



FORT DUPONT

SHAPED BY HISTORY & ANCHORED IN NATURE

Fort DuPont Redevelopment and Preservation Corporation Finance and Audit Committee

July 19, 2024 - 3:00 p.m.

Anchor location:

Fort DuPont Redevelopment and Preservation Corporation Office
260 Old Elm Avenue
Delaware City DE 19706

Link: <https://us06web.zoom.us/j/86575470182?pwd=k8ZqbLxF3PXBwfa4lZYJb9abw5sRym.1>

Zoom Meeting ID: **865 7547 0182**

Passcode: **335159**

AGENDA

1. Call to Order
2. Roll Call
3. Approval of Minutes – FDRPC Finance and Audit Committee Meeting of June 10, 2024
4. Monthly Financial Report- May
 - a. State Appropriation/Sales/Other Revenues
 - b. Upcoming Large Expenditures
 - c. Cash Flow
 - d. Balances
5. Capital Projects Update
6. FY 2025 Audit
7. FY 2025 Draft Operating and Capital Budget
8. Next Meeting Date: August 12, 2024 at 4:00 p.m.
9. 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.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
FINANCE AND AUDIT COMMITTEE

The FDRPC Finance and Audit Committee meeting was held on June 10, 2024 at 4:00 p.m. via Zoom with the anchor location at the FDRPC Office at 260 Old Elm Avenue, Delaware City, Delaware, with Chair Michael Graci presiding.

BOARD MEMBERS PRESENT

Mr. Michael Graci- Chair

Dr. Courtney Stewart (Office of Management and Budget)

Mr. Bert Scoglietti (FDRPC Treasurer) joined 4:18pm

Ms. Ruth Ann Miller (Controller General of the State of Delaware) connection issues

BOARD MEMBERS ABSENT

None

STAFF MEMBERS PRESENT

Janice Moturi- Deputy Director

Tim Slavin- Executive Director

OTHERS PRESENT

None

APPROVAL OF MINUTES – FDRPC FINANCE AND AUDIT COMMITTEE MEETING OF June 10, 2024

Mike Moved for approval of the FDRPC Finance and Audit Committee meeting minutes of May 13, 2024. The motion was seconded and unanimously carried.

NEW BUSINESS

1. Monthly Financial report- April
 - State appropriation/Sales/other revenues
 - Upcoming Large expenditures
 - Cash flow
 - Balances
2. Capital projects update
3. Procedures Detailed Draft part 2- review stage
4. Draft Budget FY 25

OLD BUSINESS

None

RECESS INTO EXECUTIVE SESSION

Legal notices discussion

RECONVENE

None

POTENTIAL ACTION TO BE VOTED UPON FROM EXECUTIVE SESSIONES

None

NEXT MEETING DATE

The next meeting is scheduled for August 12, 2024, at 4:00 p.m.

ADJOURNMENT

Motion: to adjourn

Made by Mr. Scogletti and seconded by Dr. Courtney

Meeting adjourned at 4:50 p.m.

APPROVED: July 19, 2024

Fort DuPont Redevelopment and Preservation Corporation
 Budget vs. Actuals: Budget_FY24_P&L Draft 1 - FY24 P&L
 May-24

	May 2024 Final			% of Budget
	Actual	Budget	over Budget	
Income	\$ -	\$ -	\$ -	
4005 Carryforward	\$ -	\$ 300,000.00	\$ (300,000.00)	0%
4010 State Appropriation	\$ 2,250,000.00	\$ 2,250,000.00	\$ -	100%
4015 Bike Path Funding	\$ -	\$ -	\$ -	
4020 Roundabout	\$ -	\$ -	\$ -	
4100 RENTAL INCOME	\$ 150,249.57	\$ 159,623.08	\$ (9,373.51)	94%
4100-DN DNREC	\$ 10,500.00	\$ 10,500.00	\$ -	100%
4100-G Garden Plot Rental	\$ 1,050.00			
4100-OM OMB	\$ -	\$ 9,315.00	\$ (9,315.00)	0%
4110 SPECIAL EVENT REVENUE	\$ 5,550.00	\$ 6,600.00	\$ (1,050.00)	84%
4111 Misc Events	\$ 1,750.00			
Total 4110 SPECIAL EVENT REVENUE	\$ 7,300.00			
4130 CAM REVENUE	\$ -	\$ -	\$ -	
4131 Lawncare - CAM (State Tenants)	\$ 12,840.00	\$ 3,200.00	\$ 9,640.00	401%
4132 Snow/Ice - CAM (State Tenants)	\$ 12,598.00	\$ 15,000.00	\$ (2,402.00)	84%
4133 Community Association	\$ -	\$ 730.00	\$ (730.00)	0%
Total 4130 CAM REVENUE	\$ 25,438.00	\$ 18,930.00	\$ 6,508.00	134%
4150 TENANT REIMBURSEMENTS	\$ -	\$ -	\$ -	
4151 Utility Reimbursements	\$ 85,629.78	\$ 126,000.00	\$ (40,370.22)	68%
Total 4150 TENANT REIMBURSEMENTS	\$ 85,629.78	\$ 126,000.00	\$ (40,370.22)	68%
Total 4100 RENTAL INCOME	\$ 280,167.35	\$ 330,968.08	\$ (50,800.73)	85%
4200 REAL ESTATE SALES	\$ 230,000.00	\$ 1,216,200.00	\$ (986,200.00)	19%
4251 Late Payment Fee	\$ -	\$ -	\$ -	
4300 GRANTS	\$ -	\$ -	\$ -	
4400 Sales	\$ 45,000.00			
4430 Services	\$ 182,181.91			
4500 HTC CREDITS	\$ -	\$ 185,000.00	\$ (185,000.00)	0%
4800 BANK LOANS - BUDGETED PROCEEDS	\$ -	\$ -	\$ -	
Utility Refund	\$ 436.23			
Total Income	\$ 2,987,785.49	\$ 4,282,168.08	\$ (1,294,382.59)	70%
Gross Profit	\$ 2,987,785.49	\$ 4,282,168.08	\$ (1,294,382.59)	70%
Expenses	\$ -	\$ -	\$ -	
6000 Capital Improvement Expenditure	\$ -	\$ -	\$ -	
6030 Bank Charges	\$ 100.00	\$ 1,000.00	\$ (900.00)	10%
6300 Construction Expenditures	\$ -	\$ -	\$ -	
6463 Office Improvements	\$ -	\$ -	\$ -	
Total 6300 Construction Expenditures	\$ -	\$ -	\$ -	
6400 Building Improvements{77}	\$ -	\$ -	\$ -	
6409a 09a Doors	\$ -	\$ -	\$ -	
6409b 09b Painting-Exterior	\$ -	\$ -	\$ -	
6409c 09c Painting-Interior	\$ -	\$ -	\$ -	
6412 12 Light Fixtures	\$ -	\$ -	\$ -	
6417 Supplies & Materials	\$ -	\$ -	\$ -	
6420 20 General Condititons	\$ -	\$ -	\$ -	
6456 Permitting	\$ -	\$ -	\$ -	
Total 6400 Building Improvements{77}	\$ -	\$ -	\$ -	
6460 ENVIRONMENTAL	\$ 90,666.32	\$ -	\$ 90,666.32	
6464 Soil Analysis	\$ 11,000.00			
Total 6460 ENVIRONMENTAL	\$ 101,666.32			
6470 FEASIBILITY STUDIES	\$ -	\$ -	\$ -	
6730 Market Feasibility Study	\$ -	\$ -	\$ -	
Total 6470 FEASIBILITY STUDIES	\$ -	\$ -	\$ -	

	May 2024 Final			% of
	Actual	Budget	over Budget	Budget
6480 SPECIAL EVENT EXPENSES	\$ 4,038.05	\$ -	\$ 4,038.05	
6500 PROFESSIONAL FEES	\$ 58,714.60	\$ -	\$ 58,714.60	
6505 Prof Fees - Engineering	\$ 6,820.25	\$ -	\$ 6,820.25	
6505-02 Master Planning	\$ 58,733.23			
6505-03 Canal District	\$ 1,908.50			
6505-06 Survey	\$ 1,503.75			
6505-09 Round-a-bout	\$ 2,948.25			
6505-10 Living Shoreline	\$ 20,820.50			
6505-14 Marina Village	\$ 39,622.03			
6505-20 Branch Canal	\$ 33,566.00			
Total 6505 Prof Fees - Engineering	\$ 165,922.51			
6515 Prof Fees - Architectural	\$ 1,687.50	\$ -	\$ 1,687.50	
6520R Prof Fees - Legal	\$ 90,511.95	\$ 240,000.00	\$ (149,488.05)	38%
6525R Prof Fees - Accounting	\$ 67,705.00	\$ 38,196.60	\$ 29,508.40	177%
6545 Roadways/Utilities	\$ 249.49			
Total 6500 PROFESSIONAL FEES	\$ 384,791.05	\$ 278,196.60	\$ 106,594.45	138%
6510 DEMOLITION	\$ -	\$ -	\$ -	
6535 PERMITTING	\$ 4,606.38	\$ 2,795.78	\$ 1,810.60	165%
6600R FEES - OTHER	\$ -	\$ -	\$ -	
6606 Permit Fees	\$ -	\$ 1,418.88	\$ (1,418.88)	0%
6610 Bank Fees	\$ 523.37	\$ 1,838.65	\$ (1,315.28)	28%
6620 HTC Fees	\$ -	\$ 7,668.54	\$ (7,668.54)	0%
6625 Bank Charges	\$ 16.95	\$ -	\$ 16.95	
6627 Applied Bank Fees	\$ 13.00	\$ -	\$ 13.00	
Total 6625 Bank Charges	\$ 29.95	\$ -	\$ 29.95	
6631 Del City Rental Tax	\$ -	\$ 1,329.56	\$ (1,329.56)	0%
Total 6600R FEES - OTHER	\$ 553.32	\$ 12,255.63	\$ (11,702.31)	5%
6700 IMPROVEMENTS	\$ 1,902.50	\$ 1,850,000.00	\$ (1,848,097.50)	0%
6702 Building 39-1303 Officers Row	\$ 1,117.00			
6703 Building 43-NCO Duplex	\$ 1,115.00			
6709 Building 24-FDRPC Office	\$ 1,269.00			
6711 Building 20-PX	\$ 114,223.55			
6712 Building 24-Theater	\$ 25,156.25			
6713 Building 55-Chapel	\$ 17,145.00			
6716 Canal District	\$ -			
6716.30 Roads/Utilities	\$ 298,000.00			
Total 6716 Canal District	\$ 298,000.00			
6721 Roundabout	\$ 14,618.91			
6729 Signage	\$ 260.00			
6734 Building 23-Band Barracks	\$ 840.00			
6738 Duplexes on OBL	\$ -			
6738-01 Building 26	\$ 1,800.00			
6738-02 Building 27	\$ 2,425.00			
Total 6738 Duplexes on OBL	\$ 4,225.00			
6740 Building 28-Bakery	\$ 5,085.00			
6741 Building 30-Stable	\$ 10,825.00			
6744 Maintenance Shop	\$ 3,916.00			
6745 Building 9	\$ 2,227.30			
6746 Building 10	\$ 2,227.30			
6747 Building 19	\$ 159,836.00			
6748 Building 52-Tilton	\$ 23,477.06			
6749 Pump House	\$ 34,260.00			
6759 Community Garden	\$ 2,594.53			
6768 DNREC Magazine	\$ 19,900.00			
6770 DNREC Maintenance Bldg	\$ 1,763.70			
Total 6700 IMPROVEMENTS	\$ 745,984.10			

	May 2024 Final			% of Budget
	Actual	Budget	over Budget	
6800 SITE UTILITIES	\$ 388.00	\$ -	\$ 388.00	
6810 Electric	\$ 191,353.61	\$ 144,000.00	\$ 47,353.61	133%
6815 Gas	\$ (2,044.83)	\$ 4,400.00	\$ (6,444.83)	-46%
6820 Water	\$ 12,183.52	\$ 14,000.00	\$ (1,816.48)	87%
6825 Sewer	\$ 8,384.46	\$ 20,000.00	\$ (11,615.54)	42%
6830 Phone/Internet	\$ -	\$ 10,200.00	\$ (10,200.00)	0%
6835 Trash	\$ 2,985.00			
Total 6800 SITE UTILITIES	\$ 213,249.76	\$ 192,600.00	\$ 20,649.76	111%
7000 OPERATING EXPENSES	\$ -	\$ -	\$ -	
7005 Museum	\$ -	\$ -	\$ -	
7009 Computer Support	\$ 6,869.22	\$ -	\$ 6,869.22	
7010 Office Supplies	\$ 15,283.64	\$ 12,000.00	\$ 3,283.64	127%
7015 Taxes & Licenses	\$ 253.63			
7020 Travel	\$ -	\$ 1,000.00	\$ (1,000.00)	0%
7025 Meals and Entertainment	\$ 680.31	\$ 1,040.00	\$ (359.69)	65%
7030 Utilities - Office	\$ 31,826.20	\$ 6,700.00	\$ 25,126.20	475%
7035 Phone/Internet - Office	\$ 152.18	\$ -	\$ 152.18	
7040 Repairs & Maintenance	\$ 3,972.10	\$ 5,200.00	\$ (1,227.90)	76%
7045 Discretionary Expenses	\$ -	\$ 7,970.00	\$ (7,970.00)	0%
7050 Equipment and Furnishings	\$ -	\$ 5,100.00	\$ (5,100.00)	0%
7051 Uniforms	\$ 3,990.07			
Total 7000 OPERATING EXPENSES	\$ 63,027.35	\$ 39,010.00	\$ 24,017.35	162%
7100 COMMON AREA MAINTENANCE	\$ 25,177.47	\$ -	\$ 25,177.47	
7105 Lawn Care	\$ 95,160.00	\$ 113,000.00	\$ (17,840.00)	84%
7110 Storm Water Management	\$ -	\$ 2,200.00	\$ (2,200.00)	0%
7115 Pest Control	\$ 1,612.78	\$ 3,200.00	\$ (1,587.22)	50%
7120 Fire & Security Monitoring	\$ 4,082.00	\$ 4,600.00	\$ (518.00)	89%
7125 Snow & Ice Removal	\$ 9,160.00	\$ 3,800.00	\$ 5,360.00	241%
7130 Building Repairs & Maintenance	\$ 2,462.50	\$ 19,000.00	\$ (16,537.50)	13%
7135 Road Repairs	\$ -	\$ 3,300.00	\$ (3,300.00)	0%
7140 Landscaping Maintenance	\$ 71,205.49	\$ 20,000.00	\$ 51,205.49	356%
7141 Auto	\$ 3,892.02	\$ 9,600.00	\$ (5,707.98)	41%
7145 Equipment Expense	\$ 2,442.25	\$ 42,000.00	\$ (39,557.75)	6%
7146 Supplies	\$ -	\$ 5,900.00	\$ (5,900.00)	0%
7830 Utilities	\$ 13,843.18	\$ 17,000.00	\$ (3,156.82)	81%
7831 Water & Sewer	\$ -	\$ 2,200.00	\$ (2,200.00)	0%
Total 7830 Utilities	\$ 13,843.18	\$ 19,200.00	\$ (5,356.82)	72%
Total 7100 COMMON AREA MAINTENANCE	\$ 229,037.69	\$ 245,800.00	\$ (16,762.31)	93%
7200 DEBT EXPENSE	\$ -	\$ -	\$ -	
7205 P & I - Applied Bank PH1	\$ 76,254.20			
7206 P & I - Applied OBL Duplexes	\$ 62,163.13	\$ 51,180.00	\$ 10,983.13	121%
7207 P & I - PH1D		\$ 72,696.00	\$ 200,304.00	376%
7210 DMHEF Repayment	\$ 20,834.35	\$ 20,834.45	\$ (0.10)	100%
7220 FDRPC RLF Repayment	\$ 273,000.00	\$ 273,000.00		
7225 DEBT EXPENSE WSFS LOAN	\$ 996.74			
Total 7200 DEBT EXPENSE	\$ 433,248.42	\$ 417,710.45	\$ 15,537.97	104%
7300 Depreciation Expense	\$ -	\$ -	\$ -	
7500 MARKETING EXPENSES	\$ 7,000.00	\$ -	\$ 7,000.00	
7510 Advertising & Promotion	\$ -	\$ 24,000.00	\$ (24,000.00)	0%
7525 Marketing Collateral	\$ -	\$ -	\$ -	
7530 Promotional Memberships	\$ -	\$ -	\$ -	
7540 Stationery & Printing	\$ -	\$ -	\$ -	
7550 Website & Social Media	\$ 15,904.53	\$ 20,000.00	\$ (4,095.47)	80%
7551 Video	\$ -	\$ -	\$ -	
7555 Marketing - Other	\$ 7,780.00	\$ -	\$ 7,780.00	
Total 7500 MARKETING EXPENSES	\$ 30,684.53	\$ 44,000.00	\$ (13,315.47)	70%

	May 2024 Final			% of Budget
	Actual	Budget	over Budget	
7700 PAYROLL EXPENDITURES	\$ 18,270.83	\$ -	\$ 18,270.83	
7710 401k	\$ 9,535.60	\$ 8,634.00	\$ 901.60	110%
7720 Employee Benefits - Health	\$ 72,484.42	\$ 80,004.00	\$ (7,519.58)	91%
7721 Employee Benefits - Dental	\$ (45.67)	\$ 4,050.00	\$ (4,095.67)	-1%
7730 Payroll Tax Expense	\$ 37,958.36	\$ 17,809.80	\$ 20,148.56	213%
Total 7740 Salaries & Wages	\$ 531,306.94	\$ 578,172.58	\$ (46,865.64)	92%
7750 Payroll Service Fees	\$ 3,199.06	\$ 2,500.00	\$ 699.06	128%
Total 7700 PAYROLL EXPENDITURES	\$ 672,709.54	\$ 691,170.38	\$ (18,460.84)	97%
7850 INSURANCE	\$ (40,388.25)	\$ -	\$ (40,388.25)	
7851 General Liability	\$ -	\$ 9,489.00	\$ (9,489.00)	0%
7852 Flood Insurance	\$ 9,574.12	\$ -	\$ 9,574.12	
7853 Property	\$ 93,070.93	\$ 85,080.54	\$ 7,990.39	109%
7854 Builder's Risk	\$ -	\$ 3,229.00	\$ (3,229.00)	0%
7855 Workers Comp Insurance	\$ 248.00	\$ 4,404.00	\$ (4,156.00)	6%
7856 Auto	\$ 15,361.00	\$ 15,361.00	\$ -	100%
7857 D & O/ E&O Insurance	\$ 8,855.00	\$ 12,757.52	\$ (3,902.52)	69%
7858 Business Owners	\$ -	\$ -	\$ -	
7859 Pension & Crime	\$ -	\$ 1,900.00	\$ (1,900.00)	0%
Total 7850 INSURANCE	\$ 86,720.80	\$ 132,221.06	\$ (45,500.26)	66%
8000 VALUE OF REAL ESTATE SOLD	\$ -	\$ -	\$ -	
Administrative Expenses	\$ -	\$ 417.00	\$ (417.00)	0%
Legal Fees - Operating	\$ 104.00	\$ -	\$ 104.00	
Property Management	\$ -	\$ -	\$ -	
7880 Repair & Maintenance	\$ -	\$ 1,717.00	\$ (1,717.00)	0%
7890 Payroll	\$ -	\$ -	\$ -	
7892 Salaries	\$ 9,752.64	\$ -	\$ 9,752.64	
Total 7890 Payroll	\$ 9,752.64	\$ -	\$ 9,752.64	
7900 Security	\$ -	\$ 70.00	\$ (70.00)	0%
7910 Supplies	\$ 417.12	\$ -	\$ 417.12	
Total Property Management	\$ 10,169.76	\$ 1,787.00	\$ 8,382.76	569%
Total Expenses	\$ 2,980,691.07	\$ 3,908,963.90	\$ (928,272.83)	76%
Net Operating Income	\$ 7,094.42	\$ 373,204.18	\$ (366,109.76)	2%
Other Expenses	\$ -	\$ -	\$ -	
ASK MY ACCOUNTANT	\$ -	\$ -	\$ -	
Miscellaneous	\$ 1,000.00	\$ -	\$ 1,000.00	
Total Other Expenses	\$ 1,000.00	\$ -	\$ 1,000.00	
Net Other Income	\$ (1,000.00)	\$ -	\$ (1,000.00)	
Net Income	\$ 7,094.42	\$ 373,204.18	\$ (366,109.76)	2%

Tuesday, Jul 02, 2024 05:31:03 AM GMT-7 - Accrual Basis



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

June 10, 2024

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, 2023. 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 June 10, 2024. 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.

1011 Centre Road • Suite 310 | Wilmington • DE 19805 | Phone: 302.225.0600 | Fax: 302.225.0625

A Professional Service Corporation with Offices in Wilmington, Delaware and West Chester, Pennsylvania
Member of the American Institute of Certified Public Accountants • An Independent Member Firm of Prime Global

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 no lack of cooperation or significant difficulties in dealing with management in performing and completing our audit.

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 June 10, 2024.

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, 2023

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other	
						Support	Expenses
1300 CP-6 1140	Construction in Process:CP-6 Officers Row CAPITAL - WSFS 6466	To reverse original property sales entries. PBC after review of TB with client.	\$ 871,014 (871,014)	\$ - -	\$ - -	\$ - -	\$ - -
1140	CAPITAL - WSFS 6466	To post revised property sales entries. PBC after review of TB with client.	\$ 871,014 (437,280)	\$ - -	\$ - -	\$ - -	\$ - -
1300 CP-6 4200	Construction in Process:CP-6 Officers Row REAL ESTATE SALES		- -	- -	- -	(433,734)	-
			<u>\$ 433,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (433,734)</u>	<u>\$ -</u>
8000	Value of Real Estate Sold		\$ -	\$ -	\$ -	\$ -	\$ 353,086
4200	REAL ESTATE SALES	To record gross sales and gross costs	-	-	-	(309,621)	-
1300 CP-1 1310	Construction in Process:CP-1 Site Development Land	for 1302 and 1304 Officers Row.	(37,328) (6,138)	- -	- -	- -	- -
			<u>\$ (43,465)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (309,621)</u>	<u>\$ 353,086</u>
2260	Deferred Inflow - Leases		\$ -	\$ 7,133	\$ -	\$ -	\$ -
4100-OM	RENTAL INCOME:4100-OM --+ OMB		-	-	-	9,315	-
1260	Accrued Interest Receivable	To post adjustment for the OMB	(543)	-	-	-	-
1270	Lease Receivable	lease under GASB 87.	(8,045)	-	-	-	-
4950	Lease Interest Revenue		-	-	-	(727)	-
4960	Lease Revenue		-	-	-	(7,133)	-
			<u>\$ (8,588)</u>	<u>\$ 7,133</u>	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ -</u>
1616	Tri Supply Equipment Detail	To remove tri-supply leases from	\$ -	\$ 6,480	\$ -	\$ -	\$ -
1616	Tri Supply Equipment Detail	balance sheet and to properly record	-	4,500	-	-	-
4901	Other Miscellaneous Income	payments on the Kubota. (client	-	-	-	(4,500)	-
7145	COMMON AREA MAINTENANCE:7145 --+ Equipment Expense	posted \$4,500 to expense).	-	-	-	-	(6,480)
			<u>\$ -</u>	<u>\$ 10,980</u>	<u>\$ -</u>	<u>\$ (4,500)</u>	<u>\$ (6,480)</u>
1250	Accounts Receivable (A/R)		\$ 138,524	\$ -	\$ -	\$ -	\$ -
2201	Security Deposit - Marina Village		-	50,000	-	-	-
1300 CP-4 6460	Construction in Process:CP-4 Marina ENVIRONMENTAL		(84,475)	-	-	-	-
6505	PROFESSIONAL FEES:6505 --+ Prof Fees - Engineering	To record receivable for Lennar	-	-	-	-	(10,961)
6505-01	PROFESSIONAL FEES:6505 --+ Prof Fees - Engineering:6505-01 --+ Marina	billing for Marina Village.	-	-	-	-	(2,950)
6520R	PROFESSIONAL FEES:6520R --+ Prof Fees - Legal		-	-	-	-	(23,557)
6535	PERMITTING		-	-	-	-	(62,119)
			<u>\$ 54,049</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,049)</u>

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Appendix A - Adjusting Journal Entries - Continued
June 30, 2023

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
1300 CP-001	Construction in Process: CP-XX Bike Path		\$ 27,223	\$ -	\$ -	\$ -	\$ -
1300 CP-003	Construction in Process: DNREC Maintenance Shop		13,785	-	-	-	-
1300 CP-006	Construction in Process: Round-a-bout		1,798,461	-	-	-	-
1300 CP-007	Construction in Process: CP-XX Park Amenities		23,846	-	-	-	-
1300 CP-10	Construction in Process: CP-10 OBL Duplexes		546,553	-	-	-	-
1300 CP-11	Construction in Process: CP-11 Living Shoreline		78,215	-	-	-	-
1300 CP-2.52	Construction in Process: CP-2 Restoration: Bldg 52 Tilton		21,692	-	-	-	-
1300 CP-3	Construction in Process: CP-3 Canal District		163,354	-	-	-	-
1300 CP-4	Construction in Process: CP-4 Marina		156,442	-	-	-	-
1300 CP-6	Construction in Process: CP-6 Officers Row		19,567	-	-	-	-
1300 CP-8	Construction in Process: CP-8 Stables		370,818	-	-	-	-
6456	Building Improvements: Permitting		-	-	-	-	(4,463)
6460	ENVIRONMENTAL		-	-	-	-	(31,790)
6505-01	PROFESSIONAL FEES:6505 → Prof Fees - Engineering:6505-01 → Marina		-	-	-	-	(1,500)
6505-09	PROFESSIONAL FEES:6505 → Prof Fees - Engineering:6505-09 → Round-a-bout		-	-	-	-	(54,305)
6505-10	PROFESSIONAL FEES: Engineering: Living Shoreline	To post client's journals for capital assets. PBC after review of TB with client.	-	-	-	-	(78,215)
6505-12	PROFESSIONAL FEES: Engineering: OBL Duplexes		-	-	-	-	(685)
6505-14	PROFESSIONAL FEES:6505 → Prof Fees - Engineering:6505-14 → Marina Village		-	-	-	-	(68,396)
6505-15	PROFESSIONAL FEES: Engineering: Park & Recreation		-	-	-	-	(1,850)
6520R	PROFESSIONAL FEES:6520R → Prof Fees - Legal		-	-	-	-	(35,562)
6704	IMPROVEMENTS: Building 45-Officers Row Duplex		-	-	-	-	(19,567)
6716	IMPROVEMENTS: Canal District		-	-	-	-	(24,354)
6716.3	IMPROVEMENTS:6716 → Canal District:6716.30 → Roads/Utilities		-	-	-	-	(139,000)
6721	IMPROVEMENTS:6721 → Roundabout		-	-	-	-	(1,744,157)
6724	IMPROVEMENTS:6724 → Marina		-	-	-	-	(23,518)
6727	IMPROVEMENTS:6727 → Bike Path		-	-	-	-	(27,223)
6738.1	IMPROVEMENTS:6738 → Duplexes on OBL:6738-01 Building 26		-	-	-	-	(278,613)
6738.2	IMPROVEMENTS:6738 → Duplexes on OBL:6738-02 Building 27		-	-	-	-	(258,467)
6741	IMPROVEMENTS:6741 → Building 30-Stable		-	-	-	-	(370,818)
6748	IMPROVEMENTS:6748 → Building 52-Tilton		-	-	-	-	(21,692)
6770	IMPROVEMENTS:6770 → DNREC Maintenance Bldg		-	-	-	-	(13,785)
6772	IMPROVEMENTS:6772 → Park & Recreation Amenities		-	-	-	-	(21,996)
			<u>\$ 3,219,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,219,956)</u>
6456	Building Improvements: Permitting		\$ -	\$ -	\$ -	\$ -	\$ 4,463
6460	ENVIRONMENTAL		-	-	-	-	31,790
6704	IMPROVEMENTS: Building 45-Officers Row Duplex		-	-	-	-	19,567
6716	IMPROVEMENTS: Canal District		-	-	-	-	24,354
6716.3	IMPROVEMENTS:6716 → Canal District:6716.30 → Roads/Utilities		-	-	-	-	139,000
6721	IMPROVEMENTS:6721 → Roundabout		-	-	-	-	1,744,157
6724	IMPROVEMENTS:6724 → Marina		-	-	-	-	23,518
6727	IMPROVEMENTS:6727 → Bike Path		-	-	-	-	27,223
6738.1	IMPROVEMENTS:6738 → Duplexes on OBL:6738-01 Building 26		-	-	-	-	278,613
6738.2	IMPROVEMENTS:6738 → Duplexes on OBL:6738-02 Building 27		-	-	-	-	258,467
6741	IMPROVEMENTS:6741 → Building 30-Stable	To post client's JE in AJE 8 through	-	-	-	-	370,818
6748	IMPROVEMENTS:6748 → Building 52-Tilton	assets transferred to BS for presentation purposes.	-	-	-	-	21,692
6770	IMPROVEMENTS:6770 → DNREC Maintenance Bldg		-	-	-	-	13,785
6772	IMPROVEMENTS:6772 → Park & Recreation Amenities		-	-	-	-	21,996
6020	Assets Transferred to BS		-	-	-	-	(2,979,443)
6505-01	PROFESSIONAL FEES:6505 → Prof Fees - Engineering:6505-01 → Marina		-	-	-	-	1,500
6505-09	PROFESSIONAL FEES:6505 → Prof Fees - Engineering:6505-09 → Round-a-bout		-	-	-	-	54,305
6505-10	PROFESSIONAL FEES: Engineering: Living Shoreline		-	-	-	-	78,215
6505-12	PROFESSIONAL FEES: Engineering: OBL Duplexes		-	-	-	-	685
6505-14	PROFESSIONAL FEES:6505 → Prof Fees - Engineering:6505-14 → Marina Village		-	-	-	-	68,396
6505-15	PROFESSIONAL FEES: Engineering: Park & Recreation		-	-	-	-	1,850
6520R	PROFESSIONAL FEES:6520R → Prof Fees - Legal		-	-	-	-	35,562
6020	Assets Transferred to BS		-	-	-	-	(240,513)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Appendix A - Adjusting Journal Entries - Continued

June 30, 2023

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other	
						Support	Expenses
1175	Security Deposits- 6567		\$ (12,286)	\$ -	\$ -	\$ -	\$ -
4100	RENTAL INCOME		-	-	-	12,286	-
2200	SECURITY DEPOSIT		-	290	-	-	-
4100	RENTAL INCOME		-	-	-	(290)	-
1175	Security Deposits- 6567		12,286	-	-	-	-
4100	RENTAL INCOME		-	-	-	290	-
4100	RENTAL INCOME		-	-	-	(12,286)	-
2200	SECURITY DEPOSIT		-	(290)	-	-	-
1175	Security Deposits- 6567		(22,588)	-	-	-	-
4100	RENTAL INCOME		-	-	-	2,275	-
		To post client's adjustment for security deposits and reverse it because it did not account for amounts held by agent. To post amount to correct security deposits held by FDRPC.					
1170	WSFS 3		22,588	-	-	-	-
2200	SECURITY DEPOSIT		-	(2,275)	-	-	-
			<u>\$ -</u>	<u>\$ (2,275)</u>	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ -</u>
		To reconcile opening net assets for expense posted in to AP as of 1/2022, after the FY 22 audit, and paid in 2/2023.					
6702	IMPROVEMENTS:6702 -> Building 39-1303 Officers Row		\$ -	\$ -	\$ -	\$ -	\$ 1,390
32000	Retained Earnings		-	-	(1,390)	-	-
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,390)</u>	<u>\$ -</u>	<u>\$ 1,390</u>
1280	Amounts Held by Agent - Emory Hill		\$ 17,425	\$ -	\$ -	\$ -	\$ -
2202	Security Deposits Held by Agent	To post amounts held by agent for security deposits and prepaid rent.	-	(7,925)	-	-	-
2251	Prepaid Rent Held By Agent		-	(9,500)	-	-	-
			<u>\$ 17,425</u>	<u>\$ (17,425)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1250	Accounts Receivable (A/R)		\$ 27,411	\$ -	\$ -	\$ -	\$ -
6500	PROFESSIONAL FEES	To post Emory Hill management fees and commission expense, post A/R for FY 23 rental income received after year end, and to correct rental income to gross. PBC after discussion about discrepancy between GL and Emory Hill report.	-	-	-	-	22,539
4100	RENTAL INCOME		-	-	-	(49,950)	-
			<u>\$ 27,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,950)</u>	<u>\$ 22,539</u>
8000	Value of Real Estate Sold		\$ -	\$ -	\$ -	\$ -	\$ 1,531,016
4200	REAL ESTATE SALES		-	-	-	(211,645)	-
1310	Land		(2,846)	-	-	-	-
1300 CP-6	Construction in Process:CP-6 Officers Row	To record gross sales and gross costs for 1303 Officers Row.	145,760	-	-	-	-
1315	Buildings		(1,685,019)	-	-	-	-
1318	Building Improvements		(10,815)	-	-	-	-
1317	Accumulated Depreciation		233,549	-	-	-	-
			<u>\$ (1,319,371)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (211,645)</u>	<u>\$ 1,531,016</u>
	Total Adjustments		<u>\$ 2,381,152</u>	<u>\$ 48,414</u>	<u>\$ (1,390)</u>	<u>\$ (1,005,721)</u>	<u>\$ (1,422,454)</u>

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

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

JUNE 30, 2023 AND 2022

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page No.</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Statements of Net Position	10
Statements of Revenue, Expenses, and Change in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	14
Supplementary Information	
Schedules of Operating Expenses	26
Schedules of Capital Expenses	27



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Fort DuPont Redevelopment and Preservation Corporation (a Component Unit of the State of Delaware) (the Organization) as of and for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fort Dupont Redevelopment and Preservation Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to the Qualified Opinion

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

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

would change the assets, net position, and expenses of the Organization. The amount by which this departure affects the assets, net position, and expenses of the Organization has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Dupont Redevelopment 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fort Dupont Redevelopment 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 5 through 9, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Fort DuPont Redevelopment and Preservation Corporation. The 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 schedule of operating expenses and the schedule of capital expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

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 schedule of operating expenses and the schedule of capital expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024, on our consideration of the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

June 10, 2024
Wilmington, Delaware

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023 and 2022. 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, 2023, 2022, and 2021 results.

Financial Highlights

- The assets of the Organization exceeded its liabilities as of June 30, 2023, by \$57,815,898 (net position), as compared to \$58,574,902 as of June 30, 2022, and \$55,502,388 as of June 30, 2021. Included in this amount as of June 30, 2023, are net investment in capital assets of \$54,688,122 and unrestricted net position of \$3,127,776.
- The Organization's total net position decreased by \$759,004 during fiscal year 2023.

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, 2023

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 of the State of Delaware. The Organization's activities are financed and operated as an enterprise fund such that costs and expenses of providing services are recovered primarily through user charges.

Financial Analysis

As noted earlier, Net Position, when read in conjunction with other data, may serve over time as a useful indicator of the financial position of the Organization. The Organization's assets exceeded liabilities by \$57,815,898 at the close of fiscal year 2023 and \$58,574,902 at the close of fiscal year 2022.

Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u> (Restated)
Current Assets	\$ 1,224,390	\$ 2,221,028	\$ 510,790
Non-Current Assets	2,202,348	2,210,393	121,975
Capital Assets	<u>56,445,963</u>	<u>56,265,076</u>	<u>56,427,093</u>
Total Assets	<u>\$ 59,872,701</u>	<u>\$ 60,696,497</u>	<u>\$ 57,059,858</u>
Current Liabilities	\$ 246,228	\$ 812,661	\$ 229,630
Non-Current Liabilities	<u>1,691,648</u>	<u>1,182,874</u>	<u>1,188,491</u>
Total Liabilities	<u>\$ 1,937,876</u>	<u>\$ 1,995,535</u>	<u>\$ 1,418,121</u>
Deferred Inflows	<u>\$ 118,927</u>	<u>\$ 126,060</u>	<u>\$ 139,349</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 54,688,122	\$ 54,982,217	\$ 55,159,388
Unrestricted	<u>3,127,776</u>	<u>3,592,685</u>	<u>343,000</u>
TOTAL NET POSITION	<u>\$ 57,815,898</u>	<u>\$ 58,574,902</u>	<u>\$ 55,502,388</u>

Net investment in capital assets constitutes 94.59% and 93.87% of the Organization's net position as of June 30, 2023 and 2022, respectively. The balance of net position \$3,127,776 and \$3,592,685 as of June 30, 2023 and 2022, 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, 2023

Organization Activities

Organization activities decreased the net position by \$759,004 during fiscal year 2023, while increasing net position by \$3,072,514 during fiscal year 2022. Key elements of this change are as follows:

	2023	2022	2021 (Restated)
State Appropriations	\$ 2,875,000	\$ 3,625,000	\$ 2,250,000
Historic Preservation Tax Credits	-	127,461	-
Rental and Reimbursements Income	293,717	401,566	661,381
Lease Revenue	7,133	13,290	13,290
Interest Revenue from Lease	727	8,233	8,966
Special Events Income	6,350	5,700	1,100
PPP Loan Forgiveness	-	-	93,500
Sales of Properties	955,000	4,891,398	1,865,141
Total Revenue	4,137,927	9,072,648	4,893,378
Personnel Services	632,836	697,829	523,774
Materials, Supplies, and Contractual Services	1,102,816	1,381,857	1,062,654
Cost of Sales of Properties	1,884,102	2,701,904	1,342,568
Depreciation	1,154,478	1,154,478	1,144,143
Total Operating Expenses	4,774,232	5,936,068	4,073,139
Total Operating Income	(636,305)	3,136,580	820,239
Total Interest Expense	122,699	64,066	82,727
Change in Net Position	\$ (759,004)	\$ 3,072,514	\$ 737,512

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2023

Revenue

During fiscal year 2023, the Organization earned \$4,137,927 in total revenue. This is a decrease of \$4,934,721 or 54.39% from the operating revenue of \$9,072,648 earned in fiscal year 2022. This is due primarily to the decrease in sales of properties and in State Appropriations. During fiscal year 2022, total revenue increase by \$4,179,270 or 85.41% over the total revenue earned in fiscal year 2021. This is due primarily to an increase in sales of properties and increased State Appropriations.

Operating Expenses

The Organization's operating expenses decreased to \$4,774,232 in fiscal year 2023 from \$5,936,068 in fiscal year 2022. Fiscal year 2023's operating expenses decreased due to the decrease in the cost of real estate sold as compared to fiscal year 2022. Materials, Supplies, and Contractual services decreased to \$1,102,816 in fiscal year 2023 from \$1,381,857 in fiscal year 2022 due to a decrease in expenses related to building improvements and marketing. Fiscal year 2022 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.

Capital Asset and Debt

Capital Assets - The Organization's total capital assets (net of accumulated depreciation) increased from \$56,265,076 as of June 30, 2022, to \$56,445,963 as of June 30, 2023. This \$180,887 increase, or 0.32%, relates to an increase in construction in progress.

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.

Long-Term Debt - At the end of the current fiscal year, the Organization had long-term debt outstanding of \$1,691,648. This is an increase of \$508,774, or 43.01%, due to draws on a loan entered with Applied Bank in fiscal year 2021.

At the end of the prior 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 a draws on a loan entered with Applied Bank in fiscal year 2021, 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, 2023

Capital Asset and Debt - Continued

Long-Term Debt - Continued

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 Timothy Slavin, Executive Director, 260 Old Elm Avenue, PO Box 521, Delaware City, Delaware 19706.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 956,523	\$ 1,984,424
Accounts Receivable	218,770	216,789
Leases Receivable - Current Portion	11,582	11,582
Accrued Interest Receivable	7,690	8,233
RESTRICTED ASSETS		
Security Deposits	12,400	-
Amounts Held by Agent	17,425	-
TOTAL CURRENT ASSETS	1,224,390	2,221,028
NON-CURRENT ASSETS		
Leases Receivable	102,348	110,393
Note Receivable	2,100,000	2,100,000
	2,202,348	2,210,393
CAPITAL ASSETS		
Land	3,268,627	3,277,611
Construction in Progress	10,538,137	7,731,504
Property Held for Development	7,558,139	7,558,139
Buildings	41,251,608	42,936,626
Land Improvements	585,520	585,520
Building Improvements	391,396	402,211
Equipment	291,289	291,289
Less: Accumulated Depreciation	(7,438,753)	(6,517,824)
NET CAPITAL ASSETS	56,445,963	56,265,076
TOTAL NON-CURRENT ASSETS	58,648,311	58,475,469
TOTAL ASSETS	\$ 59,872,701	\$ 60,696,497
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 139,182	\$ 645,162
Accrued Liabilities	11,028	7,889
Earnest Deposit	-	50,000
Security Deposits	12,400	9,625
Security Deposits Held by Agent	7,925	-
Prepaid Rent Held by Agent	9,500	-
Current Portion of Long-Term Debt	66,193	99,985
TOTAL CURRENT LIABILITIES	246,228	812,661
LONG-TERM LIABILITY		
Long-Term Debt, Net of Current Portion	1,691,648	1,182,874
TOTAL LIABILITIES	1,937,876	1,995,535
DEFERRED INFLOWS	118,927	126,060
NET POSITION		
Invested in Capital Assets, Net of Related Debt	54,688,122	54,982,217
Unrestricted Net Position	3,127,776	3,592,685
TOTAL NET POSITION	57,815,898	58,574,902
TOTAL LIABILITIES AND NET POSITION	\$ 59,872,701	\$ 60,696,497

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUE		
State Appropriations	\$ 2,875,000	\$ 3,625,000
Historic Preservation Tax Credits	-	127,461
Rental and Reimbursements Income	293,717	401,566
Lease Revenue	7,133	13,290
Interest Revenue from Lease	727	8,233
Special Events Income	6,350	5,700
Sales of Properties	955,000	4,891,398
	<u>4,137,927</u>	<u>9,072,648</u>
TOTAL REVENUE		
OPERATING EXPENSES		
Personnel Services	632,836	697,829
Materials, Supplies, and Contractual Services	1,102,816	1,381,857
Cost of Sales of Properties	1,884,102	2,701,904
Depreciation	1,154,478	1,154,478
	<u>4,774,232</u>	<u>5,936,068</u>
TOTAL OPERATING EXPENSES		
OPERATING (LOSS) INCOME	<u>(636,305)</u>	<u>3,136,580</u>
TOTAL INTEREST EXPENSE	<u>122,699</u>	<u>64,066</u>
CHANGE IN NET POSITION	(759,004)	3,072,514
NET POSITION - Beginning of Year	<u>58,574,902</u>	<u>55,502,388</u>
NET POSITION - End of Year	<u>\$ 57,815,898</u>	<u>\$ 58,574,902</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Appropriations and Tax Credits Received	\$ 2,875,000	\$ 3,752,461
Rent and Reimbursements Received	303,826	244,225
Prepaid Rent Received	9,500	-
Cash Received from Special Events	6,350	5,700
Proceeds from the Sale of Properties	955,000	2,791,398
Earnest Deposits Received	(50,000)	50,000
Security Deposits Received	7,925	-
Additions to Property and Equipment	(3,629,791)	(3,694,365)
Cash Paid to Suppliers	(1,195,332)	(890,897)
Cash Paid to Employees	(632,836)	(697,829)
	(1,350,359)	1,560,693
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	545,911	324,423
Repayments of Long-Term Debt	(70,929)	(309,269)
Interest Paid	(122,699)	(64,066)
	352,283	(48,912)
NET CHANGE IN CASH	(998,076)	1,511,781
CASH - Beginning of Year	1,984,424	472,643
CASH - End of Year	\$ 986,348	\$ 1,984,424
NON-CASH OPERATING ACTIVITIES		
Note Received from Sale of Properties	\$ -	\$ 2,100,000
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION		
Cash	\$ 956,523	\$ 1,984,424
Security Deposits	12,400	-
Amounts Held by Agent	17,425	-
TOTAL CASH	\$ 986,348	\$ 1,984,424

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (Loss) Income	\$ (636,305)	\$ 3,136,580
ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,154,478	1,154,478
Cost of Sales of Property	1,800,115	2,701,904
(Increase) Decrease in Assets		
Accounts Receivable	(1,981)	(198,457)
Lease Receivable	8,045	10,849
Interest Receivable	543	732
Capital Assets	(3,629,791)	(3,694,365)
Note Receivable	-	(2,100,000)
Increase (Decrease) in Liabilities		
Accounts Payable	(11,668)	487,623
Accrued Liabilities	3,139	3,338
Earnest Deposit	(50,000)	50,000
Security Deposits	10,700	4,875
Prepaid Rent	9,500	-
Unearned Revenue	-	16,425
Deferred Inflow - Lease Receivable	(7,133)	(13,290)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (1,350,359)	\$ 1,560,693

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023 and 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, 2023**

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, 2023 and 2022, was \$1,154,478 and \$1,154,478, 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, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising and Marketing - Advertising and marketing costs total \$34,025 and \$127,824 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the Organization's deposits with financial institutions had carrying amounts of \$986,348 and \$1,984,424 and bank balances of \$1,169,091 and \$2,100,955, respectively. As of June 30, 2023 and 2022, \$809,203 and \$1,598,248, 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, 2023**

NOTE 4: PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment for the year ended June 30, 2023:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Property and Equipment Not Being Depreciated				
Land	\$ 3,277,611	\$ -	\$ 8,984	\$ 3,268,627
Construction in Progress	7,731,504	3,219,956	413,323	10,538,137
Buildings Held for Development	<u>7,558,139</u>	<u>-</u>	<u>-</u>	<u>7,558,139</u>
 Total Capital Assets Not Being Depreciated	 <u>18,567,254</u>	 <u>3,219,956</u>	 <u>422,307</u>	 <u>21,364,903</u>
Property and Equipment Being Depreciated				
Buildings	42,936,626	-	1,685,018	41,251,608
Land Improvements	585,520	-	-	585,520
Building Improvements	402,211	-	10,815	391,396
Vehicles and Equipment	<u>291,289</u>	<u>-</u>	<u>-</u>	<u>291,289</u>
 Total Capital Assets Being Depreciated	 <u>44,215,646</u>	 <u>-</u>	 <u>1,695,833</u>	 <u>42,519,813</u>
Less: Accumulated Depreciation for				
Land Improvements	123,184	39,035	-	162,219
Buildings and Improvements	6,300,753	1,074,713	233,549	7,141,917
Vehicles and Equipment	<u>93,887</u>	<u>40,730</u>	<u>-</u>	<u>134,617</u>
 Total Accumulated Depreciation	 <u>6,517,824</u>	 <u>1,154,478</u>	 <u>-</u>	 <u>7,438,753</u>
 Total Capital Assets Being Depreciated, Net	 <u>37,697,822</u>	 <u>(1,154,478)</u>	 <u>1,695,833</u>	 <u>35,081,060</u>
 Total Capital Assets, Net	 <u>\$ 56,265,076</u>	 <u>\$ 2,065,478</u>	 <u>\$ 2,118,140</u>	 <u>\$ 56,445,963</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023**

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

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	3,351,140	3,767,997	7,731,504
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>4,333,695</u>	 <u>4,696,907</u>	 <u>18,567,254</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>\$ 4,534,890</u>	 <u>\$ 4,696,907</u>	 <u>\$ 56,265,076</u>

Land includes the assessed value of lots available for sale.

Construction in progress includes costs accumulated through June 30, 2023, for various rehabilitation and construction projects currently underway.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023**

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

Buildings Held for Development represents the insured value of various real estate properties the Organization received from the State of Delaware in a prior year, plus certain rehabilitation and development costs paid.

NOTE 5: LONG-TERM DEBT

The following is a summary of debt transactions for the Organization for the year ended June 30, 2023:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Due Within One Year</u>
Tenant Reimbursement	\$ 19,166	\$ -	\$ -	\$ 19,166	\$ 19,166
Tri Supply Equipment	10,980	-	10,980	-	-
WSFS Loan	50,953	-	50,953	-	-
Applied Bank Loans	<u>1,201,760</u>	<u>545,911</u>	<u>8,996</u>	<u>1,738,675</u>	<u>47,027</u>
Total Debt	<u>\$ 1,282,859</u>	<u>\$ 545,911</u>	<u>\$ 70,929</u>	<u>\$ 1,757,841</u>	<u>\$ 66,193</u>

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>

Applied Bank - The Organization entered into a commercial construction loan agreement with Applied Bank (Applied) on July 27, 2017, for an amount up to \$1,550,000. 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, 2023 and 2022 was 10.25% and 6.75%, respectively. 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, 2023**

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 \$869,337 and \$877,338 as of June 30, 2023 and 2022, respectively.

Applied Bank - 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, 2023 and 2022, was 9.75% and 6.25%, respectively. 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 18 months interest only during the construction period, followed by a five-year loan, amortized over 25 years with final payment of any outstanding principal and interest due on August 31, 2027. Outstanding borrowings total \$869,336 and \$324,422 as of June 30, 2023 and 2022, respectively.

WSFS Bank - 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 \$0 and \$50,953 as of June 30, 2023 and 2022, respectively. Outstanding borrowings were paid off on January 13, 2023.

Tenant Reimbursement - 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, 2023 and 2022, was \$19,166. The Organization is in default and did not make any installment payments during the fiscal year ended June 30, 2023. Outstanding balances were paid off subsequent to year end on February 1, 2024.

Tri-Supply Equipment - 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, 2023 and 2022, was \$0 and \$10,980, respectively. The outstanding borrowings were paid off on August 11, 2022 and June 11, 2023.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023**

NOTE 5: LONG-TERM DEBT - CONTINUED

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

2024	\$	66,193
2025		23,188
2026		25,690
2027		28,461
2028		31,531
Thereafter		<u>1,582,778</u>
Total	\$	<u><u>1,757,841</u></u>

The total interest cost incurred during the years ended June 30, 2023 and 2022, was \$122,699 and \$64,066, respectively.

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 \$8,015 and \$15,882 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7: LEASES - LESSOR

The Organization leases various residential real estate properties to tenants under operating leases with one-year terms. The Organization received \$293,717 and \$401,566 in rental income during the years ended June 30, 2023 and 2022, 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 effective July 1, 2020.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023**

NOTE 7: LEASES - LESSOR - 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
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	10,500	4,903	5,597	-	-	-
2029-2033	52,500	29,948	22,552	-	-	-
2034-2038	52,500	41,515	10,985	-	-	-
Thereafter	7,000	6,557	443	-	-	-
	<u>\$ 164,500</u>	<u>\$ 99,623</u>	<u>\$ 64,877</u>	<u>\$ 11,644</u>	<u>\$ 10,770</u>	<u>\$ 874</u>

Year Ending June 30,	Total		
	Payments	Principal	Interest
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	10,500	4,903	5,597
2029-2033	52,500	29,948	22,552
2034-2038	52,500	41,515	10,985
Thereafter	7,000	6,557	443
	<u>\$ 176,144</u>	<u>\$ 110,393</u>	<u>\$ 65,751</u>

Lease revenues for the years ended June 30, 2023 and 2022, for the property leased to OMB were \$7,133 and \$13,290, respectively.

Interest income from the leases revenue for the years ended June 30, 2023 and 2022, were \$727 and \$8,233, respectively.

Leased properties for the years ended June 30, 2023 and 2022 have a combined cost of \$18,587,607 and \$20,283,441, respectively, and accumulated depreciation of \$3,013,107 and \$2,748,081, respectively.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023**

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, 2023 and 2022, the Organization was awarded such tax credits from the State of Delaware in the amount of \$0 and \$138,545, respectively, and sold them, at a discount, to third parties for \$0 and \$127,461, 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 to RIG Acquisitions, LLC. At closing Sun Fort DuPont RV LLC, the Assignee, executed a purchase money promissory note for \$2,100,000 with the Organization. The note has an interest rate of 0% and a maturity date of October 29, 2025. The outstanding balance on the note receivable was \$2,100,000 as of June 30, 2023, and 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.

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.

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023**

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Administrative Expenses	\$ 117,584	\$ 99,152
Building Improvements	3,320,477	3,909,067
Common Area Maintenance	257,924	276,968
Cost of Sales of Properties	1,884,102	2,701,904
Depreciation Expenses	1,154,478	1,154,478
Marketing Expenses	34,025	127,824
Operating Expenses	35,072	109,737
Payroll Expenses	632,836	697,829
Professional Fees	335,133	217,647
Property Management Expense	8,075	200
Special Event Expenses	500	6,112
Utilities Expense	213,982	206,213
Amounts Capitalized as Property and Equipment	<u>(3,219,956)</u>	<u>(3,571,063)</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,774,232</u>	<u>\$ 5,936,068</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
SCHEDULES OF CAPITAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Building Improvements	\$ 1,208,064	\$ 3,149,333
Demolition	-	105,420
Engineering	204,951	142,008
Legal	35,562	-
Roadways and Utilities	1,771,379	174,302
Amounts Capitalized as Property and Equipment	<u>(3,219,956)</u>	<u>(3,571,063)</u>
TOTAL CAPITAL EXPENSE	<u>\$ -</u>	<u>\$ -</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**

(A Component Unit of the State of Delaware)

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

JUNE 30, 2023

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page No.</u>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Schedule of Findings and Recommendations	3
Summary Schedule of Prior Audit Findings	8



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditor's 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, 2023, 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 June 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and recommendations as items 2023-001, 2023-002 and 2023-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

June 10, 2024
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, 2023

Reference Number: 2023-001

Type of Finding: Significant Deficiency

Financial Reporting Close Process

Condition: During our audit, we noted misstatements of general ledger balances requiring material adjusting journal entries. 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. Entries totaling \$521,266 to properly record real estate sales activity during the year ended June 30, 2023.
2. Entries totaling \$1,884,102 to properly record the cost of sales of properties during the year ended June 30, 2023.
3. Entries totaling \$3,219,956 to record capital asset acquisitions that had been expensed.
4. An entry of \$2,979,443 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 general ledger balances 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, 2023

Reference Number: 2023-001 - 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 not recorded during the fiscal year 2023 closing. As part of the process, management should evaluate all fiscal year 2023 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 comprehensive closing journal entries to ensure the accurate presentation of financial statements. The Corporation successfully implemented procedures to close the fiscal year's ledger by August 15, 2024. However, certain complex transactions, including sales of real estate occurring very late in the fiscal year, were not properly recorded. The Corporation will ensure that closing entries correctly reflect all activity during the fiscal year.

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, 2023

Reference Number: 2023-002

Type of Finding: Significant Deficiency

Allocation of Costs, Cost of Properties Sold

Condition: The Organization does not have a written policy controlling 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 the need for adjusting journal entries totaling \$3,219,956 to properly capitalize such costs. The Organization also did not allocate certain common costs to the properties sold during the fiscal year. The Organization used net cash received from the sales of properties as the basis to record revenue. This resulted in the need for adjusting entries totaling \$521,286 to properly gross-up sales revenue and \$1,884,102 to properly record the cost of real estate sold (see item 2023-001).

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 generally accepted accounting principles.

Cause: 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 proper accounting for property sales and for costs incurred for preconstruction, construction, and overhead of 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 a property development cost capitalization policy and procedures that will allocate costs for preconstruction, construction, and overhead for property development and preservation projects. The policy and procedures will be presented to the Board for its review and approval.

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, 2023

Reference Number: 2023-003

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 randomly selected for testing, supporting documents could not be located for nine of the transactions, four of which were payroll-related transactions. Of the transactions for which support was located and provided, one had no payment approvals recorded on the document.
- Of the 20 credit card transactions selected for testing, supporting documents could not be located for two transactions. However, these two transactions were approved during the Organization's credit card reconciliation process.

A similar finding was reported in the prior year; however, the Organization has made significant improvements to its internal controls over cash disbursements as evidenced in the decreased number of transactions lacking supporting documents and approvals in the current year as compared to the number of transactions identified in finding 2022-003.

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

Cause: The Organization does not have a formal written policy concerning cash disbursement documentation and approval.

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.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED JUNE 30, 2023

Reference Number: 2023-003 - Continued

Recommendation - Continued

- Management maintains a record of supporting documentation for payroll transactions similar to that maintained for other non-payroll expenditures.
- 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 details in the credit card's monthly statement. Any discrepancies should be investigated.

We also recommend that the Organization continue making improvements to its filing system, including creating a digital system, to store its paid invoices and other documentation.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and appreciates the acknowledgment of our efforts during the past year to improve internal controls over cash management. The Corporation will develop written accounting policies over cash disbursements and present them to the Board for its review and approval. As noted in the recommendation, the Corporation will continue efforts to transition the storage of financial documentation from a paper to a digital system.

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, 2023

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, 2023 and is not expected to be addressed due to the cost and effort involved in determining the donated assets' Acquisition Values.

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.

Current Status: A similar condition was noted during the year ended June 30, 2023. See current year finding 2023-001.

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.

Current Status: A similar condition was noted during the year ended June 30, 2023. See current year finding 2023-002.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
YEAR ENDED JUNE 30, 2023

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.

Current Status: A similar condition was noted during the year ended June 30, 2023. See current year finding 2023-003. The Organization has made significant improvements to its internal controls over cash disbursements including improvements to its filing procedures over supporting documents and credit card expense reconciliation procedures.

Fort DuPont Redevelopment and Preservation Corporation
Budget Overview: Budget_FY25_P&L Scenario 2 - FY25 P&L
July 2024 - June 2025

	Fy 23	Total FY 25	Difference FY 25 -FY23
Income	\$ -		\$ -
4010 State Appropriation	\$ 2,575,000.00	\$ 2,250,000.00	\$ 325,000.00
4100 RENTAL INCOME	\$ 121,919.96	\$ 137,962.35	\$ (16,042.39)
4100-DN DNREC	\$ 10,500.00	\$ 10,500.00	\$ -
4110 SPECIAL EVENT REVENUE	\$ 1,100.00	\$ 5,550.00	\$ (4,450.00)
4130 CAM REVENUE	\$ -	\$ -	\$ -
4131 Lawncare - CAM (State Tenants)	\$ 16,040.00	\$ 12,840.00	\$ 3,200.00
4132 Snow/Ice - CAM (State Tenants)	\$ 25,112.00	\$ 12,598.00	\$ 12,514.00
Total 4130 CAM REVENUE	\$ 41,152.00	\$ 25,438.00	\$ 15,714.00
4150 TENANT REIMBURSEMENTS	\$ -	\$ -	\$ -
4151 Utility Reimbursements	\$ 104,182.72	\$ 79,312.28	\$ 24,870.44
Total 4150 TENANT REIMBURSEMENTS	\$ 104,182.72	\$ 79,312.28	\$ 24,870.44
Total 4100 RENTAL INCOME	\$ 335,229.68	\$ 258,762.63	\$ 76,467.05
4200 REAL ESTATE SALES	\$ 645,378.90	\$ -	\$ 645,378.90
4400 Sales		\$ 45,000.00	
4430 Services	\$ 188,524.22	\$ 188,504.22	\$ 20.00
Total Income	\$ 4,044,132.80	\$ 2,619,226.33	\$ 1,424,906.47
Gross Profit	\$ 2,513,117.29	\$ 2,619,226.33	\$ (106,109.04)
Expenses	\$ -		\$ -
6030 Bank Charges	\$ 482.19	\$ 433.25	\$ 48.94
6460 ENVIRONMENTAL	\$ 61,782.86	\$ 74,696.32	\$ (12,913.46)
6464 Soil Analysis	\$ 14,857.50	\$ 9,350.00	\$ 5,507.50
Total 6460 ENVIRONMENTAL	\$ 76,640.36	\$ 84,046.32	\$ (7,405.96)
6480 SPECIAL EVENT EXPENSES	\$ 500.00	\$ 4,178.54	\$ (3,678.54)
6500 PROFESSIONAL FEES	\$ 26,785.47	\$ 55,283.58	\$ (28,498.11)
6505 Prof Fees - Engineering	\$ 14,821.50	\$ 20,276.75	\$ (5,455.25)
6505-02 Master Planning	\$ 27,265.25	\$ 24,678.50	\$ 2,586.75
6505-03 Canal District	\$ 1,571.08	\$ 1,908.50	\$ (337.42)
6505-06 Survey		\$ 1,503.75	
6505-09 Round-a-bout	\$ -	\$ 2,948.25	\$ (2,948.25)
6505-10 Living Shoreline	\$ -	\$ 4,476.50	\$ (4,476.50)
6505-14 Marina Village	\$ -	\$ 39,622.03	\$ (39,622.03)
6505-20 Branch Canal	\$ 12,894.75	\$ 26,359.75	\$ (13,465.00)
Total 6505 Prof Fees - Engineering	\$ 101,771.48	\$ 121,774.03	\$ (20,002.55)
6515 Prof Fees - Architectural	\$ 240.00	\$ 1,687.50	\$ (1,447.50)
6520R Prof Fees - Legal	\$ 224,564.10	\$ 100,000.00	\$ 124,564.10
6525R Prof Fees - Accounting	\$ 43,904.00	\$ 46,705.00	\$ (2,801.00)
6545 Roadways/Utilities	\$ 7,986.00	\$ 249.49	\$ 7,736.51
Total 6500 PROFESSIONAL FEES	\$ 405,251.05	\$ 325,699.60	\$ 79,551.45
6535 PERMITTING	\$ 8,582.34	\$ 4,606.38	\$ 3,975.96
6600R FEES - OTHER	\$ 7,499.50	\$ -	\$ 7,499.50
6610 Bank Fees	\$ 232.26	\$ 473.37	\$ (241.11)
6625 Bank Charges	\$ 16.95	\$ 16.95	\$ 0.00
6627 Applied Bank Fees	\$ 8,905.53	\$ 13.00	\$ 8,892.53
Total 6625 Bank Charges	\$ 8,922.48	\$ 29.95	\$ 8,892.53
Total 6600R FEES - OTHER	\$ 26,129.96	\$ 503.32	\$ 25,626.64
6700 IMPROVEMENTS	\$ 19,295.67	\$ 1,902.50	\$ 17,393.17
6702 Building 39-1303 Officers Row	\$ 1,390.00	\$ 1,117.00	\$ 273.00
6703 Building 43-NCO Duplex		\$ 1,115.00	
6709 Building 24-FDRPC Office		\$ 1,269.00	
6711 Building 20-PX		\$ 96,700.00	
6712 Building 24-Theater	\$ 826.00	\$ 23,108.00	\$ (22,282.00)

	Fy 23	Total FY 25	Difference FY 25 -FY23
6713 Building 55-Chapel		\$ 17,145.00	
6716 Canal District	\$ -	\$ -	\$ -
6716.30 Roads/Utilities	\$ -	\$ 298,000.00	\$ (298,000.00)
Total 6716 Canal District	\$ -	\$ 298,000.00	\$ (298,000.00)
6721 Roundabout	\$ -	\$ 14,618.91	\$ (14,618.91)
6734 Building 23-Band Barracks	\$ 5,090.00	\$ 840.00	\$ 4,250.00
6738 Duplexes on OBL	\$ -	\$ -	\$ -
6738-02 Building 27	\$ -	\$ 625.00	\$ (625.00)
Total 6738 Duplexes on OBL	\$ -	\$ 625.00	\$ (625.00)
6740 Building 28-Bakery		\$ 5,085.00	
6741 Building 30-Stable	\$ (0.00)	\$ 10,825.00	\$ (10,825.00)
6744 Maintenance Shop	\$ 1,825.00	\$ 3,916.00	\$ (2,091.00)
6747 Building 19		\$ 836.00	
6748 Building 52-Tilton	\$ (0.00)	\$ 23,477.06	\$ (23,477.06)
6749 Pump House		\$ 26,360.00	
6759 Community Garden	\$ 700.92	\$ 1,249.99	\$ (549.07)
6766 Old Battery Lane	\$ 2,586.75	\$ 159,000.00	\$ (156,413.25)
6768 DNREC Magazine		\$ 9,950.00	
6770 DNREC Maintenance Bldg	\$ -	\$ 1,763.70	\$ (1,763.70)
Total 6700 IMPROVEMENTS	\$ 7,517.40	\$ 698,903.16	\$ (691,385.76)
6800 SITE UTILITIES	\$ 210.15	\$ 388.00	\$ (177.85)
6810 Electric	\$ 183,865.86	\$ 160,636.57	\$ 23,229.29
6815 Gas	\$ 4,195.40	\$ (2,044.83)	\$ 6,240.23
6820 Water	\$ 12,524.92	\$ 10,570.77	\$ 1,954.15
6825 Sewer	\$ 11,293.97	\$ 6,646.72	\$ 4,647.25
6835 Trash	\$ 3,681.23	\$ 2,835.00	\$ 846.23
Total 6800 SITE UTILITIES	\$ 215,771.53	\$ 179,032.23	\$ 36,739.30
7000 OPERATING EXPENSES	\$ -	\$ -	\$ -
7009 Computer Support	\$ 2,337.18	\$ 9,001.28	\$ (6,664.10)
7010 Office Supplies	\$ 12,214.67	\$ 18,937.56	\$ (6,722.89)
7015 Taxes & Licenses		\$ 253.63	
7025 Meals and Entertainment	\$ 75.81	\$ 376.23	\$ (300.42)
7030 Utilities - Office	\$ 9,744.97	\$ 29,644.85	\$ (19,899.88)
7035 Phone/Internet - Office	\$ 5,940.90	\$ 152.18	\$ 5,788.72
7040 Repairs & Maintenance	\$ 2,551.00	\$ 3,614.00	\$ (1,063.00)
7051 Uniforms	\$ 3,077.09	\$ 7,049.20	\$ (3,972.11)
Total 7000 OPERATING EXPENSES	\$ 35,992.12	\$ 69,028.93	\$ (33,036.81)
7100 COMMON AREA MAINTENANCE	\$ 22,648.97	\$ 25,177.47	\$ (2,528.50)
7105 Lawn Care	\$ 119,958.20	\$ 84,560.00	\$ 35,398.20
7115 Pest Control	\$ 1,660.00	\$ 1,612.77	\$ 47.23
7120 Fire & Security Monitoring	\$ 4,561.23	\$ 3,002.00	\$ 1,559.23
7125 Snow & Ice Removal		\$ 9,160.00	
7130 Building Repairs & Maintenance		\$ 2,462.50	
7140 Landscaping Maintenance	\$ 70,965.41	\$ 50,611.99	\$ 20,353.42
7141 Auto	\$ 2,584.57	\$ 3,892.02	\$ (1,307.45)
7145 Equipment Expense	\$ 13,415.61	\$ 2,442.25	\$ 10,973.36
7830 Utilities	\$ 19,047.39	\$ 13,342.31	\$ 5,705.08
Total 7100 COMMON AREA MAINTENANCE	\$ 257,924.37	\$ 196,263.31	\$ 61,661.06
7200 DEBT EXPENSE	\$ -	\$ -	\$ -
7205 P & I - Applied Bank PH1	\$ 74,877.23	\$ 19,870.75	\$ 55,006.48
7206 P & I - Applied OBL Duplexes	\$ 62,822.26	\$ 15,265.18	\$ 47,557.08
7207 P & I - PH1D			
7210 DMHEF Repayment			
7225 DEBT EXPENSE WSFS LOAN	\$ (996.74)	\$	\$ (996.74)
Total 7200 DEBT EXPENSE	\$ 136,702.75	\$ 35,135.93	\$ 101,566.82

	Fy 23	Total FY 25	Difference FY 25 -FY23
7500 MARKETING EXPENSES	\$ 400.00	\$ 7,000.00	\$ (6,600.00)
7550 Website & Social Media	\$ 14,320.67	\$ 15,803.25	\$ (1,482.58)
7555 Marketing - Other	\$ 9,456.00	\$ 7,809.95	\$ 1,646.05
Total 7500 MARKETING EXPENSES	\$ 34,025.04	\$ 30,613.20	\$ 3,411.84
7700 PAYROLL EXPENDITURES	\$ -	\$ 18,270.83	\$ (18,270.83)
7710 401k	\$ 8,015.44	\$ 9,103.60	\$ (1,088.16)
7720 Employee Benefits - Health	\$ 76,237.48	\$ 81,238.64	\$ (5,001.16)
7721 Employee Benefits - Dental	\$ 428.54	\$ 603.37	\$ (174.83)
7730 Payroll Tax Expense	\$ 43,489.86	\$ 34,178.49	\$ 9,311.37
7740 Salaries & Wages	\$ 20,192.30	\$ 640,000.00	\$ (619,807.70)
7742 Salaries - Site Manager	\$ 47,944.64	\$ -	\$ 47,944.64
Total 7740 Salaries & Wages	\$ 509,441.25	\$ 640,000.00	\$ (130,558.75)
7750 Payroll Service Fees	\$ 2,227.44	\$ 2,954.50	\$ (727.06)
Total 7700 PAYROLL EXPENDITURES	\$ 639,840.01	\$ 786,349.43	\$ (146,509.42)
7850 INSURANCE	\$ 3,700.31	\$ -	\$ 3,700.31
7853 Property	\$ 115,078.04	\$ 93,070.93	\$ 22,007.11
7855 Workers Comp Insurance	\$ 10,226.00	\$ 248.00	\$ 9,978.00
7856 Auto	\$ 34,041.95	\$ 15,361.00	\$ 18,680.95
7857 D & O/ E&O Insurance	\$ 20,822.52	\$ 8,855.00	\$ 11,967.52
Total 7850 INSURANCE	\$ 208,648.58	\$ 117,534.93	\$ 91,113.65
Legal Fees - Operating	\$ 18,507.00	\$ 104.00	\$ 18,403.00
Property Management	\$ -	\$ -	\$ -
7890 Payroll	\$ -	\$ -	\$ -
7910 Supplies	\$ 2,338.54	\$ 417.12	\$ 1,921.42
Total Property Management	\$ 8,074.54	\$ 417.12	\$ 7,657.42
Total Expenses	\$ 3,259,717.48	\$ 2,532,849.65	\$ 726,867.83
Net Operating Income	\$ (746,600.19)	\$ 86,376.68	\$ (832,976.87)
Other Expenses	\$ -	\$ -	\$ -
ASK MY ACCOUNTANT		\$ -	
Total Other Expenses	\$ (65.59)	\$ -	\$ (65.59)
Net Other Income	\$ 1,855.38	\$ -	\$ 1,855.38
Net Income	\$ (744,744.81)	\$ 86,376.68	\$ (831,121.49)

Monday, Jun 10, 2024 11:31:29 AM GMT-7 - Accrual Basis

Fy 23

Total FY 25

Difference FY 25 -FY23