

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2022 AND 2021

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

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

Qualified Opinion

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

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

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fort Dupont Redevelopment and Preservation Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Matter Giving Rise to the Qualified Opinion

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fort Dupont Redevelopment Corporation's internal control. Accordingly, no such opinion is expressed.

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Dupont Redevelopment Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages five through nine, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Fort DuPont Redevelopment and Preservation Corporation. The schedules of operating expenses and capital expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The statements of operating expenses and the statements of capital expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

our opinion, except for the effects on the supplementary information of the qualified opinion on the financial statements, as explained in the *Basis for Qualified Opinion* section of our report, the statements of operating expenses and the statements of capital expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Belfint, Lyons & Shuman, P.A.

July 19, 2023
Wilmington, Delaware

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

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

Financial Highlights

- The assets of the Organization exceeded its liabilities as of June 30, 2022, by \$58,574,902 (net position), as compared to \$55,502,388 as of June 30, 2021, and \$54,764,876 as of June 30, 2020. Included in this amount as of June 30, 2022, are net investment in capital assets of \$55,043,731 and unrestricted net position of \$3,592,685.
- The Organization's total net position increased by \$3,072,514 during fiscal year 2022.

Overview of the Financial Statements

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

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

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

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

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

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

Basis of Accounting

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

Financial Analysis

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

Statements of Net Position

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

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

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

Organization Activities

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

Changes in Net Position

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

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

Revenue

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

Operating Expenses

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

Capital Asset and Debt

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

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

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

**FORT DUPONT REDEVELOPMENT AND
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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2022

Capital Asset and Debt - Continued

Long-Term Debt - Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

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

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

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

NOTE 3: OPERATIONS AND CONCENTRATION OF RISK

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4: PROPERTY AND EQUIPMENT

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

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

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

Land includes the assessed value of lots available for sale.

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

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

NOTE 5: LONG-TERM DEBT

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

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

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

	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Tenant Reimbursement	\$ 21,666	\$ -	\$ 2,500	\$ 19,166	\$ 10,000
Paycheck Protection Program	93,500	-	93,500	-	-
Parke Bank Loan	241,063	-	241,063	-	-
Tri Supply Equipment	42,300	-	16,200	26,100	16,200
WSFS Loan	-	80,000	13,748	66,252	15,299
Applied Bank Loan	<u>933,337</u>	<u>500,000</u>	<u>277,150</u>	<u>1,156,187</u>	<u>37,715</u>
Total Debt	<u>\$ 1,331,866</u>	<u>\$ 580,000</u>	<u>\$ 644,161</u>	<u>\$ 1,267,705</u>	<u>\$ 79,214</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 as of June 30, 2022, is 6.75%. The purpose of the loan is to renovate seven officers' quarters residences in the historic Fort DuPont Complex.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 5: LONG-TERM DEBT - CONTINUED

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

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

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

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 5: LONG-TERM DEBT - CONTINUED

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

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

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

Maturities of long-term debt are as follows:

2023	\$	99,985
2024		33,936
2025		34,686
2026		20,540
Thereafter		<u>1,093,712</u>
Total	\$	<u><u>1,282,859</u></u>

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 6: RETIREMENT PLAN

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

NOTE 7: LEASES - LESSOR AND RESTATEMENT

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

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

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 7: LEASES - LESSOR AND RESTATEMENT - CONTINUED

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

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

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

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

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

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 8: HISTORIC PRESERVATION TAX CREDITS

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

NOTE 9: NOTE RECEIVABLE

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

NOTE 10: COMMITMENTS AND CONTINGENCIES

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

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

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

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

NOTE 11: SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

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

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

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

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