

THE DELAWARE STATE FAIR, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

THE DELAWARE STATE FAIR, INC.

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Independent Auditor's Report

Board of Directors
The Delaware State Fair, Inc.
Harrington, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Delaware State Fair, Inc. (a not-for-profit Organization), which comprise the statements of financial position - income tax basis as of December 31, 2024 and 2023, and the related statements of activities and change in net assets - income tax basis, operating expenses - income tax basis and cash flows - income tax basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Delaware State Fair, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with the basis of accounting the Organization uses for income tax purposes described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Organization uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting the Organization uses for income tax purposes and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Organization'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.

The Delaware State Fair
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- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Dover, Delaware
March 27, 2025

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THE DELAWARE STATE FAIR, INC.

STATEMENTS OF FINANCIAL POSITION - INCOME TAX BASIS

DECEMBER 31, 2024 AND 2023

ASSETS

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|----------------------|----------------------|
| <u>Current Assets</u> | | |
| Cash and cash equivalents | \$ 7,222,658 | \$ 6,426,945 |
| Certificates of deposit | 3,568,879 | 2,802,252 |
| Accounts receivable | 459,719 | 437,879 |
| Dividends receivable | 169,943 | 113,295 |
| Grants receivable | 38,625 | 188,625 |
| Interest receivable | 117,358 | 74,165 |
| Prepaid expenses | 114,458 | 90,406 |
| Inventory | <u>3,911</u> | <u>3,962</u> |
| <u>Total Current Assets</u> | <u>11,695,551</u> | <u>10,137,529</u> |
| <u>Property and Equipment</u> | | |
| Buildings, improvements and equipment | 41,278,544 | 39,977,103 |
| Land | 364,182 | 364,182 |
| Construction in progress | <u>123,822</u> | <u>5,195</u> |
| | 41,766,548 | 40,346,480 |
| Less: Accumulated depreciation | <u>28,111,058</u> | <u>26,998,736</u> |
| <u>Net Property and Equipment</u> | <u>13,655,490</u> | <u>13,347,744</u> |
| <u>Other Assets</u> | | |
| Certificates of deposit | | 475,619 |
| Investments, at fair value | 17,658,415 | 16,363,182 |
| Investment, at cost | <u>155,628</u> | <u>155,628</u> |
| <u>Total Other Assets</u> | <u>17,814,043</u> | <u>16,994,429</u> |
| <u>Total Assets</u> | <u>\$ 43,165,084</u> | <u>\$ 40,479,702</u> |

See notes to financial statements.

LIABILITIES AND NET ASSETS

| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| <u>Liabilities</u> | | |
| Accounts payable | \$ 543,243 | \$ 550,265 |
| Retirement contributions payable | 57,387 | 55,247 |
| Deposits | 600 | 500 |
| Deferred revenue | <u>1,438,130</u> | <u>1,058,680</u> |
| <u>Total Liabilities</u> | <u>2,039,360</u> | <u>1,664,692</u> |
| <u>Net Assets</u> | | |
| Board designated | 7,357,334 | 6,558,446 |
| Contributed capital | 554,730 | 530,230 |
| Undesignated | <u>33,213,660</u> | <u>31,726,334</u> |
| <u>Total Net Assets</u> | <u>41,125,724</u> | <u>38,815,010</u> |
| <u>Total Liabilities and Net Assets</u> | <u>\$ 43,165,084</u> | <u>\$ 40,479,702</u> |

THE DELAWARE STATE FAIR, INC.STATEMENTS OF ACTIVITIES AND
CHANGE IN NET ASSETS - INCOME TAX BASISYEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| <u>Revenue and Support</u> | | |
| Delaware State Fair | \$ 7,217,999 | \$ 7,139,373 |
| Centre facility | 713,354 | 768,087 |
| Lease income - Harrington Raceway, Inc. | 633,226 | 609,452 |
| Rentals income | 557,293 | 537,180 |
| Other programs | 616,779 | 411,748 |
| Grant income | <u>50,000</u> | <u>407,505</u> |
| <u>Total Revenue and Support</u> | 9,788,651 | 9,873,345 |
| <u>Operating Expenses</u> | <u>8,770,947</u> | <u>8,033,770</u> |
| <u>Income Before Depreciation</u> | 1,017,704 | 1,839,575 |
| <u>Depreciation Expense</u> | <u>1,310,632</u> | <u>1,082,461</u> |
| <u>Income (Loss) From Operations</u> | (292,928) | 757,114 |
| <u>Other Income</u> | <u>2,579,142</u> | <u>2,761,083</u> |
| <u>Excess of Revenue and Support</u> <u>Over Expenses</u> | 2,286,214 | 3,518,197 |
| <u>Issuance of Shares</u> | <u>24,500</u> | <u>35,500</u> |
| <u>Change in Net Assets</u> | 2,310,714 | 3,553,697 |
| <u>Net Assets</u> | | |
| Beginning of year | <u>38,815,010</u> | <u>35,261,313</u> |
| End of year | <u>\$ 41,125,724</u> | <u>\$ 38,815,010</u> |

See notes to financial statements.

THE DELAWARE STATE FAIR, INC.STATEMENTS OF OPERATING EXPENSES - INCOME TAX BASISYEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|---------------------|---------------------|
| Advertising and marketing | \$ 185,723 | \$ 212,654 |
| Bank fees | 199,434 | 171,173 |
| Donations | 250 | 250 |
| Employee benefits | 273,985 | 259,983 |
| Exhibitor expense | 256,378 | 240,811 |
| Grandstand entertainment and support | 1,925,086 | 1,606,638 |
| Grounds entertainment | 222,322 | 221,636 |
| Insurance | 280,833 | 286,388 |
| Janitorial and trash removal | 122,746 | 121,316 |
| Miscellaneous expense | 92,915 | 115,023 |
| Other expenses - Fair week | 640,457 | 582,100 |
| Other programs | 206,301 | 103,576 |
| Parking, police and highway service | 99,079 | 85,071 |
| Payroll taxes | 194,135 | 175,757 |
| Postage and office supplies | 29,296 | 33,096 |
| Professional fees | 163,417 | 147,558 |
| Program expense - Centre | 56,148 | 70,253 |
| Public safety, fire and first aid | 270,062 | 218,772 |
| Repairs and maintenance | 570,682 | 481,568 |
| Salaries | 2,420,772 | 2,342,345 |
| Snack bar - Centre | 41,049 | 63,299 |
| Taxes, licenses and memberships | 9,519 | 5,734 |
| Travel and entertainment | 64,879 | 53,440 |
| Utilities and fuel | <u>445,479</u> | <u>435,329</u> |
| <u>Total Operating Expenses</u> | <u>\$ 8,770,947</u> | <u>\$ 8,033,770</u> |

See notes to financial statements.

THE DELAWARE STATE FAIR, INC.

STATEMENTS OF CASH FLOWS - INCOME TAX BASIS

YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| <u>Cash Flows From Operating Activities</u> | | |
| Cash received from sales, concessions, and rentals | \$ 9,741,838 | \$ 8,937,827 |
| Cash paid to suppliers and employees | (8,886,018) | (7,921,049) |
| Grants received | 554,500 | 1,499,505 |
| Interest and dividends received | <u>1,519,888</u> | <u>940,990</u> |
| <u>Net Cash Provided By Operating Activities</u> | <u>2,930,208</u> | <u>3,457,273</u> |
| <u>Cash Flows From Investing Activities</u> | | |
| Purchase of property and equipment | (1,540,248) | (2,152,860) |
| Proceeds from sale of property and equipment | 11,013 | 7,051 |
| Purchase of investments | (3,837,191) | (6,230,455) |
| Purchase of certificates of deposits | (3,685,008) | (4,237,871) |
| Proceeds from sale of investments | 3,498,439 | 6,133,231 |
| Proceeds from redemptions of certificates of deposits | <u>3,394,000</u> | <u>960,000</u> |
| <u>Net Cash Used For Investing Activities</u> | <u>(2,158,995)</u> | <u>(5,520,904)</u> |
| <u>Cash Flows From Financing Activities</u> | | |
| Issuance of shares | <u>24,500</u> | <u>35,500</u> |
| <u>Net Change In Cash and Cash Equivalents</u> | 795,713 | (2,028,131) |
| <u>Cash and Cash Equivalents</u> | | |
| Beginning of year | <u>6,426,945</u> | <u>8,455,076</u> |
| End of year | <u>\$ 7,222,658</u> | <u>\$ 6,426,945</u> |

See notes to financial statements.

RECONCILIATIONS OF EXCESS OF REVENUE AND SUPPORT OVER
EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| <u>Excess of Revenue and Support Over Expenses</u> | \$ 2,286,214 | \$ 3,518,197 |
| <u>Adjustments To Reconcile Excess of Revenue and Support Over Expenses To Net Cash Provided By Operating Activities</u> | | |
| Depreciation | 1,310,632 | 1,082,461 |
| Gain on sale of property and equipment | (11,013) | (7,051) |
| Net realized and unrealized gains on investments | (948,400) | (1,656,485) |
| (Increase) decrease in: | | |
| Accounts receivable | (29,921) | (101,537) |
| Dividends receivable | (56,648) | (113,295) |
| Grants receivable | 150,000 | 787,500 |
| Interest receivable | (43,193) | (43,262) |
| Prepaid expenses | (24,052) | (43,851) |
| Inventory | 51 | 1,592 |
| Increase (decrease) in: | | |
| Accounts payable | (85,152) | 121,829 |
| Retirement contributions payable | 2,140 | 6,747 |
| Deposits | 100 | |
| Deferred revenue | <u>379,450</u> | <u>(95,572)</u> |
| <u>Net Cash Provided By Operating Activities</u> | <u>\$ 2,930,208</u> | <u>\$ 3,457,273</u> |

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1 - Summary of Significant Accounting Policies

Organization and Business Activity

The Delaware State Fair, Inc. (the Fair), a not-for-profit Delaware corporation, was initially formed in 1919, for the purpose of promoting and encouraging agriculture, horticulture and domestic arts for the information and betterment of the inhabitants of rural communities within the State of Delaware.

The Fair offers shares for sale to the general public. The organization has authorized 12,000 shares of which 8,514 and 8,465 are issued and outstanding at December 31, 2024 and 2023, respectively. Shareholders have certain rights and obligations, including the annual election of the Fair's Board of Directors. Current Fair policy provides that on an annual basis, each shareholder shall receive one gate pass good for the ten days of fair together with an invitation to the annual shareholders' dinner.

Shares in the Fair are not securities representing an ownership position in the Fair. Shares represent a Membership in the Fair with the rights and obligations described above. No part of the Fair's assets, earnings or revenues inures to the benefit of any shareholder.

Basis of Accounting

The Fair's policy is to prepare its financial statements on the accounting basis used for federal income tax purposes. The income tax basis of accounting differs from accounting principles generally accepted in the United States of America. The primary differences in the financial statements of the Fair using the income tax basis as opposed to using accounting principles generally accepted in the United States of America are the accounting of its unconsolidated subsidiary, Harrington Raceway, Inc. (HRI), at historical cost, the use of accelerated income tax methods for computing depreciation of property and equipment and recognition of lease income from HRI in accordance with the terms of the lease and not on a straight line basis using total minimum lease payments.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Cash and Cash Equivalents

For purposes of the statements of cash flows - income tax basis, the Fair considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Fair maintains its cash in bank accounts at high quality financial institutions. The balances, at times, may exceed federally insured limits.

Accounts and Grants Receivable

The Organization's receivables include amounts due from concession contracts, grant funds awarded to the Fair and certain programs at the Centre. The receivables are stated at their estimated realizable value.

Inventory

Inventory consists of certain Fair week products held for resale. The inventory is valued at the lower of cost or market with cost determined using the average cost method.

Advertising

Advertising costs are expensed as incurred and total \$124,825 and \$149,236 for the years ended December 31, 2024 and 2023, respectively.

Property and Equipment

Purchased property and equipment is stated at cost, and donated assets are recorded at fair market value as of the date of donation. Depreciation is calculated using straight-line and accelerated methods over the estimated useful lives of the assets. Maintenance and repair costs are expensed as incurred. Gains and losses on sales or retirements are reflected in income.

Income Taxes

The Fair qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and its activities are generally not subject to income tax.

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Investments

The Fair has investments in marketable securities consisting of common stocks, exchange traded funds and mutual funds. Marketable securities are stated at fair value, and unrealized holding gains and losses are included in income.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Liquidity and Availability of Financial Assets

As part of the Fair's liquidity management plan, cash in excess of daily requirements is invested in short-term money market funds. The Budget and Finance Committee and Board of Directors direct transfers to various accounts including the operating reserve investment account (ORIA), the strategic fund and the capital budget reserve investment account (CBRIA). The ORIA is funded by excess cash from the Fair's operating accounts. Operating cash in excess of \$500,000 is transferred to the ORIA account. Once the ORIA is fully funded at \$2,000,000, excess cash will then be transferred to the strategic fund. At December 31, 2024 and 2023, the ORIA totals \$1,469,256 and \$1,882,395, respectively. As of December 31, 2024 and 2023, the balance in the strategic fund is \$19,040,966 and \$17,919,351, respectively, which consists of the investments, cash held within these accounts and any accrued investment interest. On July 1st of each year the market value of the Fair's strategic fund shall be multiplied by 2.5% to determine what amounts may be moved to the CBRIA on January 1st of the following year, subject to approval. In addition, the Budget and Finance Committee and Board of Directors can approve additional amounts to be allocated to the CBRIA account. The CBRIA account totals \$7,357,334 and \$6,132,878 as of December 31, 2024 and 2023, respectively. Additionally, as discussed in more detail in Note 5, the Fair maintains a \$2,850,000 line of credit, of which the entire amount remained available at December 31, 2024.

The financial assets as of December 31, 2024 and 2023 total \$29,235,597 and \$26,406,343, respectively, which includes cash and cash equivalents, accounts and interest receivable, investments, and certificates of deposit. Management considers the balance in the strategic fund to be unavailable for general expenditures as of December 31, 2024, as Budget and Finance Committee approval is needed to utilize strategic fund assets. Therefore, of the total financial assets of the Fair at December 31, 2024 and

THE DELAWARE STATE FAIR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

2023, \$10,194,631 and \$8,486,992, respectively are considered available to meet cash needs within one year.

Management's Review

Management has evaluated all subsequent events through March 27, 2025, the date the financial statements were available to be issued.

Note 2 - Investments

The following is a summary of the Fair's investments, at fair value:

| <u>2024</u> | <u>Cost</u> | <u>Gross Unrealized Losses</u> | <u>Gross Unrealized Gains</u> | <u>Fair Value</u> |
|-----------------------|---------------------|--|---------------------------------------|-----------------------|
| Common stocks | \$ 1,940,596 | \$ (67,316) | \$ 881,504 | \$ 2,754,784 |
| Exchange traded funds | 1,487,939 | | 1,146,155 | 2,634,094 |
| Fixed income | 2,087,006 | (178) | 32,573 | 2,119,401 |
| Mutual funds | <u>9,855,750</u> | <u>(622,989)</u> | <u>917,375</u> | <u>10,150,136</u> |
| Total | <u>\$15,371,291</u> | <u>\$ (690,483)</u> | <u>\$2,977,607</u> | <u>\$17,658,415</u> |

| <u>2023</u> | <u>Cost</u> | <u>Gross Unrealized Losses</u> | <u>Gross Unrealized Gains</u> | <u>Fair Value</u> |
|-----------------------|---------------------|--|---------------------------------------|-----------------------|
| Common stocks | \$ 1,881,699 | \$ (102,799) | \$ 730,662 | \$ 2,509,562 |
| Exchange traded funds | 1,829,492 | (8,847) | 821,066 | 2,641,711 |
| Fixed income | 1,997,153 | (660) | 28,885 | 2,025,378 |
| Mutual funds | <u>9,097,965</u> | <u>(530,510)</u> | <u>619,076</u> | <u>9,186,531</u> |
| Total | <u>\$14,806,309</u> | <u>\$ (642,816)</u> | <u>\$2,199,689</u> | <u>\$16,363,182</u> |

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Return on investments is comprised of the following:

| | <u>2024</u> | <u>2023</u> |
|-------------------------|---------------------|---------------------|
| Interest and dividends | \$ 996,606 | \$ 757,662 |
| Realized gains (losses) | 218,149 | (141,221) |
| Unrealized gains | <u>730,251</u> | <u>1,797,706</u> |
| <u>Total</u> | <u>\$ 1,945,006</u> | <u>\$ 2,414,147</u> |

Fair value of investments is determined based upon a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Common Stocks: Valued at the closing market price reported on the active market in which the individual securities are traded.

Exchange Traded Funds: Valued at quoted prices as reported on the active market in which the exchange traded funds are traded.

Mutual Funds: Valued at quoted prices as reported on the active market in which the mutual funds are traded.

U.S. Government Agency Bonds: Valued based upon yields currently available on comparable securities of issuer with similar credit ratings.

Debt Securities: Valued through benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids offers and reference data including market research publications.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fair believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Fair's investments at fair value.

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|-------------------|-------------------|
| <u>Level 1</u> | | |
| <u>Common Stocks</u> | | |
| Energy | \$ 49,734 | \$ 39,990 |
| Consumer staples | 104,982 | 142,270 |
| Health care | 258,445 | 325,970 |
| Consumer discretionary | 350,409 | 345,289 |
| Industrial | 395,932 | 374,331 |
| Financials | 496,538 | 406,067 |
| Telecommunication services | 199,349 | 110,964 |
| Utilities | 64,933 | 41,332 |
| Materials | 127,798 | 86,360 |
| Information technology | 664,258 | 569,016 |
| Real estate | <u>42,406</u> | <u>67,973</u> |
| <u>Total Common Stocks</u> | <u>2,754,784</u> | <u>2,509,562</u> |
| <u>Exchange Traded Funds</u> | | |
| U.S. equity funds | 1,741,970 | 1,829,494 |
| International equity funds | <u>892,124</u> | <u>812,217</u> |
| <u>Total Exchange Traded Funds</u> | <u>2,634,094</u> | <u>2,641,711</u> |
| <u>Mutual Funds</u> | | |
| U.S. equity funds | 1,658,489 | 1,337,822 |
| International equity funds | 1,858,505 | 1,787,792 |
| Taxable bond funds | 4,804,148 | 4,397,344 |
| Alternative funds | 1,432,176 | 1,270,451 |
| Sector equity funds | 207,340 | 209,157 |
| Commodities | <u>189,478</u> | <u>183,965</u> |
| <u>Total Mutual Funds</u> | <u>10,150,136</u> | <u>9,186,531</u> |
| <u>Total Level 1</u> | <u>15,539,013</u> | <u>14,337,804</u> |

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Level 2

| | | |
|--|---------------------|---------------------|
| <u>Fixed Income</u> | | |
| AA | 49,762 | 49,724 |
| AA- | 65,210 | |
| A+ | 150,741 | |
| A | 312,804 | 606,454 |
| A- | 49,197 | |
| Not Rated | <u>1,491,687</u> | <u>1,369,200</u> |
| <u>Total Level 2</u> | <u>2,119,401</u> | <u>2,025,378</u> |
| <u>Total Investments at Fair Value</u> | <u>\$17,658,415</u> | <u>\$16,363,182</u> |

The gross realized gains from the sales of securities for the years ended December 31, 2024 and 2023 are \$350,177 and \$462,838, respectively. The gross realized losses from sales of securities for the years ended December 31, 2024 and 2023 are \$132,028 and \$604,059, respectively.

The cost and fair value of debt securities obligations by contractual maturities as of December 31, 2024 are as follows:

| | <u>Cost</u> | <u>Fair Value</u> |
|---------------------------------|--------------------|--------------------|
| Due within one year | \$ 425,892 | \$ 445,044 |
| Due one year through five years | <u>1,661,114</u> | <u>1,674,357</u> |
| <u>Total Debt Securities</u> | <u>\$2,087,006</u> | <u>\$2,119,401</u> |

Note 3 - Investment, At Cost

The Fair owns 77.13% of the outstanding common stock of Harrington Raceway, Inc., represented by 22,659 shares of the 29,379 total outstanding shares. Consistent with the Fair's use of the income tax basis of accounting, this investment is recorded at its historical cost on the accompanying statements of financial position - income tax basis. Summarized financial information for HRI, derived from HRI's audited financial statements as of December 31, 2024 and 2023 is as follows:

THE DELAWARE STATE FAIR, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

| (In thousands) | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| <u>Total Assets</u> | <u>\$156,368</u> | <u>\$138,480</u> |
| Total Liabilities | 23,897 | 22,862 |
| Total Stockholders' Equity | <u>132,471</u> | <u>115,618</u> |
| <u>Total Liabilities and Stockholders' Equity</u> | <u>\$156,368</u> | <u>\$138,480</u> |
| <u>The Delaware State Fair, Inc.'s Interest in the Stockholders' Equity of Harrington Raceway, Inc.</u> | <u>\$102,170</u> | <u>\$ 89,172</u> |

Note 4 - Certificates of Deposit

The Fair holds certificates of deposits totaling \$3,568,879 for the year ended December 31, 2024. The certificates of deposits bear interest at rates ranging from 3.907% to 5.387% and maturity dates ranging from January 2025 to November 2025.

Note 5 - Income Taxes

Certain activities conducted by the Fair may be subject to federal unrelated business income tax.

The Fair recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management has evaluated the Fair's tax positions and concluded that the Fair has taken no uncertain tax positions that require adjustment to the financial statements.

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NOTES TO FINANCIAL STATEMENTS
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Note 6 - Line of Credit

The Fair maintains an unsecured \$2,850,000 revolving line of credit with PNC. The variable interest rate is 6.78% at December 31, 2024 and is based upon the daily secured overnight financing rate plus 225 basis points. The line of credit is renewed annually and has been extended until September 30, 2025. Among other things, the line of credit agreement contains covenants against pledging property owned by the Fair. The outstanding balance at December 31, 2024 and 2023 was \$-0-.

Note 7 - Other Income

Other income is comprised of the following:

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| Interest and dividend income | \$1,619,729 | \$1,097,547 |
| Net realized and unrealized gains on investments | 948,400 | 1,656,485 |
| Gain on sale of property and equipment | <u>11,013</u> | <u>7,051</u> |
| <u>Total Other Income</u> | <u>\$2,579,142</u> | <u>\$2,761,083</u> |

Note 8 - Retirement Plan

The Fair maintains a defined contribution benefit plan covering substantially all employees. The Fair may make matching contributions. Such contributions totaled \$70,376 and \$65,295 for the years ended December 31, 2024 and 2023, respectively. In addition, the Fair may make annual discretionary profit-sharing contributions at rates to be determined each year by the Board of Directors and allocated among participants in proportion to their compensation. Contribution rates were 4% and contributions totaled \$57,387 and \$55,247 for the years ended December 31, 2024 and 2023, respectively.

Note 9 - Related Party Transactions

The fair leases real estate to HRI to be used in its operations on the DSF fairgrounds. The 15-year lease is effective January 1, 2015 and contains provisions for two successive five-

THE DELAWARE STATE FAIR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

year renewals. Annual rent for the initial five-year period is \$500,000 and is payable monthly. Beginning in 2020, the annual rent is adjusted for the change in the specified Consumer Price Index (CPI) with a minimum 1.5% annual increase. The lease provides for allocation between HRI and the Fair of various maintenance responsibilities for the property and also for the renegotiation of the rent after the initial term or once certain HRI bank debt obligations secured by the leasehold are retired, whichever comes first. Rental income from the lease with HRI totals \$633,226 and \$609,452 for the years ended December 31, 2024 and 2023.

Included in the Fair's revenue and support for the years ended December 31, 2024 and 2023 are \$119,528 and \$83,029, respectively, of fair admission and show tickets purchased by HRI.

Included in the Fair's interest and dividend income for the years ended December 31, 2024 and 2023 are \$623,123 and \$339,885 of dividend income received from HRI. Dividends declared to stockholders and payable to the Fair by HRI total \$169,943 and \$113,295 at December 31, 2024 and 2023, respectively.

Included in the Fair's accounts receivable at December 31, 2024 and 2023 are \$53,252 and \$42,884, respectively, of receivables due from HRI.

Included in the Fair's accounts payable at December 31, 2024 and 2023 are \$19,394 and \$20,285, respectively, of payables due to HRI.

The Fair purchases goods and services from various businesses that are owned by or affiliated with certain members of the Board of Directors of the Fair or Harrington Raceway, Inc. These purchases include outdoor equipment sales and maintenance services, electrical equipment and supplies, construction services and insurance brokerage and are conducted in the normal course of business.

Note 10 - Reclassification

Certain amounts in the December 31, 2023 financial statement balances have been reclassified to conform to the 2024 presentation.

SUPPLEMENTARY INFORMATION

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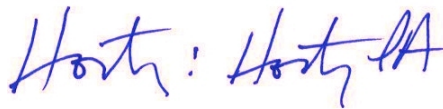
Toll Free: **888.968.7168**
Website: **www.horty.com**

Independent Auditor's Report on the Supplementary Information

Board of Directors
The Delaware State Fair, Inc.
Harrington, Delaware

We have audited the financial statements of The Delaware State Fair, Inc. (the Organization) as of and for the years ended December 31, 2024 and 2023 and have issued our report thereon dated March 27, 2025, which contains an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information above is fairly stated in all material respects in relation to the financial statements as a whole.

Dover, Delaware
March 27, 2025



THE DELAWARE STATE FAIR, INC.SCHEDULES OF REVENUE AND SUPPORTYEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| <u>Delaware State Fair</u> | | |
| Camping | \$ 148,551 | \$ 146,085 |
| Carnival | 796,534 | 784,358 |
| Concessions | 1,061,191 | 1,021,449 |
| Gate admission | 1,520,149 | 1,520,443 |
| Grandstand sales | 2,644,651 | 2,707,318 |
| Miscellaneous income | 194,921 | 157,154 |
| Sponsorships and donations | 697,502 | 648,066 |
| State appropriations and grants | 154,500 | 154,500 |
| <u>Centre Facility</u> | | |
| Ice rental | 291,443 | 319,840 |
| Miscellaneous income | 8,776 | 18,613 |
| Programs | 220,823 | 180,016 |
| Public skate | 126,268 | 104,455 |
| Snack bar | 66,044 | 145,163 |
| Lease income - Harrington Raceway, Inc. | 633,226 | 609,452 |
| Rentals income | 557,293 | 537,180 |
| Other programs | 616,779 | 411,748 |
| Grant income | <u>50,000</u> | <u>407,505</u> |
| <u>Total Revenue and Support</u> | <u>\$ 9,788,651</u> | <u>\$ 9,873,345</u> |