FORT DUPONT
SHAPED BY HISTORY & ANCHORED IN NATURE

Annual Report to Delaware Legislature

The Fort DuPont Redevelopment and Preservation Corporation (hereafter FDRPC) was established in 2014 in Del Code Title 7 Chapter 47 Subchapter II.

The enabling legislation has as its purpose:

§ 4731. Declaration of purpose.

The General Assembly declares the following to be the policy and purpose of this subchapter:

1. The Fort DuPont Complex, located along the Delaware River adjacent to Delaware City, is currently underutilized but has enormous potential as a sustainable, mixed-use community;
2. To preserve and protect the historical and recreational amenities within the Fort DuPont Complex and to expand economic opportunities therein, additional capital will be required to improve infrastructure, renovate certain historic structures, and make additional improvements to said Complex;
3. Redevelopment and renovation of the Fort DuPont Complex is both desirable and necessary, provided that:
   a. The Fort DuPont Complex will remain a public destination, with its historic, natural, and recreational resources maintained for public enjoyment;
   b. Fort DuPont's National Register status (where applicable) will be maintained, and historic building and landscape resources will be rehabilitated and reused to the extent possible;
   c. Redevelopment and infill will be concentrated within several defined areas, and will be complementary to existing historic buildings and landscapes;
   d. Fort DuPont and Delaware City will grow together as "one city" with strong physical and visual connections and complementary land uses;
   e. Diverse land and building uses will be supported at Fort DuPont to achieve a shared vision for a "live-work-learn-play-and-visit" community; and
   f. Community engagement will continue to be a key component for ongoing planning for Fort DuPont's future.
4. In light of the foregoing, it is in the best interest of the State to enable the creation of an entity to manage, oversee, and implement the redevelopment and preservation of the Fort DuPont Complex in accordance with the Redevelopment Plan and the provisions of this subchapter.

Board

Chair to be appointed by Governor	John McMahon
Secretary, Dept. of Natural Resources and Environmental Control	Hon. Shawn Garvin
Controller General	Ruth Ann Jones
Director, Delaware Prosperity Partnership	Kurt Foreman
Secretary of State	Rony Baltazar-Lopez (designee)
Director, Office of Management and Budget	Courtney Stewart (designee)
Director, Office of State Planning Coordination	David Edgell
Co-chair of the Capital Improvement Committee	Sen. Spiros Mantzavinos (designee)
Co-chair of the Capital Improvement Committee	Rep. Sean Matthews (designee)
City Manager of Delaware City, ex officio	Harry Hil
Resident of Fort DuPont appointed by Speaker of the House	Wendy Rogers
Resident of Delaware City appointed by President Pro Tem	Vacant
Resident of Fort DuPont appointed by the Governor	Michael Graci
Resident of Delaware City appointed by the Governor	Douglas Eriksen

List of real estate bought and sold in 2023

The following properties were sold by FDPRC in 2023.

April 20, 2023	1304 and 1306 Officers Row, improved lots.	$112,500 per lot
June 26, 2023	1303 Officers Row, residence.	$730,000. Property was collateralized as part of a previous loan
July 12, 2023	1305 and 1307 Officer Row, improved lot.	$125,000 per lot

Notable accomplishments

Strategic Plan.

The Board of Directors approved a five-year strategic plan for FDRPC on Sept. 13, 2023. The Delaware Alliance for Nonprofit Advancement (DANA) was contracted as facilitator for the planning exercise. The exercise involved 16 one-on-one interviews, two in-person focus groups, a town meeting (25 people attended), a meeting with all FDRPC staff, and an on-line survey (with 62 respondents). The plan was approved by the Board of Directors Sept. 13, 2023. Between community meetings, working group and committee meetings, and stakeholder interviews, more than 100 hours were contributed to this plan. A copy of the plan is attached.

Policies implemented.

The FDRPC Board of Directors adopted three policies during 2023: Purchasing and Procurement Thresholds, and Financial Reserves Policy (Aug. 9, 2023). A revised personnel handbook was approved by the Board Oct. 11, 2023.

FY 2022 audit complete.

The financial audit for FY 2022 was completed by Belfint, Lyons, & Shuman, P.A. on July 19, 2023, and presented to the Board of Directors Sept. 13, 2023. The Board voted unanimously to accept the audit. The FY 2023 financial audit is in progress.

Hiring of Deputy Director-Controller.

On April 10, 2023, Janice Moturi began her tenure as Deputy Director-Controller for FDPRC. Ms. Moturi holds a master's in finance from Goldey-Beacom College. She was most recently employed by JPMorgan Chase. Ms. Moturi is a full-time employee of FDPRC. Ms. Moturi was hired as a Deputy so that FDRPC would comply with House Bill 355 of the 151st General Assembly.

FOIA (Freedom of Information Act) Officer named.

Traci McDowell was appointed the Freedom of Information Act Officer for FDRPC on Feb. 11, 2023. Ms. McDowell retired from a long tenure as City Clerk for Dover. Ms. McDowell is a contractor with FDRPC.

FEMA grant awarded.

On Aug. 24, 2023, FDRPC was notified by the Delaware Emergency Management Agency that the grant application for the Canal Bank Revetment and Promenade project had been awarded. The project is a 90% reimbursable grant based on an estimated project cost of $866,320. (Based on that original estimate, this would result in a reimbursed amount of $779,688 to FDRPC.) On Aug. 29, 2023, all existing obligations were paused by the Federal Emergency Management Agency under the Immediate Needs Funding System until further notice. On Oct. 3, 2023, a continuing resolution passed by Congress allowed for the INF restrictions to be released, which would result in funding authorization letters being issued for all obligations. As of Dec. 31, 2023, FDRPC is awaiting the funding authorization letter from FEMA.

Notable accomplishments

Entranceway project complete.

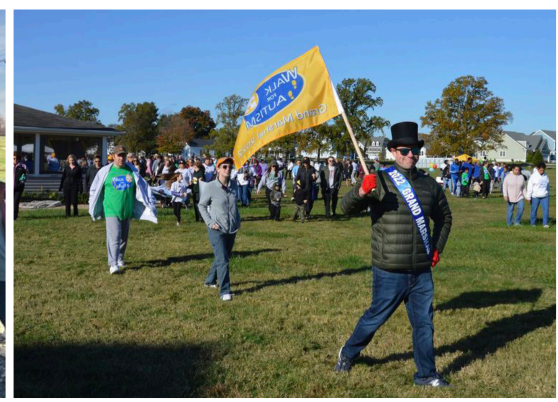
A major capital project at the entranceway to the Fort DuPont campus was completed in March 2023. A traffic roundabout was built at Route 9, Polktown Road and Old Elm Avenue. The project required closing the Reedy Point Bridge from January through March 2023. A second phase of the improvements was completed in November 2023 and included a small connection between Route 9 and Old Elm Avenue. A topcoat of asphalt was added to Old Elm Avenue.

Marina Village.

The proposed Marina Village residential project is in due diligence and approvals. A special use permit was granted by the Delaware City Council. Additional approvals needed include Section 6f protections issue (National Park Service), Delaware City Planning Commission, Delaware City Board of Adjustment, and Delaware City Council. FDRPC is required to complete the compaction of all lands to ensure all residential units are built at an elevation above the flood zone.

Community Engagement.

During the year, FDRPC board and staff participated in numerous community engagement activities. These included attendance at government meetings such as Delaware City Council and Delaware City Planning Commission meetings. Additionally, staff contributed time to Delaware City Day events and the Autism Delaware walk (held on the Fort DuPont campus).



Notable accomplishments

Other events included:

• Feb. 15, Community update, 40 members.
• Feb. 22, Public design workshop on recreation amenities.
• Feb. 23, Working group workshop on recreation amenities.
• June 5, Community update, 30 members.
• July 12, State of the County event.
• Sept. 19, Strategic Plan presentation,32 people.
• Oct. 13, Residents' Fall Gathering, 70 people.

In addition to the Delaware Autism walk, the campus also hosted the St. George's Blues Festival, June 3 and 4, and the Associated Builders and Contractors Crab Feast, June 22.

Major projects for 2024

Old Battery Lane sewer and water connections. FDRPC anticipates bringing new sewer and water service to Old Battery Lane. All brownfield remediation tasks for the Operable Unit (OU-10) governing the site have been approved. The issuance of a Sediment and Stormwater Management permit is pending as of Jan. 1, 2024, with approval anticipated. The site will be mobilized when the permit is issued. This project will result in site work for two renovated duplexes on Old Battery Lane that will be owned by FDRPC and leased as residential units.

Canal Bank Revetment and Promenade. The revetment of the Branch Canal bank and the construction of a promenade along Branch Canal is the largest capital project FDRPC will undertake in 2024. The project is in permitting with two permits awaiting approval from the Army Corps of Engineers, and one permit to be issued by the Delaware Department of Natural Resources and Environmental Control. The project is dependent on funding from FEMA (through DEMA), as noted in this report.

Historic preservation projects. FDRPC undertook historic preservation projects on five buildings beginning July 1, 2023.

- **Chapel.** The exterior shell of the chapel is stablized, although some work is needed on the original windows. Work completed in 2023 included remediation of all environmental hazards on the site.
- **Theater.** The exterior shell of the theater is stabilized except for additional work to the original doors. Work completed in 2023 included remediation of all environmental hazards on the site.
- **Post Exchange.** The Post Exchange (PX) received a new roof in November 2023. The exterior shell is not complete because the the original windows were removed by a prior tenant.
- **Bakery.** The bakery was remediated of all environmental hazards.
- **Building 21 (Old Battery Lane duplex).** This duplex received a new roof in November 2023. Additional site work includes reapplying mothballing for windows, passive ventilation and security monitoring.

Submitted by Executive Director Timothy A. Slavin

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Fort DuPont Redevelopment and Preservation Corporation

2023-2028 Strategic Plan

Submitted for the Board
September 13, 2023

TABLE OF CONTENTS

BACKGROUND

Fort DuPont Redevelopment and Preservation Corporation (FDRPC) is the trustee and steward of the historic Fort DuPont Military Instillation and Fort DuPont State Park. Years of industrial use, along with a lack of maintenance resulted in the property and its facilities falling into disrepair. During Governor Markell's administration, there was a vision for repurposing the land and buildings to become an economic, cultural, and recreational asset for the State of Delaware. FDRPC was tasked through legislative action to redevelop the campus into a mix-use life-style community comprised of residences, historic buildings, repurposed buildings to lease for residential and commercial use, and outdoor and culture amenities. The site is located adjacent to Delaware City and sits along the Delaware River.

Since 2014, when the FDRPC was formed, a portion of the site has been redeveloped into a residential community, which is now annexed into Delaware City. A second site for residences is underway. Still to be finalized are the uses for other historic buildings. The Board and Leadership wished to embark on strategic planning with community input to help guide their priorities for the next five years. DANA, the Delaware Alliance for Nonprofit Advancement, was contracted to gather community perspectives and facilitate strategic planning with a strategic planning committee comprised of board and staff members, to assist in the planning facilitation, community feedback, and plan development.

The Board strategic planning committee is comprised of: John McMahon, Board Chair, Courtney Stewart, David Edgell, Wendy Rogers, Michael Graci, Tim Slavin, FDRPC Executive Director, and Janice Moturi, FDRPC Deputy Director-Controller.

PLAN PROCESS

This strategic planning process included the following elements:

- Review of organization and planning documents to orient DANA to FDRPC
- Community and staff input via interviews, focus groups, community town hall, and an online survey
- Outline of FDRPC's Strengths, Challenges, Opportunities, Aspirations, and Desired Results (SCOAR)
- Clarity on FDRPC's primary and secondary stakeholders they serve
- A review and recommended revisions to FDRPC's vision, mission, and values
- Identification of desired outcomes for the next five years and metrics for success
- Key strategies to achieve those outcomes along with activities to support the strategies
- Resource requirements and conditions that need to be in place to make the plan successful

Input was gathered between March and June. The strategic planning committee met in July and August to take the findings, identify the strategic for the next five years. Upon the Board's approval, FDRPC will present the final plan to the community in mid-September.

HIGHLIGHTS FROM COMMUNITY AND STAFF INPUT

Forty-seven individuals provided their comments via interview, focus groups, and an in-person Town Hall. These included board members, elected officials, community leaders from Delaware City and residents of Delaware City, including those who live on the Fort DuPont campus. Sixty-two responded to the survey of which the majority (76%) lived in Delaware City or on the Fort DuPont campus. In addition, all FDRPC staff provided their perspective on strategic priorities, mission, vision, and values.

Summary of the Interviews, Focus Groups, and Town Hall:

- Overall, there is a common understanding that FDRPC is in the business of cleaning up the FDRPC campus to redevelop it for Delaware City. There is an appreciation for the interest in creating outdoor amenities, trails, and parks, as well as more residential and commercial properties.
- Though many identify FDRPC as the organization that is redeveloping/repurposing the Fort DuPont campus and its structures, there is an attitudinal difference between those who work closely with FDRPC and the leadership, and those who live in the community. Those who have inside knowledge understand the nuances of partnerships, challenges with previous leadership, and how decisions are made. They see the progress the new Executive Director has made with community relations, and in engaging others in the planning process. They are pleased with the property developments to date, and excited about future plans for restoration of the Chapel and Theatre.
- The community is also excited about the intent to renovate the Chapel and Theatre, but they don't have perspective on how the plans are materializing. For them, it is not clear who makes the decisions (or is responsible) for how FDRPC is developed/ repurposed. Promises were made, but not kept as it relates to the master plan. Individuals who bought property were given commitments for amenities that have not materialized or took much longer to complete. There is an acknowledgement that multiple entities and decision-makers are involved in the planning and execution of FDRPC work.
- From the Town Hall session, community members do not know who is on the board. There is a concern that the decisions that will impact their lives and quality of life are being made by people who do not live in Delaware City and will have to live with the consequences of those decisions.

Summary of the online community survey:

Overall, the community believes they understand the organization's mission, but fewer understand its vision, particularly residents of Delaware City and Fort DuPont, and those survey respondents who have lived in the area less than 10 years. Community residents were not optimistic that FDRPC would prioritize community interests for living on the campus, historic preservation, protection of the environment or commercial development.

Strategic outcomes that rose to the top for most respondents included:

- Historic Building preservation
- Transparent Communication
- Development that attracts new residents and businesses.

Several write-in comments wished the FDRPC Board to consider investment in recreational and culture amenities, repairs, and water-related restoration (canal) and access.

Survey respondents were fairly consistent in ranking priority projects:

- Complete projects they have started/stabilize deteriorated buildings
- Environmental conservation and restoration
- Redevelop to create commercial opportunities
- Address access to the water

With these different perspectives, it is suggested the FDRPC Board consider which audiences are its priority for its work and clarify its identity and scope of responsibility in the redevelopment and ongoing stewardship of the property.

Summary of Staff Perspective:

The idea of “healing” and restoration were raised as important elements, in that it is more than the buildings that need to be restored. Removal of invasive species and the reintroduction of native ones are examples. They believed there is a need to sustain this restoration for the future (both buildings and land). Staff also mentioned that a lot has been done, but perhaps the community cannot see it because the change is gradual. An idea was to begin showing before & after images, or even provide visuals along the progression of the restoration.

Top outcomes from the staff:

- Ability to engage with and enjoy nature & the natural environment
- Historic buildings are restored and are in productive use
- Fort DuPont’s redevelopment is an attraction for new residents and businesses

Top 3 Activities:

- Finish what has already been started
- Stabilize deteriorating buildings until ready to work on them
- Theatre & Chapel Restoration
- Create open/honest two-way communication

Overall, there was a sense that FDRPC needs to define its purpose for the future. And then define the resources needed to accomplish that purpose.

FDRPC SCOAR ANALYSIS

From the community and staff feedback, the strategic planning committee reflected on FDRPC's organizational **S**trengths, market and organizational **C**hallenges, **O**pportunities, its **A**spirations, and desired **R**esults. This reflection helps to identify areas for FDRPC to focus on for its strategic plan.

Fort DuPont Redevelopment & Preservation Corporation
SCOAR Analysis August 2023

<table>
<tr><th>Strengths</th><th>Challenges</th><th>Opportunities</th><th>Aspirations</th><th>Results</th></tr>
<tr><td>Fort DuPont Assets/ Property & its potential for repurpose</td><td rowspan="3">Perception that FDRPC is not a good steward of property assets (sinkholes, loose tarp on roofs etc)</td><td rowspan="3">Common interest to "heal" the land, historic assets, and community relations</td><td rowspan="3">There is a plan for campus development with new assumptions, based on new market realities, and rooted in organization's values.</td><td rowspan="3">Historic buildings are restored and repurposed (thus economic activity increases)</td></tr>
<tr><td>Community interest in FDRPC purpose (historic preservation/ conservation/ clean up & re-use)</td></tr>
<tr><td>Staff expertise and commitment to both FDRPC work and community interests</td></tr>
<tr><td rowspan="4">Have "rebooted" legislation, staff, and engagement.</td><td rowspan="4">Community concerns regarding FDRPC's motives, values when it comes to its work</td><td>Create awareness of work FDRPC has done to clean up and steward</td><td>The community (Fort DuPont and Delaware City residents) is actively engaged in the process and life at Fort DuPont.</td><td rowspan="4">Community supports FDRPC plans and trusts our decisions</td></tr>
<tr><td>Can leverage redevelopment to enhance Delaware City's economy and cultural quality of life</td><td>There is a shared vision of the future of the Fort DuPont campus and FDRPC.</td></tr>
<tr><td rowspan="2">Leverage community desire for FDRPC success to engage community</td><td>There is shared trust between FDRPC and the community.</td></tr>
<tr><td>There is clarity about what FDRPC can/can't and should/shouldn't do.</td></tr>
<tr><td>Partnerships with many other organizations to develop and improve area</td><td>Lack of clarity on FDRPC's role and it's accountability to the community, relative to other agencies</td><td>Clarify the Role of FDRPC vis-à-vis partners</td><td>There is clarity about the roles and responsibility of FDRPC's partners in the use and development of the campus.</td><td>There is access to Recreational/ Cultural/ Nature amenities</td></tr>
<tr><td>Carried out enabling legislation - Progress so far developing property and renovating buildings</td><td>Funding required to raise to complete all the work necessary</td><td>Can create revenue streams to support FDRPC in the future</td><td>There are diverse funding sources to support the necessary work.</td><td>FDRPC has long-term sustainability</td></tr>
</table>

WHO FDRPC SERVES

Strategic planning committee members identified a list of audiences it must consider for its work and plans. They listed audiences that directly benefit from FDRPC's work and then those they need to help them get their work done. Committee members then ranked their top three audiences.

Who FDRPC Primarily Serves:

1. Current & Future Residents of Fort DuPont and Delaware City
2. The Local Economy (Employers/Business/Cultural Tourism)

Who FDRPC Primarily Needs to Partner to serve the above:

1. Private and Governmental Funders
2. Partner Agencies

Other audiences considered but are secondary when it comes to considerations for decisions: State Taxpayers, Visitors/Tourists

FDRPC DESIRED REPUTATION

With community feedback regarding uncertainty of who/what is FDRPC, the committee focused on what it wants its desired identity and reputation with those they primarily serve:

- A responsible Steward
- Repairs (heals) the damaged land, historic buildings, and environment
- Both a developer and a preservationist

FDRPC MISSION

The committee reviewed the existing mission statement of FDRPC and determined it could be refined to reflect its work more closely. The revised mission statement reads:

Building a vibrant legacy: Fort DuPont Redevelopment and Preservation Corporation is dedicated to revitalizing the Fort DuPont Campus with a focus on preserving our shared history, healing the environment, developing residential and recreational spaces, and providing economic opportunities. Together, we aim to enhance our community's charm, prosperity, and quality of life.

FDRPC VISION

The committee developed a vision statement to guide FDRPC's work:

Fort DuPont Redevelopment and Preservation Corporation contributes to making Delaware City a dynamic destination, captivating new businesses, residents, and historical and cultural tourists. With a vibrant community and historical heritage, our city thrives along Delaware's scenic byway, offering prosperity, inclusivity, and enriching experiences for all.

FDRPC VALUES

The committee believed articulating the organization's values was an important aspect of the planning. Values inform behaviors and decision-making. The following values were derived from input from the staff and strategic planning committee members:

At Fort DuPont Redevelopment and Preservation Corporation, our core values are the foundation of our vision and mission and guide every aspect of our work. With unwavering dedication, we embrace the values of honesty, stewardship, inclusion, partnership, and progress as we preserve and redevelop the unique environmental, historic, and cultural resource that is Fort DuPont.

Honesty: *Integrity is the cornerstone of our organization. We commit to conducting ourselves with honesty and transparency in our actions, communications, and decision-making processes. We value trust, and through open and candid interactions, we aspire to foster an environment in which our relationships with the community and our partners thrive.*

Stewardship: *As caretakers of Fort DuPont's land and historical and cultural heritage, we hold a profound sense of responsibility to preserve, repair, and develop this cherished campus. We champion sustainable practices that safeguard the environment, conserve resources, and honor the past while paving the way for a brighter future. With a focus on long-term sustainability, we can ensure that Fort DuPont thrives for generations to come.*

Inclusion: *We believe in the power of diversity and inclusion, embracing the richness of our organization's varied voices, perspectives, and backgrounds. We seek to foster a welcoming, accessible, and inclusive environment. We actively seek input from our stakeholders with the belief that better decisions are made when diverse voices are heard.*

Partnership: *Collaboration lies at the heart of our approach. We recognize that true progress is achieved through the power of partnership. We rely on alliances with community members, local businesses, government entities, and other stakeholders, to forge strong and meaningful connections. By working together, we pool our collective strengths, expertise, and resources to make a lasting, positive impact on our community.*

Progress: *We are dedicated to continuous improvement and forward-thinking. Progress is the engine that propels us toward a brighter future for Delaware City. Embracing innovation and creativity, we adapt to evolving challenges and opportunities. By staying agile and proactive, we ensure that our efforts lead to measurable and meaningful progress for Fort DuPont's campus and the community we serve.*

Through the values of honesty, stewardship, inclusion, partnership, and progress, Fort DuPont Redevelopment and Preservation Corporation remains steadfast in its commitment to fostering a vibrant and sustainable campus and supporting our community. With our collective vision and shared principles, we forge a path that honors the past, embraces the present, and creates a legacy of local and regional prosperity for the future.

FDRPC STRATEGIC PLAN OUTCOMES AND METRICS FOR SUCCESS

- Historic buildings and campus plans are updated, and progress has been made to restore and repurpose towards those plans
- There is access to Recreational/Cultural/Nature amenities (walkways/trails are safe and navigable)
- Community supports FDRPC plans and trusts our decisions

	Desired Outcomes in 5 years	Success is Measured By
Desired Outcomes	Historic buildings and campus plans are updated, and progress has been made to restore and repurpose towards those plans	x# of buildings are back in use, historic storytelling, income generated from that use, increase in economic benefit to Delaware City, recognized as a historic destination
	There is access to Recreational/Cultural/Nature amenities	bike trails upgraded, recreational courts in use, theatre and chapel are operational, Branch canal promenade renovated, walking trails, fishing and access to the canal are possible
	Community supports FDRPC plans and trusts our decisions	more volunteers, positive reputation (measured up from 2023 survey), community supports the development plan and trusts we have their interests in mind, funding is available (government/private)

STRATEGIES TO ACHIEVE THOSE OUTCOMES

- Identify the priority for projects over the next five years.
- Stand up an affiliated entity (friends group) so that tax-deductible grants and donations can support the efforts of FDRPC, and desired historical/cultural programming could take place.
- Strengthen stakeholder trust and engagement with FDRPC based on a shared vision.
- Establish long-term financial sustainability for FDRPC.

For each of the above strategies, the committee outlined key activities, estimated financial costs, a timeframe for completion, what partners will be necessary, whether additional staff will be necessary, and any conditions that need to be in place for success.

Identify the priority for projects over the next five years

Strategy	Activity	Calendar Year Complete						$ Estimate Cost	Partner Requirement	# New Staff	Conditions
Identify the Priority for Projects for the next five years		2023	2024	2025	2026	2027	2028	TBD	Government/ Private Donors/ Contractors/ DNREC	1	
1	Complete an updated campus master plan that reflects community interests with realistic expectations										
2	Complete Chapel & Theatre Projects										Funding comes in
3	Restore 7 Rental Units										
4	Explore feasibility & prep requirements of larger spaces for commercial interests										Assessments of Conditions/Reqs for Leaseholders
5	Secure Zoning/Permit & Execute plan design for branch canal abatement & Promenade										Securing Permit/funding
7	Complete Bike Path and Walking Trails										Master Plan/State DNREC partnership/ funding
8	Complete Upgrades to recreational courts (Bball/tennis etc.)										Master Plan/Marina Village - complete now even if they move later?
9	Remediate x square feet of property for future re-use purposes										Upon plan completion/regulations and costs

Stand up an affiliated entity (friends group)

Strategy	Activity	Calendar Year Complete						$ Estimate Cost	Partner Requirement	# New Staff	Conditions
Stand up an Affiliated entity (friends group)		2023	2024	2025	2026	2027	2028	TBD	Fundraising Consultant/Experts	1	
1	Governance Structure Established										determine affiliation with FDRPC
2	Fundraising Plan Created										FDRPC seeds the costs to start fundraising
3	Historic/Cultural Program Plan Developed										based on fundraising
4	Volunteers recruited and engaged										based on historic/cultural program plan

Strengthen stakeholder trust and engagement with FDRPC based on a shared vision

Strategy	Activity	Calendar Year Complete						$ Estimate Cost	Partner Requirement	# New Staff	Conditions
Strengthen stakeholder trust and engagement in FDRPC based on a shared vision		2023	2024	2025	2026	2027	2028	TBD		1	
1	Communicate Strategic Plan and convene regularly to report on progress to plan										based on board approval
2	Create and implement a communications plan for sustained and consistent messaging across communications platforms.										funding to support position
3	Provide visible before/after progress reports on long-term initiatives										
4	Communicate about the role/responsibility of FDRPC and its partners in the redevelopment, preservation, and improvement of the campus										clarify roles

Establish long-term financial sustainability for FDRPC

Strategy	Activity	Calendar Year Complete						$ Estimate Cost	Partner Requirement	# New Staff	Conditions
Establish Long-term Financial Sustainability for FDRPC		2023	2024	2025	2026	2027	2028	TBD	Government, Private Donors, Leaseholders	0	
1	Diversify funding streams based on the fundraising plan identified above										Fundraising success/ lease opportunities
2	Determine annual costs for maintain common areas/determine assessment plan										
3	Develop Updated Case for Support/Advocate for Appropriate funding levels										

OVERARCHING ENABLERS TO ACHIEVE THE PLAN

Finally, the committee discussed what other key enablers needed to be in place to support the overall plan. They included:

- Approvals: Ability to secure Zoning/Permitting Requirements to complete projects
- Regulations: environmental, historic register
- Assessments: what is underground that may need to be removed or replaced to build in infrastructure for development
- Staff Retention and/or succession planning (retaining institutional knowledge)
- Board Structure: use of committees/task groups to help get the work done
- Board Engagement: leveraging expertise, networks to help achieve the plan

NEXT STEPS

The committee has prepared this plan for the Board of Directors to review and adopt. With anticipation the board will support the committee's work, a community meeting has been scheduled in mid-September to share the strategic plan.

FDRPC ORGANIZATIONAL STRATEGIC THEORY OF CHANGE 2023-2028

Our Vision: (DRAFT)	*Fort DuPont Redevelopment and Preservation Corporation contributes to making Delaware City a dynamic destination, captivating new businesses, residents, and historical and cultural tourists. With a vibrant community and historical heritage, our city thrives along Delaware's scenic byway, offering prosperity, inclusivity, and enriching experiences for all.*	
Our Mission (DRAFT):	*Building a vibrant legacy: Fort DuPont Redevelopment and Preservation Corporation is dedicated to revitalizing the Fort DuPont Campus with a focus on preserving our shared history, healing the environment, developing residential and recreational spaces, and providing economic opportunitities. Together, we aim to enhance our community's charm, prosperity, and quality of life.*	
Our Values (DRAFT):	*Honesty, Stewardship, Inclusion, Partnership, Progress*	
Who we Primarily Serve & Our Partners	Our Beneficiaries	Our Partners
	Residents of Delaware City and Fort DuPont Future Residents Delaware City's Economy	Private & Governmental Funders Partner Agencies
Desired Outcomes	Desired Outcomes in 5 years	Success is Measured By
	Historic buildings and campus plans are updated, and progress has been made to restore and repurpose towards those plans	x# of buildings are back in use, historic storytelling, income generated from that use, increase in economic benefit to Delaware City, recognized as a historic destination
	There is access to Recreational/Cultural/Nature amenities	bike trails upgraded, recreational courts in use, theatre and chapel are operational, Branch canal promenade renovated, walking trails, fishing and access to the canal are possible
	Community supports FDRPC plans and trusts our decisions	more volunteers, positive reputation (measured up from 2023 survey), community supports the development plan and trusts we have their interests in mind, funding is available (government/private)
Strategies	Identify the priority for projects for the next five years	
	Stand up an affiliated entity (friends group)	
	Strengthen stakeholder trust and engagement in FDRPC based on a shared vision	
	Establish Long-term Financial Sustainability for FDRPC	
Key Enablers (conditions)	Approvals: Ability to secure Zoning/Permitting Requirements to complete projects	
	Regulations: environmental, historic register	
	Assessments: what is underground that may need to be removed or replaced to build in infrastructure for development	
	Staff Retention and/or succession planning (retaining institutional knowledge)	
	Board Structure: use of committees/task groups to help get the work done	
	Board Engagement: leveraging expertise, networks to help achieve the plan	

FDRPC STRATEGIES AND ACTIVITIES 2023-2028

Strategy	Activity	2023	2024	2025	2026	2027	2028	$ Estimate Cost	Partner Requirement	# New Staff	Conditions
Identify the Priority for Projects for the next five years		2023	2024	2025	2026	2027	2028	TBD	Government/ Private Donors/ Contractors/ DNREC	1	
1	Complete an updated campus master plan that reflects community interests with realistic expectations										
2	Complete Chapel & Theatre Projects										Funding comes in
3	Restore 7 Rental Units										
4	Explore feasibility & prep requirements of larger spaces for commercial interests										Assessments of Conditions/Reqs for Leaseholders
5	Secure Zoning/Permit & Execute plan design for branch canal abatement & Promenade										Securing Permit/funding
7	Complete Bike Path and Walking Trails										Master Plan/State DNREC partnership/ funding
8	Complete Upgrades to recreational courts (Bball/tennis etc.)										Master Plan/Marina Village - complete now even if they move later?
9	Remediate x square feet of property for future re-use purposes										Upon plan completion/regulations and costs
Stand up an Affiliated entity (friends group)		2023	2024	2025	2026	2027	2028	TBD	Fundraising Consultant/Experts	1	
1	Governance Structure Established										determine affiliation with FDRPC
2	Fundraising Plan Created										FDRPC seeds the costs to start fundraising
3	Historic/Cultural Program Plan Developed										based on fundraising
4	Volunteers recruited and engaged										based on historic/cultural program plan
Strengthen stakeholder trust and engagement in FDRPC based on a shared vision		2023	2024	2025	2026	2027	2028	TBD		1	
1	Communicate Strategic Plan and convene regularly to report on progress to plan										based on board approval
2	Create and implement a communications plan for sustained and consistent messaging across communications platforms.										funding to support position
3	Provide visible before/after progress reports on long-term initiatives										
4	Communicate about the role/responsibility of FDRPC and its partners in the redevelopment, preservation, and improvement of the campus										clarify roles
Establish Long-term Financial Sustainability for FDRPC		2023	2024	2025	2026	2027	2028	TBD	Government, Private Donors, Leaseholders	0	
1	Diversify funding streams based on the fundraising plan identified above										Fundraising success/ lease opportunities
2	Determine annual costs for maintain common areas/determine assessment plan										
3	Develop Updated Case for Support/Advocate for Appropriate funding levels										

BLS
BELFINT • LYONS • SHUMAN
Certified Public Accountants
www.belfint.com

July 20, 2023

Fort DuPont Redevelopment and Preservation Corporation
P.O. Box 521
260 Old Elm Avenue
Delaware City, Delaware 19706

We have audited the financial statements of the business-type activities of Fort DuPont Redevelopment and Preservation Corporation (the Organization) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under *Generally Accepted Auditing Standards* and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2022 and addenda dated December 20, 2022 and May 17, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the periods audited. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Organization's financial statements was:

- The estimate of the allocated costs that are capitalized is based on historical experience and on other factors. We evaluated the key factors and assumptions used to develop the allocations and determined that they were reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters - Continued

Qualitative Aspects of Accounting Practices - Continued

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of Capital Assets (Note 4) to the financial statements is sensitive due to the significance of the balances disclosed and because of the departure from GAAP in the valuation of the capital assets originally donated to the Organization from the State of Delaware (State).

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered difficulties in obtaining timely and complete information for performing and completing our audit. However, we encountered no lack of cooperation or significant difficulties in dealing with management.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements (see Appendix A).

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 19, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Audit Matters - Continued

Other Audit Findings or Issues; Modified Opinion

As described more fully in Note 1 to the financial statements, the Organization has recorded the buildings and improvements, originally donated by the State at insured value, and the land, originally donated by the State, at values assessed for property tax purposes. In our opinion, accounting principles generally accepted in the United States of America require that donated capital assets be recorded at acquisition value, which would change the assets, net position, and expenses of the Organization. The amount by which this departure would affect the assets, net position, and expenses of the Organization has not been determined.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplementary statements, which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed over the course of the accounting period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of management of the Organization. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Belfint, Lyons & Shuman, P.A.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Appendix A - Adjusting Journal Entries
June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
1005	YE Clearing Account		$ 148,091	$ -	$ -	$ -	$ -
6700	IMPROVEMENTS		-	-	-	-	14,031
6505-04	PROFESSIONAL FEES: Engineering:Roads/Utilities		-	-	-	-	(8,309)
6505-11	PROFESSIONAL FEES:6505 -+ Prof Fees - Engineering: 6505-11 -+ Subdivisions		-	-	-	-	(7,315)
6505-13	PROFESSIONAL FEES:6505 -+ Prof Fees - Engineering: 6505-13 -+ Section 6F/106		-	-	-	-	(2,155)
6515	PROFESSIONAL FEES:6515 -+ Prof Fees - Architectural		-	-	-	-	(1,320)
6520R	PROFESSIONAL FEES:6520R -+ Prof Fees - Legal		-	-	-	-	(65,976)
6706	IMPROVEMENTS:6706 -+ Building 15-Post Headquarters		-	-	-	-	(8,340)
6716	IMPROVEMENTS: Canal District	To reverse duplicate of YE clearing a/c entries that pertain to FY 21 and to reverse YE clearing a/c entry for expense.	-	-	-	-	(33,827)
6721	IMPROVEMENTS:6721 -+ Roundabout		-	-	-	-	(16,879)
6738	IMPROVEMENTS:6738 -+ Duplexes on OBL		-	-	-	-	(2,004)
6741	IMPROVEMENTS:6741 -+ Building 30-Stable		-	-	-	-	(1,002)
6810	SITE UTILITIES:6810 -+ Electric		-	-	-	-	(8,267)
6820	SITE UTILITIES:6820 -+ Water		-	-	-	-	(242)
6825	SITE UTILITIES:6825 -+ Sewer		-	-	-	-	(1,916)
7010	OPERATING EXPENSES:7010 -+ Office Supplies		-	-	-	-	(38)
7120	COMMON AREA MAINTENANCE:7120 -+ Fire & Security Monitoring		-	-	-	-	(465)
7140	COMMON AREA MAINTENANCE:7140 -+ Landscaping Maintenance		-	-	-	-	(3,685)
7145	COMMON AREA MAINTENANCE:7145 -+ Equipment Expense		-	-	-	-	(265)
7146	COMMON AREA MAINTENANCE:7146 -+ Supplies		-	-	-	-	(92)
7830	COMMON AREA MAINTENANCE:7830 -+ Utilities		-	-	-	-	(25)
			$ 148,091	$ -	$ -	$ -	$ (148,091)
1300 CP-2B	Construction in Process:CP-2B Paynter Building	To reclassify $22,406 capitalized expense that was recorded in error to revenue as a debit per LMood.	$ 22,406	$ -	$ -	$ -	$ -
4500-53	HTC CREDITS: HTC - Building 53		-	-	-	(22,406)	-
			$ 22,406	$ -	$ -	$ (22,406)	$ -
1250	Accounts Receivable (A/R)	Post Close Entry to adjust A/R and Sales for Rockwell property sale transaction added to G/L by client after TB received. Pertains to Lot 41 in Canal District.	$ 49,998	$ -	$ -	$ -	$ -
4400	Sales		-	-	-	(49,998)	-
			$ 49,998	$ -	$ -	$ (49,998)	$ -
1616	Tri Supply Equipment Detail		$ -	$ 15,120	$ -	$ -	$ -
2375	WSFS Auto Loan		-	15,299	-	-	-
2400	Applied Bank Construction Loan		-	14,132	-	-	-
2401	Applied Bank Loan#0800		-	250,080	-	-	-
4800	BANK LOANS - BUDGETED PROCEEDS:4811 -+ OBL Duplexes		-	-	-	324,423	-
7206	DEBT EXPENSE:7206 -+ P & I - Applied OBL Duplexes		-	-	-	-	54,336
7207	DEBT EXPENSE:7207 -+ P & I - PH1D	To adjust debt balances and lease balances for FYE 6/30/2022.	-	-	-	-	80
7208	DEBT EXPENSE:7208 -+ P & I - OBL Duplexes		-	-	-	-	1,993
7225	DEBT EXPENSE: WSFS Loan		-	-	-	-	2,472
2400	Applied Bank Construction Loan		-	(77,056)	-	-	-
2401	Applied Bank Loan#0800		-	(80)	-	-	-
2402	Applied Bank Loan 0810		-	(324,423)	-	-	-
6627	FEES - OTHER: Bank Charges: Applied Bank Fees		-	-	-	-	(1,993)
7145	COMMON AREA MAINTENANCE:7145 -+ Equipment Expense		-	-	-	-	(32,891)
7205	DEBT EXPENSE:7205 -+ P & I - Applied Bank PH1		-	-	-	-	(41,593)
7207	DEBT EXPENSE:7207 -+ P & I - PH1D		-	-	-	-	(199,900)
			$ -	$ (106,927)	$ -	$ 324,423	$ (217,496)

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
		To adjust opening retained earnings balance for PY expenses and state revenue by reversing transactions in the internal loan accounts. To remove internal loan that is liability in client QB but was a contra expense to the loan expense in PY.	$ -	$ -	$ -	$ -	$ -
2900	FDRPC RLF		-	-	-	-	200,000
4010	State Appropriation		-	-	-	200,000	-
7000	OPERATING EXPENSES		-	-	-	-	53,101
32000	Retained Earnings		-	-	(253,101)	-	
7220	DEBT EXPENSE:7220 -+ FDRPC RLF Repayment		-	-	-	-	(200,000)
			$ -	$ -	$ (253,101)	$ 200,000	$ 53,101
1300 CP-10	Construction in Process:CP-10 OBL Duplexes	To capitalize bank loan interest on construction loans.	$ 56,329	$ -	$ -	$ -	$ -
1300 CP-3	Construction in Process:CP-3 Canal District		5,185	-	-	-	-
7205	DEBT EXPENSE:7205 -+ P & I - Applied Bank PH1		-	-	-	-	(5,185)
7206	DEBT EXPENSE:7206 -+ P & I - Applied OBL Duplexes		-	-	-	-	(54,336)
7208	DEBT EXPENSE:7208 -+ P & I - OBL Duplexes		-	-	-	-	(1,993)
			$ 61,514	$ -	$ -	$ -	$ (61,514)
1300 CP-001	Construction in Process: CP-XX Bike Path	To capitalize expenses recorded in improvement, cam and professional fee accounts.	$ 65,085	$ -	$ -	$ -	$ -
1300 CP-002	Construction in Process: CP-XX POW Bldg 82		37,130	-	-	-	-
1300 CP-003	Construction in Process: DNREC Maintenance Shop		88,763	-	-	-	-
1300 CP-006	Construction in Process: Round-a-bout		27,021	-	-	-	-
1300 CP-007	Construction in Process: CP-XX Park Amenities		18,325	-	-	-	-
1300 CP-10	Construction in Process:CP-10 OBL Duplexes		92,093	-	-	-	-
1300 CP-18	Construction in Process:CP-18 Campground		3,669	-	-	-	-
1300 CP-21	Construction in Process:CP-21 Pump House		41,215	-	-	-	-
1300 CP-3	Construction in Process:CP-3 Canal District		573,883	-	-	-	-
1300 CP-4	Construction in Process:CP-4 Marina		10,981	-	-	-	-
1318	Building Improvements		47,713	-	-	-	-
1500	Equipment		97,020	-	-	-	-
6020	Assets Transferred to BS		-	-	-	-	(1,072,668)
7141	COMMON AREA MAINTENANCE:7141 -+ Auto		-	-	-	-	(30,230)
			$ 1,102,898	$ -	$ -	$ -	$ (1,102,898)
1310	Land	To reclassify land costs for demolished buildings 12 and 13 in FY 22 and to reclassify land costs for building 56.	$ 982,555	$ -	$ -	$ -	$ -
1300 CP-12	Construction in Process:CP-12 Building 56		(103,218)	-	-	-	-
1510	Other Building Assets		(773,917)	-	-	-	-
6020	Assets Transferred to BS		-	-	-	-	(105,420)
			$ 105,420	$ -	$ -	$ -	$ (105,420)
1315	Buildings	To reclassify CIP to in service.	$ 1,107,311	$ -	$ -	$ -	$ -
1315	Buildings		-	-	-	-	-
1318	Building Improvements		103,629	-	-	-	-
1318	Building Improvements		-	-	-	-	-
1300 CP-2.15	Construction in Process:CP-2 Restoration:Building 15		(663,340)	-	-	-	-
1300 CP-2.23	Construction in Process:CP-2 Restoration:Bldg 23 Bank Barracks		(439,803)	-	-	-	-
1300 CP-2.42	Construction in Process:CP-2 Restoration:Building 42		(26,470)	-	-	-	-
1300 CP-2.43	Construction in Process:CP-2 Restoration:Building 43		(62,389)	-	-	-	-
1300 CP-2A	Construction in Process:CP-2A Admin Office Reno		(18,938)	-	-	-	-
			$ -	$ -	$ -	$ -	$ -

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Appendix A - Adjusting Journal Entries - Continued
June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
8000	Value of Real Estate Sold	To remove assets and transfer costs to costs of real estate sold for canal district, officer row, and grassdale property sold.	$ -	$ -	$ -	$ -	$ 2,608,831
1300 CP-1	Construction in Process:CP-1 Site Development		(248,243)	-	-	-	-
1300 CP-18	Construction in Process:CP-18 Campground		(154,492)	-	-	-	-
1300 CP-3	Construction in Process:CP-3 Canal District		(1,926,166)	-	-	-	-
1300 CP-6	Construction in Process:CP-6 Officers Row		(124,937)	-	-	-	-
1310	Land		(154,993)	-	-	-	-
			$ (2,608,831)	$ -	$ -	$ -	$ 2,608,831
1400	Note Receivable	To adjust the entry for the grassdale sale revenue and to record expenses, expense reimbursements and the note receivable for the sale.	2,100,000	-	-	-	-
8000	Value of Real Estate Sold		-	-	-	-	93,072
4209	REAL ESTATE SALES: Grass Dale		-	-	-	(2,193,072)	-
8000	Value of Real Estate Sold		-	-	-	-	-
			$ 2,100,000	$ -	$ -	$ (2,193,072)	$ 93,072
4211	REAL ESTATE SALES:4211 -+ Marina Village Infrastructure	To remove revenue for a deposit made by Lennar on the Marina Village that is refundable per the agreement.	$ -	$ -	$ -	$ 50,000	$ -
2201	Security Deposit - Marina Village		-	(50,000)	-	-	-
			$ -	$ (50,000)	$ -	$ 50,000	$ -
7300	Depreciation Expense	To post difference in accum dep per BLS calc.	$ -	$ -	$ -	$ -	$ 29,962
1317	Accumulated Depreciation		(29,962)	-	-	-	-
			$ (29,962)	$ -	$ -	$ -	$ 29,962
6703	IMPROVEMENTS:6703 -+ Building 43-NCO Duplex	To post entry to transfer fixed asset additions per clients 6/30/22 entry through the 6020 account for FS presentation purposes.	$ -	$ -	$ -	$ -	$ 45,498
6705	IMPROVEMENTS:6705 -+ Building 42-NCO Duplex		-	-	-	-	26,470
6706	IMPROVEMENTS:6706 -+ Building 15-Post Headquarters		-	-	-	-	14,771
6707	IMPROVEMENTS: Building 53-Barracks(Paynter)		-	-	-	-	22,406
6710	IMPROVEMENTS:6710 -+ Batteries		-	-	-	-	173,472
6712	IMPROVEMENTS:6712 -+ Building 24-Theater		-	-	-	-	26,216
6713	IMPROVEMENTS:6713 -+ Building 55-Chapel		-	-	-	-	210,989
6720	IMPROVEMENTS:6720 -+ Old Elm		-	-	-	-	12,600
6721	IMPROVEMENTS:6721 -+ Roundabout		-	-	-	-	161,627
6722	IMPROVEMENTS: Living Shoreline		-	-	-	-	108,006
6724	IMPROVEMENTS:6724 -+ Marina		-	-	-	-	41,320
6726	IMPROVEMENTS:6726 -+ Marina Village Infrastructure		-	-	-	-	750
6734	IMPROVEMENTS:6727 -+ Building 23-Band Barracks		-	-	-	-	439,803
6738	IMPROVEMENTS:6738 -+ Duplexes on OBL		-	-	-	-	20,119
6738.1	IMPROVEMENTS:6738 -+ Duplexes on OBL:6738-01 Building 26		-	-	-	-	463,386
6738.2	IMPROVEMENTS:6738 -+ Duplexes on OBL:6738-02 Building 27		-	-	-	-	402,803
6741	IMPROVEMENTS:6741 -+ Building 30-Stable		-	-	-	-	122,419
6748	IMPROVEMENTS:6748 -+ Building 52-Tilton		-	-	-	-	100,321
6020	Assets Transferred to BS			-	-	-	(2,392,975)
			$ -	$ -	$ -	$ -	$ -

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Appendix A - Adjusting Journal Entries - Continued
June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
1260	Accrued Interest Receivable	To implement GASB 87 for leases.	$ 8,966	$ -	$ -	$ -	$ -
1270	Lease Receivable		152,639	-	-	-	-
1270	Lease Receivable		(19,815)	-	-	-	-
2260	Deferred Inflow - Leases		-	(152,639)	-	-	-
2260	Deferred Inflow - Leases		-	13,290	-	-	-
32000	Retained Earnings		-	-	19,815	-	-
32000	Retained Earnings		-	-	(8,966)	-	-
32000	Retained Earnings		-	-	(13,290)	-	-
4100-DN	RENTAL INCOME:4100-DN -+ DNREC		-	-	-	10,500	-
4100-OM	RENTAL INCOME:4100-OM -+ OMB		-	-	-	9,315	-
1260	Accrued Interest Receivable		(732)	-	-	-	-
1270	Lease Receivable		(10,849)	-	-	-	-
2260	Deferred Inflow - Leases		-	13,290	-	-	-
4950	Lease Interest Revenue		-	-	-	(8,233)	-
4960	Lease Revenue		-	-	-	(13,290)	-
			$ 130,208	$ (126,060)	$ (2,440)	$ (1,708)	$ -
	Total Adjustments		$ 1,081,742	$ (282,987)	$ (255,541)	$ (1,692,761)	$ 1,149,547

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022 AND 2021

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)

TABLE OF CONTENTS

JUNE 30, 2022

Independent Auditors' Report

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation
Delaware City, Delaware

Qualified Opinion

We have audited the accompanying financial statements of Fort DuPont Redevelopment and Preservation Corporation (a Component Unit of the State of Delaware) (the Organization) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements referred to above, present fairly, in all material respects, the financial position of Fort DuPont Redevelopment and Preservation Corporation, as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Fort Dupont Redevelopment and Preservation Corporation, 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 qualified opinion.

Matter Giving Rise to the Qualified Opinion

As described more fully in Note 1 to the financial statements, the Organization has recorded the buildings and improvements, originally donated by the State of Delaware at insured value, and the land, originally donated by the State of Delaware, at values assessed for property tax purposes. In our opinion, accounting principles generally accepted in the United States of America require that donated capital assets be recorded at acquisition value, which

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would change the assets, net position, and expenses of the Organization. The amount by which this departure affects the assets, net position, and expenses of the Organization has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Fort Dupont Redevelopment Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may substantial doubt thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 the Fort Dupont Redevelopment Corporation's internal control. Accordingly, no such opinion is expressed.

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Dupont Redevelopment Corporation'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages five through nine, 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 Governmental Accounting Standards Board, who 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Fort DuPont Redevelopment and Preservation Corporation. The schedules of operating expenses and capital expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The statements of operating expenses and the statements of capital expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the financial statements, as explained in the *Basis for Qualified Opinion* section of our report, the statements of operating expenses and the statements of capital expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2023, on our consideration of the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

July 19, 2023
Wilmington, Delaware

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

As management of Fort DuPont Preservation and Redevelopment Corporation (the Organization), we offer readers of the Organization's basic financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with additional information detailed in the audited financial statements. Management's discussion and analysis includes the June 30, 2022, 2021, and 2020 results.

Financial Highlights

- The assets of the Organization exceeded its liabilities as of June 30, 2022, by $58,574,902 (net position), as compared to $55,502,388 as of June 30, 2021, and $54,764,876 as of June 30, 2020. Included in this amount as of June 30, 2022, are net investment in capital assets of $55,043,731 and unrestricted net position of $3,592,685.

- The Organization's total net position increased by $3,072,514 during fiscal year 2022.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the Organization's basic financial statements. The Organization's basic financial statements are comprised of four components: Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and Notes to the Financial Statements.

The Statements of Net Position present information on all of the Organization's assets, including deferred outflow of resources (as applicable) and liabilities including deferred inflows of resources (as applicable), with the difference reported as Net Position. Over time, increases or decreases in Net Position, when read in conjunction with other data, may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Statements of Revenues, Expenses, and Change in Net Position present information showing how the Organization's operations generated revenues and required expenses, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., outstanding invoices.)

The Statements of Cash Flows present information showing the Organization's cash receipts and payments during the fiscal period classified by principal sources and uses segregated into key elements.

Notes to the Financial Statements provide additional information that are essential to a full understanding of the data provided in the financial statements.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles (GAAP) applicable to governmental entities as prescribed by the GASB. The Organization is a component unit the State of Delaware. The Organization's activities are financed and operated as an enterprise fund such that costs and expenses of providing services are recovered primarily through user charges.

Financial Analysis

As noted earlier, Net Position, when read in conjunction with other data, may serve over time as a useful indicator of the financial position of the Organization. The Organization's assets exceeded liabilities by $58,636,416 at the close of fiscal year 2022 and $55,502,388 at the close of fiscal year 2021.

Statements of Net Position

	2022	2021 (Restated)	2020
Current Assets	$ 2,221,028	$ 510,790	$ 223,234
Non-Current Assets	2,210,393	121,975	-
Capital Assets	56,265,076	56,427,093	56,221,201
Total Assets	$ 60,696,497	$ 57,059,858	$ 56,444,435
Current Liabilities	$ 812,661	$ 229,630	$ 719,048
Non-Current Liabilities	1,182,874	1,188,491	960,511
Total Liabilities	$ 1,995,535	$ 1,418,121	$ 1,679,559
Deferred Inflows	$ 126,060	$ 139,349	$ -
NET POSITION			
Invested in Capital Assets, Net of Related Debt	$ 54,982,217	$ 55,159,388	$ 54,889,335
Unrestricted	3,592,685	343,000	(124,459)
TOTAL NET POSITION	$ 58,574,902	$ 55,502,388	$ 54,764,876

Net investment in capital assets constitutes 93.87% and 99.38% of the Organization's net position as of June 30, 2022 and 2021, respectively. The balance of net position $3,592,685 and $343,000 as of June 30, 2022 and 2021, respectively, represents unrestricted net position available for any Organization-related business use.

Organization Activities

Organization activities increased the net position by $3,072,514 during fiscal year 2022 and by $737,512 during fiscal year 2021. Key elements of this change are as follows:

Changes in Net Position

	2022	2021 (Restated)	2020
State Appropriations	$ 3,625,000	$ 2,250,000	$ 2,250,000
Historic Preservation Tax Credits	127,461	-	502,710
Rental and Reimbursements Income	401,566	661,381	619,251
Lease Revenue	13,290	13,290	-
Interest Revenue from Lease	8,233	8,966	-
Special Events Income	5,700	1,100	55,216
PPP Loan Forgiveness	-	93,500	-
Sales of Properties	4,891,398	1,865,141	1,505,000
Total Revenue	9,072,648	4,893,378	4,932,177
Personnel Services	697,829	523,774	480,212
Materials, Supplies, and Contractual Services	1,381,857	1,062,654	514,530
Cost of Sales of Properties	2,701,904	1,342,568	1,208,387
Depreciation	1,154,478	1,144,143	1,091,973
Total Operating Expenses	5,936,068	4,073,139	3,295,102
Total Operating Income	3,136,580	820,239	1,637,075
Total Interest Expense	64,066	82,727	-
Change in Net Position	$ 3,072,514	$ 737,512	$ 1,637,075

Revenue

During fiscal year 2022, the Organization earned $9,072,648 in total revenue. This is an increase of $4,179,270 or 85.41% from the operating revenue of $4,893,378 earned in fiscal year 2021. This is due primarily to increased sales of properties and increased State Appropriations. During fiscal year 2021, total revenue decreased by $38,799 or 0.79% over the total revenue earned in fiscal year 2020. This is due primarily to a decrease in Historic Preservation Tax Credits received which more than offset an increase in sales of properties.

Operating Expenses

The Organization's operating expenses increased to $5,936,068 in fiscal year 2022 from $4,073,139 in fiscal year 2021. Fiscal year 2022's operating expenses increased due to the increase in the cost of real estate sold as compared to fiscal year 2021. Materials, Supplies, and Contractual services increased to $1,381,857 in fiscal year 2022 from $1,062,654 in fiscal year 2021 due to an increase in expenses related to building improvements-and marketing. Fiscal year 2021's operating expenses increased due to the increase in the cost of real estate sold as compared to fiscal year 2020. Materials, Supplies, and Contractual services increased to $1,062,654 in fiscal year 2021 from $514,530 in fiscal year 2020 due to an increase in expenses related to building improvements.

Capital Asset and Debt

Capital Assets - The Organization's total capital assets (net of accumulated depreciation) decreased from $56,427,093 as of June 30, 2021, to $56,265,076 as of June 30, 2022. This $162,017 decrease, or 0.29%, relates to an increase in accumulated depreciation which offset an increase in Capital Assets, and to the sale of improved capital assets for development.

The Organization's total capital assets (net of accumulated depreciation) increased from $56,221,201 as of June 30, 2020, to $56,427,093 as of June 30, 2021. This $205,892 increase, or 0.37%, relates to an increase in construction in progress. Capital assets include land and improvements, buildings, construction in progress, properties held for development, and equipment. Additional information on the capital assets can be found in Note 4 of the Notes to Financial Statements.

Long-Term Debt - At the end of the current fiscal year, the Organization had long-term debt outstanding of $1,282,859. This is an increase of $15,154, or 1.20%, due to the new loan entered with Applied Bank, while a prior loan with Applied Bank was paid off with the proceeds of the sale of remaining Canal District lots to Rockwell Construction.

Capital Asset and Debt - Continued

Long-Term Debt - Continued

At the end of fiscal year 2021, the Organization had long-term debt outstanding of $1,267,705. This is a decrease of $64,141, or 4.82%, due to the payoff of the Parke Bank loan. The Organization also entered into new loan agreements with WSFS Bank and Applied Bank. Additional information is available in Note 5 of the Notes to Financial Statements.

The Organization accounts for its leases in accordance with GASB Statement No. 87 - *Leases*, which the Organization adopted in fiscal year 2022, retroactive to July 1, 2020. Accordingly, lease revenues and receivables previously reported for fiscal year 2021 were restated to comply with GASB Statement No. 87 - *Leases*.

Requests for Information - This financial report is designed to provide a general overview of the Fort DuPont Redevelopment and Preservation Corporation's finances to its stakeholders and other users of such information. Requests for copies of this report, questions concerning any of the information in this report should be addressed to Jeffery D. Randol, Executive Director, 260 Old Elm Avenue, PO Box 521, Delaware City, Delaware 19706.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
STATEMENTS OF NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
ASSETS		
CURRENT ASSETS		
Cash	$ 1,984,424	$ 472,643
Accounts Receivable	216,789	18,332
Leases Receivable - Current Portion	11,582	10,849
Accrued Interest Receivable	8,233	8,966
TOTAL CURRENT ASSETS	2,221,028	510,790
NON-CURRENT ASSETS		
Leases Receivable	110,393	121,975
Note Receivable	2,100,000	-
	2,210,393	121,975
CAPITAL ASSETS		
Land	3,277,611	2,450,049
Construction in Progress	7,731,504	8,148,361
Property Held for Development	7,558,139	8,332,056
Buildings	42,936,626	41,829,316
Land Improvements	585,520	585,520
Building Improvements	402,211	250,868
Equipment	291,289	194,269
Less: Accumulated Depreciation	(6,517,824)	(5,363,346)
NET CAPITAL ASSETS	56,265,076	56,427,093
TOTAL NON-CURRENT ASSETS	58,475,469	56,549,068
TOTAL ASSETS	$ 60,696,497	$ 57,059,858
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 645,162	$ 141,115
Accrued Liabilities	7,889	4,551
Earnest Deposit	50,000	-
Security Deposits	9,625	4,750
Current Portion of Long-Term Debt	99,985	79,214
TOTAL CURRENT LIABILITIES	812,661	229,630
LONG-TERM LIABILITY		
Long-Term Debt, Net of Current Portion	1,182,874	1,188,491
TOTAL LIABILITIES	1,995,535	1,418,121
DEFERRED INFLOWS	126,060	139,349
NET POSITION		
Invested in Capital Assets, Net of Related Debt	54,982,217	55,159,388
Unrestricted Net Position	3,592,685	343,000
TOTAL NET POSITION	58,574,902	55,502,388
TOTAL LIABILITIES AND NET POSITION	$ 60,696,497	$ 57,059,858

The accompanying notes are an integral part of these financial statements.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
REVENUE		
State Appropriations	$ 3,625,000	$ 2,250,000
Historic Preservation Tax Credits	127,461	-
Rental and Reimbursements Income	401,566	661,381
Lease Revenue	13,290	13,290
Interest Revenue from Lease	8,233	8,966
Special Events Income	5,700	1,100
Paycheck Protection Program Loan Forgiveness	-	93,500
Sales of Properties	4,891,398	1,865,141
TOTAL REVENUE	9,072,648	4,893,378
OPERATING EXPENSES		
Personnel Services	697,829	523,774
Materials, Supplies, and Contractual Services	1,381,857	1,062,654
Cost of Sales of Properties	2,701,904	1,342,568
Depreciation	1,154,478	1,144,143
TOTAL OPERATING EXPENSES	5,936,068	4,073,139
OPERATING INCOME	3,136,580	820,239
TOTAL INTEREST EXPENSE	64,066	82,727
CHANGE IN NET POSITION	3,072,514	737,512
NET POSITION - Beginning of Year	55,502,388	54,764,876
NET POSITION - End of Year	$ 58,574,902	$ 55,502,388

The accompanying notes are an integral part of these financial statements.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Appropriations and Tax Credits Received	$ 3,752,461	$ 2,250,000
Rent and Reimbursements Received	244,225	669,214
Cash Received from Special Events	5,700	1,100
Proceeds from the Sale of Properties	2,791,398	1,865,141
Earnest Deposits Received	50,000	-
Additions to Property and Equipment	(3,694,365)	(2,692,603)
Cash Paid to Suppliers	(890,897)	(1,254,748)
Cash Paid to Employees	(697,829)	(523,774)
NET CASH FROM OPERATING ACTIVITIES	1,560,693	314,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	324,423	580,000
Repayments of Long-Term Debt	(309,269)	(550,661)
Interest Paid	(64,066)	(82,727)
NET CASH FROM FINANCING ACTIVITIES	(48,912)	(53,388)
NET CHANGE IN CASH	1,511,781	260,942
CASH - Beginning of Year	472,643	211,701
CASH - End of Year	$ 1,984,424	$ 472,643
NON-CASH NON-CAPITAL FINANCING ACTIVITIES		
PPP Loan Forgiveness	$ -	$ 93,500
NON-CASH OPERATING ACTIVITIES		
Note Received from Sale of Properties	$ 2,100,000	$ -

The accompanying notes are an integral part of these financial statements.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 3,136,580	$ 820,239
ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,154,478	1,144,143
PPP Loan Forgiveness	-	(93,500)
Cost of Sales of Property	2,701,904	1,342,568
(Increase) Decrease in Assets		
Accounts Receivable	(198,457)	(6,799)
Lease Receviable	10,849	(132,824)
Interest Receivable	732	(8,966)
Capital Assets	(3,694,365)	(2,692,603)
Note Receivable	(2,100,000)	-
Increase (Decrease) in Liabilities		
Accounts Payable	487,623	(196,645)
Accrued Liabilities	3,338	4,551
Earnest Deposit	50,000	-
Security Deposits	4,875	(5,183)
Unearned Revenue	16,425	-
Deferred Inflow - Lease Receivable	(13,290)	139,349
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,560,693	$ 314,330

The accompanying notes are an integral part of these financial statements.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Fort DuPont Redevelopment and Preservation Corporation (the Organization) was created on July 23, 2014, when former State of Delaware Governor, Jack Markell, signed House Bill 310 into law. As a result, the Organization is an instrumentality of the State of Delaware, and the respective legislation defines the powers of the Organization. The State of Delaware's Department of Natural Resources and Environmental Control is the Organization's sole corporate member. The Organization is a component unit of the State of Delaware.

General - Fort DuPont is a property of great historic value to the State of Delaware. Named after Rear Adm. Samuel Francis DuPont, the former military post is situated on the Reedy Point tract, land originally granted to Henry Ward in 1675. A "proposed fort" was planned in 1819, which only appeared on Delaware River charts. Fort DuPont originated during the Civil War as a heavily armed earthwork fortification. In 1864, Sgt. Bishop Crumrine wrote, "these guns command the channel and could blow to atoms any vessel rash enough to attempt to pass." In the decades to follow, "the battery at Delaware City" was gradually modernized into a formidable military post remaining active through World War II. Declared surplus, the site reopened in 1948 as the Governor Bacon Health Center. By 1996, over three-hundred acres were reestablished as Fort DuPont State Park. Fort DuPont is registered as a historic district on the National Register.

In 2013, the Department of Natural Resources and Environmental Control, in collaboration with Delaware City, conducted a planning process to revitalize the Historic Fort DuPont Complex into a vibrant mixed-use community, fully integrated with adjacent Delaware City. The General Assembly recognized that the Fort DuPont Complex along the Delaware River adjacent to Delaware City has enormous potential. It could be a sustainable, mixed-use community producing revenue, jobs, housing choices and recreational and other amenities while preserving its historic character and the surrounding environment. The Organization will act in a planning and development capacity. It can hold, own, preserve, develop, improve, construct, rent, lease, sell, or otherwise acquire or dispose of any real property, including without limitation, any real property comprising the Fort Delaware Complex or portion thereof transferred to the Organization.

Friends of Fort DuPont - On July 10, 2019, the Friends of Fort DuPont, Inc. was formed as a nonprofit corporation organized to raise funds and conduct programs dedicated to the cultural, historical, and aesthetic enhancement of the entire Fort DuPont complex. The Friends of Fort DuPont is reported as a component unit of the Organization, as required by GASBS No. 39, *Determining Whether Certain Organizations Are Component Units*. As of June 30, 2022, the Friends of Fort DuPont was inactive.

Measurement Focus and Basis of Accounting - The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities as prescribed by the Government Accounting Standards Board (GASB),

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus and Basis of Accounting - Continued - except for the following matter. The Organization recorded its initial land, land improvements, and buildings received from the State of Delaware in a prior year. Such land has been recorded at assessment value. Related land improvements and buildings have been recorded at insured value. GAAP requires that capital assets donated to a government be recorded at Acquisition Value. Acquisition Value is defined as "The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date is referred to as acquisition value." At the time the State of Delaware donated the initial land, land improvements, and buildings to the Organization, acquisition values were not available; therefore, the use of assessed and insured values represents a departure from GAAP.

Under the economic resources measurement focus and the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Operating revenues and expenses generally result from State Appropriations, sale of tax credits, sales of property, and leasing. Operating expenses include the cost of sales, the cost of services and administrative expenses. Any revenues and expenses not meeting this definition are recorded as nonoperating income and expenses. When an expense is incurred that can be paid using either restricted or unrestricted resources, it is the Organization's policy to first apply the expense towards restricted resources and then towards unrestricted resources.

Income Tax Status - The Organization is exempt from income taxes under the provisions of Section 115 of the Internal Revenue Service Code.

Component Unit - The Organization is a Component Unit of the State of Delaware as defined by the Governmental Accounting Standards Board.

Depreciation - Newly acquired property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2022 and 2021, was $1,154,478 and $1,144,143, respectively. The Organization generally uses the following useful lives:

Buildings and Improvements	40 Years
Land Improvements	15 Years
Vehicles and Equipment	5 Years

Maintenance and repairs costs are expensed as incurred. Gains or losses on sales or retirements are reflected in income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising and Marketing - Advertising and marketing costs total $127,824 and $30,625 for the years ended June 30, 2022 and 2021, respectively.

Use of Estimates - 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

For purposes of the statement of net position and the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, exceed federally insured limits.

Custodial credit risk is the risk that in the event of a bank failure, the Organization’s deposits may not be returned to the Organization. The Organization does not have a deposit policy for custodial credit risk. As of June 30, 2022 and 2021, the Organization’s deposits with financial institutions had carrying amounts of $1,984,424 and $472,643 and bank balances of $2,100,955 and $523,197, respectively. As of June 30, 2022 and 2021, $1,598,248 and $19,889, respectively, of the Organization’s bank balances were exposed to custodial credit risk as the amounts are uninsured and uncollateralized.

NOTE 3: OPERATIONS AND CONCENTRATION OF RISK

The Organization receives a substantial amount of its revenue from State of Delaware appropriations. If a significant reduction in the level of this revenue were to occur, it would have an effect on the Organization’s operations.

NOTE 4: PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment for the year ended June 30, 2022:

	June 30, 2021	Increases	Decreases	June 30, 2022
Property and Equipment Not Being Depreciated				
Land	$ 2,450,049	$ 982,555	$ 154,993	$ 3,277,611
Construction in Progress	8,148,361	3,412,654	3,767,997	7,793,018
Buildings Held for Development	8,332,056	-	773,917	7,558,139
Total Capital Assets Not Being Depreciated	18,930,466	4,395,209	4,696,907	18,628,768
Property and Equipment Being Depreciated				
Buildings	41,829,316	1,107,310	-	42,936,626
Land Improvements	585,520	-	-	585,520
Building Improvements	250,868	151,343	-	402,211
Vehicles and Equipment	194,269	97,020	-	291,289
Total Capital Assets Being Depreciated	42,859,973	1,355,673	-	44,215,646
Less: Accumulated Depreciation for				
Land Improvements	84,149	39,035	-	123,184
Buildings and Improvements	5,226,040	1,074,713	-	6,300,753
Vehicles and Equipment	53,157	40,730	-	93,887
Total Accumulated Depreciation	5,363,346	1,154,478	-	6,517,824
Total Capital Assets Being Depreciated, Net	37,496,627	201,195	-	37,697,822
Total Capital Assets, Net	$ 56,427,093	$ 4,596,404	$ 4,696,907	$ 56,326,590

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

The following is a summary of changes in property and equipment for the year ended June 30, 2021:

	June 30, 2020	Increases	Decreases	June 30, 2021
Property and Equipment Not Being Depreciated				
Land	$ 2,476,022	$ -	$ 25,973	$ 2,450,049
Construction in Progress	6,871,487	2,593,469	1,316,595	8,148,361
Buildings Held for Development	8,332,056	-	-	8,332,056
Total Capital Assets Not Being Depreciated	17,679,565	2,593,469	1,342,568	18,930,466
Property and Equipment Being Depreciated				
Buildings	41,829,316	-	-	41,829,316
Land Improvements	585,520	-	-	585,520
Building Improvements	250,868	-	-	250,868
Vehicles and Equipment	95,135	99,134	-	194,269
Total Capital Assets Being Depreciated	42,760,839	99,134	-	42,859,973
Less: Accumulated Depreciation for				
Land Improvements	45,114	39,035	-	84,149
Buildings and Improvements	4,159,712	1,066,328	-	5,226,040
Vehicles and Equipment	14,377	38,780	-	53,157
Total Accumulated Depreciation	4,219,203	1,144,143	-	5,363,346
Total Capital Assets Being Depreciated, Net	38,541,636	(1,045,009)	-	37,496,627
Total Capital Assets, Net	$ 56,221,201	$ 1,548,460	$ 1,342,568	$ 56,427,093

Land includes the assessed value of lots available for sale.

Construction in progress includes costs accumulated through June 30, 2022, for various rehabilitation and construction projects currently underway.

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

Buildings not placed in service represents the insured value of various real estate properties the Organization received from the State of Delaware in a prior year, plus certain rehabilitation and development costs paid and less certain buildings that are now in service.

NOTE 5: LONG-TERM DEBT

The following is a summary of debt transactions for the Organization for the year ended June 30, 2022:

	June 30, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Tenant Reimbursement	$ 19,166	$ -	$ -	$ 19,166	$ 19,166
Tri Supply Equipment	26,100	-	15,120	10,980	8,910
WSFS Loan	66,252	-	15,299	50,953	15,946
Applied Bank Loans	1,156,187	324,423	278,850	1,201,760	55,963
Total Debt	$ 1,267,705	$ 324,423	$ 309,269	$ 1,282,859	$ 99,985

The following is a summary of debt transactions for the Organization for the year ended June 30, 2021:

	June 30, 2020	Increases	Decreases	June 30, 2021	Due Within One Year
Tenant Reimbursement	$ 21,666	$ -	$ 2,500	$ 19,166	$ 10,000
Paycheck Protection Program	93,500	-	93,500	-	-
Parke Bank Loan	241,063	-	241,063	-	-
Tri Supply Equipment	42,300	-	16,200	26,100	16,200
WSFS Loan	-	80,000	13,748	66,252	15,299
Applied Bank Loan	933,337	500,000	277,150	1,156,187	37,715
Total Debt	$ 1,331,866	$ 580,000	$ 644,161	$ 1,267,705	$ 79,214

The Organization entered into a commercial construction loan agreement with Applied Bank (Applied) on July 27, 2017, for an amount up to $1,550,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 2.00%, with a floor of 6.00%. The interest rate as of June 30, 2022, is 6.75%. The purpose of the loan is to renovate seven officers' quarters residences in the historic Fort DuPont Complex.

NOTE 5: LONG-TERM DEBT - CONTINUED

The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied. The loan term was two years' interest only during the construction period, followed by a five-year term loan, amortized over 25 years with final payment of any outstanding principal and accrued interest due on August 1, 2024. During the two-year interest only period, the Organization was required to sell certain improved real estate and apply proceeds to reduce the loan balance to $950,000. Outstanding borrowings totaled $877,336 and $906,187 as of June 30, 2022 and 2021, respectively.

The Organization entered into a commercial construction loan agreement with Applied on February 5, 2021, for an amount up to $500,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 2.00%, with a floor of 4.75%. The purpose of the loan is to renovate residences in the historic Fort DuPont Complex. The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied. The loan term was two years' interest only during the construction period, followed by a two-year term loan, amortized over 25 years with final payment of any outstanding principal and accrued interest due on January 31, 2023. Outstanding borrowings total $0 and $250,000 as of June 30, 2022 and 2021, respectively. Outstanding borrowings were paid off on October 6, 2021.

The Organization entered into a construction loan agreement with Parke Bank (Parke) on January 18, 2019, for $1,200,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 1.00%, with a floor of 6.25%. The purpose of the loan is to develop 71 lots in the Canal District of the Fort Dupont Complex. The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Parke. The loan term was two years' interest only with final payment of any outstanding principal and accrued interest due on December 1, 2020. Outstanding borrowings were paid off on September 25, 2020.

On July 31, 2020, the Organization entered into a loan agreement with WSFS Bank, for $80,000 for the purchase of two vehicles, secured by the vehicles. The loan has a fixed interest rate of 4.75% with a five-year term. The outstanding balance on the loan was $50,953 and $66,252 as of June 30, 2022 and 2021, respectively.

The Organization has an agreement with a previous tenant in connection with their restoration and rehabilitation of a building owned by the Organization. The Organization has agreed to reimburse the previous tenant $50,000 over five years in monthly installments of $833 starting August 1, 2017. The outstanding balance due as of June 30, 2022 and 2021, was $19,166. The Organization is in default and did not make any installment payments during the fiscal year ended June 30, 2022.

NOTE 5: LONG-TERM DEBT - CONTINUED

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted into law. In May 2020, the Organization applied for and received a $93,500 loan under the Paycheck Protection Program section of the CARES Act. The loan had a fixed interest rate of 1% and has a two-year term. Under the program, if the funds were used to pay payroll and other allowable costs and if certain other conditions were met, the loan could be forgiven upon application to, and approval by, the U.S. Small Business Administration. Management had determined that all conditions for forgiveness had been substantially met as of June 30, 2021, and had submitted an application for such forgiveness. As such, the loan balance as of June 30, 2022 and June 30, 2021, was zero and the loan proceeds were presented as revenue in the June 30, 2021 financial statements, under the provisions of GASB 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The Organization entered into loan agreements with an equipment dealer to finance equipment. Under the agreements, the Organization will make monthly payments ranging from $540 to $810 with maturity dates ranging from September 2022 to September 2023. Interest is 0%. The outstanding balance due as of June 30, 2022 and 2021, was $10,980 and $26,100, respectively.

The Organization entered into a commercial construction loan agreement with Applied Bank on February 5, 2021, for an amount up to $885,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 1.50%, with a floor of 4.75%. The interest rate as of June 30, 2022 is 6.25%. The purpose of the loan is to develop two lots on Old Battery Lane in the Fort Dupont Complex. The borrowings are secured by a mortgage on these real properties owned by the organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied. The loan term is eighteen months interest only during the construction period, followed by a five-year loan, amortized over 25 years with final payment of any outstanding principal and interest due on August 31, 2027. Outstanding borrowings total $324,424 and $0 as of June 30, 2022 and 2021, respectively.

Maturities of long-term debt are as follows:

2023	$	99,985
2024		33,936
2025		34,686
2026		20,540
Therafter		1,093,712
Total	$	1,282,859

The total interest cost incurred during the years ended June 30, 2022 and 2021, was $61,515 and $80,184, respectively.

NOTE 6: RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan, covering employees who have completed 90 days of service and who are at least 21 years of age. The Organization matches 100% of the first 4% of the employees' contributions. Employees can contribute up to 100% of their compensation or the statutory limit. The Organization's contribution to the plan was $15,882 and $10,816 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7: LEASES - LESSOR AND RESTATEMENT

The Organization leases various residential real estate properties to tenants under operating leases with one-year terms. The Organization received $401,566 and $661,381 in rental income during the years ended June 30, 2022 and 2021, respectively.

The Organization has also entered into two lease agreements to lease property to agencies of the State of Delaware, the primary government and a related party. The Office of Management and Budget (OMB) Federal Food Commodities Program and the Department of Natural Resources and Environmental Control, Division of Parks & Recreation and Division of Fish & Wildlife (collectively referred to as DNREC) leases began in 2018 and 2019, respectively, and provide the departments with full use of the leased property.

The Organization is recognizing leases in accordance with GASB Statement No. 87 - *Leases*, which the Organization adopted retroactively, effective July 1, 2020. Accordingly, lease revenues and receivable previously reported for fiscal year 2021 have been restated to comply with GASB Statement No. 87 - *Leases*, as follows:

- Lease Receivables - as restated: $132,824; originally reported: $0.
- Lease Receivable Deferred Inflow - as restated: $139,349; originally reported: $0.
- Accrued Interest Receivable - as restated: $8,966; originally reported: $0.
- Lease Revenue - as restated: $13,290; originally reported: $0.
- Interest Revenue - as restated: $8,966; originally reported: $0.
- Rental and Reimbursements Income - as restated: $661,381; originally reported: $681,196.

NOTE 7: LEASES - LESSOR AND RESTATEMENT - CONTINUED

The following is a schedule of minimum future annual base lease income for the lease agreements:

Year Ending June 30,	DNREC Payments	DNREC Principal	DNREC Interest	OMB Payments	OMB Principal	OMB Interest
2023	$ 10,500	$ 3,537	$ 6,963	$ 9,315	$ 8,045	$ 1,270
2024	10,500	3,775	6,725	9,315	8,588	727
2025	10,500	4,030	6,470	2,329	2,182	147
2026	10,500	4,302	6,198	-	-	-
2027	10,500	4,593	5,907	-	-	-
2028-2032	52,500	28,054	24,446	-	-	-
2033-2037	52,500	38,890	13,610	-	-	-
Thereafter	17,500	15,979	1,521	-	-	-
	$ 175,000	$ 103,160	$ 71,840	$ 20,959	$ 18,815	$ 2,144

Year Ending June 30,	Total Payments	Total Principal	Total Interest
2023	$ 19,815	$ 11,582	$ 8,233
2024	19,815	12,363	7,452
2025	12,829	6,212	6,617
2026	10,500	4,302	6,198
2027	10,500	4,593	5,907
2028-2032	52,500	28,054	24,446
2033-2037	52,500	38,890	13,610
Thereafter	17,500	15,979	1,521
	$ 195,959	$ 121,975	$ 73,984

Lease revenues for the years ended June 30, 2022 and 2021, for the property leased to OMB were $13,290.

Interest income from the leases revenue for the years ended June 30, 2022 and 2021, were $8,233 and $8,966, respectively.

Leased properties have a combined cost of $20,557,759 and accumulated depreciation of $2,754,939.

NOTE 8: HISTORIC PRESERVATION TAX CREDITS

The Organization has completed qualified redevelopment and rehabilitation projects on certain owned real estate and improvements, entitling it to Delaware Historic Preservation Tax Credits. During the years ended June 30, 2022 and 2021, the Organization was awarded such tax credits from the State of Delaware in the amount of $138,545 and $0, respectively, and sold them, at a discount, to third parties for $127,461 and $0 during the years ended June 30, 2022 and 2021, respectively.

NOTE 9: NOTE RECEIVABLE

On October 29, 2021, the Organization sold two parcels of land (Grassdale Conference Land and Grassdale Surrounding Land Area) as a recreational vehicle resort and campground area with RIG Acquisitions, LLC. At closing Sun Fort DuPont RV LLC, the Assignee, executed a purchase money promissory note for $2,100,000 with the Organization. The note has an interest rate of 0% and a maturity date of October 29, 2025. The outstanding balance on the note receivable was $2,100,000 as of June 30, 2022.

NOTE 10: COMMITMENTS AND CONTINGENCIES

The Organization has entered into various real estate sales agreements and construction agreements that are ongoing for the sale and construction of projects within Fort DuPont. The Organization’s real estate sales agreements require the Organization to complete the development of certain lots for sale within a mutually agreed upon time frame with the purchaser.

The Organization has entered into several contracts for site work with Corrado Construction Co. for various phases of the development. Contracts are both fixed price and time and materials. Site work is ongoing.

On June 13, 2018, the Organization entered into a contract with Rockwell DuPont I, LLC to purchase and develop lots, for amounts between $80,000 and $120,000 per lot. There have been five amendments to the original contract (October 22, 2018, June 6, 2018, August 22, 2019, September 17, 2020, and May 14, 2021). Development of the lots is ongoing.

On September 30, 2020, the Organization entered into a contract with U.S. Home Corporation D/B/A Lennar Corporation to purchase and develop 13.3 acres of land as 130 twin and stacked townhouse condominium units for $20,000 per homesite. Development of the lots is ongoing.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated all subsequent events through the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Administrative Expenses	$ 99,152	$ 100,110
Building Improvements	3,909,067	2,583,694
Common Area Maintenance	276,968	277,414
Cost of Sales of Properties	2,701,904	1,342,568
Depreciation Expenses	1,154,478	1,144,143
Marketing Expenses	127,824	30,625
Operating Expenses	109,737	41,534
Payroll Expenses	697,829	523,774
Professional Fees	217,647	456,078
Property Management Expense	200	-
Special Event Expenses	6,112	(850)
Utilities Expense	206,213	181,866
Amounts Capitalized as Property and Equipment	(3,571,063)	(2,607,817)
TOTAL OPERATING EXPENSES	$ 5,936,068	$ 4,073,139

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

SCHEDULES OF CAPITAL EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Architectural	$ -	$ 8,262
Building Improvements	3,149,333	1,157,674
Demolition	105,420	-
Engineering	142,008	139,089
Insurance	-	14,606
Landscaping and Signage	-	52,619
Legal	-	32,320
Permitting	-	-
Roadways and Utilities	174,302	1,203,247
Amounts Capitalized as Property and Equipment	(3,571,063)	(2,607,817)
TOTAL CAPITAL EXPENSE	$ -	$ -

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)

INDEPENDENT AUDITORS' REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

JUNE 30, 2022

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

(A Component Unit of the State of Delaware)

TABLE OF CONTENTS

JUNE 30, 2022

BELFINT • LYONS • SHUMAN
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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fort DuPont Redevelopment and Preservation Corporation (the Organization), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fort DuPont Redevelopment and Preservation Corporation's basic financial statements and have issued our report thereon dated July 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal

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control, such that there is a reasonable possibility that a material misstatement of the Fort DuPont Redevelopment and Preservation Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fort DuPont Redevelopment and Preservation Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Fort DuPont Redevelopment and Preservation Corporation's Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Fort DuPont Redevelopment and Preservation Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Fort DuPont Redevelopment and Preservation Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fort DuPont Redevelopment and Preservation Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

July 19, 2023
Wilmington, Delaware

Reference Number: 2022-001
Type of Finding: Significant Deficiency
Financial Reporting Close Process

Condition: During our audit, we noted misstatements of the general ledger balances requiring material adjusting journal entries. Many of these adjustments should have been made during the year-end financial close process, but had not yet been made by the Organization, or were required as a result of our audit procedures. A similar finding was reported in the prior year.

1. An adjusting journal entry totaling $253,101 to reconcile the opening net position.
2. An entry totaling $696,190 to properly record debt activity during the year ended June 30, 2022.
3. Entries totaling $1,292,238 to record capital assets that had been expensed.
4. Entries totaling $2,088,075 to reclassify construction in progress assets that had been placed in service.
5. Entries totaling $2,701,904 to properly record the value of real estate sold during the year ended June 30, 2022.
6. An entry totaling $2,100,000 to record a note received as part of the sales price of a property sold.
7. Entries totaling $2,293,070 to properly record real estate sales activity during the year ended June 30, 2022.
8. An entry totaling $2,392,975 to reclassify capitalized expenses for the proper presentation of the Statement of Capital Expenses in the Supplementary Information to the Financial Statements.

Criteria: The Organization should require adequate review and adjustment of the year-end accounting data and financial information used to prepare the Organization’s financial statements in accordance with generally accepted accounting principles (GAAP), in a timely manner, prior to the annual audit. The Organization’s internal controls over financial reporting should allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Cause: While the Organization’s financial closing procedures captured most routine entries, the existing procedures did not capture certain unusual or complex entries needed to present the financial statements in accordance with GAAP. Certain other entries were made, but required correction.

Effect: The misstatements that were discovered during the audit required material adjustments for the fair presentation of the financial statements. We provided management with proposed adjustments, which management accepted for posting to the Organization’s general ledger to correct these misstatements.

Reference Number: 2022-001 - Continued

Recommendation: We recommend that management enhance its financial closing procedures in the current year so that it captures the types of activities that were missed in fiscal year 2022. As part of the process, management should evaluate all fiscal year 2022 post-closing and audit adjustments to ensure that procedures and controls are in place to properly identify and record similar entries in the future, on a timely basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and appreciates the importance of providing closing journal entries to present accurate financial statements. The Corporation has recently hired a Deputy Director with overall responsibility for ensuring proper accounting of the Corporation's finances. Management expects closing journal entries for Fiscal Year 2023 to be completed no later than July 30, 2023.

Responsible Positions: Management

Reference Number: 2022-002
Type of Finding: Significant Deficiency
Allocation of Costs, Cost of Properties Sold

Condition: The Organization does not have a written policy for the capitalization of costs and the allocation of such costs incurred in preconstruction, construction, and overhead for its property development projects. Audit procedures resulted in adjusting journal entries totaling $1,292,238 to properly capitalize such costs. The Organization also did not perform any allocation of costs to the properties it sold during the fiscal year. Full sales prices were recorded as revenue. This resulted in adjusting entries totaling $2,701,904 to properly record the cost of real estate sold (see item 2022-001).

A similar finding was reported in the prior year.

Criteria: Written policies and procedures for the capitalization of costs and cost allocations are necessary for the consistent recording of property costs in accordance with accounting principles generally accepted in the United States of America.

Cause: This condition was brought to management's attention, for the first time, during the FY 2020 audit. Since then, the Organization has had turnover in its accounting function. The Organization does not have a formal property development cost capitalization or cost allocation policy.

Effect: The lack of written policies and procedures makes it more difficult to maintain consistent accounting over time and increases the difficulty in conducting the audit.

Recommendation: We recommend that accounting policies and procedures be written to document management's accounting for the costs incurred relating to preconstruction, construction, and overhead for the Organization's various property development projects and the allocation of such costs.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding. Utilizing financial best practices, the Corporation will develop property development cost capitalization policy and procedures that will allocate costs for preconstruction, construction and overhead for property development and preservation projects. The policy will be presented to the Board for review and approval no later than the fall of 2023.

Responsible Positions: Management

Reference Number: 2022-003
Type of Finding: Significant Deficiency
Cash Disbursement Documentation and Approval

Condition: Cash disbursements lacked proper documentary support approvals and recording to the correct accounts. We found the following:

- Of the 40 cash disbursements selected for testing, supporting documents could not be located for four of the transactions. Of the transactions for which support was provided, 14 had no payment approvals recorded on the documents and three were not recorded to the correct account.

- Of the 20 credit card transactions selected for testing, supporting documents could only be located for two transactions and those two had no payment approvals recorded on the documents.

- Of the 14 capital asset additions selected for testing, supporting documents could not be located for one of the transactions. Of the transactions for which support was provided, 11 had no payment approvals recorded on the documents, two were recorded in the wrong fiscal year, and three were not capital assets and were recorded incorrectly.

Criteria: Strong internal controls over cash disbursements are necessary to safeguard the Organization's assets from misappropriation and to ensure expenses are recorded properly.

Cause: The Organization does not have a formal written policy concerning cash disbursements. The Organization has also had turnover in its accounting function and the former Executive Director separated from the Organization in March 2022. There were two interim Executive Directors during the period from April 2022 through June 2022.

Effect: The lack of controls over cash disbursements increases the Organization's risk for misappropriation of assets and the lack of written policies and procedures makes it more difficult to maintain consistent accounting processes over time and increases the difficulty in conducting the audit

Recommendation: We recommend that management implement written accounting policies over cash disbursements that include the following procedures:

- Management indicates its approval of expenditures by signing and dating the invoice or payment voucher before payments are made.

- As part of the process, the bookkeeper should also indicate the correct account coding of the payment on the invoice or payment voucher and management should review and approve the proper coding as well.

Reference Number: 2022-003 - Continued

Recommendation - Continued

- For each credit card use, a receipt should be obtained and submitted to an authorizing official for review and approval. These receipts should be retained in the business office and compared with the detail in the credit card's monthly statement. Any discrepancies should be investigated.

We also recommend that the Organization create a better filing system, preferably digital, to store its paid invoices and other documentation.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding. We believe the term "cash disbursement" as used in the finding refers to any payment by the Corporation in exchange for the provision of goods or services. Practically, this would mean payments made by the Corporation via check or through payroll, as the Corporation does not use cash as a means of payment. Current policies pertaining to the approval and coding of expenditures will be reviewed and, where necessary, revised consistent with the recommendation. Procedures for the administration of credit card use have already been implemented, and the formal policy will be revised to reflect such. Finally, the Corporation has already begun to redesign procedures and systems for the storage of financial documents.

Responsible Position: Management

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

Reference Number: 2020-001
Type of Finding: Significant Deficiency
Valuation of Donated Capital Assets

Condition: The Organization has recorded the buildings and improvements, originally donated by the State of Delaware at insured value, and the land, originally donated by the State of Delaware, at values assessed for property tax purposes. Accounting principles generally accepted in the United States of America (GAAP) require that donated capital assets be recorded at Acquisition Value, resulting in misstatements of the assets, net position, and expenses of the Organization. The amount by which this departure would affect the assets, net position, and expenses of the Fort DuPont Redevelopment and Preservation Corporation has not been determined.

Current Status: This condition was unchanged during the year ended June 30, 2022 and is not expected to be addressed due to the cost and effort involved in determining the donated assets' Acquisition Values.

Reference Number: 2021-001
Type of Finding: Significant Deficiency
Allocation of Costs

Condition: The Organization does not have a written policy for the allocation of costs incurred in preconstruction, construction, and related operation for its various property development projects. The allocations we examined during the audit were reasonable, but the lack of a written policy could lead to inconsistencies or errors in the future.

Current Status: A similar condition was noted during the year ended June 30, 2022. See current year finding 2022-002.

Reference Number: 2021-002
Type of Finding: Significant Deficiency
Financial Reporting Close Process

Condition: During our audit, we noted misstatements of the general ledger balances requiring material adjusting journal entries. Many of these adjustments should have been made during the year-end financial close process, but had not yet been made by the Organization, or were required as a result of our audit procedures.

Current Status: A similar condition was noted during the year ended June 30, 2022. See current year finding 2022-001