

**COMMUNITY MARITIME PARK ASSOCIATES, INC.  
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2012**

**COMMUNITY MARITIME PARK ASSOCIATES, INC.  
(A COMPONENT UNIT OF THE CITY OF PENSACOLA, FLORIDA)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2012**

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VINCE J. WHIBBS SR. COMMUNITY  
**MaritimePark**<sup>™</sup>  
PENSACOLA, FL

January 28, 2013

Mr. J. Collier Merrill, Chairman  
And Board of Trustees  
Community Maritime Park Associates, Inc.  
Pensacola, Florida

As required by the Community Maritime Park Associates (CMPA) and the City of Pensacola (City), the audited annual financial statements have been prepared and are submitted herein.

The financial statements were compiled by the accounting firm of Warren Averett, LLC, and audited by the independent accounting firm of Saltmarsh, Cleveland & Gund. Staff from the CMPA and City of Pensacola were instrumental in preparing the financial statements and related Management's Discussion and Analysis (MD&A). CMPA management believes that the report is a fair representation of the CMPA's financial position and results of operations as measured by the financial activity of the corporation, that presented data is accurate in all material aspects and that all disclosures necessary to enable the reader to gain maximum understanding of the CMPA's financial affairs have been included.

This report has been presented in accordance with Generally Accepted Accounting Principles (GAAP). These principles require that management provide an overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The staff is dedicated to the stewardship and safeguarding of the CMPA's assets to carry out the obligations of the Maritime Park project. Special thanks to the CMPA staff, the City of Pensacola, and Warren Averett, LLC who contributed to its preparation and to you, the Chairman and Trustees of the CMPA, for your guidance, oversight and management in support of a fiscally sound company.

Respectfully submitted,

Edward E. Spears  
Executive Director

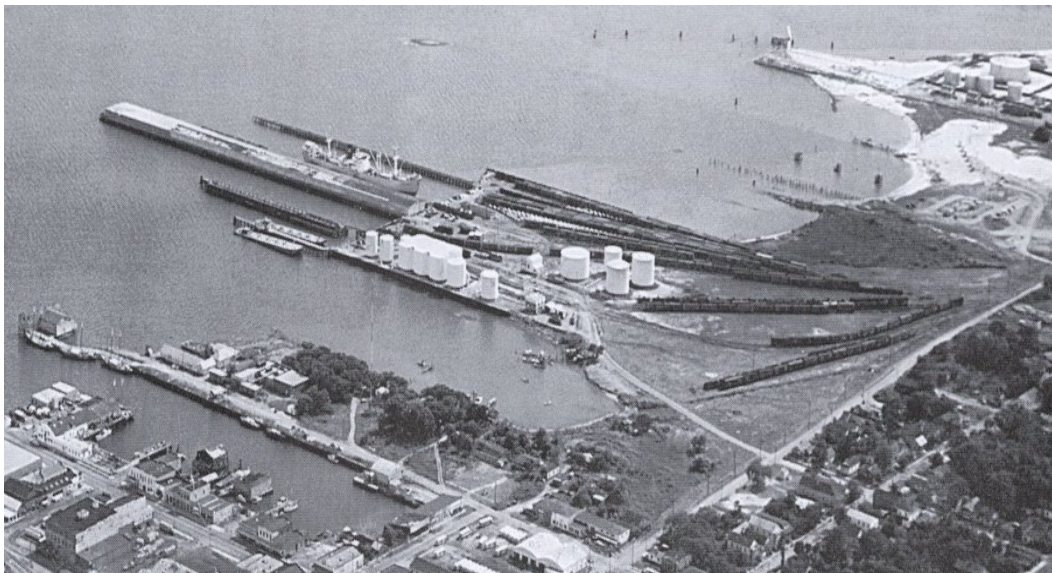
## Management's Letter of Transmittal

### History and Overview

The Vince Whibbs, Sr. Community Maritime Park is a master planned, public/private, urban renewal project on a former industrial, 32-acre parcel located on Pensacola Bay, in Pensacola, Florida. The property, significant in the city's unequalled 450 years of history, was utilized as the Panton-Leslie trading post as early as 1784. The peninsula saw many expansions and changes in use as the Pensacola waterfront evolved. Last utilized in the 1980's as a petroleum depot and sea-to-rail transfer station, the site has sat fallow for over 30 years. The City of Pensacola acquired the property to ensure a public use for the site. The current proposal was approved by the Pensacola City Council in 2005 and affirmed, via referendum, in September 2006. Since that time, project professionals have been engaged to complete the Design Criteria, acquire all necessary environmental permits and select project professionals to develop the amenities approved by the Citizens of Pensacola.



Panton-Leslie Trading Post, located on the Maritime Park property, circa 1850's



Trillium Fuel Depot and Sea/Rail Transfer Station, circa 1960's



Property Pre-Construction

The project is envisioned as a world-class, signature mixed-use development that will re-establish a dynamic public waterfront on the western half of Downtown Pensacola. The project features public amenities, including: an expansive public waterfront park; a community multi-use facility suitable for baseball and other athletic events, festivals, and other community activities; a performing arts amphitheatre; promenades; parking and all necessary ancillary uses, including infrastructure and site improvements. Private improvements envisioned for the property include: commercial; office; retail; residential; restaurant; hospitality and entertainment. In August 2012, the first lease for private development was approved by the CMPA and City of Pensacola. Construction of the private development, Maritime Place, is scheduled to commence in early 2013.

The CMPA, a state of Florida not-for-profit, 501(c)(3) corporation, was created in 2005 to carry out the construction of the public amenities and as the developer for the private improvements. The CMPA, an instrumentality of the City of Pensacola, is governed by a 14 member Board of Trustees, appointed by the Pensacola City Council. CMPA employs an executive director and an administrative assistant. The Board meets monthly and holds special meetings as necessary. Currently, the CMPA has three appointed sub-committees to carry out specific aspects of the Maritime Park Project: the Design Development Committee, focusing on project design; the Operations and Audit Committee, focusing on the management and finances of the project; and the Equal Business Opportunity Committee, focusing on small, minority and local business participation in the project. Activities are carried out under two contracts between the CMPA and the City of Pensacola, the Master Lease and Master Development Agreement. Both contracts are executed and in full force and effect as of the date of this report.

The Community Maritime Park Conceptual Design was created by Urban Design Associates, Inc., adopted by the Pensacola City Council and ratified by the citizens of Pensacola via referendum in September 2006. The Design Criteria Package, commissioned in 2007, was created by an exceptional team of architects and engineers, including Caldwell Associates Architects, Urban Design Associates, HKS Architects, Sasaki, Inc., Hatch Mott MacDonald, Qore, Inc., and others. The CMPA entered into

a development agreement with Maritime Park Development Partners (MPDP) in 2009 to carry out the development of the public and private improvements and a Design-Build contract with Magi Construction, LLC (Magi), a joint venture of MPDP and HOAR Construction, in May 2010 for the actual construction of the public improvements. Also in 2009, the CMPA entered into an agreement with a team lead by Hatch, Mott, McDonald and Morette Construction, to serve as the Owner's Representative for the project. The Owner's Representative provides independent, third party review and approval of all design, bidding, construction and payment on behalf of the CMPA. The Owner's Representative contract was extended in 2011 through the end of construction in April 2012. Construction of the stadium and related infrastructure was completed in March 2012. Construction of the amphitheatre and final completion of the project was concluded in June 2012.



Project Under Construction

The public financing necessary to finance the project has been secured. The City issued \$45.6 million in bonds in December 2009. In addition to the bond funding, the CMPA was awarded a federal New Market Tax Credit (NMTC) allocation by a partnership of three Community Development Entities, headed by the Capital Trust Agency (CTA-CDE), of Gulf Breeze Florida. Under the direction of Mr. Ed Gray, Executive Director of CTA-CDE, the allocation has been sold and generated an additional \$12 million for the project. Under the NMTC structure, the City of Pensacola is the Disbursing Agent which monitors expenses to budget and controls the funding requests. This provides an additional safeguard for project funds. The CMPA has also received private donations going toward the public improvements. The first, \$600,000 from Skip and Martha Ann Hunter was donated for the Amphitheatre project. The second, \$2,250,000 from Quint and Rishy Studer, was donated for the general project. Also, the Community Redevelopment Agency has provided for a \$500,000 loan to construct the Amphitheatre back of house addition. Currently, the total project budget is \$56,007,502.



Completed Project

### Operations and Maintenance

With the conclusion of the construction project, the CMPA has transitioned from a construction management project to an operations and management project. The CMPA has entered into two

agreements for operations and management aspects. The first, a non-exclusive use agreement, is with Northwest Florida Professional Baseball, LLC (NFPB). This agreement allows NFPB to utilize the stadium for its Double-A Minor League Baseball Team, the Pensacola Blue Wahoos. The Blue Wahoos are under a four-year contract as the Double A affiliate of the Cincinnati Reds Major League Baseball Team. NFPB is also given non-exclusive rights to schedule other events in the stadium through cooperation with the CMPA. The agreement is for 10 years with two 5 year extension options, for a total of 20 years. The Blue Wahoos held their inaugural season in the Maritime Park Stadium from April to September 2012. The team led the Southern League in attendance for the 2012 season and achieved 40 sell out games. The Maritime Park Stadium hosted over 325,000 fans for the season. The Blue Wahoos were named the Southern League's "Organization of the Year" and team president Bruce Baldwin was named "Executive of the Year". The Community Maritime Park Stadium was named "Ball Park of the Year" by Baseballparks.com.



Pensacola Blue Wahoos Playing at the Maritime Park Stadium

### Analysis

The Community Maritime Park construction project is completed. The only construction aspect that is pending is the breakwater project, which is still awaiting a federal permit from the US Army Corps of Engineers. It remains unclear when that permit will be issued. The CMPA has been releasing retainage to the General Contractor and expects final billing soon. The project has shifted from a construction project to an operations and management project.

### Opportunities and Threats

The majority of construction and expenditures for the public portion of the Community Maritime Park project took place in 2011, with final completion in Spring 2012. The Board, staff, general contractor



and Construction Owner's Representative worked diligently to complete the construction on time and within budget.

In December 2010 and January 2011, the CMPA voted to terminate the contract with the Master Developer. The CMPA has filed suit in Federal Court against MPDP for "fraud in the inducement" and is seeking repayment of fees and damages. In 2012, the CMPA won Summary Judgment from the U.S. District Courts granting all aspects of the CMPA's complaint against MPDP. A hearing is set for January 2013 to hear evidence and testimony to determine the financial aspects of the case to CMPA. The Court has frozen disbursement of all profit to MPDP in anticipation of those funds being forfeited to CMPA.

In 2012, the first land lease for construction of private development was approved by the CMPA and City of Pensacola. Maritime Place, LLC will be owned by Quint and Rishy Studer and will become the new home of the Studer Group consulting firm. It is anticipated that the construction of that project will commence in the first quarter of 2013.

As identified in last year's Management Letter of Transmittal, the CMPA has yet to receive a permit for the construction of the breakwater. This final aspect will have to be re-bid with new construction methodologies. Previously, the project could have been constructed from the land, as the park space was under construction concurrently. However, the parks are now completed and that finished infrastructure would have severely damaged or destroyed by the heavy equipment required to construct the breakwater. It is anticipated that the breakwater, if built, would have to be constructed from the water side, via barge.

### Conclusion

The CMPA's Board of Trustees and staff have worked diligently to complete the Community Maritime Park construction project on time and on budget. The Maritime Park stadium, amphitheatre and surrounding grounds were a major success in fiscal year 2012 and have become a focal point of community activities. The first six months of operations ended better than anticipated bringing in more than \$400,000 in use fee, variable attendance surcharge and variable ticket surcharge revenues as well as approximately \$75,000 in net profits from the event and parking management contract. The momentum is expected to continue and increase with additional entertainment opportunities in the first full year of operation. Private development is also expected to increase the activities and opportunities at the Park for years to come.

The Fiscal Year 2013 Budget was adopted by the Board on September 19, 2012 identifying \$500,000 in revenues to be pursued. The Board has acted to seek advertising revenues by installing an electronic advertising billboard at the entrance of the park. Also, the Board has focused on increasing revenues with the event and parking management contract as well as NFPB non-baseball event revenues. The Board has also requested a meeting with NFPB to discuss a potential \$1 increase of the variable attendance surcharge which, based on fiscal year 2012 collections, would provide for approximately \$300,000 in additional revenue.

The Maritime Park's future success will rely on the continued close supervision by the Board of Trustees, the professionalism of the staff and the expertise of the teams of consultants and advisors working on the project.



VINCE J. WHIBBS SR. COMMUNITY  
**MaritimePark**<sup>™</sup>  
PENSACOLA, FL

**Community Maritime Park Associates, Inc.**

**2011-2012 Board of Trustees**

Mr. J. Collier Merrill, Chair  
Mr. Richard Baker, Vice Chair  
Mrs. Juanita Scott, Secretary  
Mr. James J. Reeves, Treasurer

Dr. Samuel H. Bolden, Trustee  
Ms. Audra Carter, Trustee  
Councilman Larry B. Johnson, Trustee  
Dr. Jimmy Jones, Trustee  
Rev. LuTimothy May, Sr., Trustee  
Mr. Buddy McCormick, Trustee  
Mr. John Merting, Trustee  
Councilwoman Megan Pratt, Trustee  
Councilwoman Sheri Myers, Trustee  
Col. Jim Smith (ret), Trustee  
Councilman Brian Spencer, Trustee

**Staff**

Edward E. Spears, Executive Director  
Amber McClure, Certified Public Accountant  
Nicole Ransom, Administrative Assistant

**Legal Counsel**

Edward P. Fleming, Esquire

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Community Maritime Park Associates, Inc.  
Pensacola, Florida

We have audited the accompanying financial statements of the governmental activities and the government-wide activities of Community Maritime Park Associates, Inc. ("CMPA"), (a component unit of the City of Pensacola, Florida), as of and for the year ended September 30, 2012, which collectively comprise CMPA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of CMPA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities and the entity-wide activities of CMPA as of September 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not 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.

Board of Directors  
Community Maritime Park Associates, Inc.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CMPA's financial statements as a whole. Management's letter of transmittal is presented for purposes of additional analysis and is not a required part of the financial statements. Management's letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Lund".

Pensacola, Florida  
January 28, 2013

# **FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

This Section contains the following subsections:

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BASIC FINANCIAL STATEMENTS**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2012**

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Our discussion and analysis of the Community Maritime Park Associates, Inc.'s (CMPA) financial performance provides an overview of the CMPA's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the CMPA's financial statements which immediately follow this discussion.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the CMPA's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-Wide Financial Statements

The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the CMPA's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents the CMPA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the CMPA is improving or deteriorating.

The *statement of activities* presents the change in the CMPA's net assets during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

### Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The CMPA only has one category of funds - governmental funds - and maintains only one fund, a General Fund.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the CMPA's near-term financing requirements.

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2012**

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed Government-wide Statement of Net Assets. A comparative analysis of government-wide data is presented as follows:

Community Maritime Park Associates, Inc.'s Net Assets

	2012	2011
Current and Other Assets	\$ 4,594,888	\$ 27,483,594
Capital Assets	52,743,840	31,655,506
Total Assets	57,338,728	59,139,100
Current Liabilities	1,480,374	5,910,868
Long-term Liabilities	54,137,774	54,079,902
Total Liabilities	55,618,148	59,990,770
Invested in capital assets, net of related debt	--	--
Restricted	1,579,933	--
Unrestricted	140,647	(851,670)
Net Assets (Deficit)	\$ 1,720,580	\$ (851,670)

During 2010, the CMPA received proceeds from six notes payable, which were used to finance the construction of the Community Maritime Park. Generally accepted accounting principles applicable to governments requires the government's capital asset activity to be presented as a component of net assets, net of related debt. The CMPA's investment in capital assets totals approximately \$52.7 million, and was financed primarily by the proceeds of debt.

Restricted net assets increased \$1,579,933 primarily due to intergovernmental revenues received due to the finalization of construction. This balance is representative of the remaining cash on hand which is restricted by outside third parties for the breakwater construction. Unrestricted net assets increased \$992,317 due to finalizing construction and the first year of operational activity.



**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2012**

Community Maritime Park Associates, Inc.'s Changes in Net Assets

	2012	2011
Revenues:		
Community Redevelopment Agency funding	\$ 1,894,745	\$ 1,894,745
Private donations	962,999	2,250,000
Intergovernmental	3,009,925	--
User and other fee based income	494,446	--
Miscellaneous	31,447	--
Interest	14,531	54,803
	6,408,093	4,199,548
 Expenses	 3,835,843	 4,872,203
 Change in Net Assets	 2,572,250	 (672,655)
Net Assets (Deficit), beginning of year	(851,670)	(179,015)
Net Assets (Deficit), end of year	\$ 1,720,580	\$ (851,670)

General Fund revenues increased \$2,208,545 over fiscal year 2011 primarily due to the completion of construction with the return of private donations through intergovernmental contributions. In addition, revenue increased due to the commencement of operations with the first year collection of new revenue sources. New revenue sources included the NFPB annual use fee of \$175,000, of which \$131,250 was recognized in fiscal year 2012, variable attendance surcharge revenues of \$125,000 collected on all baseball tickets sold, and variable ticket surcharge revenues of \$162,406 collected on tickets sold for all events held at the stadium, amphitheater and surrounding park grounds. In addition, the City's Neighborhood Services Department, as the manager of parking, amphitheater and grounds events, returned the first six months of net profits in the amount of \$75,790.

General Fund expenses decreased \$1,036,360 due to the prior year's \$2.25 million in contributions to governments for private donations expense which was returned in fiscal year 2012 to fund construction expenses. In addition, operating expenses for the first six months consisted primarily of depreciation expense of \$1,052,761, utilities of \$115,340, insurance of \$93,703, park maintenance of \$86,068 and personnel costs of \$49,429.

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2012**

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**FINANCIAL ANALYSIS OF THE CMPA'S GENERAL FUND**

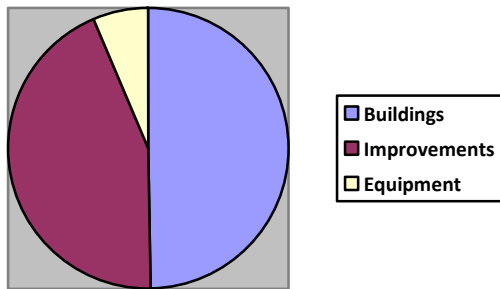
As of the end of fiscal year 2012, the CMPA's general fund reported an ending fund balance of \$1,898,397, a decrease of \$18,408,208 from the prior year's fund balance. The decrease was primarily the result of capital expenditures, totaling \$21,452,513, for the construction of the Community Maritime Park.

**GENERAL FUND BUDGET**

The CMPA adopts a budget which is used for internal monitoring purposes, however, it is not considered a "legal budget" for Florida compliance purposes.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The CMPA's investment in capital assets as of September 30, 2012, amounts to \$52,743,840, which consists entirely of the Community Maritime Park consisting of buildings, improvements and equipment. A total of approximately \$21.4 million in construction costs were incurred during the year ended September 30, 2012.



During the year ended September 30, 2012, the CMPA made interest only payments related to the debt used to finance the project. The debt requires payments of interest only (at rates ranging from .50160% to 4.641%) through May 2017. Beginning July 1, 2017, principal and interest are payable monthly through maturity in May 2040. In addition, during the year, the CMPA obtained an interest free note for seating replacement. The note balance at year end was \$57,872, and is payable over 10 years.

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2012**

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**ECONOMIC FACTORS**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the CMPA in fiscal year 2013 include the CMPA Board's November 28, 2012 approval of a motion to request the CRA Board forgive the \$411,969 note payable due January 15, 2013, which was primarily for funding of the back-of-house addition to the Amphitheater. On December 10, 2012, the CRA Board voted to extend the term of the loan for eight months to mature on September 15, 2013, provided that the CMPA present a plan for repayment before the maturity date. Additional revenue sources are being identified and researched by the CMPA Board and the City, as the CMPA's vendor for event management services. Potential revenue sources include advertising signage, a vendor cart program and developing non-baseball events.

## **BASIC FINANCIAL STATEMENTS**

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**FUND BALANCE SHEET / STATEMENT OF NET ASSETS**  
**September 30, 2012**

	Balance Sheet	Adjustments (Note 15)	Statement of Net Assets
Cash - unrestricted	\$ 40,709	\$ --	\$ 40,709
Cash - restricted	2,730,094	--	2,730,094
Accounts receivable-NFPB	341,341	--	341,341
Due from City of Pensacola	99,290	--	99,290
Unamortized debt issuance costs	--	1,383,454	1,383,454
Capital assets:			
Depreciable, net	--	52,743,840	52,743,840
<b>Total assets</b>	<u>\$ 3,211,434</u>	<u>\$ 54,127,294</u>	<u>57,338,728</u>
<b>Liabilities</b>			
Accounts payable	\$ 212,731	\$ --	212,731
Retainage payable	452,848	--	452,848
Unearned revenues	43,750	--	43,750
Accrued interest	--	167,337	167,337
Due to City of Pensacola	191,739	--	191,739
CRA note payable	411,969	--	411,969
Non-current liabilities:			
Due in more than one year	--	54,137,774	54,137,774
<b>Total liabilities</b>	<u>1,313,037</u>	<u>54,305,111</u>	<u>55,618,148</u>
<b>Fund Balance / Net Assets</b>			
Fund balance - unassigned	140,647	(140,647)	--
Fund balance - restricted	1,757,750	(1,757,750)	--
<b>Total fund balance</b>	<u>1,898,397</u>	<u>(1,898,397)</u>	<u>--</u>
<b>Total liabilities and fund balance</b>	<u>\$ 3,211,434</u>		
Net assets			
Invested in capital assets, net of related debt		--	--
Restricted		1,579,933	1,579,933
Unrestricted		140,647	140,647
<b>Total net assets</b>		<u>\$ 1,720,580</u>	<u>\$ 1,720,580</u>

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

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE / STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2012**

	Statement of Revenues, Expenditures, and Changes in Fund Balance	Adjustments (Note 15)	Statement of Activities
<b>Revenues</b>			
Community Redevelopment Agency funding	\$ 1,894,745	\$ --	\$ 1,894,745
Private donations	162,417	800,582	962,999
Intergovernmental	3,009,925	--	3,009,925
User and other fee based income	494,446	--	494,446
Miscellaneous	34,734	(3,287)	31,447
Interest	14,531	--	14,531
Total	<u>5,610,798</u>	<u>797,295</u>	<u>6,408,093</u>
<b>Expenditures / Expenses</b>			
General government:			
Amortization of debt issuance costs	--	50,004	50,004
Bank fees	15,083	--	15,083
Depreciation	--	1,052,761	1,052,761
Insurance	93,703	--	93,703
Interest	2,008,049	--	2,008,049
Loss on disposal of capital assets	-	108,713	108,713
Miscellaneous	1,051	--	1,051
Payroll	49,429	--	49,429
Professional fees	255,642	--	255,642
Repairs and maintenance	86,068	--	86,068
Utilities	115,340	--	115,340
Capital outlay:			
Amphitheatre	1,688,755	(1,688,755)	--
Architectural and engineering	97,496	(97,496)	--
Asphalt and sidewalks	518,055	(518,055)	--
Bulkhead	604,790	(604,790)	--
Contractor costs	1,576,240	(1,576,240)	--
Development costs	67,420	(67,420)	--
Earthwork	1,572,970	(1,572,970)	--
Erosion	377,665	(377,665)	--
Miscellaneous	1,706,538	(1,706,538)	--
Other soft costs	413,224	(413,224)	--
Perimeter handrails	245,954	(245,954)	--
Plaza Devilliers concrete	951,559	(951,559)	--
Potable water	226,556	(226,556)	--
Sanitary sewer	61,987	(61,987)	--
Spring Street landscaping	358,224	(358,224)	--
Stadium	10,167,679	(10,167,679)	--
Stormwater	814,862	(814,862)	--
Waterfront promenade	2,539	(2,539)	--
Total	<u>24,076,878</u>	<u>(20,241,035)</u>	<u>3,835,843</u>
Excess of expenditures over revenues	<u>(18,466,080)</u>	<u>21,038,330</u>	
<b>Other Financing Sources</b>			
Proceeds from note issuance	<u>57,872</u>	<u>(57,872)</u>	
Total other financing sources	<u>57,872</u>	<u>(57,872)</u>	
Net change in fund balance	(18,408,208)	18,408,208	
Changes in net assets		2,572,250	2,572,250
<b>Fund balance / net assets (deficit)</b>			
Beginning of year	<u>20,306,605</u>		<u>(851,670)</u>
End of year	<u>\$ 1,898,397</u>		<u>\$ 1,720,580</u>

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

**Community Maritime Park Associates, Inc.**  
**(A Component Unit of the City of Pensacola, Florida)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Community Maritime Park Associates, Inc. (the “CMPA”), a non-profit corporation under the provisions of Chapter 617, Florida Statutes, was created in 2005 for the purpose of developing the public and private aspects of the Vince Whibbs, Sr. Community Maritime Park (“Park”). The CMPA is an agency of the City of Pensacola (the “City”), and the City appoints all members of the CMPA’s Board of Trustees. The CMPA meets the criteria of a component unit, and accordingly, will be included in the financial statements of the City.

The CMPA has a Master Lease Agreement (“Master Lease”) and Master Development Agreement (“MDA”) with the City for the CMPA’s lease and development of the City-owned waterfront property located at the 300 block of Main Street.

**Basis of Presentation - Basis of Accounting**

Because of the CMPA’s relationship with the City, its financial statements are prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, which requires the CMPA to present *basic financial statements* which are defined as follows:

The Statement of Net Assets and the Statement of Activities report information 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 the related cash flows. These statements focus on CMPA’s activities, as a whole, and report all of the assets, liabilities, revenues, expenses, and gains and losses of the entity.

The Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance report information 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 within sixty days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

GASB Statement No. 34 requires disclosure of the reconciliation adjustments which convert the *fund financial statements* into *government-wide financial statements*. The CMPA has elected to present the respective *fund financial statements* and the *government-wide financial statements* in a combined format containing the reconciliation adjustments.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**General Fund**

The General Fund is the CMPA's sole operating fund and accounts for all of its financial resources.

**Restricted Cash Deposits**

Unspent proceeds of long-term debt (Note 5), project support payments (Note 7), and monies held for capital maintenance and repairs are restricted as their use is limited for development of the Park, debt service, and maintenance needs.

**Accounts Receivable**

Receivables consist of amounts due under the multi-use facility agreement as disclosed in Note 10. Currently, management deems all amounts to be fully collectible and no allowance for doubtful collections is necessary.

**Capital Assets**

Capital assets (consisting of the Park project, buildings, improvements, and equipment), are capitalized at cost in the Statement of Net Assets but are recorded as capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Contributed assets are recorded at their estimated fair value at the time of donation.

**Debt Issuance Costs**

Debt issuance costs are reported as assets in the statement of net assets and are amortized over the term of the related debt. In the year debt is issued, issuance costs are reported as expenditures in the fund Statement of Revenues, Expenditures and Changes in Fund Balance.



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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (Continued)**

**Fund Balance / Net Assets**

“*Restricted fund balance*” on the balance sheet represents the portion of fund equity that is not available for general appropriation in future periods as it is restricted for Park development and for debt service payments. In the statement of net assets, “*Restricted Net Assets*” represents the portion of net assets which are not accessible for general use because of third-party limitations.

**Revenues**

The CMPA’s revenues consist primarily of intergovernmental project support payments, private donations and user fees.

**Budgets**

The CMPA adopts a budget which is used for internal monitoring purposes but is not considered a “legal budget” for Florida compliance purposes.

**Income Taxes**

The Internal Revenue Service has determined the CMPA to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded. The CMPA is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. With few exceptions, the CMPA is no longer subject to federal, state, or local income tax examinations by tax authorities for years before 2009.

**Events Occurring After Reporting Date**

The CMPA has evaluated events and transactions that occurred between September 30, 2012 and January 8, 2013, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**Community Maritime Park Associates, Inc.**  
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**NOTE 2 - CASH DEPOSITS**

The investment of surplus funds is governed by the provisions of Florida Statute 218.415 as to the type of investments that can be made. Deposits may be exposed to custodial credit risk (risk of loss in the event of a bank failure). The CMPA manages its custodial credit risk by maintaining its deposits in financial institutions designated as “Qualified Public Depositories” by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institutions in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes (the Florida Security for Public Deposits Act). Accordingly, risk of loss due to bank failure is not considered significant. At September 30, 2012, the reported amount of the CMPA’s deposits was \$2,770,803 and the bank balance was \$2,807,441 consisting entirely of deposits with financial institutions.

**NOTE 3 - CAPITAL ASSETS**

Changes in capital assets for the year ended September 30, 2012, were as follows:

	Balance October 1, <u>2011</u>	<u>Increases</u>	Decreases/ <u>Transfers</u>	Balance September 30, <u>2012</u>
<i>Capital assets not depreciated:</i>				
Construction in progress	\$ 31,655,506	\$ 21,452,513	\$(53,108,019)	\$ --
<i>Capital assets depreciated:</i>				
Buildings	--	--	26,500,299	26,500,299
Improvements	--	--	23,742,384	23,742,384
Equipment	--	<u>800,582</u>	<u>2,753,336</u>	<u>3,553,918</u>
Total capital assets depreciated	--	800,582	52,996,019	53,796,601
<i>Less accumulated depreciation:</i>				
Buildings	--	251,321	--	251,321
Improvements	--	236,072	--	236,072
Equipment	--	<u>565,368</u>	--	<u>565,368</u>
Total accumulated depreciation	--	<u>1,052,761</u>	--	<u>1,052,761</u>
Total capital assets Depreciated, net	<u>\$ 31,655,506</u>	<u>\$ 21,200,334</u>	<u>\$ (112,000)</u>	<u>\$ 52,743,840</u>

For the year ended September 30, 2012, CMPA recorded \$1,052,761 in depreciation expense.

**Community Maritime Park Associates, Inc.**  
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**NOTE 4 - CRA NOTE PAYABLE**

In March 2012, CMPA entered into a promissory note with the Community Redevelopment Agency (CRA) of the City of Pensacola to borrow up to \$500,000 to fund additional costs of the park. The note bears annual interest at 2.50% and is due and payable in full on January 15, 2013. On December 10, 2012, the CRA Board voted to extend the term of the loan for eight months to mature on September 15, 2013, provided that the CMPA present a plan for repayment before the maturity date. As of September 30, 2012, the amount of \$411,969 had been drawn, and is a liability at year end.

**NOTE 5 - LONG-TERM DEBT**

In order to finance the development and construction of the public improvements of the Park, in December 2009 the City issued \$6,715,000 of Redevelopment Revenue Bonds, Series 2009A and \$38,925,000 of Redevelopment Revenue Bonds, Series 2009B. Approximately \$39.8 million of such proceeds were loaned by the City to CTA Investment Fund, LLC (the "Investor") and combined with other funds of the Investor to make equity investments in three separate community development entities ("CDEs") and take advantage of New Market Tax Credits under Section 45D of the Internal Revenue Code of 1986 ("Code") and Section 288 of the Florida Statutes.

The CDEs made loans to CMPA on May 27, 2010 totaling \$54,079,902 to finance the public use portion of the Park. The loans all require monthly interest payments effective July 1, 2010 with monthly principal payments starting July 1, 2017 and continuing through final maturity in 2040.

The CDE debts outstanding at September 30, 2012 are as follows:

<u>CDE Lender</u>	<u>Loan Description</u>	<u>Rate</u>	<u>Amount</u>
USBCDE Sub-CDE L VI, LLC	USB Note A, Facility A	4.641%	\$ 7,388,161
USBCDE Sub-CDE L VI, LLC	USB Note B, Facility B	.5016%	<u>2,511,839</u>
			9,900,000
CTACDE Sub1, LLC	CTA Note A, Facility A	4.641%	20,604,482
CTACDE Sub1, LLC	CTA Note B, Facility B	.7295%	<u>7,895,518</u>
			28,500,000
CDF Development Sub VI, LLC	CDF Note A, Facility A	4.641%	11,820,983
CDF Development Sub VI, LLC	CDF Note B, Facility B	2.3349%	<u>3,858,919</u>
			<u>15,679,902</u>
			<u>\$ 54,079,902</u>

The notes may not be prepaid in full or part prior to May 27, 2017, and thereafter the notes may be prepaid in whole but not in part.

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**NOTE 5 - LONG-TERM DEBT -- (Continued)**

Facility A note proceeds are to pay for all pre-development costs and expenses in connection with the construction project. Facility B note proceeds are to (a) acquire, rehabilitate and/or construct the improvements, (b) refinance certain existing debt incurred in connection with the project, (c) pay loan costs, (d) fund amounts on deposit in the reserve accounts, and (e) pay interest on the loans. All notes are secured by (a) a mortgage; (b) assignment of construction documents; (c) a security agreement granting the lender a security interest in (i) construction documents and all other contract rights, construction contracts, architectural contracts, management contracts, plans and specifications, engineering reports, licenses, permits and approvals relating to or usable in connection with the construction, use, occupancy, operations, ownership or maintenance of the property; (ii) CMPA property that is now or hereafter on deposit with, in the possession of, under the control of or held by the lender, including cash, deposits, stocks, bonds, treasury obligations, other securities, investment property, financial assets, securities accounts, notes, documents, instruments, certificates of deposit, items, chattel paper, and other property; (iii) the project support payments (Note 7); (iv) construction disbursement account; (v) operating account; (vi) reserve accounts. Private improvements to the Park will not serve as collateral.

In May 2012, CMPA entered into an agreement with the Northwest Florida Professional Baseball, LLC, (“NFPB”) for \$57,872 for the replacement of the existing aluminum bench seating with individual box seating. The interest free note is payable in ten equal annual installments of \$5,782. On November 28, 2012, the CMPA Board approved a motion to request NFPB delay first payment to December 31, 2013.

**NOTE 6 - CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS**

The following is a summary of changes in long-term debt for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012
USB Note A	\$ 7,388,161	\$ --	\$ --	\$ 7,388,161
USB Note B	2,511,839	--	--	2,511,839
CTA Note A	20,604,482	--	--	20,604,482
CTA Note B	7,895,518	--	--	7,895,518
CDF Note A	11,820,983	--	--	11,820,983
CDF Note B	3,858,919	--	--	3,858,919
NFPB note payable	--	<u>57,872</u>	--	<u>57,872</u>
Totals	<u>\$ 54,079,902</u>	<u>\$ 57,872</u>	<u>\$ --</u>	<u>\$54,137,774</u>

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**NOTE 6 - CHANGES IN LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS--  
(Continued)**

The annual debt service requirements to maturity for long-term debt are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2013	\$ --	\$ 2,008,049	\$ 2,008,049
2014	5,787	2,008,049	2,013,836
2015	5,787	2,008,049	2,013,836
2016	5,787	2,008,049	2,013,836
2017	337,365	1,873,159	2,210,524
2018 - 2022	7,534,616	9,329,459	16,864,075
2023 - 2027	9,467,596	7,755,201	17,222,797
2028 - 2032	11,928,740	5,781,533	17,710,273
2033 - 2037	15,035,327	3,296,448	18,331,775
2038 - 2040	<u>9,816,769</u>	<u>523,837</u>	<u>10,340,606</u>
Totals	<u>\$ 54,137,774</u>	<u>\$ 36,591,833</u>	<u>\$90,729,607</u>

**NOTE 7 - PROJECT SUPPORT PAYMENTS**

CMPA, along with the City and Community Redevelopment Agency of the City (“CRA”), entered into an interlocal agreement whereby the CRA agreed to remit CRA tax increment financing (project support payments) to CMAA to be used for debt service payments. For the year ended September 30, 2012, CMAA recognized revenue of \$1,894,745 from the CRA.

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**NOTE 7 - PROJECT SUPPORT PAYMENTS-- (Continued)**

Future annual project support payments to be remitted by the CRA are as follows:

Fiscal Year Ending September 30,	
2013	\$ 1,894,745
2014	1,894,745
2015	1,894,745
2016	1,894,745
2017	2,251,662
2018 - 2022	16,863,450
2023 - 2027	17,264,387
2028 - 2032	17,757,212
2033 - 2037	18,378,473
2038 - 2040	<u>10,389,930</u>
Total	<u>\$ 90,484,094</u>

**NOTE 8 - MASTER LEASE**

The City has leased property to the CMPA on which to construct, develop, operate and maintain public and private improvements (the Park), including a Community Multi-Use Facility. The term of the lease is for a period of sixty (60) years for \$1 per year. The master lease allows the CMPA to enter into agreements for use and lease of the public improvements. The CMPA also has the right to enter into sub-leases for any components of the private improvements portion of the Park, subject to approval by the City. Sub-leases must be at fair value, and the sub-lease revenues must be paid to the City.

During fiscal year 2012, the CMPA entered into the first ground sub-lease agreement for the proposed construction of up to a \$12 million office building which will provide for annual common area maintenance (CAM) charges relating to the Private Improvements in the amount of \$10,370. CAM charges are due upon issuance of certificate of occupancy of the office building to be constructed per the sub-lease agreement. Certificate of occupancy is anticipated in fiscal year 2014.

The City and the CMPA entered into an agreement on August 30, 2012 where the City will provide \$75,000 to CMPA per fiscal year for the operation of public amenities and public spaces at the Community Maritime Park. The appropriation will commence with the adoption of the Fiscal Year 2014 Budget and end on the natural termination of the Master Lease.

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**NOTE 9- GOVERNMENTAL FUND BALANCES**

GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

*Non-spendable* fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. There were no non-spendable fund balances as of September 30, 2012.

*Spendable* fund balances are classified as follows depending on the CMPA’s ability to control the spending of these fund balances.

*Restricted* fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation. As of September 30, 2012, the CMPA had restricted fund balance in its General Fund, consisting of \$1,757,750 for future construction and other costs associated with the public improvements for the Park.

*Committed* fund balances can only be used for specific purposes imposed internally by the CMPA’s formal action of highest level of decision making authority. As of September 30, 2012, there were no committed fund balances.

*Assigned* fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed. As of September 30, 2012, the CMPA had no assigned fund balances.

*Unassigned* fund balances represent the residual positive fund balance within the General Fund, which has not been restricted, committed, or assigned. As of September 30, 2012, the CMPA had unassigned fund balance in its General Fund, totaling \$140,647.

**Community Maritime Park Associates, Inc.**  
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**NOTE 10 - MULTI-USE FACILITY AGREEMENT**

On July 20, 2011, CMPA and Northwest Florida Professional Baseball, LLC, (“NFPB”), the owner of the Blue Wahoos “AA” minor league baseball franchise, entered into an agreement for NFPB’s use of the baseball stadium at the Park. The term of the agreement is for 10 years, with two optional 5 year renewal periods, and requires NFPB to pay an annual use fee of \$175,000 to CMPA. For the year ended September 30, 2012, CMPA recognized \$131,250 or nine twelfths of revenue from the user fee. The remaining \$43,750 was recognized as deferred revenue as of September 30, 2012.

NFPB pays CMPA a variable ticket sales surcharge and a variable attendance surcharge, based on the number and types of tickets sold. The annual minimum variable attendance surcharge is \$125,000 during the first 10 years of the agreement. CMPA is required to maintain a capital maintenance fund from the proceeds of the variable ticket sales surcharge for future repairs and maintenance. For the year ended September 30, 2012, NFPB paid CMPA \$125,000 for the variable attendance surcharge, and \$162,406 for the variable ticket sales surcharge.

The agreement defines rights and obligations between NFPB and CMPA depending upon the nature of events held at the facility. In general, NFPB is entitled to revenue streams related to baseball home games and other NFPB events (excluding parking revenues). Revenues from community events (events promoted and/or staged by CMPA) accrue to the CMPA. In addition, NFPB pays CMPA 20% of gross revenues derived from food and beverage concession sales during NFPB events held at the stadium.

**NOTE 11 - PARK MANAGEMENT SERVICES AGREEMENT**

On March 27, 2012, CMPA and the City entered into an agreement for the City to provide park maintenance and landscaping services. Annually, CMPA pays the city actual costs incurred up to a maximum amount of \$248,945. For the year ended September 30, 2012, CMPA paid the City \$82,261 for these services.



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**NOTE 11 - PARK MANAGEMENT SERVICES AGREEMENT -- (Continued)**

In addition, under this contract, the City is responsible for event scheduling and planning, management of outside kiosk sales, rentals, food service and other vendor services, and parking management. The fees charged by the City for these services are reduced by revenues earned by the City. If revenues earned by the City are not sufficient to cover its costs, the maximum amount payable by the CMPA is \$256,054. Furthermore, any revenues earned by the City in excess of its costs are payable to CMPA for deposit in the capital repair and maintenance fund. For the year ended September 30, 2012, the City paid \$75,790 to CMPA under this contract.

All necessary insurance policies, including property and general liability insurance, are secured for the CMPA by the City on a reimbursable basis.

**NOTE 12 - DEVELOPER ACTIVITY**

The CMPA had a contract with Maritime Park Development Partners, LLC (“Developer”) to serve as the project coordinator for the public improvement portion of the Park. In January 2011, the Developer contract was terminated by the CMPA and the CMPA filed suit against the Developer for repayment of fees and damages. Litigation in this matter is ongoing and no amounts are recorded in the financial statements for any recovery that might occur.

The CMPA contracted with Magi Construction, LLC, whose members are the Developer and Hoar Construction, LLC, as the design-build contractor for site preparation and public improvements. The design-build fee was estimated to be \$1.3 million and was based on the construction costs plus 3% for overhead and profit.

The adjusted projected cost for the public portion of the Park is approximately \$55 million, of which approximately \$53 million was expended through September 30, 2012. The remaining costs of approximately \$2 million, are anticipated to be incurred in fiscal year 2014.

The contract allows for CMPA to retain from 2.5% to 10% of the amounts due the contractor until acceptance of the work. The retainage payable at September 30, 2012, was \$452,848.

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**NOTE 13 - CONTINGENCY**

**Tax Credit Status**

As indicated in Note 5, the financing agreements involved the use of New Market Tax Credits. Accordingly, the CMPA must maintain status as a qualified active low-income community business as defined in Section 45D of the Code and Chapter 288 of the Florida Statutes. To induce participation of US Bank National Association (“USB”) and the CDE’s to make qualifying loans to the CMPA, CMPA entered into an indemnification agreement if an event or condition causes or results in a disallowance or recapture of all or any portion of the New Market Tax Credits pursuant to Section 45D of the Code or the Florida New Markets Development Program Act. Should a recapture event occur, the CMPA may have to compensate USB for incurred recapture losses. In the opinion of the CMPA, no recapture events have occurred.

**Construction Commitments**

The CMPA has a signed construction contract with Magi Construction, LLC, totaling approximately \$45.3 million, of which approximately \$45 million has been expended through September 30, 2012.

**NOTE 14- RISK MANAGEMENT**

The CMPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The CMPA participates in the City’s self-insurance plan to cover these risks. During the year the CMPA had no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that exceeded the CMPA’s insurance coverage in any of the past three fiscal years.

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**NOTE 15 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the balance sheet and the statement of net assets:

Fund balance, September 30, 2012	\$ 1,898,397
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet	52,743,840
Debt issuance costs are reported as expenditures in governmental funds, but as assets in the statement of net assets at their unamortized value	1,383,454
Long-term debt and accrued interest are not due and payable in the current period and, therefore, are not reported in the fund balance sheet	
Accrued interest	(167,337)
Notes payable	<u>(54,137,774)</u>
Net assets, September 30, 2012	<u>\$ 1,720,580</u>

Explanation of certain differences between the statement of revenues, expenditures, and changes in fund balance and the statement of activities:

Net changes in fund balance,	\$ (18,408,208)
Governmental funds report capital outlays as expenditures. However, in the statement of net assets the costs of these assets are capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	21,452,513
Depreciation is reported in the government-wide statements	(1,052,761)
Capital contributions reported in government wide statements	800,582
Net book value of assets disposed	(112,000)
Issuance of debt is recorded as an other financing source at the fund level; however, in the statement of activities, it is not report as revenues as it increase liabilities on the statement of net assets	(57,872)
Some expenses in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	
Debt issuance costs	<u>(50,004)</u>
Change in net assets	<u>\$ 2,572,250</u>

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**NOTE 16 - SUBSEQUENT EVENT**

In November 2012, the Board of Directors of CMPA requested the CRA forgive the \$411,696 loan outstanding as of year-end. On December 10, 2012, the CRA Board voted to extend the term of the loan for eight months to mature on September 15, 2013, provided that the CMPA present a plan for repayment before the maturity date. As of the date of issuance of these financial statements, the CMPA has not presented a plan for repayment and the CRA has not approved the request for forgiveness.