

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2025 AND 2024

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
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JUNE 30, 2025 AND 2024

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Independent Auditor's 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, 2025 and 2024, 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, 2025 and 2024, 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 audits 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 *Auditor's 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 audit 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

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

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 and Preservation Corporation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may indicate substantial doubt thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 and Preservation 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 and Preservation 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 5 through 10 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 basic financial statements of the Fort DuPont Redevelopment and Preservation Corporation. The accompanying 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 schedules of operating expenses and the schedule 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

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

the financial statements, as explained in the *Basis for Qualified Opinion* section of our report, the schedule of operating expenses and the schedule of capital expenses are fairly stated, in all material respects, in relation to the basic 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 February 11, 2026, 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.

February 11, 2026
Wilmington, Delaware

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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, 2025 and 2024. 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 include the June 30, 2025, 2024, and 2023 results.

Financial Highlights

- The assets of the Organization exceeded its liabilities as of June 30, 2025, by \$57,384,324 (net position), as compared to \$57,296,382 as of June 30, 2024, and \$57,815,898 as of June 30, 2023. Included in this amount as of June 30, 2025, are net investment in capital assets of \$54,407,849 and unrestricted net position of \$2,976,475.
- The Organization’s total net position increased by \$87,942 during fiscal year 2025.

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.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

Overview of the Financial Statements - Continued

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 Government Accounting Standards Board (GASB). The Organization is a component unit of 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 health of the Organization. The Organization's assets exceeded liabilities by \$57,384,324 at the close of fiscal year 2025 and \$57,296,382 at the close of fiscal year 2024.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

Statements of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current Assets	\$ 967,092	\$ 983,968	\$ 1,224,390
Non-Current Assets	2,187,516	2,191,818	2,202,348
Capital Assets	<u>55,860,212</u>	<u>55,870,889</u>	<u>56,445,963</u>
Total Assets	<u>\$ 59,014,820</u>	<u>\$ 59,046,675</u>	<u>\$ 59,872,701</u>
Current Liabilities	\$ 126,079	\$ 216,960	\$ 246,228
Non-Current Liabilities	<u>1,418,226</u>	<u>1,433,852</u>	<u>1,691,648</u>
Total Liabilities	<u>\$ 1,544,305</u>	<u>\$ 1,650,812</u>	<u>\$ 1,937,876</u>
Deferred Inflows	<u>\$ 86,191</u>	<u>\$ 99,481</u>	<u>\$ 118,927</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 54,407,849	\$ 54,404,218	\$ 54,688,122
Unrestricted	<u>2,976,475</u>	<u>2,892,164</u>	<u>3,127,776</u>
TOTAL NET POSITION	<u>\$ 57,384,324</u>	<u>\$ 57,296,382</u>	<u>\$ 57,815,898</u>

**FORT DUPONT REDEVELOPMENT AND
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(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

Financial Analysis - Continued

Net investment in capital assets constitutes 94.81% and 94.95% of the Organization's net position as of June 30, 2025 and 2024, respectively. The balance of net position \$2,976,475 and \$2,892,164 as of June 30, 2025 and 2024, respectively, represents unrestricted net position available for any Organization-related business use.

Organization Activities

Organization activities increased the net position by \$87,942 during fiscal year 2025 and decreased net position by \$519,516 during fiscal year 2024. Key elements of this change are as follows:

Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
State Appropriations	\$ 2,850,000	\$ 2,257,000	\$ 2,875,000
Grant Revenue	30,506	-	-
Rental and Reimbursements Income	501,153	353,347	293,717
Lease Revenue	13,290	19,446	7,133
Interest Revenue from Lease	6,198	13,341	727
Special Events Income	4,970	7,300	6,350
Sales of Properties	<u>105,000</u>	<u>255,000</u>	<u>955,000</u>
Total Revenue	<u>3,511,117</u>	<u>2,905,434</u>	<u>4,137,927</u>
Personnel Services	855,627	748,141	632,836
Materials, Supplies, and Contractual Services	1,128,337	1,088,111	1,102,816
Cost of Sales of Properties	175,494	354,365	1,884,102
Depreciation	<u>1,134,526</u>	<u>1,099,165</u>	<u>1,154,478</u>
Total Operating Expenses	<u>3,293,984</u>	<u>3,289,782</u>	<u>4,774,232</u>
Total Operating Income	<u>217,133</u>	<u>(384,348)</u>	<u>(636,305)</u>
Interest Expense	<u>(127,841)</u>	<u>(153,138)</u>	<u>(122,699)</u>
Gain on Sale of Equipment	<u>(1,350)</u>	<u>17,970</u>	<u>-</u>
Change in Net Position	<u>\$ 87,942</u>	<u>\$ (519,516)</u>	<u>\$ (759,004)</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

Revenue

During fiscal year 2025, the Organization earned \$3,511,117 in total revenue. This is an increase of \$605,683 or 20.85% from the operating revenue of \$2,905,434 earned in fiscal year 2024. This is due primarily to the increase in State Appropriations and Rental and Reimbursements Income, which were offset by a decrease in sales of properties. During fiscal year 2024, total revenue decreased by \$1,232,493 or 29.79% from the total revenue earned in fiscal year 2023. This is due primarily to the decrease in sales of properties and in State Appropriations.

Operating Expenses

The Organization's operating expenses increased to \$3,293,984 in fiscal year 2025 from \$3,289,782 in fiscal year 2024. Increases in fiscal year 2025's operating expenses were offset by a decrease in the cost of real estate sold as compared to fiscal year 2024. Materials, Supplies, and Contractual Services increased to \$1,128,337 in fiscal year 2025 from \$1,088,111 in fiscal year 2024 due to increases in expenses related to administration, property management, and utilities offset by decreases in expenses related to capital asset improvements. Fiscal year 2024 operating expenses decreased due to the decrease in the cost of real estate sold as compared to fiscal year 2023. Materials, Supplies, and Contractual Services decreased to \$1,088,111 in fiscal year 2024 from \$1,102,816 in fiscal year 2023 due to a decrease in expenses related to building improvements.

Capital Assets and Debt

Capital Assets - The Organization's total capital assets (net of accumulated depreciation) decreased from \$55,870,889 as of June 30, 2024, to \$55,860,212 as of June 30, 2025. This \$10,677 decrease, or 0.02%, relates to an increase in accumulated depreciation which offset an increase in construction in progress, and to the sale of improved capital assets for development and equipment.

The Organization's total capital assets (net of accumulated depreciation) increased from \$56,445,963 as of June 30, 2023, to \$55,870,889 as of June 30, 2024. This \$575,074 decrease, or 1.02%, relates to an increase in accumulated depreciation which offset an increase in construction in progress, and to the sale of improved capital assets for development

Long-Term Debt - At the end of the current fiscal year, the Organization had long-term debt outstanding of \$1,418,226. This is a decrease of \$15,626, or 1.09%, due to payments on loans entered into with Applied Bank in fiscal years 2017 and 2021.

**FORT DUPONT REDEVELOPMENT AND
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(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

Capital Asset and Debt - Continued

Long-Term Debt - Continued

At the end of the prior fiscal year, the Organization had long-term debt outstanding of \$1,433,852. This is a decrease of \$257,796, or 15.24%, due to payments on a loan entered into with Applied Bank in fiscal year 2021.

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.

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 Timothy Slavin, 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, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 810,090	\$ 926,321
Accounts Receivable	118,927	30,564
Leases Receivable - Current Portion	4,302	6,212
Accrued Interest Receivable	6,198	6,617
Amounts Held by Agent	27,575	14,254
TOTAL CURRENT ASSETS	967,092	983,968
NON-CURRENT ASSETS		
Leases Receivable	87,516	91,818
Note Receivable	2,100,000	2,100,000
	2,187,516	2,191,818
CAPITAL ASSETS		
Land	3,260,443	3,263,112
Construction in Progress	7,084,197	11,060,249
Property Held for Development	7,558,139	7,558,139
Infrastructure	3,178,328	
Land Improvements	585,520	585,520
Buildings	43,179,104	41,251,608
Building Improvements	423,516	420,920
Equipment	208,284	236,214
Less: Accumulated Depreciation	(9,617,319)	(8,504,873)
NET CAPITAL ASSETS	55,860,212	55,870,889
TOTAL NON-CURRENT ASSETS	58,047,728	58,062,707
TOTAL ASSETS	\$ 59,014,820	\$ 59,046,675
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 63,904	\$ 140,499
Accrued Liabilities	463	29,388
Security Deposits Held by Agent	23,168	12,250
Prepaid Rent Held by Agent	4,407	2,004
Current Portion of Long-Term Debt	34,137	32,819
TOTAL CURRENT LIABILITIES	126,079	216,960
LONG-TERM LIABILITY		
Long-Term Debt, Net of Current Portion	1,418,226	1,433,852
TOTAL LIABILITIES	1,544,305	1,650,812
DEFERRED INFLOWS		
Deferred Inflows - Leases	86,191	99,481
NET POSITION		
Invested in Capital Assets, Net of Related Debt	54,407,849	54,404,218
Unrestricted Net Position	2,976,475	2,892,164
TOTAL NET POSITION	57,384,324	57,296,382
TOTAL LIABILITIES AND NET POSITION	\$ 59,014,820	\$ 59,046,675

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUE		
State Appropriations	\$ 2,850,000	\$ 2,257,000
Grant Revenue	30,506	-
Rental and Reimbursements Income	501,153	353,347
Lease Revenue	13,290	19,446
Interest Revenue from Lease	6,198	13,341
Special Events Income	4,970	7,300
Sales of Properties	105,000	255,000
	<u>3,511,117</u>	<u>2,905,434</u>
OPERATING EXPENSES		
Personnel Services	855,627	748,141
Materials, Supplies, and Contractual Services	1,128,337	1,088,111
Cost of Sales of Properties	175,494	354,365
Depreciation	1,134,526	1,099,165
	<u>3,293,984</u>	<u>3,289,782</u>
	<u>217,133</u>	<u>(384,348)</u>
OPERATING INCOME (LOSS)		
NON-OPERATING INCOME		
Interest Expense	(127,841)	(153,138)
Gain on Sale of Equipment	(1,350)	17,970
	<u>(129,191)</u>	<u>(135,168)</u>
TOTAL NON-OPERATING INCOME (LOSS)		
	87,942	(519,516)
CHANGE IN NET POSITION		
NET POSITION - Beginning of Year	<u>57,296,382</u>	<u>57,815,898</u>
NET POSITION - End of Year	<u>\$ 57,384,324</u>	<u>\$ 57,296,382</u>

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Appropriations and Tax Credits Received	\$ 2,850,000	\$ 2,257,000
Grants Received	30,506	-
Rent and Reimbursements Received	438,940	556,296
Cash Received from Special Events	4,970	7,300
Proceeds from the Sale of Properties	105,000	255,000
Earnest Deposits Disbursed	-	-
Security Deposits Received	-	-
Additions to Property and Equipment	(1,367,674)	(895,717)
Cash Paid to Suppliers	(1,171,376)	(1,073,203)
Cash Paid to Employees	(855,627)	(748,141)
	34,739	358,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Equipment	4,500	40,000
	4,500	40,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	-
Repayments of Long-Term Debt	(14,308)	(291,170)
Interest Paid	(127,841)	(153,138)
	(142,149)	(444,308)
NET CHANGE IN CASH	(102,910)	(45,773)
CASH - Beginning of Year	940,575	986,348
CASH - End of Year	\$ 837,665	\$ 940,575
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION		
Cash	\$ 810,090	\$ 926,321
Amounts Held by Agent	27,575	14,254
TOTAL CASH	\$ 837,665	\$ 940,575

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (Loss) Income	\$ 217,133	\$ (384,348)
ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,134,526	1,099,165
Cost of Sales of Property	167,094	334,365
Cost of Sales of Equipment	-	-
(Increase) Decrease in Assets		
Accounts Receivable	(88,363)	188,206
Lease Receivable	6,212	15,900
Interest Receivable	419	1,073
Capital Assets	(1,367,674)	(895,717)
Note Receivable	-	-
Increase (Decrease) in Liabilities		
Accounts Payable	(5,714)	16,548
Accrued Liabilities	(28,925)	18,360
Earnest Deposit	-	-
Security Deposits	10,918	(8,075)
Prepaid Rent	2,403	(7,496)
Unearned Revenue	-	-
Deferred Inflow - Lease Receivable	(13,290)	(19,446)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 34,739	\$ 358,535
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of Capital Assets Through Accounts Payable	\$ 19,384	\$ 79,500

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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 300 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. It appointed its initial Board of Directors in August 2024 and held its first board meeting to adopt bylaws in September 2024. Its board includes the Executive Director of the Fort DuPont Redevelopment and Preservation Corporation and a voting member of the Fort DuPont Redevelopment and Preservation Corporation Board of Directors as ex-officio members.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Friends of Fort DuPont - Continued

As required by GASBS No. 39, *Determining Whether Certain Organizations are Component Units*, Friends of Fort DuPont, Inc. is to be reported as a discretely presented component unit of the Organization, with its financial information reported separately from the Organization's financial information. The Friends of Fort DuPont was inactive during the fiscal year ended June 30, 2025, and there was minimal activity during the fiscal year ended June 30, 2025; therefore, the Friends of Fort Dupont's financial information is not discretely presented in the financial statements for the Organization.

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), 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.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2025 and 2024 was \$1,134,526 and \$1,099,165, 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.

Advertising and Marketing - Advertising and marketing costs totaled \$43,360 and \$30,893 for the years ended June 30, 2025 and 2024, respectively.

Financial Reserves Policy - On August 9, 2023, the Board of Directors adopted a Financial Reserves Policy, which became effective during fiscal year 2025. The Organization will strive to maintain a minimum Budget Reserve, of at least 5% of the current year's operating revenues. The purpose of the Budget Reserve is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. The Organization will also establish a Contingency Reserve. The Organization may only use monies in the Contingency Reserve to cover emergencies of a non-recurring nature that are over and above the normal costs of operations, such as uninsured losses and storm or hurricane damages. The Contingency Reserve will not be used to balance the operating budget. On or before December 31, 2025, the Contingency Reserve shall maintain a balance of at least 1% of the current year's operating revenues. The Organization will create a Capital Asset Replacement Fund for future asset replacements. Optimally, its balance should equal the amount of annual depreciation.

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.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

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, 2025 and 2024, the Organization's deposits with financial institutions had carrying amounts of \$837,665 and \$940,575 and bank balances of \$858,839 and \$963,359, respectively. As of June 30, 2025 and 2024, \$588,547 and \$671,491, 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. For the years ended June 30, 2025 and 2024, State appropriations accounted for 81.2% and 77.7% of its total revenues, respectively. If a significant reduction in the level of this revenue were to occur, it would result in a risk of loss and have an effect on the Organization's operations. Management believes that the risk associated with this concentration is low.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 4: PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment for the year ended June 30, 2025:

	<u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Property and Equipment Not Being Depreciated				
Land	\$ 3,263,112	\$ -	\$ 2,669	\$ 3,260,443
Construction in Progress	11,060,249	1,322,471	5,298,523	7,084,197
Property Held for Development	<u>7,558,139</u>	<u>-</u>	<u>-</u>	<u>7,558,139</u>
 Total Capital Assets Not Being Depreciated	 <u>21,881,500</u>	 <u>1,322,471</u>	 <u>5,301,192</u>	 <u>17,902,779</u>
Property and Equipment Being Depreciated				
Infrastructure	-	3,178,328	-	3,178,328
Land Improvements	585,520	-	-	585,520
Buildings	41,251,608	1,927,496	-	43,179,104
Building Improvements	420,920	2,596	-	423,516
Vehicles and Equipment	<u>236,214</u>	<u>-</u>	<u>27,930</u>	<u>208,284</u>
 Total Capital Assets Being Depreciated	 <u>42,494,262</u>	 <u>5,108,420</u>	 <u>27,930</u>	 <u>47,574,752</u>
Less: Accumulated Depreciation for				
Land Improvements	201,254	39,035	-	240,289
Buildings and Improvements	8,174,505	1,047,560	-	9,222,065
Vehicles and Equipment	<u>129,114</u>	<u>47,931</u>	<u>22,080</u>	<u>154,965</u>
 Total Accumulated Depreciation	 <u>8,504,873</u>	 <u>1,134,526</u>	 <u>22,080</u>	 <u>9,617,319</u>
 Total Capital Assets Being Depreciated, Net	 <u>33,989,389</u>	 <u>3,973,894</u>	 <u>5,850</u>	 <u>37,957,433</u>
 Total Capital Assets, Net	 <u>\$ 55,870,889</u>	 <u>\$ 5,296,365</u>	 <u>\$ 5,307,042</u>	 <u>\$ 55,860,212</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

The following is a summary of changes in property and equipment for the year ended June 30, 2024:

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Property and Equipment Not Being Depreciated				
Land	\$ 3,268,627	\$ -	\$ 5,515	\$ 3,263,112
Construction in Progress	10,538,137	850,962	328,850	11,060,249
Property Held for Development	<u>7,558,139</u>	<u>-</u>	<u>-</u>	<u>7,558,139</u>
Total Capital Assets Not Being Depreciated	<u>21,364,903</u>	<u>850,962</u>	<u>334,365</u>	<u>21,881,500</u>
Property and Equipment Being Depreciated				
Buildings	41,251,608	-	-	41,251,608
Land Improvements	585,520	-	-	585,520
Building Improvements	391,396	29,524	-	420,920
Vehicles and Equipment	<u>291,289</u>	<u>-</u>	<u>55,075</u>	<u>236,214</u>
Total Capital Assets Being Depreciated	<u>42,519,813</u>	<u>29,524</u>	<u>55,075</u>	<u>42,494,262</u>
Less: Accumulated Depreciation for				
Land Improvements	162,219	39,035	-	201,254
Buildings and Improvements	7,141,917	1,032,588	-	8,174,505
Vehicles and Equipment	<u>134,617</u>	<u>27,542</u>	<u>33,045</u>	<u>129,114</u>
Total Accumulated Depreciation	<u>7,438,753</u>	<u>1,099,165</u>	<u>-</u>	<u>8,504,873</u>
Total Capital Assets Being Depreciated, Net	<u>35,081,060</u>	<u>(1,069,641)</u>	<u>55,075</u>	<u>33,989,389</u>
Total Capital Assets, Net	<u>\$ 56,445,963</u>	<u>\$ (218,679)</u>	<u>\$ 389,440</u>	<u>\$ 55,870,889</u>

Land is reported at the assessed value of lots available for sale, based on the 1983 New Castle County general assessment.

Construction in progress includes costs accumulated through June 30, 2025, for various rehabilitation and construction projects currently underway.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

Buildings held for Development 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.

NOTE 5: LONG-TERM DEBT

The following is a summary of debt transactions for the Organization for the year ended June 30, 2025:

	<u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>	<u>Due Within One Year</u>
Applied Bank Loans	\$ 1,466,671	\$ -	\$ 14,308	\$ 1,452,363	\$ 34,137
Total Debt	<u>\$ 1,466,671</u>	<u>\$ -</u>	<u>\$ 14,308</u>	<u>\$ 1,452,363</u>	<u>\$ 34,137</u>

The following is a summary of debt transactions for the Organization for the year ended June 30, 2024:

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Tenant Reimbursement	\$ 19,166	\$ -	\$ 19,166	\$ -	\$ -
Applied Bank Loans	1,738,675	-	272,004	1,466,671	32,819
Total Debt	<u>\$ 1,757,841</u>	<u>\$ -</u>	<u>\$ 291,170</u>	<u>\$ 1,466,671</u>	<u>\$ 32,819</u>

Applied Bank - 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. The purpose of the loan is to renovate seven officers' quarters 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 original 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. Under the original loan terms, the interest was 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%.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 5: LONG-TERM DEBT - CONTINUED

Applied Bank - Continued

On June 4, 2024, the Organization entered into an agreement with Applied to modify the terms of the loan. Under the modification agreement, the balance of the loan was re-amortized over 25 years at a fixed interest rate of 6.75% beginning on June 1, 2024, with final payment of any outstanding principal and accrued interest due on August 31, 2028.

The interest rate as of both June 30, 2025 and 2024, was 6.75%. Outstanding borrowings totaled \$865,029 and \$869,337, as of June 30, 2025 and 2024, respectively.

The Organization entered into a commercial construction loan agreement with Applied Bank on February 5, 2021, for an amount up to \$885,000. 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 original loan term was 18 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. Under the original loan terms, interest was 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%.

On February 15, 2022, the Organization entered into the first modification agreement with Applied to modify the terms of the loan. Under the first modification agreement, the interest only payment term was extended to August 31, 2023 and the final payment of any outstanding principal and interest was extended to August 31, 2028. The first loan modification agreement required the Organization to make a principal curtailment payment in an amount sufficient to achieve the minimum required debt service ratio once the properties are leased. The Organization made a principal curtailment payment in the amount of \$272,000 on August 31, 2023. On June 4, 2024, the Organization entered into the second modification agreement with Applied to modify the terms of the loan. Under the second modification agreement, the interest only payment term was extended until September 1, 2024 or the Organization's receipt of the Certificate of Occupancy (CO) and signed leases with respect to the properties on Old Battery Lane, whichever was earlier. If the CO and leases were not obtained on or before September 1, 2024, the second loan modification modified the term of the loan such that the Organization shall make payments of interest at the floating interest rate plus an addition \$1,000 monthly payment to be applied to the principal loan balance, until the CO and leases are obtained.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 5: LONG-TERM DEBT - CONTINUED

Applied Bank - Continued

Upon obtaining the CO and leases, the loan terms will be modified such that the Organization shall make interest payments at the prevailing FHLB Pittsburgh published Five Year Amortizing Rate plus 200 basis points, using a 25-year amortization schedule with final payment of any outstanding principal and interest due on August 31, 2028. The CO was obtained on May 22, 2025.

The interest rates as of June 30, 2025 and 2024, were 9.00% and 10.00%, respectively. Outstanding borrowings totaled \$587,334 and \$597,334 as of June 30, 2025 and 2024, respectively.

Del-One Federal Credit Union - On June 11, 2025, the Organization entered into a collateralized revolving line of credit agreement with Del-One Federal Credit Union for an amount up to \$1,000,000. The purpose of the revolving line of credit is to provide the Organization with capital for costs related to the Fort DuPont Branch Channel Revetment Project, which will be partly funded with federal grant funding on a reimbursement basis. The loan term is one year with interest computed on the outstanding borrowings based on the Wall Street Prime Rate, subject to a minimum rate of 3% and a maximum rate equal to the lesser of 18% or the highest rate permitted by applicable law. As of June 30, 2025, the interest rate was 7.5%. No amounts were outstanding under the line of credit as of June 30, 2025.

Tenant Reimbursement - The Organization had agreement with a previous tenant in connection with their restoration and rehabilitation of a building owned by the Organization. The Organization 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 was \$0 as of June 30, 2025 and 2024. The outstanding balance was paid off on February 1, 2024.

Maturities of long-term debt are as follows for the years ended June 30:

2026	\$	34,137
2027		25,850
2028		27,861
2029		30,031
2030		32,373
Thereafter		<u>1,302,111</u>
Total	\$	<u><u>1,452,363</u></u>

The total interest cost incurred during the years ended June 30, 2025 and 2024, was \$127,841 and \$153,138, respectively.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

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 \$7,946 and \$9,968 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7: LEASES - LESSOR

The Organization leases various residential real estate properties to tenants under operating leases with one-year terms. The Organization received \$501,153 and \$353,347 in rental income during the years ended June 30, 2025 and 2024, 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 properties. The lease agreement with OMB is expected to terminate during the fiscal year ending June 30, 2026.

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

Year Ending June 30,	Total		
	Payments	Principal	Interest
2026	\$ 10,500	\$ 4,302	\$ 5,907
2027	10,500	4,593	5,597
2028	10,500	4,903	5,266
2029	10,500	5,234	4,913
2030	10,500	5,587	4,536
2031-2035	52,500	34,127	16,069
2036-2039	38,500	33,072	3,195
	\$ 143,500	\$ 91,818	\$ 45,485

Lease revenues for the years ended June 30, 2025 and 2024, for the properties leased to DNREC and OMB were \$13,290 and \$19,446, respectively.

Interest income from the leases revenue for the years ended June 30, 2025 and 2024 was \$6,198 and \$13,341, respectively.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 7: LEASES - LESSOR - CONTINUED

Leased properties for the years ended June 30, 2025 and 2024 have a combined cost of \$20,515,104 and accumulated depreciation of \$3,940,063 and \$3,469,273, respectively.

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, 2025 and 2024, the Organization did not apply for and was not awarded any such tax credits from the State of Delaware and there were no sales of tax credits to third parties. However, it is expected that the Organization will apply for tax credits for projects in progress during the year ending June 30, 2026.

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 to 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, 2025 and 2024.

On November 24, 2025, the Organization initiated foreclosure proceedings against Sun Fort DuPont RV LLC following default on the \$2,100,000 purchase-money promissory note executed on October 29, 2021. The note carried a 0% interest rate through its maturity on October 29, 2025, and began accruing interest at 4% effective October 30, 2025. The Organization is pursuing its legal options.

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.

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. There were eight amendments to the original contract and two extensions executed, to extend

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025

NOTE 10: COMMITMENTS AND CONTINGENCIES - CONTINUED

the terms of the contract. On January 16, 2026, Lennar Corporation exercised its right under the contract to terminate the contract with the Organization. The Organization is required to repay certain funds advanced by Lennar.

October 1, 2022, the Organization entered into an agreement with Emory Hill Real Estate Services, Inc. for property management and leasing services. The terms of the agreement are month-to-month, and Emory Hill Real Estate Services, Inc. receives 10% of monthly rental income for property management services and one month's rent for leasing services as payment.

On November 15, 2024, the Organization executed the first amendment to its original agreement with Emory Hill Real Estate Services, Inc. to sell and lease commercial buildings and lots located on the Fort Dupont Complex, excluding certain properties sold and leased to the State of Delaware and certain properties being developed or expected to be developed under other agreements entered into by the Organization. The terms of the agreement include commissions of 6% of the sales price of properties that is shared with the cooperating broker, if any, and commissions between 3% and 6% of the gross annual rent payable during each year of the first term and between 3% and 1.5% of the gross annual rent payable during each year of any renewal term of leases executed under this agreement. The terms of the amendment expired on June 30, 2025.

On December 20, 2023, the Federal Emergency Management Agency (FEMA) of the U.S. Department of Homeland Security approved the Delaware Emergency Management Agency (DEMA) application for federal grant funding for the Fort DuPont Branch Channel Revetment project. Under the original grant agreement, approved project costs were \$866,324 with a Federal share of \$783,817 and Non-Federal share of \$82,507. On May 30, 2025, FEMA approved an amendment to the grant agreement, increasing total project costs to \$1,740,000 with a Federal share of \$1,566,000 and a Non-Federal share of \$174,000. DEMA will use the funds to reimburse the Organization for costs to rebuild a section of land along the Chesapeake and Delaware Canal Branch channel that has deteriorated by erosion.

Reimbursed costs expended by the Organization on the project were \$25,506 and \$0 as of fiscal years ended June 30, 2025 and 2024, respectively.

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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Administrative Expenses	\$ 151,635	\$ 92,144
Building Improvements	262,722	781,926
Common Area Maintenance	252,284	251,388
Cost of Sales of Properties	175,494	354,365
Depreciation Expenses	1,134,526	1,099,165
Land Improvements	408,102	-
Marketing Expenses	43,360	30,893
Operating Expenses	88,870	90,392
Payroll Expenses	855,627	748,141
Professional Fees	373,102	403,931
Property Management Expense	100,645	79,213
Roadways and Utilities	507,108	-
Special Event Expenses	8,335	6,651
Utilities Expense	257,241	232,059
Amounts Capitalized as Property and Equipment	<u>(1,325,067)</u>	<u>(880,486)</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 3,293,984</u></u>	<u><u>\$ 3,289,782</u></u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
SCHEDULES OF CAPITAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Accounting	\$ 10,000	\$ -
Building Improvements	214,709	430,151
Engineering	178,660	132,516
Land Improvements	408,102	-
Legal	10,126	-
Roadways and Utilities	503,470	317,819
Amounts Capitalized as Property and Equipment	<u>(1,325,067)</u>	<u>(880,486)</u>
TOTAL CAPITAL EXPENSE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>