

**WILMINGTON NEIGHBORHOOD  
CONSERVANCY LAND BANK CORPORATION**  
(A Component Unit of the City of Wilmington, Delaware)

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

**DECEMBER 31, 2023 AND 2022**

# WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION

(A Component Unit of the City of Wilmington, Delaware)

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Certified Public Accountants

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***Independent Auditor's Report***

To the Board of Directors  
Wilmington Neighborhood Conservancy  
Land Bank Corporation

***Opinion***

We have audited the accompanying financial statements of Wilmington Neighborhood Conservancy Land Bank Corporation (Land Bank), a component unit of the City of Wilmington, Delaware, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Land Bank as of December 31, 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 Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Land Bank, 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 audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

To the Board of Directors  
Wilmington Neighborhood Conservancy  
Land Bank Corporation

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 Land Bank's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is 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 the aggregate, they would influence the judgment 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 Land Bank's internal control. Accordingly, no such opinion is expressed.
- 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Bank's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors  
Wilmington Neighborhood Conservancy  
Land Bank Corporation

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 4 through 10 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of the Land Bank'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 Land Bank'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 Land Bank's internal control over financial reporting and compliance.

*Belfint, Lyons & Shuman, P.A.*

December 30, 2024  
Wilmington, Delaware

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2023**

Our discussion and analysis of the financial performance of the Wilmington Neighborhood Conservancy Land Bank Corporation (Land Bank), a component unit of the City of Wilmington, Delaware, provides an overview of the Land Bank's significant financial activities for the years ended December 31, 2023 and 2022. Please read it in conjunction with the financial statements, which begin on page 11, for a comprehensive understanding of the reports.

**FINANCIAL HIGHLIGHTS**

The Land Bank's assets increased in the year ended December 31, 2023 to \$4,840,876 due to the increase in grant funding which enabled the purchase of more properties.

The Land Bank's liabilities increased in the year ended December 31, 2023 to \$2,274,536 due to a new current note payable (WEDCO loan).

The Land Bank's unrestricted net position increased in the year ended December 31, 2023 to \$2,517,233, restricted net position increased to \$48,358.

While the Land Bank's activities continued to increase during the year ended December 31, 2023, the Land Bank's operating expenses increased to \$7,703,740, as a result of increased property related expenses.

During the year ended 2023, the Land Bank's net cash from operating activities decreased to \$509,746, as a result of increased property acquisition and development expenditures.

The Land Bank's assets increased in the year ended December 31, 2022 to \$4,087,667 due to the increase in grant funding which enabled the purchase of more properties.

The Land Bank's liabilities increased in the year ended December 31, 2022 to \$1,868,117 due to deferred grant awards where cash was received before qualifying expenses were incurred.

The Land Bank's unrestricted net position increased in the year ended December 31, 2022 to \$2,141,627, restricted net position increased to \$74,178.

While the Land Bank's activities continued to increase during the year ended December 31, 2022, the Land Bank's operating expenses increased to \$4,317,971, as a result of increased property related expenses and increased staffing.

During the year ended 2022, the Land Bank's net cash from operating activities increased to \$1,854,702, as a result of government grant receipts.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023**

**USING THIS FINANCIAL REPORT**

The discussion and analysis are intended to serve as an introduction to the basic financial statements of the Land Bank. The annual financial report is comprised of two components: management's discussion and analysis and the basic financial statements (including related notes to the financial statements).

The financial statements are designed to provide readers with a broad overview of the finances of the Land Bank in a manner similar to private-sector business. These statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units on the accrual basis. Under this basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period they are incurred.

The Land Bank is a 501(c)(3) nonstock corporation; however, it meets the definition of a governmental entity for financial reporting purposes. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

***The Statement of Net Position*** - Presents information on all of the Land Bank's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the Land Bank's net position are indicators of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Land Bank, consideration of nonfinancial factors such as the Land Bank's ability to continue receiving funding from the City of Wilmington, other governmental agencies, corporate contributors, and City Council's continued intent to transfer properties into the Land Bank inventory.

***The Statement of Revenues, Expenses, and Net Position*** - Presents information on how the Land Bank's net position is derived. All revenue and expenses pertaining to the years ended December 31, 2023 and 2022, are taken into consideration regardless of when cash is received or paid.

***The Statement of Cash Flows*** - Provides information about the sources and uses of cash during the year resulting from operating, investing, capital, and related financial activities.

**BASIC FINANCIAL STATEMENTS**

The Land Bank's audited Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows are presented on pages 11 through 14.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023**

**BASIC FINANCIAL STATEMENTS - CONTINUED**

The Land Bank's net position as of December 31, 2023, 2022, and 2021, consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,930,053	\$ 2,338,319	\$ 451,432
Receivables	137,246	714,225	152,173
Property Held For Sale, Net	230,470	188,175	172,756
Property Acquisition Deposit	17,265	65,265	25,688
Property Held for Development, Net	1,133,830	409,422	-
Security Deposits	797	1,645	-
Property Held for Future Use, Net	390,466	366,871	353,700
Capital Assets, Net	<u>749</u>	<u>3,745</u>	<u>13,480</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,840,876</u></u>	<u><u>\$ 4,087,667</u></u>	<u><u>\$ 1,169,229</u></u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expense	\$ 184,033	\$ 95,768	\$ 68,014
Unearned Revenue	1,410,699	1,481,930	142,545
Pollution Remediation Obligation	86,509	128,980	157,150
Security Deposits	795	1,645	-
Notes Payable and Accrued Interest	<u>592,500</u>	<u>159,794</u>	<u>194,042</u>
<b>TOTAL LIABILITIES</b>	<u>2,274,536</u>	<u>1,868,117</u>	<u>561,751</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	749	3,745	13,480
Restricted	48,358	74,178	24,398
Unrestricted	<u>2,517,233</u>	<u>2,141,627</u>	<u>569,600</u>
<b>TOTAL NET POSITON</b>	<u>2,566,340</u>	<u>2,219,550</u>	<u>607,478</u>
<b>TOTAL LIABILITIES NET POSITON</b>	<u><u>\$ 4,840,876</u></u>	<u><u>\$ 4,087,667</u></u>	<u><u>\$ 1,169,229</u></u>

The Land Bank's accounts payable, as of December 31, 2023 and 2022, primarily consist of charges on properties owned by the Land Bank.

The Land Bank had \$48,358 and \$74,178 of restricted net position as of December 31, 2023 and 2022, respectively. These funds, received from corporate contributors, are restricted to specific projects and purposes.



**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023**

**BASIC FINANCIAL STATEMENTS - CONTINUED**

*Change in Net Position* - The Land Bank's change in net position for the years ended December 31, 2023, 2022, and 2021, consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>			
Operating Revenue			
Government Grants	\$ 7,012,166	\$ 5,678,017	\$ 1,283,776
Corporate Contributions, Net Contributions	14,400	5,000	9,620
Contributed Property	12,000	14,000	14,000
Sale of Property	27,900	60,000	886,400
Interest Income	967,067	92,659	120,260
Other Revenue	2	-	68
	<u>17,715</u>	<u>84,507</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 8,051,250</u>	<u>\$ 5,934,183</u>	<u>\$ 2,314,124</u>
<b>EXPENSES</b>			
Property Expenses	\$ 6,949,481	\$ 3,682,178	\$ 1,915,750
Grants	241,916	82,183	2,700
Personnel	310,476	318,488	203,639
Pollution Remediation Expense	(8,404)	99,300	305,621
Rent	14,350	17,451	14,710
Contract Services	37,637	36,654	48,392
Administrative	98,395	31,330	18,469
Depreciation	2,996	4,244	5,991
Insurance	56,893	46,143	26,140
Interest Expense	<u>720</u>	<u>4,140</u>	<u>4,140</u>
<b>TOTAL EXPENSES</b>	7,704,460	4,322,111	2,545,552
<b>NET POSITION - Beginning of Year</b>	<u>2,219,550</u>	<u>607,478</u>	<u>838,906</u>
<b>NET POSITION - End of Year</b>	<u>\$ 2,566,340</u>	<u>\$ 2,219,550</u>	<u>\$ 607,478</u>

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023**

**BASIC FINANCIAL STATEMENTS - CONTINUED**

*Change in Net Position - Continued*

Since its inception through 2023, the Land Bank's activities have produced the following results:

- In 2023, the Land Bank collaborated with the City of Wilmington and nonprofit partners to address larger initiatives, advance the Land Bank operations, and procure American Rescue Plan Act funding.
  - Received an additional \$1.5M from the State of Delaware ARPA funds for the East Side Project.
  - Granted an additional \$500,000 from the State of Delaware Bond Bill for the Lower Hilltop Initiative.
  - Granted \$900,000 from the City of Wilmington to acquire the Historic Gibraltar mansion for restoration.
  - Received a \$1,000,000 grant for operations from the City of Wilmington.
  
- **342** blighted properties have been sold and repurposed:
  - **138** Rehabs sold for affordable homeownership.
  - **46** Rehabs sold for affordable rental.
  - **15** Homestead units (homebuyers rehab their own homes).
  - **85** Nonprofit joint affordable housing projects.
  - **25** Neglected lots sold to adjacent neighbors as a side yard.
  
- Launched the Lower Hilltop Initiative in June of 2022 with a goal of revitalizing the troubled community by rehabilitating over 50 vacant and dilapidated properties for equitable homeownership opportunities.
- Continued our strong alliances with Woodlawn Trustees, the City of Wilmington, Central Baptist Church CDC, Habitat for Humanity, Cornerstone West CDC, Cinnaire, Neighborhood House, and Conscious Connections to collaborate on revitalization initiatives in the City of Wilmington's troubled neighborhoods including the East Side initiative.
- Minority Buyers: 85%
- Contractors Utilized - Disadvantaged Business Enterprises (DBE): 85%
- Buyers from the City of Wilmington reinvesting in their communities: 55%
- Developed a property inspection program to ensure all properties are completed within a year and adhere to the established benchmarks.
- Created a marketing committee and contracted with a marketing firm to further the Land Bank's activities and communications.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023**

**BASIC FINANCIAL STATEMENTS - CONTINUED**

*Change in Net Position - Continued*

During the year ended December 31, 2022, the Land Bank's activities have produced the following results:

- In 2022, the Land Bank collaborated with the City of Wilmington and nonprofit partners to address larger initiatives, advanced the Land Bank operations, and procured American Rescue Plan Act funding.
  - Received \$1.5 M from the State of Delaware ARPA funds for the East Side Initiative.
  - Granted an additional \$750,000 in ARPA funding to further support the East Side Initiative.
  - In the City of Wilmington FY23 Budget, the Land Bank received a \$500,000 grant for operations.
- Launched the Lower Hilltop Initiative in June of 2022 with a goal of revitalizing the troubled community by rehabilitating over 50 vacant and dilapidated properties for equitable homeownership opportunities.
- Continued our strong alliances with Woodlawn Trustees, the City of Wilmington, Central Baptist Church CDC, Habitat for Humanity, Cornerstone West CDC, Cinnaire, Neighborhood House, and Conscious Connections to collaborate on revitalization initiatives in the City of Wilmington's troubled neighborhoods.
- Minority Buyers: 85%
- Contractors Utilized - Disadvantaged Business Enterprises (DBE): 85%
- Buyers From the City of Wilmington reinvesting in their communities: 52%
- Developed a property inspection program to ensure all properties are completed within a year and adhere to the established benchmarks.
- Created a marketing committee and contracted with a marketing firm to further the Land Bank's activities and communications.

**Funding** - The Land Bank has entered a 10-year Memorandum of Understanding with the City of Wilmington, Delaware that includes a nonbinding \$1,500,000 annual funding intent. This funding intent was made to support the Land Bank's initial startup and operations for the 10-year period. The Land Bank is responsible for acquiring additional funding through other governmental agencies and through private and charitable sources.

Of primary concern, however, is the long-term viability of the 10-year Memorandum of Understanding with the City of Wilmington, Delaware. The Land Bank did not receive City funds in 2018 or 2019. During 2021 and 2022, the Land Bank received a \$500,000 grant from the City of Wilmington, Delaware to support operations. During 2023, the Land Bank received \$1,000,000 to support operations. American Rescue Plan Act grants were awarded by the City of Wilmington, Delaware totaling \$4,860,000.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**DECEMBER 31, 2023**

**BASIC FINANCIAL STATEMENTS - CONTINUED**

*Notes to the Financial Statements* - The notes to the financial statements are an integral part of the statements and should be thoroughly read for a complete detailed understanding of the financial position and activities of the Land Bank.

*Requests for Information* - This financial data is designed to provide a general overview of the Land Bank's finances for all those with an interest in the Land Bank's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Wilmington Neighborhood Conservancy Land Bank Corporation, PO Box 194, Wilmington, DE 19899.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,972,232	\$ 856,389
Restricted Cash and Cash Equivalents	957,821	1,481,930
Government Grants Receivable	137,246	707,975
Other Receivables	-	6,250
Property Available for Sale, Net	230,470	188,175
Property Held for Development, Net	1,133,830	409,422
Property Acquisition Deposit	17,265	65,265
<b>TOTAL CURRENT ASSETS</b>	<b>4,448,864</b>	<b>3,715,406</b>
<b>NONCURRENT ASSETS</b>		
Security Deposits	797	1,645
Property Held for Future Use, Net	390,466	366,871
Capital Assets, Net	749	3,745
<b>TOTAL NONCURRENT ASSETS</b>	<b>392,012</b>	<b>372,261</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,840,876</b>	<b>\$ 4,087,667</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expense	\$ 184,033	\$ 95,768
Unearned Revenue	1,410,699	1,481,930
Pollution Remediation Obligation	86,509	128,980
Note Payable - Current Maturities	360,000	-
Accrued Interest - Current Maturities	-	3,552
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,041,241</b>	<b>1,710,230</b>
<b>NONCURRENT LIABILITIES</b>		
Security Deposits	795	1,645
Accrued Interest	-	6,242
Note Payable - Net of Current Maturities	232,500	150,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>233,295</b>	<b>157,887</b>
<b>TOTAL LIABILITIES</b>	<b>2,274,536</b>	<b>1,868,117</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	749	3,745
Restricted for Program Activities	48,358	74,178
Unrestricted	2,517,233	2,141,627
<b>TOTAL NET POSITION</b>	<b>2,566,340</b>	<b>2,219,550</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,840,876</b>	<b>\$ 4,087,667</b>

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

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>OPERATING REVENUES</b>		
Government Grants	\$ 7,012,166	\$ 5,678,017
Corporate Contributions, Net	14,400	5,000
Contributions	12,000	14,000
Contributed Property	27,900	60,000
Sale of Property	967,067	92,659
Other Revenue	17,715	19,466
	<b>8,051,248</b>	<b>5,869,142</b>
<b>OPERATING EXPENSES</b>		
Property Expenses	6,949,481	3,682,178
Grants	241,916	82,183
Personnel	310,476	318,488
Pollution Remediation Expense/(Recovery)	(8,404)	99,300
Rent	14,350	17,451
Contract Services	37,637	36,654
Administrative	98,395	31,330
Depreciation	2,996	4,244
Insurance	56,893	46,143
	<b>7,703,740</b>	<b>4,317,971</b>
<b>OPERATING INCOME</b>	<b>347,508</b>	<b>1,551,171</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>		
Interest Expense	(720)	(4,140)
Interest Income	2	-
Paycheck Protection Program Loan Forgiveness	-	37,747
Restitution Revenue	-	16,000
Gain on Sale of Capital Asset	-	11,294
	<b>(718)</b>	<b>60,901</b>
<b>NET CHANGE IN NET POSITION</b>	<b>346,790</b>	<b>1,612,072</b>
<b>NET POSITION - Beginning of Year</b>	<b>2,219,550</b>	<b>607,478</b>
<b>NET POSITION - End of Year</b>	<b>\$ 2,566,340</b>	<b>\$ 2,219,550</b>

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

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Government Grants	\$ 7,477,597	\$ 6,334,129
Receipts from Corporate Grants	14,400	5,000
Miscellaneous Receipts	23,965	13,216
Payments to Employees	(310,476)	(318,090)
Payments to Suppliers	(437,191)	(386,861)
Sale of Property	967,067	92,659
Acquisition and Development of Property	(7,225,616)	(3,885,311)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>509,746</b>	<b>1,854,742</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interest Paid	(10,514)	(641)
Payments made on Notes Payable	(157,500)	-
Proceeds from Notes Payable	250,000	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>81,986</b>	<b>(641)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	2	-
Restitution Received	-	16,000
Proceeds from Sale of Capital Asset	-	16,786
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>2</b>	<b>32,786</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>591,734</b>	<b>1,886,887</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>2,338,319</b>	<b>451,432</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 2,930,053</b>	<b>\$ 2,338,319</b>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents	\$ 1,972,232	\$ 856,389
Restricted Cash and Cash Equivalents	957,821	1,481,930
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 2,930,053</b>	<b>\$ 2,338,319</b>

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

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**STATEMENTS OF CASH FLOWS - CONTINUED**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>		
Operating Income (Loss)	\$ 347,508	\$ 1,551,171
Adjustments to Reconcile Operating Income (Loss)		
To Net Cash Provided By Operations		
Depreciation Expense	2,996	4,244
Subsidy Allowance on Properties Held	3,474,662	2,893,314
Cost of Property Sold	3,327,260	575,056
Contributed Property Revenue	(27,900)	(60,000)
Changes in Operating Assets and Liabilities		
Other Receivables	6,250	(6,250)
Government Grants Receivable	570,729	(555,802)
Property Held	(7,214,322)	(3,846,383)
Property Acquisition Deposit	48,000	(39,577)
Accounts Payable and Accrued Expense	88,265	27,754
Unearned Revenue	(71,231)	1,339,385
Enviromental Liability	(42,471)	(28,170)
	<b>\$ 509,746</b>	<b>\$ 1,854,742</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
	<b>\$ 509,746</b>	<b>\$ 1,854,742</b>
<b>NONCASH NONCAPITAL FINANCING ACTIVITIES</b>		
Note Payable Issued for Property Acquisition	<b>\$ 350,000</b>	<b>\$ -</b>

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



**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Title 31 Chapter 47 of the Delaware Code, *Delaware Neighborhood Conservation and Land Banking Act*, enables political subdivisions of the State of Delaware to create “land banks” for the purpose of returning vacant, abandoned, and delinquent properties to productive use. On November 19, 2015, the City of Wilmington Ordinance No. 15-040 was passed into law to create the Wilmington Neighborhood Conservancy Land Bank Corporation (Land Bank). On March 3, 2016, the Land Bank was incorporated.

The Land Bank’s mission is to return vacant, dilapidated, abandoned, and tax delinquent properties to productive use in order to strengthen and revitalize neighborhoods of the City of Wilmington, Delaware and to spur economic development. The Land Bank will:

- Acquire or receive properties within the City of Wilmington, Delaware.
- Purchase tax liens encumbering tax delinquent property.
- Purchase foreclosed property at sheriff’s sale on the same terms afforded to the foreclosing government.
- Maintain property in accordance with all laws and regulations of the jurisdiction.
- Clear the title to those properties so that new owners are not burdened by old liens.

The Land Bank is governed by a board of directors composed of 15 members. The board of directors is the sole governing body of the Land Bank and has the power to adopt, amend, or repeal bylaws for the Land Bank. Upon dissolution, the Land Bank’s net position will revert to the City of Wilmington, Delaware.

***Financial Reporting*** - The Land Bank is considered a government entity for financial reporting purposes; therefore, the Land Bank presents its financial statements in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Land Bank considers itself to be a special purpose governmental organization engaged only in business-type activities.

***Component Unit*** - The Land Bank is a component unit of the City of Wilmington, Delaware.

***Measurement Focus and Basis of Accounting*** - The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. All pass-through funding is recognized as revenue when the related costs are incurred. Such costs include costs of acquisition and rehabilitation of certain real property to be alternately conveyed to program beneficiaries.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
- CONTINUED**

***Measurement Focus and Basis of Accounting - Continued***

The Land Bank records all revenues derived and related expenses incurred from its programs and activities as operating revenues and expenses since they are generated from the Land Bank's daily operations needed to carry out its purposes.

In its accounting and financial reporting, the Land Bank follows the pronouncements of the GASB and other entities that promulgate accounting principles. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the statement, the sources of authoritative generally accepted accounting principles (GAAP) are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants (AICPA) cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board, Federal Accounting Standards Advisory Board International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles.

***Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets, 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 reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents*** - For purposes of the statements of cash flows, the Land Bank considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Receivables*** - Receivables consist of government grants and corporate contributions receivable under various City grant programs and pledges from corporate donors. As of December 31, 2023 and 2022, government grants included no bad debt allowance.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
- CONTINUED**

**Property Held** - Property held for sale or future use is to be stated at the lower of the cost of acquisition or a fair value, which reflects the land/property true valuation in accordance with GASB Codification Section R30, *Real Estate*. This methodology will be applied to long-held vacant properties, as well as units recently acquired for sale. As of December 31, 2023 and 2022, the Land Bank owned 280 and 307 properties, respectively.

**Capital Assets** - Equipment is stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. The Land Bank follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method. The annual depreciation rates are based on the following ranges of useful lives:

Buildings	30 Years
Equipment	3 - 10 Years
Computer Equipment and Software	3 - 5 Years
Furniture and Fixtures	10 Years

**Net Position** - Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position invested in capital assets, net of related debt, excludes unspent debt proceeds. Net position is reported as restricted when limitations on its use are imposed through external restrictions by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, the Land Bank uses restricted resources first and then unrestricted resources as needed. Unrestricted net position consists of all other net position not included in the above categories. As of December 31, 2023 and 2022, \$48,358 and \$74,178, respectively, of the Land Bank's net position was restricted.

**Income Taxes** - The Land Bank is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is presented in these financial statements. In addition, properties held are exempt from real estate taxes.

Income not related to the Land Bank's tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Land Bank has determined that no

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Income Taxes - Continued* - liability for uncertain tax positions is required to be accrued and included in the statements of net position as of December 31, 2023 and 2022. The Land Bank's federal Form 990 is subject to examination by the IRS, generally for three years after filing.

*Subsequent Events* - Management has evaluated subsequent events through the date of the independent auditor's report, which was the date that the financial statements were available to be issued, for possible adjustment to the financial statements or disclosure in the notes to the financial statements.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial credit risk is the risk that in the event of a bank failure, the Land Bank's deposits may not be returned to it. The Land Bank maintains its cash balances in an account at a financial institution. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000. As of December 31, 2023 and 2022, the uninsured and uncollateralized balances were \$2,686,241 and \$2,089,963, respectively. The Land Bank has no formal policy regarding credit risk for deposits.

**NOTE 3: CITY OF WILMINGTON, DELAWARE, GRANT AGREEMENTS**

The Land Bank has been awarded various grants by the City of Wilmington, Delaware, for eligible capital and operating expenses. The funding received under this agreement will be recognized as grant income on a cost reimbursement basis. The following chart summarizes these grant agreements:

Awarded	Expiration Date	Grant Amount	Revenue		Unearned	
			2023	2022	2023	2022
July 2021	June 30, 2022	\$ 500,000	\$ -	\$ 159,942	\$ -	\$ -
July 2022	June 30, 2023	500,000	334,956	165,044	-	-
July 2023	N/A	1,000,000	1,000,000	-	-	-
December 2023	June 30, 2024	1,000,000	537,002	-	462,998	-

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 3: CITY OF WILMINGTON, DELAWARE, GRANT AGREEMENT - CONTINUED**

The Land Bank has been awarded various American Rescue Plan Act grants by the City of Wilmington, Delaware. The agreements establish that the Land Bank will be reimbursed for expenditures used in the acquisition of specified properties and related cost. The agreements require the Land Bank to obtain approval from the City for every aspect of the acquisition and the subsequent disposal of the properties. This requirement does not expire. The funding received under this agreements will be recognized as grant income on a cost reimbursement basis. The following chart summarizes these grant agreements:

Awarded	Expiration Date	Grant Amount	Revenue		Unearned	
			2023	2022	2023	2022
October 2021	October 27, 2022	\$3,100,000	\$ -	\$ 63,623	\$ -	\$ -
May 2022	December 31, 2026	1,000,000	265,272	716,623	-	-
November 2022	December 31, 2026	760,000	225,311	50,000	-	-
May 2023	December 31, 2024	645,000	645,000	-	-	-
July 2023	December 31, 2024	750,000	750,000	-	-	-
August 2023	December 31, 2024	365,000	365,000	-	-	-
September 2023	December 31, 2024	100,000	<i>Not Drawn</i>	-	-	-

The City of Wilmington, Delaware also provides various services, including demolition of properties to the Land Bank at no cost to the Land Bank. The value of these services is not reasonably determinable for the years ended December 31, 2023 and 2022.

**NOTE 4: DELAWARE STATE HOUSING AUTHORITY STRONG NEIGHBORHOOD HOUSING FUND AGREEMENTS**

On August 1, 2019, the Land Bank was awarded a \$505,000 grant by DSHA’s SNHF. The agreement establishes that the funding is to be used for acquisition, renovation, demolition, land banking and/or re-sale of vacant, abandoned, foreclosed or blighted properties. The Land Bank is required to return to DSHA all net proceeds from the sale of newly constructed or rehabilitated units. The Land Bank anticipates that the eventual disposition of each property will not result in positive net proceeds as defined by the agreement. As a result, funding received under this agreement will be recognized as grant income on a cost reimbursement basis. The agreement imposes a 10-year compliance period on each unit sold that establishes a second position mortgage. The SNHF agreement expired on July 31, 2022. During the years ended December 31, 2023 and 2022, there were no revenues recognized from DSHA under this agreement.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 4: DELAWARE STATE HOUSING AUTHORITY STRONG NEIGHBORHOOD HOUSING FUND AGREEMENTS - CONTINUED**

On November 1, 2020, the Land Bank was awarded a \$400,000 grant by DSHA's SNHF. The agreement establishes that the funding is to be used for acquisition, renovation, demolition, land banking and/or re-sale of vacant, abandoned, foreclosed, or blighted properties. The Land Bank is required to return to DSHA all net proceeds from the sale of newly constructed or rehabilitated units. The Land Bank anticipates that the eventual disposition of each property will not result in positive net proceeds as defined by the agreement. As a result, funding received under this agreement will be recognized as grant income on a cost reimbursement basis. The agreement imposes a five-year compliance period on each unit sold that establishes a second position mortgage. The SNHF agreement expired on October 31, 2023. During the years ended December 31, 2023 and 2022, there were no revenues recognized from DSHA under this agreement.

**NOTE 5: STATE OF DELAWARE GRANTS**

*Community Reinvestment Fund Grant Agreement* - In June 2022, the Land Bank was awarded a \$850,000 grant by the State of Delaware under the Fiscal Year 2023 Bond and Capital Improvements Act (House Bill 475) for the Community Reinvestment Fund. The Land Bank received a \$500,000 grant from the State of Delaware Community Reinvestment Fund in September 2023 under the Fiscal Year 2024 Bond and Capital Improvements Act (Senate Bill 160). The awards establish that the funding is eligible for buildings and capital improvement projects. The funding received under this agreement was recognized as grant revenue upon receipt as there is no cost reimbursement or matching clause. The Land Bank is required upon completion of each project to submit a full report detailing the work done, final cost, and an accounting of all funds within 60 days of completion of the project.

*American Rescue Plan - State and Local Fiscal Recovery Funds* - In August 2022, the Land Bank received a subrecipient grant award of \$4,500,000 from the State of Delaware's American Rescue Plan - State and Local Fiscal Recovery Funds that expires on December 31, 2024. This grant is to address the blight and provide revitalization to the houses around the new Bancroft School in Wilmington, Delaware. The agreement establishes that the Land Bank will expend the advanced funds in accordance with the project plan and relevant federal allowable cost regulations. As of December 31, 2023 and 2022, the Land Bank had received advanced funding of \$3,000,000 and \$1,500,000, respectively. During the years ended December 31, 2023 and 2022, the Land Bank recognized revenue totaling \$2,024,109 and \$18,070, respectively. As of December 31, 2023 and 2022, the unexpended balance of \$957,821 and \$1,481,930 is reported as restricted cash.

**NOTE 6: RISK MANAGEMENT**

The Land Bank is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Land Bank carries insurance.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 7: PROPERTY HELD**

The Land Bank’s property-held consists of structures and vacant lots to which the Land Bank holds legal title. These properties are either contributed by the City of Wilmington, Delaware, individuals, or other entities, or purchased directly by the Land Bank. The Land Bank’s property-held is stated at the lower of the cost of acquisition or a fair value, which reflects the land/property true valuation in accordance with GASB Codification Section R30, *Real Estate*.

	<u>Available for Sale</u>	<u>Held for Future Use</u>	<u>Held for Development</u>
December 31, 2023			
Property Cost/Carrying Value	\$ 4,706,028	\$ 3,374,795	\$ 2,449,501
Less: Subsidy Allowance on Properties Held	<u>(4,475,558)</u>	<u>(2,984,329)</u>	<u>(1,315,671)</u>
Net Property Held	<u>\$ 230,470</u>	<u>\$ 390,466</u>	<u>\$ 1,133,830</u>
December 31, 2022			
Property Cost/Carrying Value	\$ 3,476,376	\$ 2,373,342	\$ 415,646
Less: Subsidy Allowance on Properties Held	<u>(3,288,201)</u>	<u>(2,006,471)</u>	<u>(6,224)</u>
Net Property Held	<u>\$ 188,175</u>	<u>\$ 366,871</u>	<u>\$ 409,422</u>

The inventory basis of the property held for sale and held for development includes the purchase price plus any additional costs incurred to prepare the property for disposition. These costs include closing costs, demolition, clean-up, and other various property-related costs. The inventory subsidy allowance represents the difference between the estimated disposal price and the inventory basis.

The basis of properties-held-for-future use is the acquisition cost of the property plus any closing costs incurred by the Land Bank. All expenses incurred on these properties were expensed in the current period.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 8: CAPITAL ASSETS**

Capital assets consisted of the following as of December 31:

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
December 31, 2023				
Depreciable Capital Assets				
Vehicles	\$ 14,978	\$ -	\$ -	\$ 14,978
Less: Accumulated Depreciation	(11,233)	(2,996)	-	(14,229)
Capital Assets, Net	<u>\$ 3,745</u>	<u>\$ (2,996)</u>	<u>\$ -</u>	<u>\$ 749</u>
	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
December 31, 2022				
Depreciable Capital Assets				
Vehicles	\$ 29,956	\$ -	\$ (14,978)	\$ 14,978
Less: Accumulated Depreciation	(16,476)	(4,244)	9,487	(11,233)
Capital Assets, Net	<u>\$ 13,480</u>	<u>\$ (4,244)</u>	<u>\$ (5,491)</u>	<u>\$ 3,745</u>

Depreciation expense of \$2,996 and \$4,244 was recorded for the years ended December 31, 2023 and 2022, respectively.

**NOTE 9: NOTES PAYABLE**

Changes in notes payable for the years ended December 31:

	Balance 2022	Additions	Reductions	Balance 2023	Due Within One Year
Notes Payable					
SBA Economic Injury					
Disaster Loan	\$ 150,000	\$ -	\$ (150,000)	\$ -	\$ -
Wedco Loan	-	250,000	(7,500)	242,500	10,000
Gibraltar					
Mansion Purchase	-	350,000	-	350,000	350,000
	<u>\$ 150,000</u>	<u>\$ 600,000</u>	<u>\$ (157,500)</u>	<u>\$ 592,500</u>	<u>\$ 360,000</u>



**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 9: NOTES PAYABLE - CONTINUED**

	Balance 2021	Additions	Reductions	Balance 2022	Due Within One Year
Notes Payable					
SBA Economic Injury Disaster Loan	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ -
SBA Paycheck Protection Program Loan	37,747	-	(37,747)	-	-
	<u>\$ 187,747</u>	<u>\$ -</u>	<u>\$ (37,747)</u>	<u>\$ 150,000</u>	<u>\$ -</u>

***U.S. Small Business Administration - Economic Injury Disaster Loan Program*** - During 2020, the Land Bank received a \$150,000 loan from the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan Program (EIDL). The note accrues interest at 2.75% per annum. The note requires payments of \$641 a month starting December 2022. The balance is due June 2050. The note is collateralized by the Land Bank's securities. Land Bank repaid the loan and related accrued interest in March of 2023.

***U.S. Small Business Administration - Paycheck Protection Program Loan Second Draw*** - In response to the continued uncertainty created by the COVID-19 pandemic, the federal government signed into law the Consolidated Appropriations Act (CAA) in 2021. A provision of the CAA provided additional PPP funding and allowed for a second round of funding. Similar to the first round of funding, the second round of funding is administered by the U.S. Small Business Administration. PPP Loans have a maturity of five years and incur interest at a rate of 1%. PPP loans contain provisions to forgive all, or a portion of, the funds borrowed based on a calculation that considered the borrower's incurrence of eligible costs and ability to maintain employee and salary levels for a period of time after receipt of the loan funds. In March 2021, the Land Bank received a PPP loan second draw in the amount of \$37,747. The Land Bank's second PPP loan was forgiven in July 2022.

***Wilmington Economic Development Corporation - Working Note Payable*** - During 2023, the Land Bank received a \$250,000 loan from the Wilmington Economic Development Corporation (WEDCO) under the Coronavirus State and Local Fiscal Recovery funds program of the Department of the Treasury. The loan carries no interest. The note requires payments of \$833 a month starting April 2023. The balance is due February 2025. The note is collateralized by the Land Bank's assets.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 9: NOTES PAYABLE - CONTINUED**

Annual notes payable service requirements to maturity are as follows:

Years Ending December 31	Principal	Interest	Payments
2024	\$ 360,000	\$ -	\$ 360,000
2025	232,500	-	232,500
	\$ 592,500	\$ -	\$ 592,500

**NOTE 10: LEASES**

The Land Bank leases vacant lots to other entities for \$1 per year, with terms ranging from one to five years. The leases require the lots be used for fruit, vegetable and flower gardening, and requires the lessee to maintain the plant material.

**NOTE 11: POLLUTION REMEDIATION OBLIGATION**

During the year ended December 31, 2022, the Land Bank received two sites subject to potential environmental pollution remediation liabilities. No additional sites were received during the year ended December 31, 2023. The Land Bank entered into Brownfield Development Agreements (BDA) with the State of Delaware Department of Natural Resources and Environmental Control for each site prior to taking possession. The BDAs provide the Land Bank with liability protections as set forth in 7 Del. C. § 9105(f) and §9125 and detail the scope and schedule of activities to assess and respond to the environmental pollutants.

The Land Bank performed site assessments and recognized a liability for the estimated cost to complete the site assessments. The site assessments were completed in 2022 for the five sites and remediation was completed for two sites in 2022.

Each BDA includes a reimbursable Brownfield Developer grant of \$625,000 for the performance of remedial actions. The first \$500,000 of the grant is reimbursed on a dollar-for-dollar basis and the remaining \$125,000 of the grant is reimbursed on a one-to-one matching basis. The cost of the Land Bank’s remediation activities is not expected to exceed the BDA grants.

**NOTE 12: RESTRICTED NET POSITION**

During the year ended December 31, 2019, the Land Bank received a restricted contribution for greening. As of December 31, 2023 and 2022, \$0 and \$24,178, respectively, of net position was restricted for this purpose.

**WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2023**

**NOTE 12: RESTRICTED NET POSITION - CONTINUED**

During the year ended December 31, 2022, the Land Bank received a restricted grant for the purchase of a specific property. The acquisition and disposal of this property is subject to the City of Wilmington's approval. As of December 31, 2023 and 2022, \$0 and \$50,000, respectively, of net position was restricted for this purpose.

During the year ended December 31, 2023, the Land Bank received a restricted grant for the purchase and development of a specific property. As of December 31, 2023, \$48,358 of net position was restricted for this purpose.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

**Contingencies** - Certain conditions may exist as of the date the financial statements are issued, which may result in loss to the Land Bank but will only be resolved when one or more future events occur or fail to occur. The Land Bank's management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to unasserted claims that may result in proceedings, the Land Bank evaluates the perceived merits of any unasserted claims.

**Grant Compliance** - The Land Bank receives Federal and State funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on the filing and audits of those reports. Final settlements due from, or to, these sources are recorded in the year in which the related services are performed. Any adjustment resulting from subsequent examinations is recognized in the year in which the results of such examinations, if any, become known. The Land Bank does not expect any significant adjustment because of these examinations.

**Contractual Commitments** - As of December 31, 2023, the Land Bank had various non-cancellable contracts and construction-in-progress with outside contractors. Outstanding commitments on contracts in progress for the year ended December 31, 2023, are \$251,356. These contracts will be payable upon future performance under the contracts.