

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

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

JUNE 30, 2020

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
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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) (the Organization) as of and for the year ended June 30, 2020, 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, net position, and expenses 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, 2020, 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 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 subjected to the auditing procedures applied in the audit of the financial statements and certain additional

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

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
Delaware City, Delaware

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

CURRENT ASSETS

Cash	\$ 211,701
Accounts Receivable	11,533

TOTAL CURRENT ASSETS	223,234
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CAPITAL ASSETS

Land	2,476,022
Construction in Progress	6,871,487
Property Held for Development	8,332,056
Buildings	41,829,316
Land Improvements	585,520
Building Improvements	250,868
Equipment	95,135
Less: Accumulated Depreciation	(4,219,203)

NET CAPITAL ASSETS	56,221,201
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TOTAL ASSETS	\$ 56,444,435
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 337,760
Current Portion of Long-Term Debt	371,355
Security Deposits	9,933

TOTAL CURRENT LIABILITIES	719,048
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LONG-TERM LIABILITY

Long-Term Debt, Net of Current Portion	960,511
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TOTAL LIABILITIES	1,679,559
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NET POSITION

Invested in Capital Assets, Net of Related Debt	54,889,335
Unrestricted Net Position	(124,459)

TOTAL NET POSITION	54,764,876
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TOTAL LIABILITIES AND NET POSITION	\$ 56,444,435
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The accompanying notes are an integral part of these financial statements.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2020

REVENUE	
State Appropriations	\$ 2,250,000
Historic Preservation Tax Credits	502,710
Rental and Reimbursements Income	619,251
Special Events Income	55,216
Sales of Properties	<u>1,505,000</u>
TOTAL REVENUE	<u>4,932,177</u>
OPERATING EXPENSES	
Personnel Services	480,212
Materials, Supplies, and Contractual Services	514,530
Cost of Sales of Properties	1,208,387
Depreciation	<u>1,091,973</u>
TOTAL OPERATING EXPENSES	<u>3,295,102</u>
CHANGE IN NET POSITION	1,637,075
NET POSITION - Beginning of Year	<u>53,127,801</u>
NET POSITION - End of Year	<u><u>\$ 54,764,876</u></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, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Appropriations and Tax Credits Received	\$ 2,752,710
Rent and Reimbursements Received	616,624
Cash Received from Special Events	55,216
Proceeds from the Sale of Properties	1,505,000
Additions to Property and Equipment	(3,330,008)
Cash Paid to Suppliers and Employees	<u>(777,322)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>822,220</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	135,800
Repayments of Long-Term Debt	<u>(940,724)</u>
NET CASH USED FOR FINANCING ACTIVITIES	<u>(804,924)</u>
NET CHANGE IN CASH	17,296
CASH - Beginning of Year	<u>194,405</u>
CASH - End of Year	<u><u>\$ 211,701</u></u>

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, 2020**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

Change in Net Position	\$ 1,637,075
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation	1,091,973
Cost of Sales of Property	1,208,387
(Increase) Decrease in Assets	
Accounts Receivable	2,140
Capital Assets	(3,330,008)
Increase (Decrease) in Liabilities	
Accounts Payable	217,420
Security Deposits	(4,767)

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 822,220

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Friends of Fort DuPont - On July 10, 2019, the Friends of Fort DuPont, Inc. was formed as a nonprofit corporation organized to raise funds and conduct programs dedicated to the cultural, historical, and aesthetic enhancement of the entire Fort DuPont complex. The Friends of Fort DuPont is reported as a component unit of the Organization, as required by GASBS No. 39, *Determining Whether Certain Organizations Are Component Units*. As of June 30, 2020, the Friends of Fort DuPont was inactive.

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus and Basis of Accounting - Continued - 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, acquisition values were not available; therefore, the use of assessed and insured values represents a departure from GAAP.

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

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

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

Depreciation - Newly acquired property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2020 was \$1,091,973. 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 total \$23,472 for the year ended June 30, 2020.

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates - Continued - 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.

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, 2020, the Organization's deposits with financial institutions had a carrying amount of \$211,702 and bank balances of \$396,107. As of June 30, 2020, \$96,671 of the Organization's bank balances were exposed to custodial credit risk as the amounts are uninsured and uncollateralized.

NOTE 3: OPERATIONS AND CONCENTRATION OF RISK

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 4: PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Property and Equipment Not Being Depreciated				
Land	\$ 2,497,548	\$ -	\$ 21,526	\$ 2,476,022
Construction in Progress	5,079,890	3,351,243	1,559,646	6,871,487
Buildings Held for Development	8,542,194	-	210,138	8,332,056
 Total Capital Assets Not Being Depreciated	 16,119,632	 3,351,243	 1,791,310	 17,679,565
Property and Equipment Being Depreciated				
Buildings	41,431,472	397,844	-	41,829,316
Land Improvements	585,520	-	-	585,520
Building Improvements	151,099	99,769	-	250,868
Vehicles and Equipment	31,060	76,855	12,780	95,135
 Total Capital Assets Being Depreciated	 42,199,151	 574,468	 12,780	 42,760,839
Less: Accumulated Depreciation for:				
Land Improvements	6,079	39,035	-	45,114
Buildings and Improvements	3,114,401	1,045,311	-	4,159,712
Vehicles and Equipment	6,750	7,627	-	14,377
 Total Accumulated Depreciation	 3,127,230	 1,091,973	 -	 4,219,203
 Total Capital Assets Being Depreciated, Net	 39,071,921	 (517,505)	 12,780	 38,541,636
 Total Capital Assets, Net	 \$ 55,191,553	 \$ 2,833,738	 \$ 1,804,090	 \$ 56,221,201

Land includes the assessed value of lots available for sale.

Construction in progress includes costs accumulated through June 30, 2020 for various rehabilitation and construction projects currently underway.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

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

NOTE 5: LONG-TERM DEBT

The following is a summary of debt transactions for the Organization for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Tenant Reimbursement	\$ 33,333	\$ -	\$ 11,667	\$ 21,666
Paycheck Protection Program	-	93,500	-	93,500
Parke Bank Loan	913,063	-	672,000	241,063
Tri Supply Equipment	-	42,300	-	42,300
Applied Bank Loan	1,190,394	-	257,057.00	933,337
Total Debt	\$ 2,136,790	\$ 135,800	\$ 940,724	\$ 1,331,866

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, 2020 is 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 was two years’ interest only during the construction period, followed by a five-year term loan, amortized over 25 years with final payment of any outstanding principal and accrued interest due on August 1, 2024. During the two-year interest only period, the Organization was required to sell certain improved real estate and apply proceeds to reduce the loan balance to \$950,000. Outstanding borrowings total \$933,337 at June 30, 2020.

The Organization entered into a construction loan agreement with Parke Bank (Parke) on January 18, 2019 for \$1,200,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal’s listing of “Money Rates” plus 1.00%, with a floor of 6.25%. The interest rate at June 30, 2020 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 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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 5: LONG-TERM DEBT - CONTINUED

from each lot sale toward the outstanding balance of the loan. Outstanding borrowings total \$241,063 at June 30, 2020. Outstanding borrowings were paid off on September 25, 2020.

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, 2020 is \$21,666.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted into law. In May 2020, the Organization applied for and received a \$93,500 loan under the Paycheck Protection Program section of the CARES Act. The note is expected to be forgiven under the provisions of the CARES Act subject to approval by the Organization's lender and the Small Business Administration. The note bears a fixed interest rate of 1% and has a two-year term.

Under the program, if the funds are used to pay payroll and other allowable costs and if certain other conditions are met, the loan may be forgiven upon application to and approval by the U.S. Small Business Administration. As of the date these financial statements are available to be issued, management has determined that all conditions for forgiveness have been substantially met as of June 30, 2020 and has submitted application for such forgiveness.

Management has determined that the proceeds should be accounted for under the provisions of GASB 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees* which requires the Organization report the loan as a liability until it is legally released from the debt.

The Organization entered into an agreement with a third party to finance equipment. The Organization will make monthly payments ranging from \$540 to \$810 with maturity dates ranging from September 2022 to September 2023. Interest is 0%. The outstanding balance due at June 30, 2020 is \$42,300.

Maturities of long-term debt are as follows:

2021	\$	371,355
2022		42,651
2023		27,384
2024		19,904
2025		<u>870,572</u>
Total	\$	<u><u>1,331,866</u></u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 5: LONG-TERM DEBT - CONTINUED

The total interest cost incurred during the year ended June 30, 2020 was \$126,781. 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, 2020.

NOTE 7: LEASES - LESSOR

Operating Lease Commitments - The Organization leases various real estate properties to tenants under operating leases with terms between one and ten years. The Organization received \$619,251 in rental income during the year ended June 30, 2020. These properties have a combined cost of \$37,594,386 and accumulated depreciation of \$3,755,514.

The following is a schedule by year of future minimum rentals under the leases at June 30, 2020:

2021	\$	251,076
2022		43,087
2023		19,815
2024		19,815
2025		19,815
Thereafter		<u>68,774</u>
Total	\$	<u><u>422,382</u></u>

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, 2020, the Organization was awarded such tax credits from the State of Delaware in the amount of \$220,472, offered them for sale, and sold, at a discount, to third parties for \$202,834. The Organization also sold the remaining tax credits awarded during the year ended June 30, 2019, and received payment of \$299,876, in September 2019.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

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.

On August 26, 2020, the Organization entered into a contract with Corrado Construction Co., for \$787,714 for site work in Phase 1D(a).

On March 15, 2021, the Organization entered into a contract with Corrado Construction Co. for \$217,463 for site work for 9 lots and to connect Cook Street to Old Elm Street.

NOTE 10: COVID-19 GLOBAL PANDEMIC

The worldwide spread of the COVID-19 virus has resulted in adverse economic effects for many businesses resulting from interruptions in the supply-chain, diminished ability for customers to buy and timely pay, business interruptions and potential effects on the labor force resulting from mandated quarantines, government ordered shutdowns and stay at home orders.

The broader and longer-term implications of the COVID-19 pandemic on the Organization's overall financial performance remains highly uncertain, and therefore, Management cannot predict the full impact the pandemic, or any resulting market disruption and volatility, will have on business, cash flows, liquidity, financial condition and results of operations at this time. The ultimate impact will depend on future developments, including, among others, the ongoing spread of COVID-19, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the duration and severity of the pandemic, actions taken by customers, suppliers and other third parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume and continue.

Additionally, it is reasonably possible that estimates made in the financial statements may be negatively impacted in the near term as a result of the present situation.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020**

NOTE 11: 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 to purchase and develop lots, for amounts 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.

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.

On December 30, 2019, the Organization entered into an agreement with RIG Acquisitions, LLC to purchase and develop two parcels of land (Grassdale Conference Land and Grassdale Surrounding Land Area) as a recreational vehicle resort and campground area for \$5,000,000. Settlement is tentatively scheduled for August 2021.

SUPPLEMENTARY INFORMATION

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENT OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2020**

Administrative Expenses	\$ 129,995
Building Improvements	2,410,298
Common Area Maintenance	330,903
Cost of Sales of Properties	1,208,387
Debt Expenses	-
Depreciation Expenses	1,091,973
Marketing Expenses	23,472
Operating Expenses	37,245
Payroll Expenses	480,212
Professional Fees	539,144
Special Event Expenses	77,848
Utilities Expense	179,431
Amounts Capitalized as Property and Equipment	<u>(3,213,806)</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 3,295,102</u></u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENT OF CAPITAL EXPENSES
YEAR ENDED JUNE 30, 2020**

Accounting	\$ 37,444
Architectural	28,899
Building Improvements	1,206,121
Construction Labor	277,697
Debt Expense	68,164
Demolition	88,305
Engineering	327,031
Insurance	10,996
Landscaping and Signage	110,126
Legal	77,653
Permitting	449
Roadways and Utilities	980,921
Amounts Capitalized as Property and Equipment	<u>(3,213,806)</u>
TOTAL CAPITAL EXPENSE	<u><u>\$ -</u></u>