



Fort DuPont Redevelopment and Preservation Corporation
Board of Directors Meeting

September 13, 2023 6:00 p.m.

Delaware City Community Center
250 5th Street
Delaware City DE 19706

AGENDA

1. Call to Order
2. Roll Call
3. Approval of Minutes - Fort DuPont Redevelopment and Preservation Corporation Meeting of August 9, 2023 (This information was provided in Packet 1 – General)
4. Audit Report (George Fournaris) (This information was provided in Packet 1 – General)
5. Treasurer’s Report (This information was provided in Packet 1 – General)
6. Executive Director’s Report (This information was provided in Packet 1 – General)
7. Committee Reports (This information was provided in Packet 1 – General)
 - a. FDRPC Executive Committee Meeting of July 31, 2023
8. Presentation - Strategic Plan (Delaware Alliance for Nonprofit Advancement and Strategic Planning Committee) (This information was provided in Packet 2 – Strategic Plan)
9. FY 2024 Draft Operating and Capital Budget FY 2024-26 Draft Capital Investment Program
10. FY 2024-26 Draft Capital Investment Program
11. Delaware City updates
12. Public comment
13. Executive Session (if necessary)
14. Actions to be voted upon from Executive Session (if applicable)
15. Next meeting date: October 11, 2023 – Time to be Determined
16. Adjournment

Please note: Pursuant to 29 Del. C 10004(e)(2), this Agenda may be changed to include additional items including executive sessions or to delete items that arise at the time of the meeting.

Potential executive session pursuant to 29 Del. C. 10004(b)(9) (“Personnel matters in which the names, competency and abilities of individuals employees...are discussed.”)

Potential executive session pursuant to 29 Del. C. 10004(b)(2) (“discussions regarding sales or leases of real property) and 29 Del C. 10004 (b)(6) (discussion of the content of documents, excluded from the definition of “public record,” where such discussion may disclose the contents of such documents).

Potential executive session pursuant to 29 Del. C. 1004 (b)(4) (“Strategy sessions, including those involving legal advice or opinion from an attorney-at-law...”) and 29 Del. C. 10004(b)(6) (discussion of the contents of documents, excluded from the definition of “public record,” where such discussion may disclose the contents of such documents.

APPENDIX A

Delaware Code

Title 7 Chapter 47 Subchapter II



[TITLE 7 \(../INDEX.HTML\)](#) > [CHAPTER 47 \(../INDEX.HTML\)](#)

[Authenticated PDF \(../Title7.Pdf\)](#)

[§ 4730](#) [§ 4731](#) [§ 4732](#) [§ 4733](#) [§ 4734](#) [§ 4735](#) [§ 4736](#) [§ 4737](#) [§ 4738](#) [§ 4739](#) [§ 4740](#)

TITLE 7

Conservation

Public Lands, Parks and Memorials

CHAPTER 47. State Parks

Subchapter II. The Fort DuPont Redevelopment and Preservation Act

§ 4730. Short title.

This subchapter shall be known, and may be cited, as "The Fort DuPont Redevelopment and Preservation Act."

[79 Del. Laws, c. 361, § 1 \(https://legis.delaware.gov/SessionLaws?volume=79&chapter=361\)](#); [83 Del. Laws, c. 302, § 1 \(https://legis.delaware.gov/SessionLaws?volume=83&chapter=302\)](#);

§ 4731. Declaration of purpose.

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

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

(4) In light of the foregoing, it is in the best interest of the State to enable the creation of an entity to manage, oversee, and implement the redevelopment and preservation of the Fort DuPont Complex in accordance with the Redevelopment Plan and the provisions of this subchapter.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4732. Definitions.

When used in this subchapter:

- (1) "Board" means the Board of Directors of the Fort DuPont Redevelopment and Preservation Corporation.
- (2) "Corporation" means the Fort DuPont Redevelopment and Preservation Corporation to be established pursuant to § 4733 of this title.
- (3) "Department" means the Department of Natural Resources and Environmental Control.
- (4) "Fort DuPont Complex" or "Fort DuPont" means such real property, as well as such facilities, personal property, buildings, and fixtures located thereon, owned by the State along the Delaware River bounded by the Chesapeake and Delaware Canal on the south, and a branch canal, currently separating it from Delaware City, on the north, which includes the Fort DuPont State Park, the Governor Bacon Health Center, and surrounding lands, formerly tax parcel numbers 1202300020, 1202300021, 1203000001, and 1203000002.
- (5) "Redevelopment plan" means the draft master plan for the redevelopment of the Fort DuPont complex dated October 2013, as may be amended from time to time by the Board, which is intended to guide the redevelopment of the Fort DuPont Complex.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 82 Del. Laws, c. 72, § 1 (<https://legis.delaware.gov/SessionLaws?volume=82&chapter=72>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4733. Fort DuPont Redevelopment and Preservation Corporation.

- (a) There shall be established within the Department a body corporate and politic, with corporate succession, constituting a public instrumentality of the State, and created for the purpose of exercising essential governmental functions, which is to be known as the Fort DuPont Redevelopment and Preservation Corporation. The Corporation shall be a membership corporation with the Department as the sole member and shall have a certificate of incorporation and bylaws consistent with this subchapter. The Board of Directors is hereby authorized to file a certificate of incorporation with the Secretary of State pursuant to Chapter 1 of Title 8. The certificate of incorporation of the Corporation shall provide for approval of the Delaware General Assembly in order to amend the certificate of incorporation or to effect a merger or dissolution of the Corporation.
- (b) The powers and management of the Corporation shall be vested in a board of directors consisting of 13 voting members. Each director shall have general expertise relevant to the implementation of the Redevelopment Plan, which may include expertise in the fields of land use, historic preservation, economic development (including without limitation real estate, redevelopment, and real estate financing), environmental protection, parks and recreation, and tourism. The Board is composed of the following directors:
 - (1) One director appointed by the Governor to serve as Chair.
 - (2) The Secretary of the Department of Natural Resources and Environmental Control.
 - (3) The Controller General.
 - (4) The Director of the Prosperity Partnership.
 - (5) The Secretary of State.

- (6) The Director of the Office of Management and Budget.
- (7) The Director of the Office of State Planning Coordination.
- (8) The Co-chairs of the Capital Improvement Committee.
- (9) The City Manager of the City of Delaware City, in an ex officio capacity.
- (10) One director appointed by the Speaker of the House, who is a resident of Fort DuPont.
- (11) One director appointed by the President Pro Tempore of the Senate, who is a resident of Delaware City.
- (12) One director who is a resident of Fort DuPont appointed by the Governor.
- (13) One director who is a resident of Delaware City appointed by the Governor.

Directors serving by virtue of their position may appoint a designee to serve in their stead. All appointed Directors shall serve at the pleasure of the appointing authority.

(c) Any vacancy created by the resignation or early departure of a director shall be filled by the appointing authority within 60 days.

(d) A majority of the total number of directors shall constitute a quorum of the Board, and all action by the Board shall require the affirmative vote of a majority of the directors present and voting.

(e) The Board shall adopt bylaws that provide for operating procedures such as election of officers, conflicts of interest, appointment of committees, conduct of meetings, and other matters that will promote the efficient operation of the Board in the performance of its duties under this subchapter. The bylaws shall include the following provisions:

- (1) A requirement that any credit card purchase over \$500 must be approved by 2 members of the executive committee.
- (2) A requirement that checks in an amount over \$10,000 require the signatures of the Treasurer and either the Chair or the Vice Chair of the Board.
- (3) A requirement that a policy be adopted for the hiring and contracting process of the Corporation that is designed to be impartial and merit-based.
- (4) A requirement that all contracts for purchase, sale, or lease of land be signed by the Executive Director and the Chair of the Board.

(f) Pursuant to subsection (a) of this section, the Board of Directors is provided express authority to file an amended and restated certificate of incorporation for the Fort DuPont Redevelopment and Preservation Corporation consistent with 83 Del. Laws, c. 302.

(g) The Board shall select from among its membership a Vice-Chair, who shall discharge the powers and duties of the Chair when the Chair is unavailable, incapacitated, or the position of Chair is vacant.

(h) The Controller General or the Controller General's designee shall serve as Treasurer of the Board.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 70 Del. Laws, c. 186, § 1 (<https://legis.delaware.gov/SessionLaws?volume=70&chapter=186>); 82 Del. Laws, c. 72, §§ 1, 2 (<https://legis.delaware.gov/SessionLaws?volume=82&chapter=72>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4734. Subcommittees.

(a) The Board may create subcommittees as needed to assist the Corporation in fulfilling its purposes and obligations. Each subcommittee shall have a Director of the Board serve as Chair and may include persons that are not directors of the Board.

(1)-(6) [Repealed.]

(b)-(d) [Repealed.]

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 82 Del. Laws, c. 72, § 1 (<https://legis.delaware.gov/SessionLaws?volume=82&chapter=72>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4735. Powers of the Corporation.

The Corporation shall have on July 23, 2014, and upon its creation as provided for herein the powers listed in this section. The Corporation shall be empowered, without limitation and notwithstanding any other laws to:

- (1) Adopt bylaws, rules, regulations, and procedures;
- (2) Act generally in a planning and development capacity, and in connection therewith, to 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 DuPont Complex or any portion thereof transferred to the Corporation. The power in this paragraph (2) does not exempt development and construction on the Fort DuPont Complex from otherwise applicable environmental law and regulatory requirements. All activity on the Fort DuPont Complex must comply with otherwise applicable permitting processes of the Department.
- (3) Employ an executive director, a deputy executive director, and such other deputies and assistants as may be necessary or desirable, and to retain by contract such legal counsel, engineers, advisors, and other providers of professional services.
- (4) Borrow moneys or accept contributions, grants, or other financial assistance from the federal government, the State, any locality or political subdivision, any agency or instrumentality thereof, or any source, public or private, for or in aid of any project of the Corporation, and to these ends, to comply with such conditions and enter into such mortgages, trust indentures, leases, or other contracts and agreements as may be necessary or desirable.
- (5) Have and exercise any and all powers available to a corporation organized pursuant to Chapter 1 of Title 8, the Delaware General Corporation Law that are not inconsistent with this subchapter.
- (6) Take such other lawful actions that are consistent with the purposes of this subchapter as may be necessary or desirable to oversee, manage, and implement the redevelopment and preservation of the Fort DuPont Complex in accordance with the redevelopment plan and the provisions of this subchapter.
- (7) Recover costs for the use of, or the benefit derived from, the services or facilities provided, owned, operated, or financed by the Corporation benefiting property within the Fort DuPont Complex.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4736. Powers and duties of executive director; deputy executive director.

- (a) An executive director shall be selected by a majority vote of the Board. The Board shall require executive director candidates to undergo a credit and criminal history background check. The executive director shall exercise such powers and duties relating to the Corporation as may be delegated to him or her by the Board. Compensation of the executive director shall be established by the Board, and the executive director shall serve at the pleasure of the Board.
- (b) The executive director shall hire a deputy executive director, and may hire such additional deputies and assistants as are authorized by the Board. All hires must be approved by majority vote of the Board prior to assuming a position with the Corporation.
- (c) The executive director or any employee of the Corporation may not receive any gift valued in excess of \$200 from the Corporation, the Board, or any member of the Board.

(d) The executive director or any employee of the Corporation may rent, lease, or purchase property on the Fort Dupont Complex but only for fair market value and through the Complex's standard rental or purchase process. Housing on the Fort DuPont Complex may not be included in an employee's compensation package.

(e) The executive director shall provide an annual written report of the Corporation's activities to the Chair of the Board.

(f) The executive director shall provide an annual presentation to the City Council of Delaware City, setting forth any pending or approved changes to the Redevelopment Plan and a summary of development progress. The presentation shall be made in a public forum and time shall be reserved for public comment.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 70 Del. Laws, c. 186, § 1 (<https://legis.delaware.gov/SessionLaws?volume=70&chapter=186>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4737. Initial duties of Corporation.

On or before June 30, 2015, the Corporation shall, at a minimum:

(1) Select and hire a qualified executive director;

(2) Perform or have performed such tests, studies, examinations, and evaluations upon the lands of the Fort DuPont Complex as may be desirable or necessary to permit such property to be transferred to the Corporation and to evaluate economic development opportunities and the historical and other resources to be preserved; and

(3) To develop such feasibility, sales, and marketing plans as may be required to preserve and redevelop the Fort DuPont Complex in accordance with this subchapter.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4738. Continuing duties of Corporation.

(a) The Corporation shall prepare and submit an annual report of its activities during the previous year to the Governor and the Chair and Co-Chair of the Capital Improvement Committee of the General Assembly by January 1 of each year. Such annual report shall include all of the following:

(1) A complete list and explanation of all land it has acquired within the previous 12 months.

(2) A complete list and explanation of all development projects that may impact wetlands.

(3) An enumeration of all projects and services provided by homeowners association fees, and explanation of any duplication with services provided by Delaware City.

(b) The Corporation shall prepare and submit an annual audit which shall be provided to the Governor and the Chair and Co-Chair of the Capital Improvement Committee of the General Assembly by January 1 of each year.

83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4739. Open meetings and public records.

The Fort Dupont Redevelopment and Preservation Corporation and its Board are "public bodies" for purposes of Chapter 100 of Title 29.

83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

§ 4740. Liberal construction of subchapter.

This subchapter, being necessary for the prosperity and welfare of the State and its citizens, shall be liberally construed to effect the purposes hereof.

79 Del. Laws, c. 361, § 1 (<https://legis.delaware.gov/SessionLaws?volume=79&chapter=361>); 83 Del. Laws, c. 302, § 1 (<https://legis.delaware.gov/SessionLaws?volume=83&chapter=302>);

[Delaware General Assembly](http://legis.delaware.gov/) (<http://legis.delaware.gov/>)

[Judicial](http://courts.delaware.gov/) (<http://courts.delaware.gov/>)

[Executive](http://delaware.gov) (<http://delaware.gov>)

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APPENDIX B

FY 2022 Audit by Belfint, Lyons, Shuman

July 20, 2023



July 20, 2023

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

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

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

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

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

Significant Audit Matters - Continued

Qualitative Aspects of Accounting Practices - Continued

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

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

Management Consultations with Other Independent Accountants

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

Significant Audit Matters - Continued

Other Audit Findings or Issues; Modified Opinion

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

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

Other Matters

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

Restriction on Use

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

Very truly yours,

Belfint, Lyons & Shuman, P.A.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Appendix A - Adjusting Journal Entries

June 30, 2022

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

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Appendix A - Adjusting Journal Entries - Continued

June 30, 2022

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

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

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

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Appendix A - Adjusting Journal Entries - Continued

June 30, 2022

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

**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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JUNE 30, 2022

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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 & Shurman, 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
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
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
	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
	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</u> <u>(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>
NET CASH FROM OPERATING ACTIVITIES		
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 CASH FROM FINANCING ACTIVITIES		
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:

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

Land includes the assessed value of lots available for sale.

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

**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>1,282,859</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>

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

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

JUNE 30, 2022

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

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

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

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

Report on Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

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

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

Report on Compliance and Other Matters

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

Fort DuPont Redevelopment and Preservation Corporation's Responses to Findings

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

Purpose of this Report

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

Belfint, Lyons & Shuman, P.A.

July 19, 2023
Wilmington, Delaware

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

Reference Number: 2022-001

Type of Finding: Significant Deficiency

Financial Reporting Close Process

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

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

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

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

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

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

Reference Number: 2022-001 - Continued

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

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

Responsible Positions: Management

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

Reference Number: 2022-002

Type of Finding: Significant Deficiency

Allocation of Costs, Cost of Properties Sold

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

A similar finding was reported in the prior year.

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

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

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

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

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

Responsible Positions: Management

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

Reference Number: 2022-003

Type of Finding: Significant Deficiency

Cash Disbursement Documentation and Approval

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

- Of the 40 cash disbursements selected for testing, supporting documents could not be located for four of the transactions. Of the transactions for which support was provided, 14 had no payment approvals recorded on the documents and three were not recorded to the correct account.
- Of the 20 credit card transactions selected for testing, supporting documents could only be located for two transactions and those two had no payment approvals recorded on the documents.
- Of the 14 capital asset additions selected for testing, supporting documents could not be located for one of the transactions. Of the transactions for which support was provided, 11 had no payment approvals recorded on the documents, two were recorded in the wrong fiscal year, and three were not capital assets and were recorded incorrectly.

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

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

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

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

- Management indicates its approval of expenditures by signing and dating the invoice or payment voucher before payments are made.
- As part of the process, the bookkeeper should also indicate the correct account coding of the payment on the invoice or payment voucher and management should review and approve the proper coding as well.

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

Reference Number: 2022-003 - Continued

Recommendation - Continued

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

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

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

Responsible Position: Management

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

Reference Number: 2020-001

Type of Finding: Significant Deficiency

Valuation of Donated Capital Assets

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

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

Reference Number: 2021-001

Type of Finding: Significant Deficiency

Allocation of Costs

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

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

Reference Number: 2021-002

Type of Finding: Significant Deficiency

Financial Reporting Close Process

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

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

APPENDIX C

**Special Report on Residential Leases
Prepared by Belfint, Lyons, and Shuman**

June 30, 2022

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

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2022



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Independent Auditors' Report

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

We have performed the procedures enumerated below on the analysis of residential leases of Fort DuPont Redevelopment and Preservation Corporation (Corporation) for the period July 1, 2016 through June 30, 2022. The Corporation's management is responsible for the analysis of residential leases.

The Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of analyzing the residential leases for the review of those charged with governance. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Procedure 1: Compile a complete schedule of the Corporation's residential leases in effect from July 1, 2016 through June 30, 2022, from client records and from information accumulated in our audit workpapers.

Findings: We compiled a schedule of leases in effect during the period from July 1, 2016 through June 30, 2022. We found that, during the period, the Corporation leased out 13 different rental units to 19 tenants. Tenants paid the rent and utilities due with varying levels of completeness and consistency. We compiled a schedule, which is attached to this report and titled Attachment A, containing the residency periods and outstanding balances for all of the 19 tenants. We also evaluated tenant rental activity for the subsequent period July 1, 2022 through October 31, 2022 and updated Attachment A accordingly. During our analysis of the leases, we found the following two items of interest:

- Former employee, and tenant, Chris Robinson was refunded a rent payment on August 1, 2021. At the time, he had an outstanding balance of rent due to the Corporation.
- Former Executive Director and tenant, Jeff Randol received a \$4,000 rent credit to his outstanding balance on June 27, 2019. The Corporation could not provide supporting documentation for this transaction.

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

Procedure 2: Summarize the key terms of each Corporation lease from lease documents provided (or, have already provided) and financial records (building number, property location, property type, property size, start and end dates, responsibility for utilities, tenant name, and monthly rent.).

- a. Identify any lease payment in arrears or not paid timely.
- b. Identify any utility reimbursements due to the Corporation in arrears or not paid timely.

Findings: We summarized the key terms of each lease in effect during the period from July 1, 2016 through June 30, 2022, from lease documents and financial records provided by the Corporation in Attachment B to this report. We identified rent and utility payments in arrears (but could not identify all rent and utility payments that may have been made late). We found the lease entered by the Corporation with a tenant for Unit 45B (Macario) on June 1, 2019 did not specify a monthly rental or security deposit amount. On May 8, 2020, the Corporation extended this lease agreement for the period June 1, 2020 through May 31, 2021 for a lump sum rental payment of \$21,900.

Procedure 3: Identify Corporate officer, or employee authorizing and signing each lease.

Findings: In Attachment B, we identified the Corporate officer, or employee authorizing and signing each lease. See the appropriate columns indicating so on Attachment B, which is attached to this report. We found one lease approved by Susan Frank, Board of Directors Chair, two leases provided had no indication of approval, and the remaining 16 leases were approved by Peggy Thomas, Site Manager.

Procedure 4: Identify, to the extent possible, any leases with related parties or employees of the Corporation.

Findings: We identified leases with related parties or employees of the Corporation in Attachment B to this report. We found that four leases were executed with related parties of the Corporation. These related parties were Jeff Randol (Former Executive Director), Peggy Thomas (Site Manager), Chris Robinson (Employee), and Kodee Thompson (Employee).

We were engaged by the Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the residential lease activity. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Recommendations: We have identified improvements that could be made in the execution of leasing residential properties and the resulting collection of rents and utilities owed to you.

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

We noted that several employees of the Corporation were provided with on-site housing, owned by the Corporation, and paid rent, which may have been at a below-market rate. This is not unusual for employees of historical or educational institutions. Per the Internal Revenue Code, Section 119, employee housing benefits (including the difference between fair market value and actual rent) may be non-taxable to employees if all three of these conditions are met:

- The housing is provided on the property owned by the employer.
- The housing is provided for the convenience of the employer.
- The employee must accept housing as a condition of employment. A condition of employment is an agreement at the beginning of employment by both employer and employee.

The first two conditions appear to have been met. The third may also have been met but is not formally documented. We recommend that when such special arrangements are made, as a condition of employment, they be made formally and in writing.

- We noted inconsistencies in the billing of tenants for reimbursements for utilities and the subsequent collection of those amounts. Some of these inconsistencies are due to the set-up of utilities in certain properties. We recommend enacting a policy for tenants, where possible, to assume responsibility for the utilities in the leased property, to remove the pass-through of bills and payments to the Corporation.
- We noted that residential leases contained some inconsistent terms due to differences in properties' characteristics or tenant circumstances. We recommend that the Corporation keep lease terms as consistent as possible. One way to do this would be to have each new or renewed lease approved and signed by a member of management (Executive Director or Operations Director) and the Corporation's Board (or a designated member of the Board).

This report is intended solely for the information and use of Ft. DuPont Redevelopment and Preservation Corporation and is not intended to be, and should not be, used by anyone other than the specified party.

Belfint, Lyons & Shurman, P.A.

December 14, 2022
Wilmington, Delaware

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Attachment A
Leases in Effect During the Period July 1, 2016 through June 30, 2022

<u>Building/Unit</u>	<u>Tenant</u>	<u>Move in Month</u>	<u>Move out Month</u>	<u>Outstanding Balance Due to/(from) FDRPC</u>
15	Thomas	March 2021	Current Tenant as of 6/30/2022	\$ 260.00
25A	Carey	December 2018	July 2020	-
25A	Evans	August 2020	January 2021	-
25A	Pincus	February 2021	Current Tenant as of 6/30/2022	-
25B	Capparell and Frye	February 2019	January 2020	-
25B	Scott	June 2020	Current Tenant as of 6/30/2022	3,043.52
36	Robinson	February 2020	March 2022	1,498.56
39	Randol	December 2017	Lease ended 6/30/2022	11,944.00
42A	Bolton	October 2017	February 2020	-
42A	Thompson	May 2020	Current Tenant as of 6/30/2022	2,588.00
42B	Waddell	October 2017	September 2018	273.00
42B	Garvey and Pearman	December 2018	February 2022	1,337.50
43A	Carlucci	November 2017	October 2018	1,325.00
43A	Imburgia	November 2018	Current Tenant as of 6/30/2022	(800.26)
43B	Kenneally	March 2018	January 2019	2,900.00
43B	Dayton	February 2019	Current Tenant as of 6/30/2022	-
45A	Johnson	June 2019	Current Tenant as of 6/30/2022	1,950.00
45B	Macario	June 2019	July 2021	(391.00)
45B	Ioannoni	July 2021	Current Tenant as of 6/30/2022	-

We evaluated rental activity for the above tenants for the period 7/1/2022 through 10/31/2022 and noted the following:

Thomas was current on rent from 7/1/22-10/31/22 and paid an additional \$112.10 on past-due balance.

Thompson was mostly current on rent from 7/1/22-10/31/22 but added an additional \$42 on the past-due balance.

Dayton was current on rent from 7/1/22-10/31/22 and paid off the outstanding balance.

Johnson was current on rent from 7/1/22-10/31/22.

Scott was current on rent from 7/1/22-10/31/22.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Attachment B

Leases in Effect for the Period July 1, 2016 through June 30, 2022

Tenants	Building No.	Address	Property Type	Bedrooms	Baths	Size (Sq. Ft.)	Responsibility for Normal Utilities
Thomas	15	1605 Maple Blvd.	Single Family	3	2.5	1540	Split - Landlord covers gas, sewer, and garbage. Tenant covers electricity and water.
Robinson	36	1664 Maple Blvd.	Single Family	2	1	2692	Landlord
Randol	39	1303 Officers' Row	Single Family	4	3	3456	Tenant
Carey	25A	1306A Officers' Row	Duplex	3	2.5	1982	Tenant
Pincus	25A	1306A Officers' Row	Duplex	3	2.5	1982	Tenant
Evans	25A	1306A Officers' Row	Duplex	3	2.5	1982	Tenant
Capparell and Frye	25B	1306B Officers' Row	Duplex	3	2.5	1982	Tenant
Scott	25B	1306B Officers' Row	Duplex	3	2.5	1982	Tenant
Thompson	42A	2701 Staff Lane	Duplex	3	1.5	1503	Landlord
Bolton	42A	2701 Staff Lane	Duplex	3	1.5	1503	Tenant
Garvey and Pearman	42B	2703 Staff Lane	Duplex	3	1.5	1503	Tenant
Waddell	42B	2703 Staff Lane	Duplex	3	1.5	1503	Tenant
Carluci	43A	2801 Quartermaster Rd.	Duplex	2	2.5	1503	Tenant
Imburgia	43A	2801 Quartermaster Rd.	Duplex	2	2.5	1503	Tenant
Kenneally	43B	2803 Quartermaster Rd.	Duplex	2	2.5	1503	Tenant
Dayton	43B	2803 Quartermaster Rd.	Duplex	2	2.5	1503	Tenant
Johnson	45A	1308A Officers' Row	Duplex	4	2.5	2567	Tenant
Macario	45B	1308B Officers' Row	Duplex	4	2.5	2567	Tenant
Ioannoni	45B	1308B Officers' Row	Duplex	4	2.5	2567	Tenant

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Attachment B - Continued

The Period July 1, 2016 through June 30, 2022

<u>Tenants</u>	<u>Start Date</u>	<u>End Date</u>	<u>Security Deposit per Lease</u>	<u>Monthly Rent per Lease</u>	<u>Authorizer of Lease</u>	<u>Related Party?</u>	<u>Relationship to FDRPC</u>
Thomas	3/1/2021	2/28/2022	\$ 1,700.00	\$ 1,700.00	No Signer on Lease	Yes	Employee, Site Manager
Robinson	2/1/2020	1/31/2021	Waived	500.00	Peggy Thomas	Yes	Employee
Randol	12/1/2017	11/30/2019	N/A	2,000.00	Susan Frank	Yes	Former Executive Director
Carey	12/1/2018	11/30/2019	1,850.00	1,850.00	No Signer on Lease	No	N/A
Pincus	2/1/2021	1/31/2022	1,850.00	1,850.00	Peggy Thomas	No	N/A
Evans	7/1/2020	6/30/2021	1,850.00	1,850.00	Peggy Thomas	No	N/A
Capparell and Frye	2/1/2019	1/31/2020	1,850.00	1,850.00	Peggy Thomas	No	N/A
Scott	5/20/2020	4/30/2021	1,850.00	1,850.00	Peggy Thomas	No	N/A
Thompson	5/1/2020	4/30/2021	1,000.00	1,000.00	Peggy Thomas	Yes	Employee
Bolton	9/15/2017	9/14/2018	1,350.00	1,350.00	Peggy Thomas	No	N/A
Garvey & Pearman	12/14/2018	12/13/2020	1,350.00	1,350.00	Peggy Thomas	No	N/A
Waddell	10/6/2017	10/5/2018	1,350.00	1,350.00	Peggy Thomas	No	N/A
Carluci	10/31/2017	10/30/2018	1,325.00	1,325.00	Peggy Thomas	No	N/A
Imburgia	11/1/2018	10/31/2020	1,450.00	1,450.00	Peggy Thomas	No	N/A
Kenneally	3/2/2018	1/1/2019	1,450.00	1,450.00	Peggy Thomas	No	N/A
Dayton	2/15/2019	2/14/2020	1,450.00	1,450.00	Peggy Thomas	No	N/A
Johnson	6/1/2019	5/31/2020	1,950.00	1,950.00	Peggy Thomas	No	N/A
				Prepaid \$21,900 for the year. This amount was not designated in the			
Macario	6/1/2019	5/31/2020	0.00	lease.	Peggy Thomas	No	N/A
Ioannoni	8/5/2021	8/4/2022	1,950.00	1,950.00	Peggy Thomas	No	N/A

APPENDIX D

Purchasing and Procurement Thresholds Policy (draft)



FORT DUPONT

SHAPED BY HISTORY & ANCHORED IN NATURE

Purchasing and Procurement Thresholds

Material and Non-Professional Services

- Less than \$50,000 – Open Market Purchase
- \$50,000 - \$99,999.99 – 3 Written Quotes
- \$100,000 and over – Formal Bid

The threshold for material and non-professional services is a yearly cumulative amount for a fiscal year (July 1-June 30).

Public Works

- Less than \$250,000– Open Market Purchase
- \$250,000 to \$399,999.99-- 3 Letter Bids
- \$400,000 and over – Formal Bid

The threshold for Public Works is on a contract-by-contract basis. Contracts may not be fragmented to avoid reaching the dollar amount. Annual thresholds do not apply.

Professional Services

- Less than \$200,000 Open Market
- \$200,000 and over – Formal RFP Process

The threshold for Professional Services is on a contract-by-contract basis. Contracts may not be fragmented to avoid reaching the dollar amount. Annual thresholds do not apply.

Effective Date: _____

APPENDIX E

Financial Reserves Policy (draft)



Financial Reserves Policy

FDRPC will strive to maintain a minimum **Budget Reserve**, of at least 5% of the current year's operating revenues for the Operating and Capital Project Fund, excluding the carry forward balance. The purpose of the Budget Reserve is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. If the final Budget Reserve exceeds the amount as approved in the budget, such funds shall be used as designated by and with the approval of the FDRPC Board of Directors.

Once achieved, at no time should FDRPC's Budget Reserve fall below their specified percentages. If a shortfall occurs in the Budget Reserve and immediately restoring the balances to the specified percentage would cause an extreme burden on FDRPC, the Budget Reserve may, with the approval of the Board of Directors, be restored to the specified percentage within one (1) year, but in any case, no longer than three (3) years.

FDRPC will establish a **Contingency Reserve**. FDRPC may only use monies in the Contingency Reserve to cover emergencies of a non-recurring nature that are over and above the normal course of operations. Examples are uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget. On or before December 31, 2025, the Contingency Reserve shall maintain a balance of at least 1% of the current year's operating revenues for the Operating and Capital Project Fund, excluding the carry forward balance.

FDRPC will create a **Capital Asset Replacement Fund**. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. This fund will be initiated in FY 24 and an annual contribution of \$50,000 shall be budgeted per year until the minimum of \$250,000 is achieved.

Effective date: _____