furniture, equipment, and software, are recorded at cost or fair market value if donated and are depreciated using the straight-line method over the estimated useful life of the assets. Fixed assets purchased or acquired with an original cost of at least \$3,000 and having a useful life of greater than one year are capitalized with estimated useful lives ranging from 3 to 40 years.

Donated Fixed Assets

Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent any donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Accounts Receivable and Grants Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Management reviews accounts receivable periodically to determine if any receivables will be potentially uncollectible and require an allowance for expected credit losses.

The Organization estimates expected credit losses for accounts receivable by considering a variety of factors including historical credit loss experience, judgement as to the specific customer's ability to pay, and current and forward-looking factors regarding the economic environment. There is no allowance for expected credit losses for the years ended December 31, 2025 and 2024.

Contributions

The Organization accounts for contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. In accordance with FASB ASC 958, the Organization classifies contributions depending on the absence, or existence, and nature of donor restrictions. The Organization classifies donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period in which the contributions are received.

Contracts With Customers

The Organization receives revenue from customers for sales and special events. At December 31, 2025 and 2024, the Organization had met the performance obligations of those sales and recognized the respective revenue in the Statements of Activities.

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958 if the services (a) create or enhance non-financial assets; or (b) required specialized skills performed by people with those skills and would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant amounts of their time on the Organization's behalf. However, the valuation of these services does not meet the criteria for recording in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under §501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under §170(b)(1)(A) and has been classified as an organization that is not a private Organization under §509(a)(2).

Advertising and Marketing

The Organization expenses advertising and marketing costs as incurred. Advertising and marketing costs amounted to \$8,298 and \$10,727 for the years ended December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses

Accounting Standards Update (ASU) No. 2016-14 requires the Organization to provide an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature, such as salaries, rent, and supplies. Functional expenses are classified by the type of activity for which expenses were incurred; for example, management, oversight, and direct program costs. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the costs attributable by function based on estimated percentage of time and effort or other reasonable basis.

Leases

The Organization determines if an arrangement is or contains a lease at inception. The Organization records Right of Use (ROU) assets and lease obligations for the Organization's finance and operating leases, which are initially based on the discounted future minimum lease payments over the term of the lease. As the rate implicit in the Organization's leases is not easily determinable, the Organization has elected to use the risk-free rate for the same period of time as the lease term.

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

Leases - Continued

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. Leases may also include options to terminate the arrangement or options to purchase the underlying asset. For leases with an initial term of 12 months or less, no ROU assets or lease obligations are recorded on the Statements of Net Position and the Organization recognizes short-term lease expense for these leases on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. None of the lease agreements include variable rental payments. The Organization is also responsible for certain non-leases costs related to facilities, including utilities, real estate taxes and certain shared operating costs. For the majority of asset classes, the Organization has elected to separate lease from non-lease components. The Organization has elected to combine lease and non-lease components for certain classes of equipment.

Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in Rent and Lease Amortization expense. Interest expense for finance leases is recognized using the effective interest method. Short-term rentals and payments associated with non-lease components are expensed as incurred.

Subsequent Events

Management of the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through May 4, 2026, the date the financial statements were available to be issued.

***Note 2* Cash and Cash Equivalents**

The Organization maintains its cash balances in three financial institutions located in Ithaca, New York. Balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation or the National Credit Union Administration. From time to time, the Organization may have deposits in excess of these insurance limits. At December 31, 2025 and 2024, there were no uninsured cash balances.

Cash is reported as follows at December 31,:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 18,779	\$ 71,333
Restricted Cash and Cash Equivalents: Nonprofit		
Finance Debt Service Reserve	<u>69,330</u>	<u>69,295</u>
Total Cash and Cash Equivalents	<u>\$ 88,109</u>	<u>\$ 140,628</u>

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 3 Grants and Other Receivables

Grants receivable at December 31, consisted of the following:

	2025	2024
New York State	\$ 18,663	\$ 72,772
Tompkins County	21,999	33,508
Appalachian Regional Commission	64,072	25,905
Ithaca Urban Renewal Agency	15,939	19,194
Total	\$ 120,673	\$ 151,379

Note 4 Accounts Payable

Accounts payable at December 31, consisted of the following:

	2025	2024
Triphammer Development Co., Inc.	\$ -	\$ 91,620
Center for Transformative Action	13,375	
Downtown 201 Excavation, LLC	-	17,100
Water's Edge Ithaca, LLC	8,000	12,000
Sciarabba Engineering, PLLC	7,950	-
Casella Waste Systems, Inc.	6,956	-
Other	43,967	11,258
Total	\$ 80,248	\$ 131,978

Note 5 Availability and Liquidity

The following represents the Organization's financial assets at December 31,:

	2025	2024
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 18,779	\$ 71,333
Grants Receivable	120,673	151,379
Accounts Receivable	17,614	15,108
Total Financial Assets	157,066	237,820
 Less: Amounts Not Available to be Used Within One Year		
Net Assets With Donor Restrictions	77,000	143,000
	77,000	143,000
 Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 80,066	\$ 94,820

As described in Note 7, the Organization has a line of credit available to meet cash flow needs.

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 6 **Fixed Assets**

Fixed assets and accumulated depreciation consisted of the following as of December 31,:

	2025			2024		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 360,000	\$ -	\$ 360,000	\$ 360,000	\$ -	\$ 360,000
Building and Building Improvements	2,041,038	(860,141)	1,180,897	1,873,228	(768,883)	1,104,345
Furniture and Equipment	96,000	(76,790)	19,210	77,500	(70,978)	6,522
Leasehold Improvements	37,593	(25,230)	12,363	37,593	(22,172)	15,421
Vehicles	133,968	(48,343)	85,625	98,425	(37,800)	60,625
Total Fixed Assets	<u>\$ 2,668,599</u>	<u>\$ (1,010,504)</u>	<u>\$ 1,658,095</u>	<u>\$ 2,446,746</u>	<u>\$ (899,833)</u>	<u>\$ 1,546,913</u>

Depreciation expense amounted to \$110,671 and \$96,781 for the years ended December 31, 2025 and 2024, respectively.

Note 7 **Line of Credit**

In July 2021, the Organization secured a \$100,000 line of credit, with an interest rate of 5.75%. The balance was \$97,092 and \$91,748 for the years ended December 31, 2025 and 2024.

In October 2025, the Organization secured a \$250,000 line of credit, with an interest rate of 8.50%. The balance was \$75,000 for the year ended December 31, 2025.

Advances on the credit line are payable on demand, but if no demand is made, then interest-only payments are required. Interest expense paid in 2025 and 2024 was \$12,290 and \$13,000, respectively.

Note 8 **Lease Commitment**

The Organization rents retail and warehouse space under an annual lease ended December 31, 2023. Base rent was \$4,450 per month for 2025 and 2024. The Organization is also responsible for its share of repairs and maintenance, insurance, and real estate taxes. There was no formal lease renewal for 2024 or 2025.

In April 2020, the Organization also began renting additional retail and warehouse space under an annual lease ended December 31, 2022. Base rent was \$6,028 per month for 2025 and 2024. There was no formal lease renewal for 2024 or 2025.

In December 2021, the Organization began renting warehouse space under an original annual lease beginning December 13, 2021 and ending December 12, 2022. This lease was extended for an additional one-year term. Base rent is \$4,000 per month. There was no formal lease renewal for 2024 or 2025.

Rental expense amounted to \$209,459 and \$217,815 for the years ended December 31, 2025 and 2024.

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 9 Mortgages, Notes, and Loans Payable

Mortgages, notes, and loans payable consisted of the following at December 31,:

	2025	2024
Mortgage dated September 27, 2019 with a balance of \$1,680,000 from the Nonprofit Finance Fund (NFF). Payments of \$11,005 are due monthly and include principal and interest calculated at a rate of 6.175%. The mortgage is amortized for a 25-year period; however, remaining principal is due October 1, 2026.	\$ 1,470,972	\$ 1,510,918
Ithaca Urban Renewal Agency - Initial mortgage received in 2014 for \$105,000 for 10 years, at 0% interest. An additional \$100,000 was received in 2019, for 20 years, also at 0% interest. These mortgages do not require repayment, provided the building continues to be operated for its nonprofit purpose. A new loan was received in 2022 for \$150,000, for 2 years, at 0% interest. No repayments shall be due and the loan forgiven, provided the Organization complies with quarterly job-reporting and documenting the job-retention goal was satisfied for six (6) consecutive quarters and positions remain filled through June 2023. During the year ended December 31, 2025, the original \$105,000 and the \$150,000 were forgiven.	100,000	355,000
Loan of \$450,000, with a ten year repayment and interest calculated at 0.50%. Monthly payments began in May 2016. Any unpaid principal and interest shall be due at maturity on May 1, 2026. The Nonprofit Finance Fund mortgage agreement changed the terms of this loan. The mortgage with Nonprofit Finance Fund requires that no principal be paid on this loan until the Organization has achieved three consecutive years with a debt service coverage ratio of 1.6 to 1.0. This requirement has not yet been met.	312,669	312,669
U.S. Small Business Administration Loan - Secured disaster loan for \$150,000 for 30 years, at 2.75% interest. Monthly payments of \$641 were to begin June 2021, 12 months from the date of the promissory note. Payments were deferred until December 2022. Interest continued to accrue during the 30 month deferment period, with monthly payments beginning December 2022 applied first to accrued interest. For 2023 and 2024, each \$641 payment will be applied to accrued interest until paid. This loan is collateralized by all tangible and intangible property including, but not limited to: inventory, equipment, accounts receivable, and deposit accounts.	148,548	150,000
Loan for the purchase of industrial equipment at 0% interest for a 1 year term, secured by said equipment.	3,000	3,000
	2,035,189	2,331,587
Loan Acquisition Costs associated with the NFF mortgage described above are accounted for a reduction of the mortgage liability. The costs are written off over the period of the mortgage and are included in interest expense on an annual basis.	5,551	12,953
Total Mortgages, Notes, and Loans Payable	2,029,638	2,318,634
Less: Current Portion	1,619,453	197,239
Total Mortgages and Loans Payable, Net of Current Portion	\$ 410,185	\$ 2,121,395

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 9 Mortgages, Notes, and Loans Payable - Continued
Future principal payments are as follows:

2026	\$ 1,625,004
2027	51,381
2028	222,892
2029	4,449
2030	4,573
2031-2035	24,847
2036-2040	28,504
2041-2045	32,700
2046-2049	<u>40,839</u>
Total	<u>\$ 2,035,189</u>

Note 10 National Fidelity Financial Debt Service Reserve Account and Debt Service Coverage Ratio

The National Fidelity Financial (NFF) required a debt service reserve account in the aggregate amount of \$69,330 and \$69,295 at December 31, 2025 and 2024, respectively, which is pledged to and controlled by NFF.

Note 11 Compensated Absences

Employees accrue vacation leave at the rate of ten vacation days per year through the calendar year in which an employee's three year anniversary of employment occurs. In the calendar year of the employee's four year anniversary, employees will receive 15 vacation days and 20 vacation days in the calendar year of the employee's 10 year anniversary. Up to five unused vacation days may be carried over into the next year, with the balance not to exceed 30 days. Part-time employees who work a regular schedule all year are eligible for vacation benefits on a pro-rata basis based on the schedule above. Accrued vacation is payable on termination of employment according to the Organization's voluntary policies and not subject to any contract of employment. Full-time employees accrue sick leave at a rate of one day per month, accumulating up to a maximum of 20 days. However, sick leave is not reimbursable upon termination of employment. Accrued vacation at December 31, 2025 and 2024 amounted to \$70,686 and \$66,882, respectively.

FINGER LAKES REUSE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Note 12 Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31,:

	<u>2025</u>	<u>2024</u>
General Operating Support Restricted for Time	<u>\$ 77,000</u>	<u>\$ 143,000</u>

Note 13 Deficit Net Assets

In 2025, 61% of expenses for the Organization were covered through the revenues earned through sales of used materials and services. The Organization's 2026 business and budget plan leverages our stability in the communities we serve to increase municipal and other government support to reduce negative net assets as our sales growth begins to plateau. The Organization has consistently experienced exponential growth in material donations and prioritizes building internal capacity and expertise as we expect this trend to continue for several more years.

The Organization has developed a five-year model that demonstrates, with conservative revenue increases, the capacity to pay off debt and reduce deficit net assets completely within a five-year period through business growth.

As previously identified, the Organization will also continue to work toward a position to refinance the 210-214 Elmira Road property.

The Board also continues to be attentive to budget and cash flow analysis in real time, evaluating plans, performance and respective operational adjustments, and projections on a monthly basis.

Note 14 Anticipated IRS Penalties

In 2026, the Internal Revenue Service levied penalties against the Organization for failure to remit payroll taxes. In addition, the IRS has placed a lien on the Organization's assets. The total amount levied as of March 27, 2026, was \$146,593. This liability is included in payroll liabilities payable at December 31, 2025.

Note 15 Employee Retention Credits

In previous years, as a result of the COVID-19 pandemic, the Organization claimed Employee Retention Credits. During the year ended December 31, 2025, the Organization received \$742,044, which is included in other income in the Statement of Activities.

Note 16 Subsequent Events

In 2026 the Organization will move its rented retail operation, the ReUse MegaCenter, to a new location and operate as the Cayuga ReUse Center. The new location offers a 23% increase in retail space, increased processing space, and a 10,000 square foot warehouse space. This move reduces costs in 2026 with a 270 day build-out period negotiated in the 3-year lease, reducing rent and triple net expenses during that period to \$0. The build-out period allows the Organization time to ready the new store, make the move, and begin earning income at the new store before rent and triple net payments are required.