



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

September 30, 2024

To the Trustees of the New Castle Common
807 Frenchtown Road
New Castle, Delaware 19720

We have audited the financial statements of Trustees of the New Castle Common (Organization) for the year ended March 31, 2024, and we will issue our report thereon dated September 29, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended March 31, 2024. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimated Fair Value of Level 3 Investments - Level 3 investments are comprised of structured settlements that are valued at amortized cost and life settlements that are valued at cost and tested for impairment annually. Management estimates the timing of expected future payments to be made and received.

Management's Estimate of the Value of In-Kind Contributions - The Trust owns certain properties that it allows the tenants to use free of charge for the benefit of the City of New Castle. Management estimates the fair rental value of the properties which it records as In-Kind Rental Revenue and In-Kind Contribution Expense of equal amounts.

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

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Rental Income - Note 11 to the financial statements discloses the details of the Organization's expected future rental income.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management:

Investment activity posted to the general ledger didn't correctly allocate restricted and unrestricted activity. An adjustment of \$418,000 was required to correct the balances of restricted and unrestricted investments. This was due to a \$462,000 transfer from the PNC (titled restricted) account to pay off the PNC debt that was related to the Penn Farm asset that was not restricted.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 29, 2024.

Management Consultations with Other Independent Accountants

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

Significant Audit Matters - Continued

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention. There are two matters which we wish to bring to the attention of the Trustees:

- 1) The Organization maintained seven restricted and unrestricted investments during the year. Two of these are closed now; however, as a matter of efficiency, we recommend that the Organization keep no more than two. The segregation of restricted and unrestricted investments can be maintained with accounting entries in the general ledger. The maintenance of multiple accounts makes accounting errors more likely and requires many hours of reconciliations.
- 2) The Organization was informed by its attorney that it should not refer to itself as the "Trust" in its financial statements or its Form 990. This is because the Delaware Attorney General's Office believed that it may have given the impression that the Organization was an actual trust. We propose to change the references from "Trust" to "TNCC".

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

Very truly yours,

Belfint, Lyons & Shuman, P.A.

**TRUSTEES OF THE NEW CASTLE
COMMON**

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

MARCH 31, 2024 AND 2023

TRUSTEES OF THE NEW CASTLE COMMON
TABLE OF CONTENTS
MARCH 31, 2024

	<u>Page No.</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditor's Report

To the Board of Trustees
Trustees of the New Castle Common

Opinion

We have audited the accompanying financial statements of the Trustees of the New Castle Common (a nonprofit organization), which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trustees of the New Castle Common as of March 31, 2024 and 2023, and the changes in its net assets 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Trustees of the New Castle Common and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Trustees
Trustees of the New Castle Common

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 Trustees of the New Castle Common's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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, 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 Trustees of the New Castle Common'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 Trustees of the New Castle Common's ability to continue as a going concern for a reasonable period of time.

To the Board of Trustees
Trustees of the New Castle Common

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.

Belfint, Lyons & Shuman, P.A.

September 29, 2024
Wilmington, Delaware

TRUSTEES OF THE NEW CASTLE COMMON
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND 2023

ASSETS

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 206,711	\$ 86,453	\$ 293,164	\$ 29,177	\$ 86,453	\$ 115,630
Accounts Receivable and Accrued Revenues	68,397	-	68,397	17,419	-	17,419
Right of Use Asset - Operating Leases Current Maturities	2,568	-	2,568	2,204	-	2,204
Prepaid Expenses	50,830	-	50,830	68,579	-	68,579
TOTAL CURRENT ASSETS	328,506	86,453	414,959	117,379	86,453	203,832
NONCURRENT ASSETS						
Right of Use Asset - Operating Leases	8,115	-	8,115	4,333	-	4,333
INVESTMENTS						
Investments Measured at Fair Value	3,120,175	7,315,178	10,435,353	2,638,633	6,853,880	9,492,513
Investments in Life Settlement Contracts Accounted for Under Investment Method (Note 5)	-	74,718	74,718	-	74,718	74,718
TOTAL INVESTMENTS	3,120,175	7,389,896	10,510,071	2,638,633	6,928,598	9,567,231
PROPERTY AND EQUIPMENT						
Land, Buildings, and Improvements	2,285,848	2,039,223	4,325,071	2,235,303	2,039,223	4,274,526
Construction in Progress	73,745	-	73,745	-	-	-
Old Library	124,965	208,684	333,649	124,965	208,684	333,649
New Library	1,470,143	524,735	1,994,878	1,445,453	524,735	1,970,188
Fire Station	301,396	276,775	578,171	301,396	276,775	578,171
Dialysis Center	1,145,854	-	1,145,854	1,145,854	-	1,145,854
Town Hall	284,916	387,993	672,909	284,916	387,993	672,909
Bellanca Airfield	284,946	168,324	453,270	284,946	168,324	453,270
Penn Farm	1,884,845	105,803	1,990,648	1,884,845	105,803	1,990,648
Furniture and Fixtures	23,684	-	23,684	23,684	-	23,684
Machinery and Equipment	79,078	-	79,078	79,078	-	79,078
Total Property and Equipment	7,959,420	3,711,537	11,670,957	7,810,440	3,711,537	11,521,977
Less: Accumulated Depreciation	2,415,319	1,664,297	4,079,616	2,150,266	1,633,335	3,783,601
NET PROPERTY AND EQUIPMENT	5,544,101	2,047,240	7,591,341	5,660,174	2,078,202	7,738,376
TOTAL ASSETS	\$ 9,000,897	\$ 9,523,589	\$ 18,524,486	\$ 8,420,519	\$ 9,093,253	\$ 17,513,772

LIABILITIES AND NET ASSETS

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES						
Accounts Payable	\$ 19,029	\$ -	\$ 19,029	\$ 27,665	\$ -	\$ 27,665
Accrued Expenses	-	-	-	6,537	-	6,537
Deferred Rental Income	185,631	-	185,631	138,018	-	138,018
Payroll Liabilities	5,154	-	5,154	3,467	-	3,467
Right of Use Liability - Operating Leases						
Current Maturities	2,568	-	2,568	2,204	-	2,204
Line of Credit	-	-	-	340,000	-	340,000
Current Maturities of Lease Credit	17,500	-	17,500	17,500	-	17,500
Current Maturities of Long-Term Debt	-	-	-	33,725	-	33,725
TOTAL CURRENT LIABILITIES	229,882	-	229,882	569,116	-	569,116
LONG-TERM LIABILITIES						
Deposits	27,859	-	27,859	27,859	-	27,859
Environmental Liabilities	53,000	-	53,000	53,000	-	53,000
Right of Use Liability - Operating Leases	8,115	-	8,115	4,333	-	4,333
Long-Term Lease Credit, Net of Current Maturities	183,750	-	183,750	201,250	-	201,250
Long-Term Debt, Net of Current Maturities	-	-	-	86,498	-	86,498
TOTAL LONG-TERM LIABILITIES	272,724	-	272,724	372,940	-	372,940
TOTAL LIABILITIES	502,606	-	502,606	942,056	-	942,056
NET ASSETS						
Without Donor Restrictions	8,498,291	-	8,498,291	7,478,463	-	7,478,463
With Donor Restrictions	-	9,523,589	9,523,589	-	9,093,253	9,093,253
TOTAL NET ASSETS	8,498,291	9,523,589	18,021,880	7,478,463	9,093,253	16,571,716
TOTAL LIABILITIES AND NET ASSETS	\$ 9,000,897	\$ 9,523,589	\$ 18,524,486	\$ 8,420,519	\$ 9,093,253	\$ 17,513,772

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

TRUSTEES OF THE NEW CASTLE COMMON
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS						
Rental Income	\$ 1,984,216	\$ -	\$ 1,984,216	\$ 1,838,840	\$ -	\$ 1,838,840
Taxes from Tenants	1,126,174	-	1,126,174	1,142,625	-	1,142,625
Sewer from Tenants	144,031	-	144,031	139,076	-	139,076
Contributions	611,236	-	611,236	587,275	-	587,275
Gain on Sale of Easements	101,050	-	101,050	-	-	-
Miscellaneous Income	18,235	-	18,235	3,867	-	3,867
Subtotal	3,984,942	-	3,984,942	3,711,683	-	3,711,683
Investment Income - Net						
Interest Income	47,666	-	47,666	14,898	-	14,898
Dividend Income	220,972	-	220,972	252,755	-	252,755
Realized and Unrealized Gain (Loss)	338,332	498,011	836,343	(210,655)	(667,471)	(878,126)
Investment Income from Life Settlement Contracts (Note 5)	-	-	-	-	44,625	44,625
Investment Fees	(16,629)	(36,713)	(53,342)	(3,986)	(39,071)	(43,057)
Total Investment Income - Net	590,341	461,298	1,051,639	53,012	(661,917)	(608,905)
Net Assets Released from Restrictions	30,962	(30,962)	-	30,962	(30,962)	-
TOTAL REVENUE AND GAINS	4,606,245	430,336	5,036,581	3,795,657	(692,879)	3,102,778
EXPENSES						
Program Services	3,419,354	-	3,419,354	3,314,767	-	3,314,767
Support Services						
Management and General	167,063	-	167,063	174,029	-	174,029
TOTAL EXPENSES	3,586,417	-	3,586,417	3,488,796	-	3,488,796
CHANGE IN NET ASSETS	1,019,828	430,336	1,450,164	306,861	(692,879)	(386,018)
NET ASSETS - Beginning of Year	7,478,463	9,093,253	16,571,716	7,171,602	9,786,132	16,957,734
NET ASSETS - End of Year	\$ 8,498,291	\$ 9,523,589	\$ 18,021,880	\$ 7,478,463	\$ 9,093,253	\$ 16,571,716

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

TRUSTEES OF THE NEW CASTLE COMMON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2024

	Program Services	Support Services		Total Support Services	Total Program and Support Services
		Management and General	Fundraising		
Payroll Expense	\$ 79,910	\$ 33,128	\$ -	\$ 33,128	\$ 113,038
Appropriations - City of New Castle	225,000	-	-	-	225,000
Contributions	284,446	-	-	-	284,446
Rent/In-Kind Contributions	611,236	-	-	-	611,236
Depreciation	292,420	3,595	-	3,595	296,015
Insurance	66,303	-	-	-	66,303
Interest Expense	928	-	-	-	928
Repairs and Maintenance	472,472	-	-	-	472,472
Scholarship Expense	98,250	-	-	-	98,250
Sewer	145,835	-	-	-	145,835
Taxes - Property	1,142,554	-	-	-	1,142,554
Miscellaneous	-	-	-	-	-
Printing and Office Supplies	-	31,613	-	31,613	31,613
Professional Fees	-	98,727	-	98,727	98,727
TOTAL FUNCTIONAL EXPENSES	\$ 3,419,354	\$ 167,063	\$ -	\$ 167,063	\$ 3,586,417

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

TRUSTEES OF THE NEW CASTLE COMMON
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2023

	Program Services	Support Services		Total Support Services	Total Program and Support Services
		Management and General	Fundraising		
Payroll Expense	\$ 56,855	\$ 24,408	\$ -	\$ 24,408	\$ 81,263
Appropriations - City of New Castle	225,000	-	-	-	225,000
Contributions	286,372	-	-	-	286,372
Rent/In-Kind Contributions	587,275	-	-	-	587,275
Depreciation	278,950	3,595	-	3,595	282,545
Insurance	58,438	-	-	-	58,438
Interest Expense	31,251	-	-	-	31,251
Repairs and Maintenance	421,867	-	-	-	421,867
Scholarship Expense	76,542	-	-	-	76,542
Sewer	135,131	-	-	-	135,131
Taxes - Property	1,156,242	-	-	-	1,156,242
Miscellaneous	844	39	-	39	883
Printing and Office Supplies	-	34,986	-	34,986	34,986
Professional Fees	-	111,001	-	111,001	111,001
TOTAL FUNCTIONAL EXPENSES	\$ 3,314,767	\$ 174,029	\$ -	\$ 174,029	\$ 3,488,796

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

TRUSTEES OF THE NEW CASTLE COMMON
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Rental Activities	\$ 3,251,791	\$ 3,164,791
Cash Paid to Suppliers and Employees	(2,677,723)	(2,648,207)
Interest and Dividends Received	268,638	267,653
Interest Paid	(928)	(31,251)
	841,778	752,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Improvements, and Equipment	(145,232)	(377,879)
Purchase of Investments	(8,757,717)	(8,063,208)
Proceeds from Sale of Investments	8,135,166	7,829,488
Gain on Sale of Easements	101,050	-
Proceeds from Life Settlement Contracts	-	96,421
	(666,733)	(515,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws on Line of Credit	2,489	-
Repayments on Long-Term Debt	-	(33,682)
Repayments on Line of Credit	-	(425,000)
	2,489	(458,682)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	177,534	(220,874)
CASH AND CASH EQUIVALENTS - Beginning of Year	115,630	336,504
CASH AND CASH EQUIVALENTS - End of Year	\$ 293,164	\$ 115,630
NONCASH INVESTING AND FINANCING ACTIVITIES		
Decrease in Lease Credit	\$ 17,500	\$ 17,500
Increase in Operating Lease Asset and Liability from Addition of Lease	\$ 6,350	\$ 7,888
Reduction on Operating Lease Asset and Liability	\$ 2,204	\$ 1,351
Loan Paid with Investments	\$ 462,712	\$ -
Purchases of Property and Equipment in Accounts Payable	\$ 3,748	\$ -

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

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Trustees of the New Castle Common (TNCC) is a non-profit corporation under the laws of the State of Delaware which holds under trust fiduciary obligations and manages under corporate fiduciary obligations the properties known as The New Castle Common. TNCC was incorporated in 1764 and reincorporated by the Delaware State Assembly in 1792. The purpose of TNCC is to preserve and enhance the assets of TNCC for the benefit of the inhabitants of the historic City of New Castle. As of January 1, 1970, and at all times thereafter, TNCC met and continues to meet the requirements set forth in regulations section 1.509(A)-4(i)(9). Its income is derived primarily from property rentals and investment activities.

Basis of Accounting - The financial statements of TNCC have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America for not-for-profit organizations. Consequently, revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Financial Statement Presentation - In accordance with ASU (Accounting Standards Update) 2016-14, *Not-For-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-For-Profit Entities*, TNCC is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of TNCC. These net assets may be used at the discretion of TNCC with Board approval.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TNCC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates - The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates used.

Recognition of Donor Restrictions - Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of donor restrictions.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

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

Recognition of Donor Restrictions - Continued

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other support with donor restrictions is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents - For purposes of the statements of cash flows, TNCC considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for bad debt expense for the years ended March 31, 2024 and 2023.

Investments - In accordance with ASC (Accounting Standards Codification) 958, *Not-For-Profit Entities*, regarding accounting for certain investments held by not-for-profit organizations, investments are reported at market value or amortized cost. Assets with a readily determinable market value are reported at market value. Assets without a readily determinable market value are reported at amortized cost. Donated securities also are reported at fair market value as of the date of receipt. All realized and unrealized gains and losses arising from fluctuations in market value, sales, or other dispositions of assets are accounted for in the class of net assets that owns the investment. Investment interest and dividends are reported as increases in net assets without donor restrictions, if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the interest and dividends are recognized.

Property and Equipment - Property titled in colonial times has no cost basis to TNCC and consequently is not valued in the statements of financial position. All property acquired since colonial times, except the Old Library and Town Hall, were initially recorded at lower of cost or fair market value. The Old Library and Town Hall costs cannot be determined.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

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

Property and Equipment - Continued

Property and equipment are stated at cost. Cost is the purchase price at the date of acquisition if purchased or fair value at the date of donation if acquired by gift. Expenditures in excess of \$5,000 for property and equipment additions, major renewals, and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed over the estimated useful lives of property and equipment using the straight-line method.

The following is a schedule of the estimated useful lives:

Land Improvements	15 Years
Furniture and Fixtures	7 Years
Buildings and Improvements	31½ - 40 Years
Machinery and Equipment	5 Years

Depreciation expense for the years ended March 31, 2024 and 2023, was \$296,015 and \$282,545, respectively.

Functional Expense Allocation - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, office expenses, interest, and other, which are allocated on basis of time and effort.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Income Taxes - TNCC is a charitable (not-for-profit), nonstock, Delaware Corporation that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore, has made no provision for federal, state, or local income tax in the accompanying financial statements. In addition, TNCC has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a) of the IRC (which could have resulted in certain taxes charged against TNCC). Classification as a charitable organization is for IRC purposes only and does not constitute classification as a “Public Body” as defined in the Delaware Freedom of Information Act.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

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

Income Taxes - Continued

TNCC adheres to ASC 740-10, *Income Taxes*, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if a respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded. Currently, the 2020, 2021 and 2022 tax years are open and subject to examination by the IRS. However, TNCC is not currently under audit nor has TNCC been contacted by this jurisdiction. Interest and penalties related to income taxes are included in income tax expense when incurred.

Leases - TNCC, as a lessee, classifies its leasing arrangements as operating leases or finance leases in accordance with FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842).

Operating Leases - For operating leases, TNCC recognizes a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the statements of financial position. TNCC recognizes a single lease cost, allocated over the lease term on a straight-line basis in the statements of activities. TNCC classifies all cash payments within operating activities in the statements of cash flows.

Finance Leases - For finance leases, TNCC recognizes a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the statements of financial position. TNCC recognizes interest on the lease liability separately from the amortization of the right-of-use asset in the statements of activities. TNCC classifies repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the statements of cash flows.

TNCC has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on the straight-line basis. TNCC elected the practical expedients to not separate lease and non-lease components and to utilize the risk-free rate for leases for which the implicit interest rate is not readily determinable.

Subsequent Events - TNCC has evaluated subsequent events through the date the financial statements were available to be issued.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

	2024	2023
Financial Assets as of March 31		
Cash and Cash Equivalents	\$ 206,711	\$ 29,177
Accounts Receivable	68,397	17,419
Investments	3,120,175	2,638,633
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 \$ 3,395,283	 \$ 2,685,229

As of March 31, 2023, TNCC had a \$2,000,000 Line of Credit. The available balance to draw was \$1,660,000. As of March 31, 2024, TNCC closed the prior Line of Credit and opened a new Line of Credit which guarantees a minimum of \$75,000 available and increases at the lender's discretion. The available balance to draw on the new Line of Credit was \$2,000,000 as of March 31, 2024. No amounts were drawn as of March 31, 2024.

NOTE 3: CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject TNCC to significant concentrations of credit risk are principally cash and cash equivalents and investments.

The Federal Deposit Insurance Corporation insures accounts up to \$250,000 per depositor. TNCC maintains its cash accounts in bank deposit accounts, which at times may exceed federally insured limits. These financial institutions are monitored by management to minimize its credit risk. The amount of credit exposure in excess of federally insured limits for cash and cash equivalents at March 31, 2024 and 2023, was \$65,909 and \$0, respectively.

Investments are managed by professional advisors subject to TNCC's investment policy. The degree and concentration of credit risk varies by the type of investment.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 4: INVESTMENTS

Investments are stated at fair value and are summarized as follows at March 31:

	<u>2024</u>	<u>2023</u>
Money Market Funds	\$ 508,959	\$ 223,126
Fixed Income	2,991,405	3,014,710
Equities	6,668,112	6,000,561
Life Settlements	74,718	74,718
Structured Settlements	<u>266,877</u>	<u>254,116</u>
Total	<u>\$ 10,510,071</u>	<u>\$ 9,567,231</u>

The following schedule summarizes the net realized and unrealized gain (loss) on investments and its classification in the statements of activities for the years ended March 31:

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Realized Gain (Loss) on Sale of Investments	\$ (32,047)	\$ 281,905	\$ 249,858	\$ (15,903)	\$ (363,216)	\$ (379,119)
Unrealized Gain (Loss) of Investments	<u>370,379</u>	<u>216,106</u>	<u>586,485</u>	<u>(194,752)</u>	<u>(304,255)</u>	<u>(499,007)</u>
Total	<u>\$ 338,332</u>	<u>\$ 498,011</u>	<u>\$ 836,343</u>	<u>\$ (210,655)</u>	<u>\$ (667,471)</u>	<u>\$ (878,126)</u>

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 5: INVESTMENTS IN LIFE SETTLEMENT CONTRACTS

TNCC purchases life settlement contracts for long-term investment purposes and accounts for these investments under ASC 325-30, using the investment method of accounting. The investment method requires disclosure of the number of contracts, carrying value, premiums payable and face values. As of March 31, 2024, TNCC does not anticipate any future premiums payable because the policies have premium reserves for at least 24 months beyond the stated life expectancy. TNCC has invested in life settlement contracts with remaining life expectancies to the years ended March 31:

<u>Life Expectancy Year</u>	<u>Number of Contracts</u>	<u>Carrying Value</u>	<u>Premiums Payable</u>	<u>Face Value (Death Benefits)</u>
2025	4	\$ 55,956	\$ -	\$ 94,568
2026	1	18,762	-	34,581
Total	5	\$ 74,718	\$ -	\$ 129,149

NOTE 6: FAIR VALUE OF ASSETS

TNCC adheres to ASC 820-10, *Fair Value Measurements and Disclosures*, which provides the framework for measuring fair value under generally accepted accounting principles. TNCC's investments on the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels, defined by ASC-820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that TNCC has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, including those that are not derived from market data, or which cannot be corroborated by market data. The determination of fair value for investments included in the Level 3 category requires considerable subjectivity and estimation.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 6: FAIR VALUE OF ASSETS - CONTINUED

A significant portion of TNCC's investment assets are classified within Level 1 because they are comprised of mutual funds with readily determinable fair values based on daily redemption values. Other investments include structured settlements that are valued at amortized cost based on present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the investment. Other investments also include life settlements that are accounted for under the investment method. This means they were recorded at transaction price and increased by all direct external costs and premiums paid. They are tested for impairment annually.

The investment's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation:

The Trust had the following recurring fair value measurements as of March 31, 2024:

	March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 508,959	\$ 508,959	\$ -	\$ -
Fixed Income	2,991,405	2,991,405	-	-
Equities	6,668,112	6,668,112	-	-
Life Settlements	74,718	-	-	74,718
Structured Settlements	266,877	-	-	266,877
Total	\$ 10,510,071	\$ 10,168,476	\$ -	\$ 341,595

The Trust had the following recurring fair value measurements as of March 31, 2023:

	March 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 223,126	\$ 223,126	\$ -	\$ -
Fixed Income	3,014,710	3,014,710	-	-
Equities	6,000,561	6,000,561	-	-
Life Settlements	74,718	-	-	74,718
Structured Settlements	254,116	-	-	254,116
Total	\$ 9,567,231	\$ 9,238,397	\$ -	\$ 328,834

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 6: FAIR VALUE OF ASSETS - CONTINUED

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2024 and 2023.

	<u>Life Settlements</u>	<u>Structured Settlements</u>	<u>Total</u>
Year Ended March 31, 2024			
Balance at April 1, 2023	\$ 74,718	\$ 254,116	\$ 328,834
Purchases of Investments	-	-	-
Investment Return, Net	-	12,761	12,761
Distributions	-	-	-
Balance at March 31, 2024	<u>\$ 74,718</u>	<u>\$ 266,877</u>	<u>\$ 341,595</u>
Year Ended March 31, 2023			
Balance at April 1, 2022	\$ 126,614	\$ 241,967	\$ 368,581
Purchases of Investments	-	-	-
Investment Return, Net	-	12,149	12,149
Distributions	<u>(51,896)</u>	<u>-</u>	<u>(51,896)</u>
Balance at March 31, 2023	<u>\$ 74,718</u>	<u>\$ 254,116</u>	<u>\$ 328,834</u>

NOTE 7: ENVIRONMENTAL LIABILITIES

TNCC owns two properties which may incur environmental cleanup costs. Total cleanup costs on all projects recorded to date are \$919,657. TNCC has made cash expenditures of \$866,657 to date.

Costs which are expected to be expended in the future are estimated at \$53,000 and are included in the total cleanup costs above; however, the ultimate cost will depend on the extent of the contamination found and may be as much as \$85,000. A liability in the amount of \$53,000, which represents the estimated costs, has been provided for in the financial statements. TNCC does not anticipate additional environmental problems at its other locations.

NOTE 8: LEASE CREDIT

TNCC has entered into a lease agreement with a tenant where the tenant receives a \$17,500 credit per year for 20 years, starting on October 1, 2015, in exchange for the tenant completing \$350,000 of capital improvements on the leased property. The improvements were completed in a prior year and are included in unrestricted land, buildings, and improvements on the statements of financial position.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 8: LEASE CREDIT - CONTINUED

	2025	\$	17,500
	2026		17,500
	2027		17,500
	2028		17,500
	2029		17,500
	Thereafter		113,750
	Total	\$	201,250

NOTE 9: LINE OF CREDIT

TNCC had a secured \$2,000,000 line of credit from PNC Bank. The line had an expiration date of November 29, 2023. Interest was payable monthly at Bloomberg Short-Term Bank Yield Index (BSBY) plus two hundred basis points. The rate at March 31, 2023 was 6.92%. The line was collateralized by securities owned by TNCC. The line was closed during the year. As of March 31, 2023, the outstanding balance was \$340,000.

The line of credit with PNC was fully repaid in April 2023.

On October 18, 2023, TNCC entered into an agreement with RBC Capital Markets for a \$2,000,000 secured line of credit. The line allows for variable or fixed rate advances. Variable rate advances are due on demand and are calculated using the one-month Term SOFR reference rate plus a margin, not to exceed 15.5% per annum. Fixed rate advances are calculated using the cost of funds for RBC on the Business Day of the borrowing, plus a margin, not to exceed 15.5% per annum. The line was collateralized by securities owned by TNCC. As of March 31, 2024, no amounts have been drawn.

NOTE 10: LONG-TERM DEBT

Long-term debt consisted of the following at March 31:

	2024	2023
Note payable to PNC Bank, interest at the BSBY plus 2.0% (6.92% at March 31, 2023), payable in monthly installments of \$2,810 plus interest, through November 2026. The note was collateralized by securities.	\$ -	\$ 120,223
Less: Current Portion	-	(33,725)
Note Payable, Net of Current Maturities	\$ -	\$ 86,498

The note was fully repaid in April 2023.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 11: RENTAL INCOME

TNCC is the lessor of real estate under operating leases which expire in various years through 2101. TNCC records its leasing activities under the operating method of accounting for leases. This method reflects rental income and related operating expenses on an as-realized, as-incurred basis over the terms of the various executed leases. Each lease agreement is negotiated between TNCC and the lessee. Leases may include lessee options to extend. Leases terminate upon expiration of lease agreement unless a new agreement is reached.

Deferred rental income consists of prepayments of rent received from tenants and prepayments received for temporary easements. During the year ended March 31, 2024, TNCC granted temporary easements to the State of Delaware, Department of Transportation for construction projects. The temporary easements are for three years, with payment received in advance, but earned over the terms of the various executed temporary easements.

Minimum future rentals do not include unexercised options. Minimum future rentals to be received on leases (termination clauses apply) for each of the next five years and thereafter are as follows for the years ending March 31:

2025	\$ 1,899,795
2026	1,409,328
2027	1,288,511
2028	1,055,261
2029	671,460
Thereafter	<u>3,581,561</u>
Total	<u>\$ 9,905,916</u>

NOTE 12: IN-KIND CONTRIBUTIONS

TNCC owns certain properties that it allows the tenants to use free of charge. These properties are the New Castle Public Library, the Old Library, the Good Will Fire Company, the New Castle Little League fields, the Town Hall, and Bellanca Airfield. The fair rental value of the properties is estimated at \$611,236 and \$587,275 for the years ended March 31, 2024 and 2023, respectively.

These fair values are recorded as in-kind contributions revenue and rent/in-kind contributions expense on the accompanying statements of activities.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 12: IN-KIND CONTRIBUTIONS - CONTINUED

The fair values for these contributions, as estimated by TNCC, are as follows for the years ended March 31, 2024 and 2023:

	2024	2023
New Castle Public Library	\$ 286,278	\$ 275,056
Old Library	53,439	51,344
Good Will Fire Company	97,335	93,519
New Castle Little League	89,064	85,573
Town Hall	22,266	21,393
Bellanca Airfield	62,854	60,390
Total In-Kind Rentals	\$ 611,236	\$ 587,275

NOTE 13: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted to investment in perpetuity, the realized and unrealized gains therefrom are also to be reinvested in perpetuity. Interest and dividends are expendable for the benefit of the inhabitants of the City of New Castle. Net assets with donor restrictions consisted of the following as of March 31:

	2024	2023
Subject to Expenditure for Specified Purpose		
Perpetual Endowment		
Cash and Cash Equivalents	\$ 86,453	\$ 86,453
Property, Net	2,047,240	2,078,202
Investments	7,389,896	6,928,598
Total Endowments	9,523,589	9,093,253
Total Net Assets with Donor Restrictions	\$ 9,523,589	\$ 9,093,253

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 14: ENDOWMENT

TNCC's endowment consists of investments and property and was established to benefit the inhabitants of the City of New Castle. Substantially all endowment assets originated with property donated by William Penn and his heirs. Certain parcels of this property were taken for public use via eminent domain and the proceeds have been invested. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TNCC has interpreted the Delaware Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, TNCC classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, TNCC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the various funds.
2. The purposes of the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of TNCC.
7. TNCC's investment policies.

Endowment net assets composition, by type of fund, as of March 31, 2024 and 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Endowment Funds - March 31, 2024	<u>\$ -</u>	<u>\$ 9,523,589</u>	<u>\$ 9,523,589</u>
Donor-Restricted Endowment Funds - March 31, 2023	<u>\$ -</u>	<u>\$ 9,093,253</u>	<u>\$ 9,093,253</u>

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 14: ENDOWMENT - CONTINUED

Changes in endowment net assets are as follows for the years ended March 31, 2024 and 2023:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - April 1, 2023	\$ -	\$ 9,093,253	\$ 9,093,253
Realized and Unrealized Gain	-	498,011	498,011
Investment Fees	-	(36,713)	(36,713)
Investment Income from Life Settlement Contract	-	-	-
Releases	-	(30,962)	(30,962)
	<u>-</u>	<u>9,523,589</u>	<u>9,523,589</u>
Endowment Net Assets - March 31, 2024	<u>-</u>	<u>9,523,589</u>	<u>9,523,589</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - April 1, 2022	\$ -	\$ 9,786,132	\$ 9,786,132
Realized and Unrealized Gain	-	(667,471)	(667,471)
Investment Fees	-	(39,071)	(39,071)
Investment Income from Life Settlement Contract	-	44,625	44,625
Releases	-	(30,962)	(30,962)
	<u>-</u>	<u>9,093,253</u>	<u>9,093,253</u>
Endowment Net Assets - March 31, 2023	<u>\$ -</u>	<u>\$ 9,093,253</u>	<u>\$ 9,093,253</u>

Return Objectives and Risk Parameters - TNCC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. TNCC's objective is for its spending and investment policies to work together to achieve this objective. The investment policy establishes an achievable return objective through diversification within and across asset classes. Over time, TNCC expects its endowment to provide a rate of return that is sufficient to offset normal inflation. Actual returns in any given year may vary from this amount.

Spending Policy - TNCC's spending policy is to utilize interest and dividends for the benefit of the inhabitants of the City of New Castle, as budgeted and approved by the Board of Trustees.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 14: ENDOWMENT - CONTINUED

Strategies Employed for Achieving Objectives – TNCC has adopted a formal investment objective of long-term growth for the invested assets. The Trustees emphasize long-term capital appreciation as a primary source of return; recognize that the assets are exposed to risk and may be subject to fluctuation in market value from year to year; expect to earn returns sufficient to grow the purchasing power of the assets over the long-term; diversify the invested assets in order to reduce the risk of wide swings in market value from year to year or of incurring large losses that may result from concentrated positions; and achieve investment results over the long-term that compare favorably with other professionally managed portfolios and appropriate market indexes.

NOTE 15: RELATED-PARTY TRANSACTIONS

TNCC makes contributions from time to time to the New Castle Public Library Company, with which the TNCC shares two common board members. The shared board members between TNCC and the non-profit organizations receive no compensation for their services. Contributions for the years ended March 31, 2024 and 2023, totaled \$55,000 and \$55,000, respectively, to the New Castle Public Library Company. A business owned by the spouse of a former Trustee provided services to TNCC, under a contract, for the years ended March 31, 2024 and 2023, in the amounts of \$297,702 and \$239,893, respectively. The contract for these services was awarded three years prior to the former Trustee's election as a Trustee. The Trustee resigned in March, 2023.

NOTE 16: COMMITMENTS

TNCC executed a Memorandum of Understanding on April 10, 2018, with the City of New Castle (City), with TNCC agreeing to provide certain funding for infrastructure improvements to be undertaken by the City. The Board of Trustees awarded a grant that shall pay the amount of the principal and interest payments on the City's infrastructure improvements loan with limits up to \$56,250 per quarter for up to 40 consecutive quarters beginning in October 2018, upon timely presentation of invoices from the City with a copy of the invoice from the lender. The Board of Trustees disbursed \$225,000 to the City for each of the years ended March 31, 2024 and 2023.

NOTE 17: LEASE ARRANGEMENTS AS LESSEE

During the years ended March 31, 2024 and 2023, TNCC leased office equipment under two different agreements that are classified as operating leases. One lease requires monthly payments of \$100 and expires in May 2029. The second lease requires monthly payments of \$114 and expires in June 2030.

TRUSTEES OF THE NEW CASTLE COMMON
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2024

NOTE 17: LEASE ARRANGEMENTS AS LESSEE - CONTINUED

As of March 31, 2024, future minimum lease payments under noncancelable leases with terms greater than one year are as follows:

	<u>Operating Lease</u>
2025	\$ 2,568
2026	2,568
2027	2,568
2028	2,568
2029	1,568
Thereafter	342
Total Future Minimum Lease Payments	12,182
Less: Amount Representing Imputed Interest	1,499
Present Value of Future Minimum Lease Payments	10,683
Less: Current Maturities	2,568
Lease Obligations - Net of Current Maturities	\$ 8,115

The following are required lease disclosures as of and for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Cash Paid for Amounts in the Measurement of Lease Liabilities		
Operating Cash Flows for Operating Leases	\$ 1,200	\$ 1,468
Operating Lease Cost	\$ 1,200	\$ 1,468
Weighted-Average Remaining Lease Term - Operating Leases	5	4
Weighted-Average Discount Rate - Operating Leases	5.36%	6.44%

The weighted-average discount rate is based on TNCC's marginal borrowing rate.