WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION

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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025 AND 2024

WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION

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

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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 (Land Bank), a component unit of the City of Wilmington, as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Land Bank's basic 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, 2025 and 2024, and the changes in financial position and its cash flows 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.

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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.

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.

To the Board of Directors
Wilmington Neighborhood Conservancy
Land Bank Corporation

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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2026, 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 the Land Bank's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

September 16, 2026
Wilmington, Delaware

WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

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, 2025 and 2024. Please read it in conjunction with the financial statements, which begin on page 10, for a comprehensive understanding of the reports.

FINANCIAL HIGHLIGHTS

The Land Bank's assets increased in the year ended December 31, 2025 to $12,620,354 due to the increase in grant funding which enabled the purchase and rehabilitation of more properties.

The Land Bank's liabilities increased in the year ended December 31, 2025 to $4,932,377 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, 2025 to $5,379,955, and restricted net position increased to $592,661.

While the Land Bank's activities continued to increase during the year ended December 31, 2025, the Land Bank's operating expenses decreased to $5,007,980, as a result of decreased property-related expenses.

During the year ended December 31, 2025, the Land Bank's net cash from operating activities increased to $2,891,533 as a result of government grant receipts.

The Land Bank's assets increased in the year ended December 31, 2024 to $9,052,955 due to the increase in grant funding which enabled the purchase and rehabilitation of more properties.

The Land Bank's liabilities increased in the year ended December 31, 2024 to $2,986,042 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, 2024 to $4,597,603 and restricted net position decreased to $182,417.

While the Land Bank's activities continued to increase during the year ended December 31, 2024, the Land Bank's operating expenses decreased to $5,253,772, as a result of decreased property-related expenses and increased staffing.

During the year ended December 31, 2024, the Land Bank's net cash from operating activities increased to $2,186,193 as a result of government grant receipts.

USING THE 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 comprises 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, readers should also consider 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 Changes in 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, 2025 and 2024, 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 10 through 13.

BASIC FINANCIAL STATEMENTS - CONTINUED

The Land Bank's net position as of December 31, 2025 and 2024 consisted of the following:

	2025	2024	2023	
ASSETS				
Cash and Cash Equivalents	$ 7,606,409	$ 5,125,623	$ 2,930,053	
Receivables	124,584	125,000	137,246	
Prepaid Expenses	8,058	650	-	
Mortgage Receivable	-	62,500	-	
Property Held For Sale, Net	110,400	143,100	230,470	
Property Acquisition Deposit	4,000	15,265	17,265	
Property Held for Development, Net	2,680,942	1,211,389	1,133,830	
Security Deposits	800	799	797	
Property Held for Future Use, Net	369,800	1,081,736	390,466	
Capital Assets, Net	1,715,361	1,286,893	749	
TOTAL ASSETS	$ 12,620,354	$ 9,052,955	$ 4,840,876	
LIABILITIES				
Accounts Payable and Accrued Expense	$ 358,796	$ 357,923	$ 272,605	*
Unearned Revenue	4,569,932	2,541,473	1,410,699	
Pollution Remediation Obligation	2,849	85,851	86,509	
Security Deposits	800	795	795	
Notes Payable and Accrued Interest	-	-	592,500	
TOTAL LIABILITIES	4,932,377	2,986,042	2,363,108	
NET POSITION				
Net Investment in Capital Assets	1,715,361	1,286,893	749	
Restricted	592,661	182,417	48,358	
Unrestricted	5,379,955	4,597,603	2,428,661	
TOTAL NET POSITION	7,687,977	6,066,913	2,477,768	
TOTAL LIABILITIES NET POSITION	$ 12,620,354	$ 9,052,955	$ 4,840,876	

**Restated as described in Note 14 to accrue net sales proceeds due to the City of Wilmington, Delaware from a grant financed property.*

The Land Bank's accounts payable, as of 2025 and 2024, primarily consist of charges on properties owned by the Land Bank.

The Land Bank has $592,661 and $182,417 of restricted net position as of December 31, 2025 and 2024, respectively. These funds, received from corporate contributors, are restricted to specific projects and purposes.

BASIC FINANCIAL STATEMENTS - CONTINUED

Change in Net Position - The Land Bank's change in net position for the years ended December 31, 2025, and 2024, consisted of the following:

	2025	2024	2023	
REVENUES				
Operating Revenue				
Government Grants	$ 3,655,754	$ 5,040,084	$ 7,012,166	
Corporate Contributions, Net	833,333	383,333	14,400	
Contributions	-	6,000	12,000	
Contributed Property	4,100	10,200	27,900	
Sale of Property	1,577,587	1,605,995	967,067	
Other Revenue	10,973	7,158	17,715	
TOTAL REVENUES	6,081,747	7,052,770	8,051,248	
EXPENSES				
Property Expenses	4,160,887	4,411,320	6,949,481	
Grants	14,572	105,400	241,916	
Personnel	497,586	360,828	310,476	
Pollution Remediation Expense/(Recovery)	(32,983)	92,566	(8,404)	
Occupancy	26,429	22,635	14,350	
Contract Services	104,569	89,921	37,637	
Administrative	192,955	122,758	98,395	
Depreciation	1,983	749	2,996	
Insurance	41,982	47,595	56,893	
Grant Return Expense	-	-	88,572	*
TOTAL EXPENSES	5,007,980	5,253,772	7,792,312	
OPERATING INCOME	1,073,767	1,798,998	258,936	
NONOPERATING REVENUES/(EXPENSES)	19,700	17,781	(718)	
CAPITAL GRANTS	527,597	1,772,366	-	
NET POSITION - Beginning of Year	6,066,913	2,477,768	2,219,550	
NET POSITION - End of Year	$ 7,687,977	$ 6,066,913	$ 2,477,768	

**Restated as described in Note 14 to accrue net sales proceeds due to the City of Wilmington, Delaware from a grant financed property.*

BASIC FINANCIAL STATEMENTS - CONTINUED

Change in Net Position - Continued

Since its inception through 2025, the Land Bank's activities have produced the following results:

- **410** blighted properties have been sold and repurposed:
    - **183** Investor rehabs sold for affordable homeownership.
    - **38** Investor rehabs sold for affordable rental.
    - **121** Nonprofit joint affordable housing projects.
    - **30** Neglected lots sold to adjacent neighbors as a side yard.
    - **38** Other community projects completed, including urban gardens.
- **77** Unsafe properties have been demolished, improving neighborhood safety.
- Launched the Lower Hilltop Initiative in June 2022 with a goal of revitalizing the troubled community by rehabilitating over 50 vacant and dilapidated properties for equitable homeownership opportunities. Twenty properties were completely renovated to date.
- Continued our strong alliances with partners that contribute to Land Bank's objectives and support the City of Wilmington's revitalization goals. Partnerships include: Woodlawn Trustees, the City of Wilmington, Habitat for Humanity, Cinnaire Solutions, Cinnaire Jumpstart Program, Wilmington Housing Authority, Delaware State Housing Authority, Delaware Natural Resources and Environmental Control, Latin American Community Center, HelpInitiative, and others.
- Minority Buyers: 92%
- Contractors utilized - disadvantaged business enterprises (DBEs): 78%
- Buyers From the City of Wilmington reinvesting in their communities: 55%
- Developed a property inspection program to ensure all properties are completed within one 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.

BASIC FINANCIAL STATEMENTS - CONTINUED

Change in Net Position - Continued

Since its inception through 2024, the Land Bank's activities have produced the following results:

- **395** blighted properties have been sold and repurposed:
    - **167** Investor rehabs sold for affordable homeownership.
    - **46** Investor rehabs sold for affordable rental.
    - **15** Homestead units (homebuyers rehab their own homes).
    - **97** Nonprofit joint affordable housing projects.
    - **25** Neglected lots sold to adjacent neighbors as a side yard.
    - **45** Other community projects completed, including 12 urban gardens.
- **73** Unsafe properties have been demolished, improving neighborhood safety.
- 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. 20 properties were completely renovated to date.
- Continued our strong alliances with partners that contribute to WNCLBs objectives and support the City of Wilmington's revitalizations goals. Partnerships include: Woodlawn Trustees, the City of Wilmington, Habitat for Humanity, Cinnaire Solutions, Cinnaire Jumpstart Program, Wilmington Housing Authority, Delaware State Housing Authority, Delaware Natural Resources and Environmental Control, Woodlawn Trustees, Latin American Community Center, HelpInitiative, and others.
- Minority Buyers: 92%
- Contractors Utilized - Disadvantaged Business Enterprises (DBE):78%
- 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.

BASIC FINANCIAL STATEMENTS - CONTINUED

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. Since 2021, the Land Bank has received annual grants from the City of Wilmington, Delaware to support operations. American Rescue Plan Act grants were awarded by the City of Wilmington, Delaware totaling $4,860,000.

Notes to the Financial Statements - The notes to the financial statements are an integral part of the financial 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, 226 N. Franklin Street, Wilmington, Delaware 19805.

WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024	
CURRENT ASSETS			
Cash and Cash Equivalents	$ 1,961,566	$ 2,432,107	
Restricted Cash and Cash Equivalents	5,644,843	2,693,516	
Grants Receivable	124,584	125,000	
Prepaid Expenses	8,058	650	
Mortgage Receivable	-	62,500	
Property Available for Sale, Net	110,400	143,100	
Property Held for Development, Net	2,680,942	1,211,389	
Property Acquisition Deposit	4,000	15,265	
TOTAL CURRENT ASSETS	10,534,393	6,683,527	
NONCURRENT ASSETS			
Security Deposits	800	799	
Property Held for Future Use, Net	369,800	1,081,736	
Capital Assets, Net	1,715,361	1,286,893	
TOTAL NONCURRENT ASSETS	2,085,961	2,369,428	
TOTAL ASSETS	$ 12,620,354	$ 9,052,955	

LIABILITIES

CURRENT LIABILITIES			
Accounts Payable and Accrued Expense (including $262,349 from restricted assets)	$ 358,796	$ 357,923	*
Unearned Revenue	4,569,932	2,541,473	
Pollution Remediation Obligation	2,849	85,851	
TOTAL CURRENT LIABILITIES	4,931,577	2,985,247	
NONCURRENT LIABILITIES			
Security Deposits	800	795	
TOTAL NONCURRENT LIABILITIES	800	795	
TOTAL LIABILITIES	4,932,377	2,986,042	
NET POSITION			
Net Investment in Capital Assets	1,715,361	1,286,893	
Restricted for Program Activities	592,661	182,417	
Unrestricted	5,379,955	4,597,603	*
TOTAL NET POSITION	7,687,977	6,066,913	
TOTAL LIABILITIES AND NET POSITION	$ 12,620,354	$ 9,052,955	

**Restated as described in Note 14*

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, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Government Grants	$ 3,655,754	$ 5,040,084
Corporate Contributions, Net	833,333	383,333
Contributions	-	6,000
Contributed Property	4,100	10,200
Sale of Property	1,577,587	1,605,995
Other Revenue	10,973	7,158
TOTAL OPERATING REVENUES	6,081,747	7,052,770
OPERATING EXPENSES		
Property Expenses	4,160,887	4,411,320
Grants	14,572	105,400
Personnel	497,586	360,828
Pollution Remediation Expense/(Recovery)	(32,983)	92,566
Occupancy	26,429	22,635
Contract Services	104,569	89,921
Administrative	192,955	122,758
Depreciation	1,983	749
Insurance	41,982	47,595
TOTAL OPERATING EXPENSES	5,007,980	5,253,772
OPERATING INCOME	1,073,767	1,798,998
NONOPERATING REVENUES/(EXPENSES)		
Interest Expense	-	(260)
Interest Income	19,700	18,041
TOTAL NONOPERATING REVENUES/(EXPENSES)	19,700	17,781
NET INCOME BEFORE CAPITAL GRANTS	1,093,467	1,816,779
CAPITAL GRANTS		
Capital Grants - Government	527,597	1,772,366
NET CHANGE IN NET POSITION	1,621,064	3,589,145
NET POSITION - Beginning of Year	6,066,913	2,477,768 *
NET POSITION - End of Year	$ 7,687,977	$ 6,066,913

**Restated as described in Note 14*

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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Government Grants	$ 6,037,207	$ 6,214,881
Receipts from Corporate Grants	958,333	258,333
Miscellaneous Receipts	10,973	7,158
Payments to Employees	(497,586)	(360,828)
Payments to Suppliers	(376,588)	(277,559)
Sale of Property	3,062,305	1,543,495
Acquisition and Development of Property	(6,303,111)	(5,199,287)
NET CASH FROM OPERATING ACTIVITIES	2,891,533	2,186,193
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest Paid	-	(260)
Payments made on Notes Payable	-	(242,500)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	-	(242,760)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Receipts from Government Grants	-	1,422,366
NET CASH FROM CAPITAL FINANCING ACTIVITIES	-	1,422,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	19,704	18,039
Capital Asset Construction	(430,451)	(1,188,268)
NET CASH FROM INVESTING ACTIVITIES	(410,747)	(1,170,229)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,480,786	2,195,570
CASH AND CASH EQUIVALENTS - Beginning of Year	5,125,623	2,930,053
CASH AND CASH EQUIVALENTS - End of Year	$ 7,606,409	$ 5,125,623
RECONCILATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	$ 1,961,566	$ 2,432,107
Restricted Cash and Cash Equivalents	5,644,843	2,693,516
TOTAL CASH AND CASH EQUIVALENTS	$ 7,606,409	$ 5,125,623

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, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH		
Operating Income	$ 1,073,767	$ 1,798,998
Adjustments to Reconcile Operating Income		
To Net Cash Provided By Operations		
Depreciation Expense	1,983	749
Subsidy Allowance on Properties Held	(506,583)	(1,210,815)
Cost of Property Sold	4,551,123	5,633,443
Contributed Property Revenue	(4,100)	(10,200)
Changes in Operating Assets and Liabilities		
Mortgages Receivable	62,500	(62,500)
Government Grants Receivable	416	12,246
Property Held	(4,768,501)	(5,097,886)
Property Acquisition Deposit	11,265	2,000
Accounts Payable and Accrued Expense	4,018	(9,308)
Unearned Revenue	2,556,056	1,130,774
Prepaid Expense	(7,408)	(650)
Environmental Liability	(83,002)	(658)
NET CASH FROM OPERATING ACTIVITIES	$ 2,891,533	$ 2,186,193
NONCASH NONCAPITAL FINANCING ACTIVITIES		
Note Payable Satisfied by the City of Wilmington	$ -	$ 350,000
NONCASH INVESTING ACTIVITIES		
Capital Assets Withdrawn from Inventory	$ -	$ 1,282,393

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

WILMINGTON NEIGHBORHOOD CONSERVANCY LAND BANK CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 (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.

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 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.

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

Receivables - Receivables consist of government grants and corporate contributions receivable under various City grant programs and pledges from corporate donors. As of December 31, 2025 and 2024, government grants included no bad debt allowance.

Property Held - Property held for sale or future use is to be stated at the lower of the cost acquisition or 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, 2025 and 2024, the Land Bank owned 220 and 264 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, 2025 and 2024, $592,661 and $182,417, 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.

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

Income Taxes - Continued

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 liability for uncertain tax positions is required to be accrued and included in the statements of net position as of December 31, 2025 and 2024. The Land Bank's federal Form 990 is subject to examination by the Internal Revenue Service, 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.

Cost Reimbursement Grant Recoveries - The Land Bank receives certain grant funding under cost reimbursement arrangements, whereby, revenue is recognized as qualifying expenditures are incurred. If costs previously reimbursed under a grant agreement are subsequently determined by the grantor to be unallowable or otherwise subject to repayment, the Land Bank recognizes the resulting obligation and related expense in the period such determination becomes known, and the liability is probable and reasonably estimable. Recoveries of previously recognized grant revenue are reported as expense and do not result in the restatement of prior-period revenues or expenses.

NOTE 2: CASH AND CASH EQUIVALENTS

The Land Bank receives certain grant funding under cost reimbursement arrangements. Revenue is recognized as qualifying expenditures are incurred and reimbursement becomes eligible under the terms of the applicable grant agreements. Amounts previously reimbursed or recognized as grant revenue may subsequently be determined by the grantor to be unallowable, noncompliant with grant requirements, or otherwise subject to repayment. In such cases, the Land Bank recognizes a liability and corresponding expense in the period the repayment obligation becomes probable and can be reasonably estimated. Repayments or recoveries related to previously recognized grant revenue are recorded as current-period grant expense and are not reflected through the restatement of prior-period revenues or expenses.

NOTE 3: CITY OF WILMINGTON, DELAWARE, GRANT AGREEMENTS

The Land Bank has been awarded various grants by these 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 agreements establish that the Land Bank will be reimbursed for expenditures used in the acquisition of specified properties and related development costs. Certain 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 following chart summarizes these grant agreements:

	Expiration	Grant	Revenue		Unearned	
Awarded	Date	Amount	2025	2024	2025	2024
December 2023	June 30, 2024	$ 1,000,000	$ -	$ 462,998	$ -	$ -
April 2024	April 24, 2025	500,000	-	500,000	-	-
September 2024	N/A	1,500,000	522,597	922,366	55,037	577,634
March 2025	N/A	1,200,000	634,535	-	565,465	-

Operating Grant Agreement - During 2025, the Land Bank received an operating grant agreement from the City of Wilmington, Delaware, which provides $1,000,000 of funding to support the Land Bank's general operations. During the year ended December 31, 2025, the Land Bank recognized revenue of $1,000,000 related to this agreement.

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 development costs. Certain agreements require the Land Bank to obtain approval from the City of Wilmington, Delaware for every aspect of the acquisition and the subsequent disposal of the properties. This requirement does not expire. The funding received under these agreements will be recognized as grant income on a cost reimbursement basis. The following chart summarizes these grant agreements:

	Expiration	Grant	Revenue		Unearned	
Awarded	Date	Amount	2025	2024	2025	2024
September 2023	December 31, 2024	$ 100,000	$ 5,000	$ 95,000	$ -	$ 5,000

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, 2025 and 2024.

NOTE 4: STATE OF DELAWARE GRANTS

Community Reinvestment Fund Grant Agreement - The Land Bank received a $1,500,000 grant from the State of Delaware Community Reinvestment Fund in July 2024 under the Fiscal Year 2025 Bond and Capital Improvements Act (Senate Bill 475). 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, 2026. 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, 2025 and 2024, the Land Bank had received advanced funding of $4,500,000. During the years ended December 31, 2025 and 2024, the Land Bank recognized revenue totaling $690,592 and $1,524,674, respectively. As of December 31, 2025 and 2024, the unexpended balance of $213,242 and $809,209, respectively, is reported as restricted cash and unearned revenue.

American Rescue Plan - State and Local Fiscal Recovery Funds - Hilltop Initiative - In February 2024, the Land Bank received a subrecipient grant award of $1,500,000 from the State of Delaware's American Rescue Plan - State and Local Fiscal Recovery Funds that expires on December 31, 2026. This grant is to acquire and develop specific properties around the new Bancroft School in Wilmington, Delaware and in the Lower Hilltop initiative area. 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, 2025 and 2024, the Land Bank had received advanced funding of $1,500,000. During the years ended December 31, 2025 and 2024, the Land Bank recognized revenue totaling $0 and $1,444,995, respectively. As of December 31, 2025 and 2024, the unexpended balance of $55,005 is reported as restricted cash and unearned revenue.

Hilltop and Westside Grant - In October 2024, the Land Bank received a grant of $1,000,000 from the State of Delaware that expired on December 31, 2025. This grant was to acquire and develop specific properties in a designated area. The agreement established that the Land Bank will expend the advanced funds in accordance with the project plan. As of December 31, 2025 and 2024, the Land Bank had received advanced funding of $1,000,000. During the years ended December 31, 2025 and 2024, the Land Bank recognized revenue of $719,418 and $0, respectively. As of December 31, 2025 and 2024, the unexpended balance of $280,582 and $1,000,000, respectively, is reported as restricted cash and unearned revenue.

NOTE 4: STATE OF DELAWARE GRANTS - CONTINUED

Ebert Palmer School Grant - In November 2024, the Land Bank was awarded a grant of $3,000,000 from the State of Delaware's American Rescue Plan - State and Local Fiscal Recovery Funds that expires on December 31, 2026. This grant is to acquire, demolish, and rehabilitate 20 homes around the Ebert Palmer School. The agreement establishes that the Land Bank will expend the advanced funds in accordance with the project plan. During the year ended December 31, 2025, the Land Bank received advanced funding of $3,000,000. As of December 31, 2025, the unexpended balance of $3,000,000 is reported as restricted cash and unearned revenue.

Hilltop Grant - In December 2024, the Land Bank was awarded a grant of $500,000 from the State of Delaware's American Rescue Plan - State and Local Fiscal Recovery Funds that expires on December 31, 2026. This grant is to acquire and develop specific properties in a designated area. The agreement establishes that the Land Bank will expend the advanced funds in accordance with the project plan. During the year ended, December 31, 2025, the Land Bank received advanced funding of $500,000. As of December 31, 2025, the unexpended balance of $400,601 is reported as restricted cash and unearned revenue.

NOTE 5: 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.

NOTE 6: 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 at the lower of cost or estimated fair value in accordance with GASB Codification Section R30, *Real Estate*.

	Available for Sale	Held for Future Use	Held for Development
December 31, 2025			
Property Cost/Carrying Value	$ 3,144,482	$ 2,431,550	$ 4,643,270
Less: Subsidy Allowance on Properties Held	(3,034,082)	(2,061,750)	(1,962,328)
Net Property Held	$ 110,400	$ 369,800	$ 2,680,942
December 31, 2024			
Property Cost/Carrying Value	$ 3,930,701	$ 4,728,009	$ 1,342,258
Less: Subsidy Allowance on Properties Held	(3,787,601)	(3,646,273)	(130,869)
Net Property Held	$ 143,100	$ 1,081,736	$ 1,211,389

NOTE 6: PROPERTY HELD - CONTINUED

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.

During the fiscal year ended December 31, 2024, the Land Bank changed the intended use for the following two real estate parcels that were previously classified as property inventory Held for Development:

- Gibraltar Mansion: This property was acquired in 2023 for redevelopment. The purchase was funded with a restricted grant from the City of Wilmington, Delaware. During 2024, the Land Bank received grants from the State of Delaware and City of Wilmington to preserve the original property. The Land Bank expects to subsequently donate the property to a foundation dedicated to preserving and restoring the property.

- 226 N. Franklin: This was a residential rehabilitation that was intended for resale. The property is used as the Land Bank's offices and was placed in service in February 2025.

At the time of the reclassification, both properties were under development. This reclassification is a change in accounting estimate because it reflects a change in the expected future use and economic benefit of the properties. The change in the use of these assets is treated prospectively under GASB.

These properties were transferred from inventory to capital assets at their recorded cost including acquisition costs and life-to-date development costs after adjustment for the property's estimated market value as of December 31, 2023. The following chart summarizes the impact of these transfers:

		Inventory Change	
Inventory Description	Capital Assets	Property Cost	Subsidy Allowance
Gibraltar Mansion	$ 2,000	$ (1,272,544)	$ 1,270,544
226 N. Franklin	2,000	(115,213)	115,213
	$ 4,000	$ (1,387,757)	$ 1,385,757

All future costs associated with the construction of these properties will be capitalized in the Construction in Progress account until the assets are completed and placed into service or disposed of.

NOTE 7: CAPITAL ASSETS

Capital assets consisted of the following as of December 31:

	Beginning Balance	Additions	Construction in Progress Placed in Service	Transfers from Inventory (Note 6)	Ending Balance
December 31, 2025					
Nondepreciable Capital Assets					
Construction In Progress	$ 1,284,893	$ 432,451	$ (77,345)	$ -	$ 1,639,999
Depreciable Capital Assets					
Buildings	-	77,345	-	-	77,345
Vehicles	14,978	-	-	-	14,978
Less: Accumulated Depreciation	(14,978)	(1,983)	-	-	(16,961)
Depreciable Capital Assets, Net	-	75,362	-	-	75,362
Capital Assets, Net	$ 1,284,893	$ 507,813	$ (77,345)	$ -	$ 1,715,361

	Beginning Balance	Additions	Reductions	Transfers from Inventory (Note 6)	Ending Balance
December 31, 2024					
Nondepreciable Capital Assets					
Construction In Progress	$ -	$ 1,280,893	$ -	$ 4,000	$ 1,284,893
Depreciable Capital Assets					
Vehicles	14,978	-	-	-	14,978
Less: Accumulated Depreciation	(14,229)	(749)	-	-	(14,978)
Depreciable Capital Assets, Net	749	(749)	-	-	-
Capital Assets, Net	$ 749	$ 1,280,144	$ -	$ 4,000	$ 1,284,893

Depreciation expense of $1,983 and $749 was recorded for the years ended December 31, 2025 and 2024, respectively.

NOTE 8: NOTES PAYABLE

Notes payable are reported at the outstanding principal amounts due. At December 31, 2024, notes payable consisted of the following:

	Balance 2023	Additions	Reductions	Balance 2024	Due Within One Year
Notes Payable					
WEDCO Loan	$ 242,500	$ -	$ (242,500)	$ -	$ -
Gibraltar Mansion Purchase	350,000	-	(350,000)	-	-
	$ 592,500	$ -	$ (592,500)	$ -	$ -

Wilmington Economic Development Corporation - Working Note Payable - During 2023, the Land Bank received a $250,000 loan from the Wilmington Economic Development Corporation under the Coronavirus State and Local Fiscal Recovery funds program of the Department of the Treasury. The loan carried no interest. The note required payments of $833 a month starting April 2023. The balance was due February 2025. The note was collateralized by the Land Bank's assets. The Land Bank repaid the loan in January of 2024.

Gibraltar Mansion Payable - Contingent Loan - In December 2023, the Land Bank acquired the Gibraltar Mansion for a purchase price of $1,250,000, of when $900,000 was paid in cash. The remaining $350,000 of the purchase was a contingent loan to be satisfied by the City of Wilmington through the transfer of an unimproved parcel. In July 2024, the City of Wilmington determined it was unable to transfer the agreed-upon parcel and satisfied the obligation by remitting the $350,000 payment directly to the seller on the Land Bank's behalf.

NOTE 9: 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 that the lots be used for fruit, vegetable, and flower gardening and that the lessees maintain the plant material.

NOTE 10: POLLUTION REMEDIATION OBLIGATION

In the normal course of operations, the Land Bank acquires properties that may be subject to environmental contamination and related remediation requirements. Prior to taking possession of such properties, the Land Bank enters into Brownfield Development Agreements ("BDAs") with the Delaware Department of Natural Resources and Environmental Control ("DNREC"). The BDAs provide the Land Bank with liability protections pursuant to 7 Del. C. § 9105(f) and § 9125 and establish the scope and schedule of activities necessary to assess and remediate environmental contamination.

NOTE 10: POLLUTION REMEDIATION OBLIGATION - CONTINUED

Upon acquisition of a property, the Land Bank performs environmental site assessments and recognizes a liability for costs when remediation activities are probable and reasonably estimable. As of December 31, 2025, environmental site assessments have been completed for all properties acquired under the Brownfield program. As of December 31, 2025 and 2024, Land Bank had five properties subject to BDAs and remediation activities.

Each BDA provides for a Brownfield Developer grant of up to $625,000 to reimburse eligible remediation expenditures. The first $500,000 of eligible costs is reimbursed on a dollar-for-dollar basis, while the remaining $125,000 is reimbursed on a matching basis. Management expects that the costs required to complete remediation activities for the remaining properties will not exceed the reimbursement amounts available under the related grant agreements.

Accordingly, management does not expect the net financial impact of the remaining remediation obligations to be material to the Land Bank's financial position.

NOTE 11: RESTRICTED NET POSITION

During the years ended December 31, 2025 and 2024, the Land Bank received restricted grants for the Lower Hilltop Equitable Housing and Neighborhood Revitalization Initiative. As of December 31, 2025 and 2024, $592,661 and $182,417, respectively, of net position was restricted for this purpose.

NOTE 12: 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.

NOTE 12: COMMITMENTS AND CONTINGENCIES - CONTINUED

Contractual Commitments **-** As of December 31, 2025, the Land Bank had various non-cancellable contracts and construction-in-progress with outside contractors. Outstanding commitments on contracts in progress as of December 31, 2025 were $555,803. These contracts will be payable upon future performance under the contracts.

Pending Litigation **-** In April 2026, the Land Bank was named as a defendant in litigation relating to the enforcement and administration of certain redevelopment agreements. The plaintiffs allege various contractual, statutory, and constitutional claims and seek relief, damages, attorneys' fees, and costs. The litigation is in the early stages, and management intends to vigorously defend against the claims. Based on the current status of the proceedings, management is unable to determine the likelihood of an unfavorable outcome or estimate the amount or range of any potential loss, if any. Accordingly, no liability has been recorded in the accompanying financial statements related to this matter.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued. Except for the matter described in Note 12, management determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

NOTE 14: PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2025, management identified an error in the previously issued financial statements related to a grant agreement entered into in 2023. Under the terms of the agreement, the Land Bank was required to remit the net proceeds from the sale of certain property to the City of Wilmington.

The Land Bank sold the property during the year ended December 31, 2023. The net proceeds were not remitted timely and a liability for the amount due to the City of Wilmington, Delaware was not recorded in the financial statements for the year ended December 31, 2023.

The accompanying financial statements have been restated to correct this error. The correction resulted in an increase of $88,572 to accounts payable and accrued expenses and a decrease of $88,572 to unrestricted net position as of January 1, 2024. The adjustment had no effect on cash flows for the year ended December 31, 2025. The amount due to the City of Wilmington, Delaware was paid in January 2026.

NOTE 14: PRIOR PERIOD ADJUSTMENT - CONTINUED

The 2024 financial statements have been restated to reflect the correction of this error. The following table summarizes the effect of the restatement on the previously issued 2024 financial statements:

	As Previously Reported	Adjustment	As Restated
Accounts Payable and Accrued Expense	$ 269,351	$ 88,572	$ 357,923
January 1, 2024 Unrestricted Net Position	2,566,340	(88,572)	2,477,768