

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

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

**JUNE 30, 2019**

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**(A Component Unit of the State of Delaware)**  
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**JUNE 30, 2019**

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*Independent Auditor's Report*

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

We have audited the accompanying financial statements of Fort DuPont Redevelopment and Preservation Corporation (a Component Unit of the State of Delaware) as of and for the year ended June 30, 2019, and the related notes to the financial statements as listed in the table of contents.

*Management's Responsibility 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; this includes 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors  
Fort DuPont Redevelopment and Preservation Corporation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

***Basis for 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 would change the assets and net position of the Fort DuPont Redevelopment and Preservation Corporation. 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.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, 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, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in the appropriate operational, economic, or historical context. Our qualified opinion on the financial statements is not affected by this missing information.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the financial statements of the Fort DuPont Redevelopment and Preservation Corporation. The statement of operating expenses and the statement of capital expenses are not a required part of the financial statements. The statement of operating expenses and the statement 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. Such information has been

To the Board of Directors  
Fort DuPont Redevelopment and Preservation Corporation

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” paragraph, the statement of operating expenses and the statement 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 April 12, 2021, 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.*

April 12, 2021  
Wilmington, Delaware

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**ASSETS**

**CURRENT ASSETS**

|                     |            |
|---------------------|------------|
| Cash                | \$ 194,405 |
| Accounts Receivable | 13,673     |

|                             |                |
|-----------------------------|----------------|
| <b>TOTAL CURRENT ASSETS</b> | <b>208,078</b> |
|-----------------------------|----------------|

**CAPITAL ASSETS**

|                                |             |
|--------------------------------|-------------|
| Land                           | 2,497,548   |
| Construction in Progress       | 5,079,890   |
| Property Held for Development  | 8,542,194   |
| Buildings                      | 41,431,472  |
| Building Improvements          | 151,099     |
| Land Improvements              | 585,520     |
| Equipment                      | 31,060      |
| Less: Accumulated Depreciation | (3,127,230) |

|                           |                   |
|---------------------------|-------------------|
| <b>NET CAPITAL ASSETS</b> | <b>55,191,553</b> |
|---------------------------|-------------------|

|                     |                      |
|---------------------|----------------------|
| <b>TOTAL ASSETS</b> | <b>\$ 55,399,631</b> |
|---------------------|----------------------|

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|                                   |            |
|-----------------------------------|------------|
| Accounts Payable                  | \$ 120,340 |
| Current Portion of Long-Term Debt | 158,334    |
| Security Deposits                 | 14,700     |

|                                  |                |
|----------------------------------|----------------|
| <b>TOTAL CURRENT LIABILITIES</b> | <b>293,374</b> |
|----------------------------------|----------------|

**LONG-TERM LIABILITY**

|  |           |
|--|-----------|
| Long-term Debt, Net of Current Portion | 1,978,456 |
|--|-----------|

|                          |                  |
|--------------------------|------------------|
| <b>TOTAL LIABILITIES</b> | <b>2,271,830</b> |
|--------------------------|------------------|

**NET POSITION**

|   |            |
|---|------------|
| Invested in Capital Assets, Net of Related Debt | 53,054,763 |
| Unrestricted Net Position                       | 73,038     |

|                           |                   |
|---------------------------|-------------------|
| <b>TOTAL NET POSITION</b> | <b>53,127,801</b> |
|---------------------------|-------------------|

|   |                      |
|---|----------------------|
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 55,399,631</b> |
|---|----------------------|

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

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2019

|   |                      |
|---|----------------------|
| <b>REVENUE</b>                                |                      |
| State Appropriations                          | \$ 2,250,000         |
| Historic Preservation Tax Credits             | 253,284              |
| Rental and Reimbursements Income              | 434,137              |
| Special Events Income                         | 110,146              |
| Sales of Properties                           | 670,000              |
| Other Revenue                                 | <u>145</u>           |
| <b>TOTAL REVENUE</b>                          | <u>3,717,712</u>     |
| <b>OPERATING EXPENSES</b>                     |                      |
| Personnel Services                            | 293,719              |
| Materials, Supplies, and Contractual Services | 919,638              |
| Cost of Property Sold                         | 525,136              |
| Depreciation                                  | <u>1,012,217</u>     |
| <b>TOTAL OPERATING EXPENSES</b>               | <u>2,750,710</u>     |
| <b>CHANGE IN NET POSITION</b>                 | 967,002              |
| <b>NET POSITION - Beginning of Year</b>       | <u>52,160,799</u>    |
| <b>NET POSITION - End of Year</b>             | <u>\$ 53,127,801</u> |

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

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                    |
|---|--------------------|
| Appropriations and Tax Credits Received | \$ 2,511,261       |
| Rent and Reimbursements Received        | 420,464            |
| Cash Received from Special Events       | 110,146            |
| Proceeds from Sale of Property          | 670,000            |
| Additions to Property and Equipment     | (3,087,132)        |
| Cash Paid to Suppliers and Employees    | <u>(1,623,741)</u> |

**NET CASH USED BY OPERATING ACTIVITIES** (999,002)

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                              |                  |
|------------------------------|------------------|
| Proceeds from Borrowings     | 1,153,062        |
| Repayments of Long-Term Debt | <u>(398,333)</u> |

**NET CASH PROVIDED BY FINANCING ACTIVITIES** 754,729

**NET CHANGE IN CASH** (244,273)

**CASH - Beginning of Year** 438,678

**CASH - End of Year** \$ 194,405

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



**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
STATEMENT OF CASH FLOWS - CONTINUED  
YEAR ENDED JUNE 30, 2019**

**RECONCILIATION OF OPERATING INCOME TO NET CASH USED FOR  
OPERATING ACTIVITIES**

|                  |            |
|------------------|------------|
| Operating Income | \$ 967,002 |
|------------------|------------|

**ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

|                                     |             |
|-------------------------------------|-------------|
| Depreciation                        | 1,012,217   |
| (Increase) Decrease in Assets       |             |
| Accounts Receivable                 | (13,673)    |
| Capital Assets                      | (3,087,132) |
| Increase (Decrease) in Liabilities: |             |
| Accounts Payable                    | 120,340     |
| Payroll Liabilities                 | (5,588)     |
| Security Deposits                   | 7,832       |

|   |                     |
|---|---------------------|
| <b>NET CASH USED FOR OPERATING ACTIVITIES</b> | <b>\$ (999,002)</b> |
|---|---------------------|

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

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**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.

**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 has 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,

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Measurement Focus and Basis of Accounting - Continued* - 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.

*Depreciation* - Newly acquired property and equipment is recorded at cost and is being depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense at June 30, 2019 was \$1,012,217. The Organization generally uses the following useful lives:

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

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

*Advertising and Marketing* - Advertising and marketing costs total \$25,484 for the year ended June 30, 2019.

*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.

*Previously Issued Financial Statements* - The Organization previously issued compiled financial statements prepared under the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. As a result, certain amounts presented in the previously issued financial statements are not comparable to amounts presented in these financial statements.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2019**

**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. At June 30, 2019, the Organization's deposits with financial institutions had a carrying amount of \$194,405 and bank balances of \$278,438. As of June 30, 2019, \$3,818 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 the 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, 2019:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u>   | <u>Ending Balance</u> |
|---|------------------------------|------------------|--------------------|-----------------------|
| Property and Equipment Not<br>Being Depreciated |                              |                  |                    |                       |
| Land  | \$ 2,509,200                 | \$ -             | \$ (11,652)        | \$ 2,497,548          |
| Construction in Progress                        | 4,899,283                    | 3,057,247        | (2,876,640)        | 5,079,890             |
| Property Held for Development                   | 8,542,194                    | -                | -                  | 8,542,194             |
|   |                              |                  |                    |                       |
| Total Capital Assets Not<br>Being Depreciated   | <u>15,950,677</u>            | <u>3,057,247</u> | <u>(2,888,292)</u> | <u>16,119,632</u>     |

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2019**

**NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED**

|  | Beginning<br>Balance | Increases    | Decreases      | Ending Balance |
|--|----------------------|--------------|----------------|----------------|
| Property and Equipment<br>Being Depreciated    |                      |              |                |                |
| Land Improvements                              | \$ 58,012            | \$ 527,508   | \$ -           | \$ 585,520     |
| Buildings                                      | 39,070,392           | 2,361,080    | -              | 41,431,472     |
| Buildings Improvements                         | 121,511              | 29,588       | -              | 151,099        |
| Vehicles and Equipment                         | 31,060               | -            | -              | 31,060         |
| <br>   |                      |              |                |                |
| Total Capital Assets<br>Being Depreciated      | 39,280,975           | 2,918,176    | -              | 42,199,151     |
| <br>   |                      |              |                |                |
| Less: Accumulated Depreciation for:            |                      |              |                |                |
| Land Improvements                              | 2,213                | 3,867        | -              | 6,080          |
| Buildings                                      | 2,109,924            | 999,100      | -              | 3,109,024      |
| Buildings Improvements                         | 2,338                | 3,038        | -              | 5,376          |
| Vehicles and Equipment                         | 538                  | 6,212        | -              | 6,750          |
| <br>   |                      |              |                |                |
| Total Accumulated Depreciation                 | 2,115,013            | 1,012,218    | -              | 3,127,230      |
| <br>   |                      |              |                |                |
| Total Capital Assets Being<br>Depreciated, Net | 37,165,962           | 1,905,958    | -              | 39,071,921     |
| <br>   |                      |              |                |                |
| Total Capital Assets, Net                      | \$ 53,116,639        | \$ 4,963,205 | \$ (2,888,292) | \$ 55,191,553  |

Land includes the assessed value of lots available for sale.

Construction in progress includes costs accumulated through June 30, 2019 for various rehabilitation and construction projects currently underway.

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.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2019**

**NOTE 5: LONG-TERM DEBT**

The long-term debt activity is as follows:

|                      | Beginning<br>Balance | Increases           | Decreases           | Ending Balance      |
|----------------------|----------------------|---------------------|---------------------|---------------------|
| Tenant Reimbursement | \$ 41,667            | \$ -                | \$ (8,333)          | \$ 33,334           |
| Applied Bank loan    | 1,340,394            | -                   | (150,000)           | 1,190,394           |
| Parke Bank Loan      | -                    | 1,153,062           | (240,000)           | 913,062             |
| Total Debt           | <u>\$ 1,382,061</u>  | <u>\$ 1,153,062</u> | <u>\$ (398,333)</u> | <u>\$ 2,136,790</u> |

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 at June 30, 2019 was 6.00%. 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 loan term is for 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 is required to sell certain improved real estate to reduce the loan balance to \$950,000. Outstanding borrowings total \$1,190,394 at June 30, 2019.

The Organization entered into a construction loan agreement with Parke Bank (Parke) on January 1, 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 interest rate at June 30, 2019 is 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 for two years' interest only with final payment of any outstanding principal and accrued interest due on December 1, 2020. The Organization will apply \$48,000 of proceeds from each lot sale toward the outstanding balance of the loan. Outstanding borrowings total \$913,062 at June 30, 2019.

The Organization has entered into 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 at June 30, 2019 is \$33,334.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2019**

**NOTE 5: LONG-TERM DEBT - CONTINUED**

Maturities of long-term debt are as follows:

|       |                     |
|-------|---------------------|
| 2020  | \$ 158,334          |
| 2021  | -                   |
| 2022  | -                   |
| 2023  | -                   |
| 2024  | <u>1,978,456</u>    |
| Total | <u>\$ 2,136,790</u> |

The total interest cost incurred during the year ended June 30, 2019 was \$160,428. It was capitalized as part of the cost of construction in progress.

**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 \$16,613 for the year ended June 30, 2019.

**NOTE 7: LEASES - LESSOR**

*Operating Lease Commitments* - The Organization leases various real estate properties to tenants under operating leases with terms between ten months and two years. The Organization received \$434,137 in rental income during the year ended June 30, 2019. These properties have a combined cost of \$37,513,059 and accumulated depreciation of \$2,816,084.

The following is a schedule by year of future minimum rentals under the leases as of June 30, 2019:

|            |                   |
|------------|-------------------|
| 2020       | \$ 251,884        |
| 2021       | 251,076           |
| 2022       | 43,087            |
| 2023       | 19,815            |
| 2024       | 19,815            |
| Thereafter | <u>88,589</u>     |
| Total      | <u>\$ 674,266</u> |

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2019**

**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 year ended June 30, 2019, the Organization was awarded such tax credits from the State of Delaware in the amount of \$601,261, offered them for sale, at a discount, to third parties for \$553,160, and sold tax credits in the amount of \$253,284. The Organization sold the remaining tax credits, awarded during the year ended June 30, 2019, and received payment of \$299,876, in September 2019.

**NOTE 9: SUBSEQUENT EVENTS**

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

On July 31, 2020, the Organization closed on a loan from WSFS Bank, for \$80,000 for the purchase of two vehicles.

In February 2021, the Organization closed on two loans from Applied Bank, \$885,000 for construction and \$500,000 for site development.

In October 2020, the State of Delaware Department of Health and Social Services (DHSS) submitted notice to the Organization on their intention to terminate their \$47,250 annual lease agreement prior to the September 30, 2028 lease term expiration. As per the lease agreement, DHSS provided adequate notice to the Organization and the lease will terminate on July 31, 2021.

**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 on-going.

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



**SUPPLEMENTARY INFORMATION**

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
STATEMENT OF OPERATING EXPENSES  
YEAR ENDED JUNE 30, 2019**

|   |                            |
|---|----------------------------|
| Administrative Expenses                       | \$ 61,641                  |
| Building Improvements                         | 3,303,364                  |
| Cost of Property Sold                         | 525,136                    |
| Common Area Maintenance                       | 161,089                    |
| Debt Expense                                  | 160,428                    |
| Depreciation Expenses                         | 1,012,217                  |
| Marketing Expenses                            | 25,484                     |
| Payroll Expenses                              | 293,719                    |
| Office Expense                                | 38,989                     |
| Property Management Expenses                  | 2,032                      |
| Professional Fees                             | 540,497                    |
| Special Event Expenses                        | 93,924                     |
| Utilities Expense                             | 144,458                    |
| Amounts Capitalized as Property and Equipment | <u>(3,612,268)</u>         |
| <b>TOTAL OPERATING EXPENSES</b>               | <u><u>\$ 2,750,710</u></u> |

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
STATEMENT OF CAPITAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

|   |                    |
|---|--------------------|
| Accounting                                    | \$ 12,000          |
| Architectural                                 | 21,056             |
| Building Improvements                         | 2,986,680          |
| Construction Labor                            | 118,788            |
| Debt Expense                                  | 125,699            |
| Demolition                                    | 6,541              |
| Engineering                                   | 263,364            |
| Feasibility Study                             | 13,250             |
| Insurance                                     | 9,863              |
| Landscaping and Signage                       | 43,941             |
| Office Improvements                           | 6,173              |
| Roadways and Utilities                        | 4,913              |
| Amounts Capitalized as Property and Equipment | <u>(3,612,268)</u> |
| <b>TOTAL CAPITAL EXPENSE</b>                  | <u><u>\$ -</u></u> |