PENSACOLA-ESCAMBIA COUNTY PROMOTION AND DEVELOPMENT COMMISSION

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

PENSACOLA-ESCAMBIA COUNTY PROMOTION AND DEVELOPMENT COMMISSION

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission
Pensacola, Florida

Opinion

We have audited the accompanying financial statements of the Pensacola-Escambia County Promotion and Development Commission (the "Commission") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission'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 Commission as of September 30, 2025, and the changes in its financial position and the budgetary comparison for the General Fund for the year then ended in conformity 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 Commission, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Commission's ability to continue as a going concern for twelve 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 opinions. 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 Commission'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 Commission'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.

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

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, 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 January 27, 2026, on our consideration of the Commission'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 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 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 Commission's internal control over financial reporting and compliance.

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Pensacola, Florida
January 27, 2026

Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2025

Our discussion and analysis of the financial performance of the Pensacola-Escambia County Promotion and Development Commission (the "Commission") provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2025. Please review it in conjunction with the Commission's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets for the Commission decreased by $249,086 from 2024 primarily due to a decrease in rent receivable.
- Total liabilities decreased by $214,435 primarily due to a decrease in the note payable due to Pegasus.
- Deferred inflows of resources decreased by $263,873, which represents a reduction of unearned rent income resulting from the lease agreement with Pegasus.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10-11) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

Reporting on the Commission as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Commission as a whole begins on the following page. One of the important questions asked about the Commission's finances is "Is the Commission as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net assets and changes in them. You can think of the Commission's net assets, the difference between assets, what the Commission owns, and liabilities, what the Commission owes, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as continuing local government support, to assess the overall health of the Commission.

Reporting the Commission's Funds

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 13-20 of this report.

THE COMMISSION AS A WHOLE

Statement of Net Position

The Commission's total net position changed from a year ago, increasing from $5,045,472 to $5,274,694. The following schedule compares the assets, liabilities, deferred inflows of resources and net position for the current and previous year.

Table 1
Net Position

	2025	2024
Cash and cash equivalents	$ 1,110,908	$ 1,081,482
Rent receivable	1,799,274	2,051,291
Grant receivable	94,769	121,264
Property held for resale	8,400,000	8,400,000
Technology Park property, net	5,850,000	5,850,000
Total assets	$ 17,254,951	$ 17,504,037
Accounts payable	$ 39,178	$ 98,976
Refundable advance	2,500,000	2,500,000
Technology Park payable - County	2,643,373	2,545,993
Note payable	5,060,535	5,312,552
Total liabilities	10,243,086	10,457,521
Deferred inflows of resources	1,737,171	2,001,044
Net position		
Restricted	61,198	61,198
Unrestricted	5,213,496	4,984,274
Total net position	5,274,694	5,045,472
Total liabilities, deferred inflows of resources and net position	$ 17,254,951	$ 17,504,037

The Commission's net position increased by $229,222 during fiscal year 2025 due to expenditures being less than expected.

Statement of Activities

The following schedule compares the revenues and expenditures for the current and previous fiscal year.

Table 2
Statement of Activities

	2025	2024
Revenues:		
Governmental	$ 775,000	$ 775,000
Program	989,236	1,106,654
Total revenues	1,764,236	1,881,654
Expenses:		
General government	1,535,014	1,658,379
Change in net position	229,222	223,275
Net position, beginning of year	5,045,472	4,822,197
Net position, end of year	$ 5,274,694	$ 5,045,472

Prior year revenue totaled $1,881,654 versus current year revenue of $1,764,236. This decrease is primarily due to a decrease in the Bluffs project grant revenue.

Prior year expenditures totaled $1,658,379 versus current year expenditures of $1,535,014. This decrease is primarily due to a decrease in expenditures related to the Bluffs project.

General Fund Budget

Table 3
Final Budget versus Actual Results (GAAP Basis)
General Fund

	Final Budget	Actual	Variance
Revenues			
Governmental			
Intergovernmental	$ 775,000	$ 775,000	$ -
Program			
Rent revenue	387,000	263,874	(123,126)
Grant revenue	500,000	573,193	73,193
Foreign trade zone	1,500	-	(1,500)
Interest income	19,000	134,498	115,498
Other income	2,750	17,671	14,921
	1,685,250	1,764,236	78,986
Expenditures			
Current			
General government	1,685,250	1,535,014	150,236
Net change in fund balance	$ -	$ 229,222	$ 229,222

During 2025, the final approved budget reflected $1,685,250 in revenues and $1,685,250 in expenditures. Actual expenditures were $150,236 less than budgeted expenditures. Additional budget to actual information for the Commission's General Fund is on page 12.

Pensacola-Escambia County Promotion and Development Commission
Management's Discussion and Analysis
For the Year Ended September 30, 2025

This Management Discussion and Analysis provides an overview of the Commission's activities, financial condition, and major initiatives during the fiscal year ended September 30, 2025. The report reflects continued collaboration between the Commission, FloridaWest Economic Development Alliance, Escambia County, and the City of Pensacola to promote economic growth, strengthen the industrial base, and enhance long-term competitiveness across Escambia County.

Economic Development Overview

The Commission continues to fulfill its statutory mission to promote, develop, and advance the economic growth and industrial development of Escambia County. The Commission again contracted with the Community Economic Development Association of Pensacola and Escambia County d/b/a FloridaWest Economic Development Alliance ("FloridaWest") to manage its staffing, operations, and program activities. This partnership provides a unified approach to economic development, marketing, and asset management for both entities.

Since the creation of FloridaWest, the combined efforts of both organizations have supported private-sector commitments totaling nearly 9,000 new and retained jobs, over $520 million in annual payroll, and approximately $900 million in new capital investment. These results demonstrate the long-term effectiveness of a coordinated strategy between public and private partners to grow the local economy.

During fiscal year 2024-2025, The Commission and FloridaWest announced five new projects, representing commitments for 280 new jobs, $15 million in annual payroll, and $88 million in new capital investment. These announcements occurred throughout Escambia County, furthering the overall impact of the economic development efforts for all the residents of the county.

For fiscal year 2024-2025, The Commission requested level funding from both Escambia County and the City of Pensacola. THE Commission received its full appropriation from Escambia County, and the City of Pensacola again split its funding contribution, providing a portion directly to The Commission and a portion to FloridaWest through a separate agreement to support city-specific economic development activities. These funds were used to sustain the Commission's operations, site development activities, and FloridaWest's broader mission as the community's economic development organization.

<u>Pensacola Technology Campus</u>
The Commission continues to own and manage the Pensacola Technology Campus, a property originally transferred by Escambia County and the City of Pensacola in 2008 for the purpose of creating a technology-focused employment center. Infrastructure improvements were completed in 2012, supported by a line of credit from Escambia County. Repayment of that line will occur through proceeds from lot sales, with future ad valorem revenues from the site dedicated to debt retirement once 80 percent of the developable property has been conveyed.

During fiscal year 2024-2025, The Commission advanced its marketing efforts for the Technology Campus, now strategically positioned within a growing innovation corridor anchored by The Institute for Human & Machine Cognition (IHMC) and the University of West Florida (UWF) and the downtown core. Several defense and technology companies expressed renewed interest in the property, and discussions continue regarding potential projects consistent with the site's intended high-tech and defense-related use.

The Bluffs Industrial Campus

Development of The Bluffs Industrial Campus remains a top strategic priority. From inception through the end of fiscal year 2024-2025, The Commission has administered approximately $9 million in funding from the Florida Department of Economic Opportunity (DEO) and the Florida Department of Transportation (FDOT). These funds have been used for engineering, design, and infrastructure improvements within the Lower Escambia River Basin to create large, fully served industrial sites.

During fiscal year 2025, design was completed for the new Bluffs Entrance and Transportation Corridor Improvements at the Ascend Performance Materials / Emerald Coast Utilities Authority / Chemstrand Road intersection. The project will enhance access and visibility for the region's premier industrial corridor and strengthen Escambia County's position to attract advanced manufacturing and maritime employers. In FY 2026, we anticipate bidding and beginning construction of the large roundabout section of the project.

Pegasus Laboratories Project

The Commission continues as Grantee for the $2,500,000 Triumph Gulf Coast grant supporting Pegasus Laboratories, Inc. at Ellyson Industrial Park. The project includes the acquisition and renovation of a 172,000-square-foot facility to support pharmaceutical manufacturing and research. Pegasus will create at least 63 new jobs averaging $61,204 annually and will invest $9.2 million in renovations and equipment. The project continues to progress successfully, reinforcing Escambia County's growing life-sciences cluster.

Foreign-Trade Zone #249

The Commission continues as the Grantee for Foreign-Trade Zone (FTZ) #249, serving Escambia, Santa Rosa, and Okaloosa Counties under the Alternate Site Framework. The expanded FTZ provides businesses across Northwest Florida with streamlined access to federal trade benefits, allowing new usage-driven sites to be activated in as little as 120 days. The Commission maintains compliance through annual reporting to the U.S. Department of Commerce with assistance from its designated consultant. FTZ #249 remains an important asset for global competitiveness and export expansion throughout the region.

Outlook for Fiscal Year 2025-2026

The Commission enters fiscal year 2025-2026 with strong momentum and a robust project pipeline. Continued collaboration among The Commission, FloridaWest, and its public and private partners will remain essential as the organization advances initiatives in site readiness, industrial recruitment, and innovation-driven development. Strategic focus will continue positioning Escambia County as a premier destination for advanced manufacturing jobs within the cyber/AI, aerospace, maritime, life sciences, and defense employers, ensuring that future growth delivers measurable returns in jobs, payroll, and investment.

Request for Information

This report is intended to provide a general overview of the Commission's financial activities and to inform stakeholders of major accomplishments and commitments. Questions or requests for additional information regarding this report should be directed to the FloridaWest Economic Development Alliance, 3 W. Garden Street, Suite 618, Pensacola, Florida 32502.

FINANCIAL STATEMENTS

PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

ASSETS

Cash and cash equivalents	$	1,110,908
Rent receivable		1,799,274
Grant receivable		94,769
Property held for resale		8,400,000
Technology Park property, net		5,850,000
Total Assets	$	17,254,951

LIABILITIES AND NET POSITION

Liabilities:		
Accounts payable	$	39,178
Refundable advance		2,500,000
Technology Park payable - County		2,643,373
Note payable		5,060,535
Total liabilities		10,243,086
Deferred Inflows of Resources:		
Unearned rent revenue		1,737,171
Net Position:		
Restricted		61,198
Unrestricted:		
Committed		52,309
Unassigned		5,161,187
Total net position		5,274,694
Total Liabilities, Deferred Inflows of Resources and Net Position	$	17,254,951

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

PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Revenues:		
Governmental -		
Intergovernmental - City	$	175,000
Intergovernmental - County		600,000
Program -		
Rent revenue		263,874
Grant revenue		573,193
Interest income		134,498
Other income		17,671
Total revenues		1,764,236
Expenses:		
Current -		
General government -		
Economic development		1,268,186
Audit and accounting		9,700
Legal		4,981
Foreign trade zone		938
Interest expense		207,686
Miscellaneous		43,523
Total expenses		1,535,014
Change in Net Position		229,222
Net Position, Beginning of Year		5,045,472
Net Position, End of Year	$	5,274,694

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

PENSACOLA-ESCAMBIA COUNTY PROMOTION
AND DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Governmental -			
Intergovernmental - City	$ 175,000	$ 175,000	$ -
Intergovernmental - County	600,000	600,000	-
Program -			
Rent revenue	387,000	263,874	(123,126)
Grant revenue	500,000	573,193	73,193
Foreign trade zone	1,500	-	(1,500)
Interest income	19,000	134,498	115,498
Other income	2,750	17,671	14,921
Total revenues	1,685,250	1,764,236	78,986
Expenditures:			
Current -			
General government -			
Economic development	1,175,000	1,268,186	(93,186)
Audit and accounting	12,000	9,700	2,300
Legal	7,500	4,981	2,519
Contractual services - Foreign Trade Zone	1,250	938	312
Interest expense	375,000	207,686	167,314
Miscellaneous	114,500	43,523	70,977
Total expenditures	1,685,250	1,535,014	150,236
Net Change in Fund Balance	$ -	$ 229,222	$ 229,222

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Pensacola-Escambia County Promotion and Development Commission ("the Commission") was established by the Legislature of the State of Florida to promote and develop tourism and industry in Escambia County and in the City of Pensacola. The Commission is governed by a nine-member board consisting of representatives of the Board of County Commissioners of Escambia County, the City of Pensacola City Council, the Town of Century and the Greater Pensacola Chamber. The Commission is a joint venture of Escambia County and the City of Pensacola and is economically dependent on funding from these entities.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission.

The basis of accounting refers to when revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

There are no material differences between the accrual basis of accounting and the modified accrual basis of accounting in the Commission's financial statements. Accordingly, separate financial statements have not been prepared for the General Fund.

The Commission reports the following fund:

Governmental Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. General Budget Policies

The Board approves total budget appropriations only. Management is authorized to transfer budget amounts between department and object codes. However, any revisions that alter the total appropriations must be approved by the Board. Therefore, the level of budgetary responsibility is by total appropriations. The operating budget amounts are supported by revenue estimates and take into account re-appropriations of accumulated surpluses to the extent necessary.

Formal budgetary integration is employed as a management device during the year.

D. Budgetary Basis of Accounting

The budget is prepared in accordance with generally accepted accounting principles.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

E. Restricted and Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed. Within the unrestricted category, committed resources are used first, then assigned resources, if any, followed by unassigned resources as needed. The Commission establishes (and modifies or rescinds) net asset commitments by passage of a Board of Directors resolution.

F. Assets, Liabilities, and Deferred Inflows of Resources

Rent Receivable

Rent receivable is stated at the amount the Commission is entitled to under the agreement for property held for resale further described in Note 4. 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 the receivables. If any portion of the rent due under the agreement is still outstanding after management has used reasonable collection efforts, such amount will be written off through a charge to the valuation allowance and a credit to the applicable rent receivable account. As of September 30, 2025, management believes all amounts are collectible and therefore has not reserved an allowance for uncollectible rent.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, and Deferred Inflows of Resources (Continued)

Refundable Advance

The Commission recognizes assets and liabilities associated with voluntary nonexchange transactions when all applicable eligibility requirements are met or the resources are received, whichever is first. When resources are received in advance of eligibility requirements being met, the Commission records such funding as a refundable advance until all eligibility requirements and stipulations associated with the funding have been met, at which point in time, the funding is recognized as revenue.

Deferred Inflows of Resources

The Commission has implemented the provisions of GASB Statement Nos. 63 and 65. Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as an acquisition or consumption, respectively, of net assets applicable to a future reporting period. Further, Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a Statement of Net Position. Statement No. 65, *Items Previously Reported As Assets and Liabilities*, reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of the four financial statement elements, (1) deferred outflows of resources, (2) outflows of resources, (3) deferred inflows of resources, and (4) inflows of resources. Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

The Commission reports increases and decreases in net position that relate to future periods as deferred inflows of resources and deferred outflows of resources, respectively, in a separate section of the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 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 expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The investment of surplus funds is governed by the provisions of Section 218.415, Florida Statutes, as to the types of investments that can be made. Investments authorized by the statute include:

(a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01.
(b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
(c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02.
(d) Direct obligations of the U.S. Treasury.

The Commission has no investment policy that would further limit its investment choices.

Deposits:

Chapter 280, Florida Statutes, provides that deposits must be placed in a depository designated under the provisions of Chapter 136 and the regulations of the Department of Banking and Finance as a qualified public depository. As such, these deposits are considered to be fully insured.

The Commission's deposits at year end were entirely covered by federal depository insurance or pooled collateral held by the State Treasurer under the provisions of Chapter 280, Florida Statutes. At September 30, 2025, the carrying amount and bank balance of the Commission's deposits was $1,110,908.

NOTE 3 - TECHNOLOGY PARK

In 2008, the Commission entered into an interlocal agreement (the "Agreement") with Escambia County (the "County"), the City of Pensacola (the "City") and the Community Redevelopment Agency ("CRA") of the City of Pensacola to develop a Technology Park in downtown Pensacola. Pursuant to the Agreement, the County and the City conveyed certain property to the Commission with a fair value of $6,900,000 and $1,425,000, respectively. The development of the Technology Park has been completed, and the property is now considered to be held for resale. During the year ended September 30, 2013, the Commission recorded a fair value adjustment of $5,718,106 to account for a decrease in fair value of the Technology Park property.

Under the Agreement, this property was conveyed to the Commission subject to a right of re-entry if certain goals were not met. The County provided a line of credit to fund development of the Technology Park infrastructure. Also, the County and City were to receive 83% and 17%, respectively, of the proceeds from sales of lots in the Technology Park after the County was reimbursed for all funding provided with the line of credit.

During 2013, the Agreement was amended so that County and City no longer require the Commission to reimburse the respective property interests conveyed unto it. The forgiveness of debt totaling $4,069,512 was recorded in the statement of activities. Net proceeds from the sale of lots will be applied to the County line of credit until the line of credit is repaid in its entirety, at which time any additional proceeds from the sale of lots will remain with the Commission for future economic development projects. See Note 8 for further information.

Once eighty percent of the developable square footage of the Technology Park has been conveyed by the Commission to a third party, the net ad valorem property tax received by the City and by the County from the properties within the Technology Park shall be applied to repayment of any remaining balance on the line of credit.

Infrastructure costs of $3,243,106 have been capitalized, of which $1,926,938 were funded by the County. The remaining infrastructure costs of $1,316,168 were funded by a grant.

NOTE 3 - TECHNOLOGY PARK (Continued)

The following is a summary of the carrying value of the Technology Park property and the associated liability due to the County as of September 30, 2025:

	County	City	Total
Initial land conveyance	$ 6,900,000	$ 1,425,000	$ 8,325,000
Infrastructure funded by County	1,926,938	-	1,926,938
Infrastructure funded by grant	1,316,168	-	1,316,168
Technology Park property at cost	$ 10,143,106	$ 1,425,000	11,568,106
Fair value adjustment			(5,718,106)
Technology Park property at fair value			5,850,000
Accrued interest and other			862,885
Forgiveness of debt			(4,069,512)
Technology Park payable			$ 2,643,373

The Technology Park payable accrues interest at the monthly yield rate required by the State Board of Administration for inter-fund loans and the County Investment Policy (4.39% at September 30, 2025).

NOTE 4 - PROPERTY HELD FOR RESALE

During the year ended September 30, 2022, the Commission entered into a collaborative agreement with Pegasus Laboratories, Inc. (“Pegasus”) to finance the purchase of land and a warehouse for $8.4 million from a third-party for use by Pegasus. The purchase was partially financed by the Commission with Triumph grant funding in the amount of $2.5 million, with the remaining $5.9 million financed by a promissory note payable to Pegasus. The Commission will retain ownership of the warehouse and will lease the space to the Pegasus throughout the incentive period of the grant, at which point the Commission will transfer ownership of the facility to Pegasus, if certain conditions have been met.

The warehouse is classified by the Commission as property held for resale, and as such, the facility will not be depreciated. As of September 30, 2025, the Commission had rent receivable and deferred inflows of resources representing unearned rent revenue, each in the amount of $2 million, relating to the arrangement. The Commission also had an outstanding note payable of $5.5 million due under the promissory note due to Pegasus as of September 30, 2025. In addition, the $2.5 million Triumph grant funding is considered a refundable advance within the statement of net position until certain conditions of the grant agreement have been satisfied.

NOTE 5 - NOTE PAYABLE

The note payable is summarized as follows:

Note payable to private company, monthly payments of $30,184 including interest at 2.12%, matures April 1, 2032	$ 5,060,535

Scheduled maturities of the note payable are as follows:

Year ending September 30,	Principal	Interest
2026	257,411	104,792
2027	262,922	99,281
2028	268,550	93,653
2029	274,299	87,904
2030	280,171	82,032
2031 - 2032	3,717,182	478,334
	$ 5,060,535	$ 945,996

NOTE 6 - NET POSITION

Restricted net position includes $61,198 contributed by the Emerald Coast Utilities Authority, which is restricted for economic development in the General Fund.

Committed net position includes $52,309 of funds for future commerce park marketing and/or improvements.

NOTE 7 - RISK MANAGEMENT

The Commission is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To mitigate some of those risks, the Commission maintains a directors and officers liability policy and a commercial general liability policy. There have been no losses for these risks in any of the prior three fiscal years, and the Commission is not aware of any material liabilities related to these risks as of September 30, 2025.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

FloridaWest Promotion Commitment:

The Commission has engaged the Community Economic Development Association, Inc. d/b/a FloridaWest Economic Development Alliance to promote economic development for the year ending September 30, 2026, for a fee of $675,000.

Bluffs Contract Commitments:

The Commission has outstanding contract commitments relating to the Bluffs Project totaling $663,355.

Triumph Gulf Coast Grant:

As described in Note 4, the Commission has received grant funding relating to an economic development incentive project upon which certain conditions must be met in order for the Commission to recognize revenue and retain the funds. The funding has been recorded in the statement of net position as a refundable advance. As of September 30, 2025, the Commission has not yet met those conditions. In the event conditions are not met, the Commission will have to return the $2.5 million of funding received.

Technology Park Agreement:

As discussed in Note 3, the Commission entered into, and later amended, the “Agreement with the County, the City and the CRA of the City to develop a Technology Park in downtown Pensacola”. Under the amended agreement, the City and County have a right of re-entry on the property if the Commission does not sell at least one lot or enter into a long-term lease, not less than 15 years in duration, of at least one lot by September 6, 2016. As of September 30, 2025, the Commission has not yet sold or entered into a long-term lease for any of the Technology Park lots. However, neither the County nor the City had indicated that they will exercise their right of re-entry.

OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission
Pensacola, Florida

We have audited, in accordance with the 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, the financial statements of the Pensacola-Escambia County Promotion and Development Commission (the "Commission") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control that we consider to be material weaknesses.

Finding 2025-01: Bookkeeping and Accrual Accounting

During the audit, we noted multiple areas where adjustments were needed in order for the financial statements to be presented in accordance with U.S. GAAP:

- Opening net position was misstated by $4,988 when compared to the audited balance for the year ended September 30, 2025 due to audit entries not posted.

- The amount due to the County under the Technology Park line of credit had not been updated to include $97,380 in interest expense incurred during the year.

- Pegasus rent receivable was misstated by $1,336, deferred revenue was misstated by $9,730, and revenue was misstated by $8,394.

- Entry was needed to adjust $6,565 overpayment of sales tax by Pegasus out of income and into accounts payable.

The above discrepancies resulted in $1,336 in overstated assets, $94,215 in understated liabilities, $4,988 in overstated net position, $6,817 in understated revenues, and $97,380 in understated expenses.

We recommend that all supporting schedules for accounts on the statement of net position are reconciled to the general ledger on a regular basis and errors are remedied before year-end. We further recommend reviewing revenue and expenditure accounts at year-end to determine whether all necessary adjustment entries have been recorded.

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

Management's Response:

In response to the bullet points noted in the Audit Findings above:

- These audit entries were missed during the transition of the CFO service firms. Management will enter all adjusting entries when they are received, and the net position will be reconciled monthly.

- Management will obtain an updated amortization schedule from the County and will use to verify and record interest balance monthly. The annual interest amount will be verified with the County as part of the annual closing procedures to ensure that they are reported accurately.

- Management will obtain a detailed amortization schedule supporting the Pegasus lease. Going forward, management will reconcile rent receivable, deferred revenue, and rental revenue to the amortization schedule on a monthly basis and as part of year-end closing procedures to ensure balances are accurate and properly recorded in future periods.

- Pegasus continued to remit their previous rental payment amount following the reduction in the sales tax rate. The resulting excess sales tax collected was recorded in a separate sales tax income line item. We have since reimbursed Pegasus for all overpaid amounts. We no longer collect sales tax on this lease, so there will be no further issues going forward.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pensacola-Escambia County Promotion and Development Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described previously. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Saltmarsh

Pensacola, Florida
January 27, 2026

INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Board of Directors
Pensacola-Escambia County Promotion
And Development Commission
Pensacola, Florida

We have examined Pensacola-Escambia County Promotion and Development Commission's (the "Commission's") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such procedures as we considered necessary in the circumstances. We believe that our examination provided a reasonable basis for our opinion. Our examination does not provide a legal determination on the Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the Commission and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Saltmarsh

Pensacola, Florida
January 27, 2026

MANAGEMENT LETTER

To the Board of Directors
Pensacola-Escambia County Promotion
 and Development Commission
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of the Pensacola-Escambia County Promotion and Development Commission (the "Commission"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated January 27, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 27, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Presented below is the status of the prior-year audit findings and recommendations.

Finding 2024-01 identified several bookkeeping and accrual-related issues that required significant year-end adjustments in order for the financial statements to conform to U.S. GAAP. To address these issues, we recommended that all supporting schedules for accounts on the statement of net position be reconciled to the general ledger on a regular basis and errors are remedied before year-end. We further recommended reviewing revenue and expenditure accounts at year-end to determine whether all necessary accrual entries have been recorded.

Saltmarsh CPAs, Inc.
saltmarshadvisors.com | (800) 477-7458

Board of Directors
Pensacola-Escambia County Promotion
and Development Commission

As noted in our current-year report on internal control and compliance, similar issues were identified during the 2025 audit and are presented in Finding 2025-01 in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title for the Pensacola-Escambia County Promotion and Development Commission is disclosed in the notes to the financial statements. The Pensacola-Escambia County Promotion and Development Commission was established by Chapters 67-1365 and 89-481, Laws of Florida. There are no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Commission has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Commission did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Commission. It is management's responsibility to monitor the Commission's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations, except as reported in Finding 2025-01 in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.

Specific Information - Dependent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Commission reported:

a. The total number of Commission employees compensated in the last pay period of the district's fiscal year as zero (0).

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Commission's fiscal year as zero (0).

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $0.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.

e. There were no construction projects with a total cost of at least $65,000 approved by the Commission that are scheduled to begin on or after October 1 of the fiscal year being reported.

f. The Commission's budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported did not differ from the final adopted budget.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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Pensacola, Florida
January 27, 2026