

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

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

**JUNE 30, 2024 AND 2023**

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**(A Component Unit of the State of Delaware)**  
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**JUNE 30, 2024**

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*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, 2024 and 2023, 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, 2024 and 2023, 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 schedules 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 February 14, 2025, 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.*

February 14, 2025  
Wilmington, Delaware

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
(A Component Unit of the State of Delaware)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

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, 2024 and 2023. 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, 2024, 2023, and 2022 results.

***Financial Highlights***

- The assets of the Organization exceeded its liabilities as of June 30, 2024, by \$57,296,382 (net position), as compared to \$57,815,898 as of June 30, 2023, and \$58,574,902 as of June 30, 2022. Included in this amount as of June 30, 2024, are net investment in capital assets of \$54,404,218 and unrestricted net position of \$2,892,164.
- The Organization's total net position decreased by \$519,516 during fiscal year 2024.

***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, 2024**

***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 Government Accounting Standards Board (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 \$57,296,382 at the close of fiscal year 2024 and \$57,815,898 at the close of fiscal year 2023.

**Statements of Net Position**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current Assets	\$ 983,968	\$ 1,224,390	\$ 2,221,028
Non-Current Assets	2,191,818	2,202,348	2,210,393
Capital Assets	<u>55,870,889</u>	<u>56,445,963</u>	<u>56,265,076</u>
Total Assets	<u>\$ 59,046,675</u>	<u>\$ 59,872,701</u>	<u>\$ 60,696,497</u>
Current Liabilities	\$ 216,960	\$ 246,228	\$ 812,661
Non-Current Liabilities	<u>1,433,852</u>	<u>1,691,648</u>	<u>1,182,874</u>
Total Liabilities	<u>\$ 1,650,812</u>	<u>\$ 1,937,876</u>	<u>\$ 1,995,535</u>
Deferred Inflows	<u>\$ 99,481</u>	<u>\$ 118,927</u>	<u>\$ 126,060</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	\$ 54,404,218	\$ 54,688,122	\$ 54,982,217
Unrestricted	<u>2,892,164</u>	<u>3,127,776</u>	<u>3,592,685</u>
<b>TOTAL NET POSITION</b>	<u>\$ 57,296,382</u>	<u>\$ 57,815,898</u>	<u>\$ 58,574,902</u>

Net investment in capital assets constitutes 94.95% and 94.59% of the Organization's net position as of June 30, 2024 and 2023, respectively. The balance of net position \$2,892,164 and \$3,127,776 as of June 30, 2024 and 2023, 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, 2024**

*Organization Activities*

Organization activities decreased the net position by \$519,516 and \$759,004 during fiscal years 2024 and 2023, respectively. Key elements of this change are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
State Appropriations	\$ 2,257,000	\$ 2,875,000	\$ 3,625,000
Historic Preservation Tax Credits	-	-	127,461
Rental and Reimbursements Income	353,347	293,717	401,566
Lease Revenue	19,446	7,133	13,290
Interest Revenue from Lease	13,341	727	8,233
Special Events Income	7,300	6,350	5,700
Sales of Properties	<u>255,000</u>	<u>955,000</u>	<u>4,891,398</u>
 Total Revenue	 <u>2,905,434</u>	 <u>4,137,927</u>	 <u>9,072,648</u>
 Personnel Services	 748,141	 632,836	 697,829
Materials, Supplies, and Contractual Services	1,088,111	1,102,816	1,381,857
Cost of Sales of Properties	354,365	1,884,102	2,701,904
Depreciation	<u>1,099,165</u>	<u>1,154,478</u>	<u>1,154,478</u>
 Total Operating Expenses	 <u>3,289,782</u>	 <u>4,774,232</u>	 <u>5,936,068</u>
 Total Operating Income	 <u>(384,348)</u>	 <u>(636,305)</u>	 <u>3,136,580</u>
 Interest Expense	 <u>(153,138)</u>	 <u>(122,699)</u>	 <u>(64,066)</u>
 Gain on Sale of Equipment	 <u>17,970</u>	 <u>-</u>	 <u>-</u>
 Change in Net Position	 <u><u>\$ (519,516)</u></u>	 <u><u>\$ (759,004)</u></u>	 <u><u>\$ 3,072,514</u></u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
(A Component Unit of the State of Delaware)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

***Revenue***

During fiscal year 2024, the Organization earned \$2,905,434 in total revenue. This is a decrease of \$1,232,493 or 29.79% from the operating revenue of \$4,137,927 earned in fiscal year 2023. This is due primarily to the decrease in sales of properties and in State Appropriations. During fiscal year 2023, total revenue decreased by \$4,934,721 or 54.39% from the total revenue earned in fiscal year 2022. This is due primarily to the decrease in sales of properties and in State Appropriations.

***Operating Expenses***

The Organization's operating expenses decreased to \$3,289,782 in fiscal year 2024 from \$4,774,232 in fiscal year 2023. Fiscal year 2024's operating expenses decreased due to the decrease in the cost of real estate sold as compared to fiscal year 2023. Materials, Supplies, and Contractual Services decreased to \$1,088,111 in fiscal year 2024 from \$1,102,816 in fiscal year 2023 due to a decrease in expenses related to building improvements. Fiscal year 2023 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.

***Capital Asset and Debt***

Capital Assets - The Organization's total capital assets (net of accumulated depreciation) decreased from \$56,445,963 as of June 30, 2023, to \$55,870,889 as of June 30, 2024. This \$575,074 decrease, or 1.02%, relates to an increase in accumulated depreciation which offset an increase in construction in progress, and to the sale of improved capital assets for development.

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.

Long-Term Debt - At the end of the current fiscal year, the Organization had long-term debt outstanding of \$1,650,812. This is a decrease of \$287,064, or 14.81%, due to payments 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 \$1,937,876. This is an decrease of \$57,659, or 2.89%, due to payments in excess of the draws on a loan entered with Applied Bank in fiscal year 2021.

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.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
(A Component Unit of the State of Delaware)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**JUNE 30, 2024**

*Capital Asset and Debt - Continued*

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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 926,321	\$ 956,523
Accounts Receivable	30,564	218,770
Leases Receivable - Current Portion	6,212	11,582
Accrued Interest Receivable	6,617	7,690
Security Deposits	-	12,400
Amounts Held by Agent	14,254	17,425
<b>TOTAL CURRENT ASSETS</b>	<u>983,968</u>	<u>1,224,390</u>
<b>NON-CURRENT ASSETS</b>		
Leases Receivable	91,818	102,348
Note Receivable	2,100,000	2,100,000
	<u>2,191,818</u>	<u>2,202,348</u>
<b>CAPITAL ASSETS</b>		
Land	3,263,112	3,268,627
Construction in Progress	11,060,249	10,538,137
Property Held for Development	7,558,139	7,558,139
Buildings	41,251,608	41,251,608
Land Improvements	585,520	585,520
Building Improvements	420,920	391,396
Equipment	236,214	291,289
Less: Accumulated Depreciation	(8,504,873)	(7,438,753)
<b>NET CAPITAL ASSETS</b>	<u>55,870,889</u>	<u>56,445,963</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>58,062,707</u>	<u>58,648,311</u>
<b>TOTAL ASSETS</b>	<u>\$ 59,046,675</u>	<u>\$ 59,872,701</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 140,499	\$ 139,182
Accrued Liabilities	29,388	11,028
Security Deposits	-	12,400
Security Deposits Held by Agent	12,250	7,925
Prepaid Rent Held by Agent	2,004	9,500
Current Portion of Long-Term Debt	32,819	66,193
<b>TOTAL CURRENT LIABILITIES</b>	<u>216,960</u>	<u>246,228</u>
<b>LONG-TERM LIABILITY</b>		
Long-Term Debt, Net of Current Portion	1,433,852	1,691,648
<b>TOTAL LIABILITIES</b>	<u>1,650,812</u>	<u>1,937,876</u>
<b>DEFERRED INFLOWS</b>		
Deferred Inflows - Leases	99,481	118,927
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	54,404,218	54,688,122
Unrestricted Net Position	2,892,164	3,127,776
<b>TOTAL NET POSITION</b>	<u>57,296,382</u>	<u>57,815,898</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 59,046,675</u>	<u>\$ 59,872,701</u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>REVENUE</b>		
State Appropriations	\$ 2,257,000	\$ 2,875,000
Historic Preservation Tax Credits	-	-
Rental and Reimbursements Income	353,347	293,717
Lease Revenue	19,446	7,133
Interest Revenue from Lease	13,341	727
Special Events Income	7,300	6,350
Sales of Properties	<u>255,000</u>	<u>955,000</u>
<b>TOTAL REVENUE</b>	<u>2,905,434</u>	<u>4,137,927</u>
<b>OPERATING EXPENSES</b>		
Personnel Services	748,141	632,836
Materials, Supplies, and Contractual Services	1,088,111	1,102,816
Cost of Sales of Properties	354,365	1,884,102
Depreciation	<u>1,099,165</u>	<u>1,154,478</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,289,782</u>	<u>4,774,232</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(384,348)</u>	<u>(636,305)</u>
<b>NON-OPERATING INCOME</b>		
Interest Expense	(153,138)	(122,699)
Gain on Sale of Equipment	<u>17,970</u>	<u>-</u>
<b>TOTAL NON-OPERATING INCOME (LOSS)</b>	(135,168)	(122,699)
<b>CHANGE IN NET POSITION</b>	(519,516)	(759,004)
<b>NET POSITION - Beginning of Year</b>	<u>57,815,898</u>	<u>58,574,902</u>
<b>NET POSITION - End of Year</b>	<u><u>\$ 57,296,382</u></u>	<u><u>\$ 57,815,898</u></u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Appropriations and Tax Credits Received	\$ 2,257,000	\$ 2,875,000
Rent and Reimbursements Received	556,296	313,326
Cash Received from Special Events	7,300	6,350
Proceeds from the Sale of Properties	255,000	955,000
Earnest Deposits Disbursed	-	(50,000)
Security Deposits Received	-	7,925
Additions to Property and Equipment	(895,717)	(3,629,791)
Cash Paid to Suppliers	(1,073,203)	(1,195,332)
Cash Paid to Employees	<u>(748,141)</u>	<u>(632,836)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>358,535</u>	<u>(1,350,359)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the Sale of Equipment	<u>40,000</u>	<u>-</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>40,000</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	-	545,911
Repayments of Long-Term Debt	(291,170)	(70,929)
Interest Paid	<u>(153,138)</u>	<u>(122,699)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>(444,308)</u>	<u>352,283</u>
<b>NET CHANGE IN CASH</b>	(45,773)	(998,076)
<b>CASH - Beginning of Year</b>	<u>986,348</u>	<u>1,984,424</u>
<b>CASH - End of Year</b>	<u><u>\$ 940,575</u></u>	<u><u>\$ 986,348</u></u>
<b>RECONCILIATION OF CASH TO STATEMENT OF NET POSITION</b>		
Cash	\$ 926,321	\$ 956,523
Security Deposits	-	12,400
Amounts Held by Agent	<u>14,254</u>	<u>17,425</u>
<b>TOTAL CASH</b>	<u><u>\$ 940,575</u></u>	<u><u>\$ 986,348</u></u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**STATEMENTS OF CASH FLOWS - CONTINUED**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating (Loss) Income	\$ (384,348)	\$ (636,305)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation	1,099,165	1,154,478
Cost of Sales of Property	334,365	1,800,115
Cost of Sales of Equipment	-	-
(Increase) Decrease in Assets		
Accounts Receivable	188,206	(1,981)
Lease Receivable	15,900	8,045
Interest Receivable	1,073	543
Capital Assets	(895,717)	(3,629,791)
Note Receivable	-	-
Increase (Decrease) in Liabilities		
Accounts Payable	16,548	(11,668)
Accrued Liabilities	18,360	3,139
Earnest Deposit	-	(50,000)
Security Deposits	(8,075)	10,700
Prepaid Rent	(7,496)	9,500
Unearned Revenue	-	-
Deferred Inflow - Lease Receivable	(19,446)	(7,133)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 358,535</u></u>	<u><u>\$ (1,350,359)</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets Through Accounts Payable	<u><u>\$ 79,500</u></u>	<u><u>\$ -</u></u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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, 2024 and 2023, the Friends of Fort DuPont was inactive. It appointed its initial Board of Directors in August 2024 and held its first board meeting to adopt bylaws in September 2024. Its board includes the Executive Director of the Fort DuPont Redevelopment and Preservation Corporation and a voting member of the Fort DuPont Redevelopment and Preservation Corporation Board of Directors as ex-officio members.



**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024**

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

***Measurement Focus and Basis of Accounting*** - The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities as prescribed by the Government Accounting Standards Board (GASB), except for the following matter. The Organization recorded its initial land, land improvements, and buildings received from the State of Delaware in a prior year. Such land has been recorded at assessment value. Related land improvements and buildings 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, 2024 and 2023, was \$1,099,165 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

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

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

***Depreciation - Continued***

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

***Advertising and Marketing*** - Advertising and marketing costs totaled \$30,893 and \$34,025 for the years ended June 30, 2024 and 2023, respectively.

***Financial Reserves Policy*** - On August 9, 2023, the Board of Directors adopted a Financial Reserves Policy, which will take effect in fiscal year 2025. The Organization will strive to maintain a minimum Budget Reserve, of at least 5% of the current year's operating revenues. The purpose of the Budget Reserve is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. FDRPC will establish a Contingency Reserve. The Organization may only use monies in the Contingency Reserve to cover emergencies of a non-recurring nature that are over and above the normal costs of operations, such as uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget. On or before December 31, 2025, the Contingency Reserve shall maintain a balance of at least 1% of the current year's operating revenues. The Organization will create a Capital Asset Replacement Fund for future asset replacements. Optimally, its balance should equal the amount of annual depreciation.

***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, 2024 and 2023, the Organization's deposits with financial institutions had carrying amounts of \$940,575 and \$986,348 and bank balances of \$963,359 and \$1,169,091, respectively. As of June 30, 2024 and 2023, \$671,491 and \$809,203, respectively, of the Organization's bank balances were exposed to custodial credit risk as the amounts are uninsured and uncollateralized.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

**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.

**NOTE 4: PROPERTY AND EQUIPMENT**

The following is a summary of changes in property and equipment for the year ended June 30, 2024:

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Property and Equipment Not Being Depreciated				
Land	\$ 3,268,627	\$ -	\$ 5,515	\$ 3,263,112
Construction in Progress	10,538,137	850,962	328,850	11,060,249
Property Held for Development	<u>7,558,139</u>	<u>-</u>	<u>-</u>	<u>7,558,139</u>
Total Capital Assets Not Being Depreciated	<u>21,364,903</u>	<u>850,962</u>	<u>334,365</u>	<u>21,881,500</u>
Property and Equipment Being Depreciated				
Buildings	41,251,608	-	-	41,251,608
Land Improvements	585,520	-	-	585,520
Building Improvements	391,396	29,524	-	420,920
Vehicles and Equipment	<u>291,289</u>	<u>-</u>	<u>55,075</u>	<u>236,214</u>
Total Capital Assets Being Depreciated	<u>42,519,813</u>	<u>29,524</u>	<u>55,075</u>	<u>42,494,262</u>
Less: Accumulated Depreciation for				
Land Improvements	162,219	39,035	-	201,254
Buildings and Improvements	7,141,917	1,032,588	-	8,174,505
Vehicles and Equipment	<u>134,617</u>	<u>27,542</u>	<u>33,045</u>	<u>129,114</u>
Total Accumulated Depreciation	<u>7,438,753</u>	<u>1,099,165</u>	<u>-</u>	<u>8,504,873</u>
Total Capital Assets Being Depreciated, Net	<u>35,081,060</u>	<u>(1,069,641)</u>	<u>55,075</u>	<u>33,989,389</u>
Total Capital Assets, Net	<u>\$ 56,445,963</u>	<u>\$ (218,679)</u>	<u>\$ 389,440</u>	<u>\$ 55,870,889</u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

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

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
Property 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>

Land is reported at the assessed value of lots available for sale, based on the 1983 New Castle County general assessment.

Construction in progress includes costs accumulated through June 30, 2024, for various rehabilitation and construction projects currently underway.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

**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, 2024:

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Tenant Reimbursement	\$ 19,166	\$ -	\$ 19,166	\$ -	\$ -
Applied Bank Loans	<u>1,738,675</u>	<u>-</u>	<u>272,004</u>	<u>1,466,671</u>	<u>32,819</u>
Total Debt	<u>\$ 1,757,841</u>	<u>\$ -</u>	<u>\$ 291,170</u>	<u>\$ 1,466,671</u>	<u>\$ 32,819</u>

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>

**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. The purpose of the loan is to renovate seven officers' quarters residences in the historic Fort DuPont Complex. The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied.

The original 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. Under the original loan terms, the interest was 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%.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

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

*Applied Bank - Continued*

On June 4, 2024, the Organization entered into an agreement with Applied to modify the terms of the loan. Under the modification agreement, the balance of the loan was be re-amortized over 25 years at a fixed interest rate of 6.75% beginning on June 1, 2024, with final payment of any outstanding principal and accrued interest due on August 31, 2028.

The interest rate as of June 30, 2024 and 2023, was 6.75% and 10.25%, respectively. Outstanding borrowings totaled \$869,337 and \$869,337, as of June 30, 2024 and 2023, respectively.

The Organization entered into a commercial construction loan agreement with Applied Bank on February 5, 2021, for an amount up to \$885,000. 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 original 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. Under the original loan terms, 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%.

On February 15, 2022, the Organization entered into the first modification agreement with Applied to modify the terms of the loan. Under the first modification agreement, the interest only payment term was extended to August 31, 2023 and the final payment of any outstanding principal and interest was extended to August 31, 2028. The first loan modification agreement required the Organization to make a principal curtailment payment in an amount sufficient to achieve the minimum required debt service ratio once the properties are leased. The Organization made a principal curtailment payment in the amount of \$272,000 on August 31, 2023. On June 4, 2024, the Organization entered into the second modification agreement with Applied to modify the terms of the loan. Under the second modification agreement, the interest only payment term is extended until September 1, 2024 or the Organization's receipt of the Certificate of Occupancy (CO) and signed leases with respect to the properties on Old Battery Lane, whichever is earlier. If the CO and leases are not obtained on or before September 1, 2024, the second loan modification modifies the term of the loan such that the Organization shall make payments of interest at the floating interest rate plus an addition \$1,000 monthly payment to be applied to the principal loan balance, until the CO and leases are obtained.

Upon obtaining the CO and leases, the loan terms will be modified such that the Organization shall make interest payments at the prevailing FHLB Pittsburgh published Five Year Amortizing Rate plus 200 basis points, using a 25 year amortization schedule with final payment of any outstanding principal and interest due on August 31, 2028. The Organization expects construction on the properties to be complete in January 2025.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

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

***Applied Bank - Continued***

The interest rate as of June 30, 2024 and 2023, was 10% and 9.75%, respectively. Outstanding borrowings total \$597,334 and \$869,337 as of June 30, 2024 and 2023, 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 had a fixed interest rate of 4.75% with a five-year term. 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 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 was \$0 and \$19,166 as of June 30, 2024 and 2023, respectively. The outstanding balance was paid off 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 made monthly payments ranging from \$540 to \$810 with maturity dates ranging from September 2022 to September 2023. Interest was 0%. The outstanding borrowings were paid off on August 11, 2022 and June 11, 2023.

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

2025	\$	32,819
2026		22,940
2027		24,779
2028		26,769
2029		28,924
Thereafter		<u>1,330,440</u>
Total	\$	<u><u>1,466,671</u></u>

The total interest cost incurred during the years ended June 30, 2024 and 2023, was \$153,138 and \$122,699, respectively.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**JUNE 30, 2024**

**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 \$9,968 and \$8,015 for the years ended June 30, 2024 and 2023, 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 \$353,347 and \$293,717 in rental income during the years ended June 30, 2024 and 2023, 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 properties.

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
2025	\$ 10,500	\$ 4,030	\$ 6,198	\$ 2,329	\$ 2,182	\$ 147
2026	10,500	4,302	5,907	-	-	-
2027	10,500	4,593	5,597	-	-	-
2028	10,500	4,903	5,266	-	-	-
2029	10,500	5,933	4,913	-	-	-
2030-2034	52,500	31,969	18,373	-	-	-
2035-2039	49,000	40,118	5,428	-	-	-
	<u>\$ 154,000</u>	<u>\$ 95,848</u>	<u>\$ 51,682</u>	<u>\$ 2,329</u>	<u>\$ 2,182</u>	<u>\$ 147</u>



**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024**

**NOTE 7: LEASES - LESSOR - CONTINUED**

Year Ending June 30,	Total		
	Payments	Principal	Interest
2025	\$ 12,829	\$ 6,212	\$ 6,345
2026	10,500	4,302	5,907
2027	10,500	4,593	5,597
2028	10,500	4,903	5,266
2029	10,500	5,933	4,913
2030-2034	52,500	31,969	18,373
2035-2039	49,000	40,118	5,428
	<u>\$ 156,329</u>	<u>\$ 98,030</u>	<u>\$ 51,829</u>

Lease revenues for the years ended June 30, 2024 and 2023, for the properties leased to DNREC and OMB were \$19,446 and \$7,133, respectively. DNREC paid its 2024 and 2023 rents in 2024.

Interest income from the leases revenue for the years ended June 30, 2024 and 2023, were \$13,341 and \$727, respectively.

Leased properties for the years ended June 30, 2024 and 2023 have a combined cost of \$18,587,607 and accumulated depreciation of \$3,469,273 and \$3,013,107, respectively.

**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, 2024 and 2023, the Organization did not apply for and was not awarded any such tax credits from the State of Delaware and there were no sales of tax credits to third parties. However, it is expected that the Organization will apply for tax credits for projects in progress during the year ended June 30, 2025.

**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, 2024 and 2023.

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024**

**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.

On December 20, 2023, the Federal Emergency Management Agency (FEMA) of the U.S. Department of Homeland Security approved the Delaware Emergency Management Agency (DEMA) application for federal grant funding for the Fort DuPont Branch Channel Revetment project. Total project costs approved are \$866,324 with a Federal share of \$783,817 and Non-Federal share of \$82,507. DEMA will use the funds to reimburse the Organization for costs to rebuild a section of land along the Chesapeake and Delaware Canal Branch channel that has deteriorated by erosion. As of June 30, 2024, there were no reimbursable costs expended by the Organization on the project. As of October 2024, DEMA is preparing to submit a revised budget increasing total project costs for FEMA's approval.

**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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Administrative Expenses	\$ 92,144	\$ 117,584
Building Improvements	781,926	3,320,477
Common Area Maintenance	251,388	257,924
Cost of Sales of Properties	354,365	1,884,102
Depreciation Expenses	1,099,165	1,154,478
Marketing Expenses	30,893	34,025
Operating Expenses	90,392	35,072
Payroll Expenses	748,141	632,836
Professional Fees	403,931	335,133
Property Management Expense	79,213	8,075
Special Event Expenses	6,651	500
Utilities Expense	232,059	213,982
Amounts Capitalized as Property and Equipment	<u>(880,486)</u>	<u>(3,219,956)</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>\$ 3,289,782</u></u>	<u><u>\$ 4,774,232</u></u>

**FORT DUPONT REDEVELOPMENT AND  
PRESERVATION CORPORATION  
SCHEDULES OF CAPITAL EXPENSES  
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Building Improvements	\$ 430,151	\$ 1,208,064
Engineering	132,516	204,951
Legal	-	35,562
Roadways and Utilities	317,819	1,771,379
Amounts Capitalized as Property and Equipment	<u>(880,486)</u>	<u>(3,219,956)</u>
<b>TOTAL CAPITAL EXPENSE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>