



UNITED STATES VIRGIN ISLANDS
Economic Development Authority

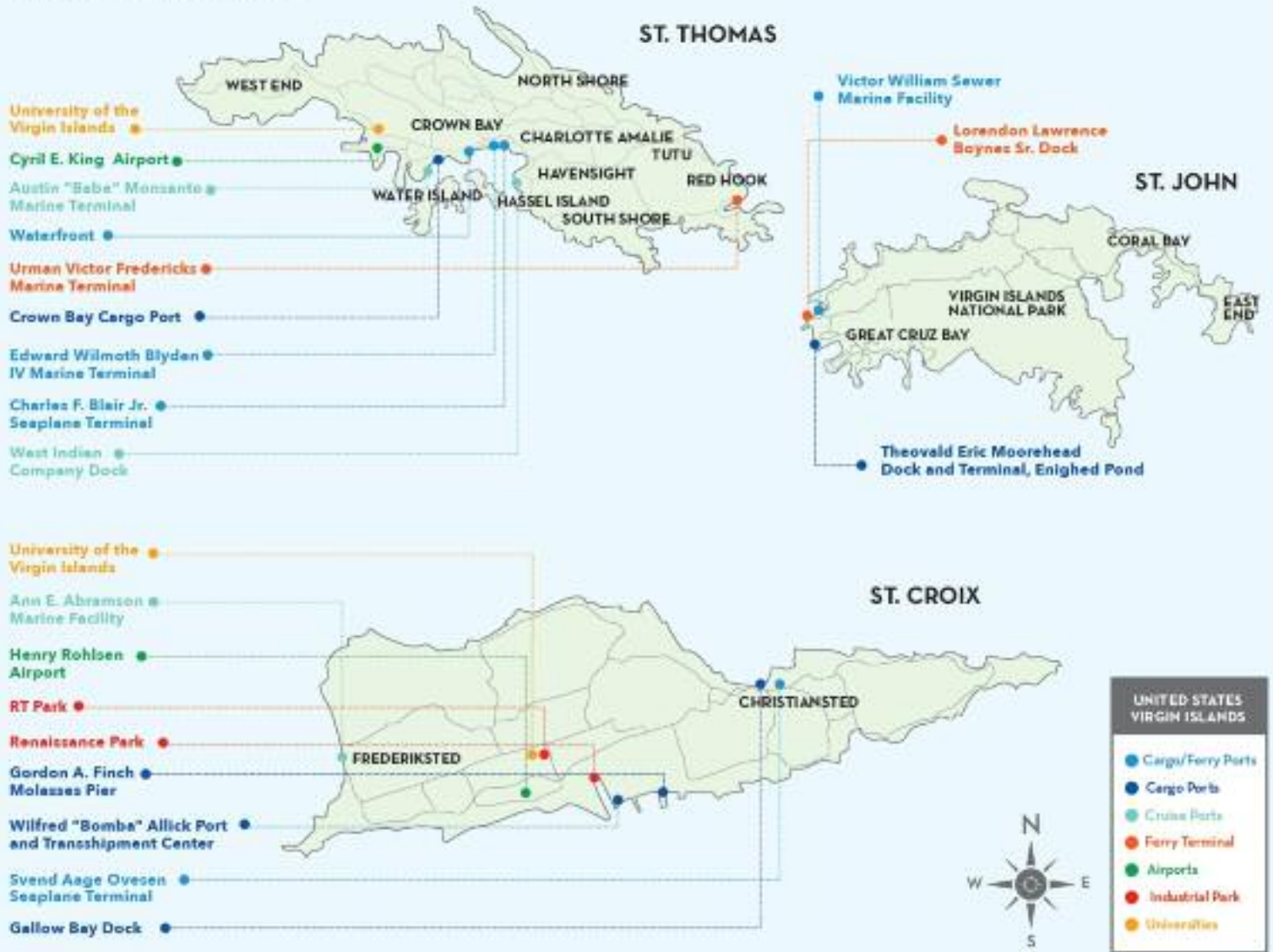
ANNUAL REPORT

FISCAL YEAR 2014 OCTOBER 2013 to SEPTEMBER 2014

TRANSFORMING TODAY, INVESTING IN TOMORROW.



U.S. VIRGIN ISLANDS



USVI AT THE CENTER OF OPPORTUNITIES





THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

MESSAGE FROM THE GOVERNOR

The United States Virgin Islands has invested generously to create one of the most business friendly locations under the flag. We continue to invest in energy and communications technologies, as well as other infrastructure, essential to conducting business in an increasingly competitive global environment. The benefits and tax incentives available through the Economic Development Authority are important components of a strategy to attract an already impressive assortment of industries, and its programs continue to encourage exploration of the opportunities for starting, expanding, or relocating business operations in this U.S. territory.

The Economic Development Authority is at the heart of our comprehensive approach to growing an economy which can support all sectors of the community, public and private. The financial investment incentives available through the EDA have been designed to attract and sustain the strong industrial foundation upon which a more prosperous community can grow. Our policies will continue to encourage and reward significant investments.

While we continue to refine our strategic plan for economic development, we are pleased with the business successes now evident, and the accompanying improvements in the general quality of life in the U.S. Virgin Islands. We invite you to explore and seize the opportunities available through the Virgin Islands Economic Development Authority. You will find that our doors are always open for business.

A handwritten signature in blue ink, appearing to read "K. Mapp".

Kenneth E. Mapp
Governor



The United States Virgin Islands

OFFICE OF THE LIEUTENANT GOVERNOR

CHARLOTTE AMALIE, ST. THOMAS, VIRGIN ISLANDS 00802

MESSAGE FROM THE LIEUTENANT GOVERNOR

The United States Virgin Islands is pleased that we can confidently rely on our Economic Development Authority (EDA) to present an accurate representation of the status of our delicate economy through its Fiscal Year (FY) 2014 Annual Report.

Over the last decade, the Virgin Islands economy has struggled to sustain itself. We have faced many harsh challenges, but have never lost our optimism that we will benefit from sound financial growth and economic stability in the upcoming years. Plans are underway to implement several projects that are designed to boost our economy, create jobs, and attract new investors. The Economic Development Authority plays a major role in meeting this goal and maintaining a responsible relationship with existing beneficiaries to insure business retention.

The FY 2014 Annual Report is a comprehensive and invaluable resource that serves multiple purposes. With this tool, economists, financial planners, business executives, developers, investors and analysts can determine where our shortfalls lie, and make prudent decisions which can help to improve the economic conditions in our Territory. It provides comparison data that shows critical trends, and identifies specific challenges within the five entities under the EDA.

I thank the Governing Board of Directors and the dynamic staff of the Economic Development Authority for your countless contributions and the hard work that was involved in producing the FY 2014 Annual Report. I have entrusted the utmost respect and confidence in the Economic Development Authority and know that it will continue to explore innovative ways to make the Virgin Islands a competitive market for potential investors and economic growth.

A handwritten signature in blue ink, appearing to read "Osbert E. Potter". The signature is stylized and fluid.

Osbert E. Potter



Message from the Interim Chairman of the Board

“Progress is impossible without change, and those who cannot change their minds cannot change anything.” – George Bernard Shaw

There have been many changes in Fiscal Year 2015. Perhaps the most significant of them in terms of economic development, in my opinion, was the adoption of Act No. 7651 for the Economic Development Commission Program. This was finally enacted in October of 2014. While Act No. 7651, was not perfect, it has provided a more realistic foundation for the Virgin Islands economic development programs to better address the needs of the Territory as we work together to improve our quality of life and create a stable tax base. Twenty years of tax incentives in the St. Thomas/St. John district and thirty years in the St. Croix district, allow for the improvement in our educational system and our overall workforce readiness so we are at the point where we will have better qualified candidates for the jobs created by our economic development programs.

The investment in the Virgin Islands for technology via the broadband project must be leveraged for economic development purposes. Our residents will be able to utilize its speed and capacity for learning and especially for earning a living that improves our quality of life. There were other notable changes to our economic program law in Fiscal Year 2014 that impacted the Economic Development’s lending programs, its industrial parks, and our historic towns.

The team at the EDA recognizes that change is necessary and has embarked on setting new standards to ensure that the average Virgin Islander is competitive in the global economy. We must be equipped with the skill sets, attitude, and work ethic needed to fill the jobs created by our economic development program. A well performing workforce, will not only help to attract new investment into the Territory, it will also ensure business retention.

As we embark on a new fiscal year, we recognize the many challenges with which we are faced. As a board we will continue to work in tandem with our private and government partners to forge ahead to a place where there is value and balance for all of our stakeholders.

The Governing Board of Directors wishes to thank you for your continued support of the Territory’s economic development. We are committed to making these islands—our home, a better place for all of us to live, work and enjoy.

José A. Penn
Interim Chairman



Message from the Chief Executive Officer

In an ever-changing global economy, great challenges are often the primary focus; however, those challenges are also accompanied by tremendous opportunities for reflection, growth, and transformation. As the lead organization for economic development in the U.S. Virgin Islands, we embrace the belief that transforming ourselves today can open the doors to greater opportunities to invest in ideas that can attract and retain businesses through our tax incentive program, revitalize our distressed neighborhoods within our enterprise zones, and sustain the operation of our local small businesses.

As such, it is my pleasure to submit this annual report as it highlights changes in our entities and programs that can help inspire continued progress in our goals for economic development in our Territory.

Through new legislation proposed this fiscal year by Governor John P. deJongh, Jr., the transformation of our entities and programs to enhance our ability to invest in positive public and private sector initiatives and continue meeting the needs of our residents and businesses has already begun.

With the passage of Act No. 7651, increased terms for businesses to receive tax benefits can be obtained through the U.S. Virgin Islands' Economic Development Commission program. This paves the way for more investment in our Territory. New legislation has also led to the addition of commercial zones to the enterprise zone program which would encourage business development and activity within our once vibrant towns. And to better serve our local small businesses, the passage of new legislation proposed by the Governor has allowed for the merging of the Government Development Bank/Small Business Development Agency and created the Economic Development Bank to streamline the services of the lending programs of both entities.

The VIEDA has also made great strides in its efforts to continue investing in the sustainability of our local small businesses by widening their access to more funding through the USVI's State Small Business Credit Initiative (SSBCI) program. Since this program's origination in FY 2012, more than \$3 million has been approved for small businesses in our Territory in partnership with our local banks that are participants of the SSBCI program which resulted in \$9 million in loans to local businesses.

In addition to providing more access to funding, the VIEDA was also committed to investing in small business growth - as highlighted in this report - through its Disaster Small-Mid-sized Enterprises Incubation Program, the USVI's State Trade and Export Promotion (STEP) Program and the USVI's City-State Partnership with the Export-Import Bank (Ex-Im Bank) of the United States.

Again, I commend and thank the staff and executive management of the Authority, and the Board of Directors for their tireless efforts, hard work, and dedication. I also thank Governor de Jongh and Lt. Governor Gregory R. Francis and their administration for their tremendous support.

Sincerely,

Percival E. Clouden
Chief Executive Officer

VIEDA BOARD OF DIRECTORS*



José A. Penn, Interim Chairman

Chief Financial Officer of Penns' Apartment Rental, Inc.;
Penns' Jeep Rental, Inc. and Penns' Trucking Services, Inc.
(St. John Representative)



Philip Payne, Interim Vice Chairman

Owner and CEO of Dyer & Payne, Inc.
(St. Croix representative)



Avery L. Lewis, Interim Secretary

Elementary School Teacher, Ulla F. Muller Elementary School
(St. Thomas Representative)



Simon B. Jones-Hendrickson, Ph.D., Board Member

Chief Economic and Fiscal Policy Advisor
to the Governor of the Virgin Islands
(Representative of the Governor's Executive Staff)



Catherine Hendry, Esq., Board Member

Commissioner of the Virgin Islands Department of Labor
(Representative of the Governor's Cabinet)



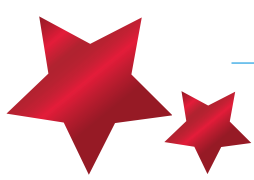
Juan Figueroa, Sr., Board Member

Executive Director Designee for the Virgin Islands Lottery
(Representative of the Governor's Cabinet)



Haldane Davies, Ph.D., Board Member

Vice President for Business Development and Innovation
at the University of the Virgin Islands
(Representative from the University of the Virgin Islands)



*as of FY 2015. Albert Bryan, Jr., former chairman of the board; Nathan Simmonds, former vice chairman of the board; and Lynn Millin-Maduro, Esq., former board secretary, served in their respective positions until January 5, 2015. Henry Smith, Ph.D., interim board secretary, served in this capacity until his retirement on March 31, 2015.

MANAGEMENT TEAM*

Wayne L. Biggs, Jr.
ACTING CHIEF EXECUTIVE OFFICER

Tracy Lynch Bholá, Esq.
LEGAL COUNSEL

Humberto O'Neal
PROJECT COORDINATOR

Ernest Halliday
DIRECTOR OF ADMINISTRATION & FINANCE

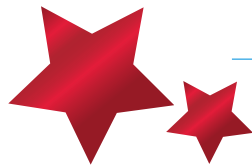
Margarita A. Benjamin
**DIRECTOR OF APPLICATIONS
ECONOMIC DEVELOPMENT COMMISSION**

Claude S. M. Gerard
**DIRECTOR OF COMPLIANCE
ECONOMIC DEVELOPMENT COMMISSION**

Sharmane A. Brookes
**DIRECTOR OF LENDING
ECONOMIC DEVELOPMENT BANK**

Nadine T. Marchena Kean
**DIRECTOR
ENTERPRISE & COMMERCIAL ZONE COMMISSION**

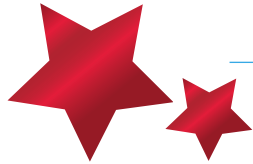
Edward Berry
INTERIM PARK SUPERINTENDENT



*Monique T. Samuel served as Acting Director of Lending until August 15, 2014. Stephanie J. Berry, former EDC Director of Compliance, served in this position until January 9, 2015. Jennifer Nugent-Hill, former Assistant Chief Executive Officer/Chief Operating Officer; Frederick Handleman, former Legislative, Programs & Policy Advisor; Paul Arnold, Sr., former Special Projects Coordinator; and George St. Rose, former Parks Superintendent, served in their respective positions until February 3, 2015. Percival E. Clouden, former Chief Executive Officer, served in this position until May 8, 2015. Telsalda Josiah, former interim EDC Director of Compliance, served in this position until June 19, 2015.

MISSION STATEMENT

The Virgin Islands Economic Development Authority (VIDEA) strives to be a customer service based organization that creates positive public/private sector partnerships for the enhancement of economic growth and development by meeting the challenges of the global economy and serving the needs of the business community, while embracing our unique cultural heritage and preserving our pristine natural environment.



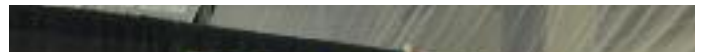
VIDEA is an equal opportunity provider, employer and lender.



Transforming Our Towns



Upstreet Community Town Plan Charrette, St. Thomas, USVI
Photo by Semele A.C. George/VIEDA



Investing in Our Small Businesses



Jason Budsan, owner of Caribbean Herbals on St. Thomas, USVI
Photo by Semele A.C. George/VIEDA



Transforming Our Community



Viewing of the proposed Christiansted Collaborative Town Plan on St. Croix
Photo by Semele A.C. George/VIEDA



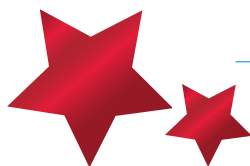
Investing in Our Future



Hovensa Deep Water Port on St. Croix
Photo courtesy of the St. Croix Avis

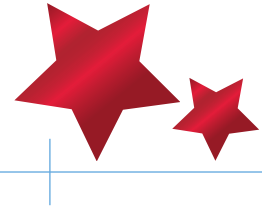
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NOTE: The information within this annual report for FY 2014 is based on activities within this fiscal year ending September 30, 2014 unless otherwise indicated.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY



TRANSFORMING TODAY, INVESTING IN TOMORROW

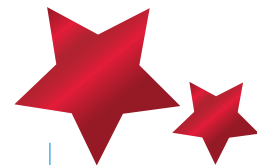
The Virgin Islands Economic Development Authority (VIEDA) was created as a semi-autonomous government agency on February 1, 2001 to assume, integrate and unify the functions of the Government Development Bank (GDB), the Economic Development Commission (EDC), the Industrial Park Development Corporation (IPDC), the Small Business Development Agency (SBDA), and the Enterprise Zone Commission (EZC) under one executive board in order to achieve maximum efficiency, streamline operations, and develop comprehensive programs to promote and enhance the economic development of the Territory.

See Special Projects Report in this annual report on changes in legislation regarding entity name changes as of FY 2014.

The Authority accomplishes its mission by attracting multi-national investors to establish or relocate their businesses to the United States Virgin Islands and by providing financial assistance through its lending arm, namely the GDB and the SBDA, to emerging and established businesses in the Territory. The Authority is funded by the general fund, based on a budget request from the Governor and the VIEDA Board of Commissioners, which must ultimately be approved by the Legislature of the Virgin Islands.

The powers of the Authority are exercised by a seven-member board, which is comprised of three (3) members that are appointed by the Governor from among heads of cabinet-level executive departments or agencies or from among the Governor's executive staff, three (3) members who are not employees of the Government of the United States Virgin Islands and are appointed by the Governor with the advice and consent of the Legislature, and one (1) member appointed from the board or executive staff of the Government Employees' Retirement System, the Virgin Islands Port Authority or the University of the Virgin Islands.

ECONOMIC DEVELOPMENT COMMISSION

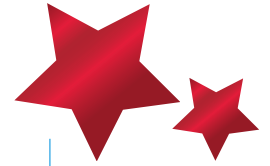


The Economic Development Commission (EDC) is charged with promoting the growth, development and diversification of the economy of the United States Virgin Islands by developing the human and economic resources of the Territory, preserving job opportunities for residents of the U.S. Virgin Islands, and promoting capital formation to support industrial development in the Territory. The EDC also oversees the EDC Small Business Program and the EDC Eligible Suppliers Program. The EDC is comprised of the Applications Unit which is the first point of contact by a business seeking to apply for economic development benefits, and the Compliance Unit which monitors beneficiaries to ensure that they comply with the terms and conditions of their certificates and with other requirements of law.



EDC Eligible V.I. Suppliers and other attendees listen to presentations from panelists on April 16 at the 2015 EDC Eligible V.I. Suppliers Seminar on St. Thomas at the University of the Virgin Islands Administration & Conference Center. This annual seminar provides attendees with information and updates concerning the EDC Eligible V.I. Suppliers program. *Photo by Semele A.C. George/VIEDA*

EDC APPLICATIONS DIVISION



The Economic Development Commission (EDC) is charged with promoting the growth, development, and diversification of the economy of the United States Virgin Islands, developing the human and economic resources of the Territory, preserving job opportunities for residents of the U.S. Virgin Islands, and promoting capital formation to support industrial development in the Territory

THE APPLICATIONS DIVISION

The EDC consists of the Applications Unit which is the first point of contact by a business seeking to apply for economic development benefits. Economic development benefits are “various tax exemptions and tax subsidies for which any person, member of a partnership, partnership or corporation” is granted these benefits according to Virgin Islands law. In exchange, businesses that receive benefits are to create job opportunities and generate tax revenues in the U.S. Virgin Islands. The Applications Division performs the following functions:

- Reviews all applications for economic development benefits and the status of Eligible Virgin Islands Suppliers.
- Collaborates with the VIEDA's Legislative Affairs staff in reviewing and recommending legislation that will have an impact on the EDC Program and USVI economic development matters.
- Collaborates with the Legal Unit in conducting background checks and relating to other process and procedural requirements.
- Prepares evaluation reports and recommendations.
- Conducts industry research.
- Completes other reports as requested by the Commission.

FISCAL YEAR 2014 OBJECTIVES

- Approve 25 new applications for the EDC tax incentive program.
- Perform research on electronic document management systems
- Host an Economic Development Commission Work Fair
- Encourage approved applicants to activate their benefits within the fiscal year of their application's approval.
- Enhance and streamline the online application to be industry-specific and user-friendly
- Prepare quarterly reports that show actual projected EDC-generated tax revenues to the Government of the U.S. Virgin Islands

FISCAL YEAR 2014 AT A GLANCE

- A total of 35 applications were received of which 22 were new applicants, six (6) extensions, five (5) modifications, and one (1) transfer application. At the end of the FY

2014, nine (9) were approved with a favorable recommendation to the Governor, two (2) were denied, three (3) withdrew, and twenty (20) were in various stages of the process.

- In partnership with the University of the Virgin Islands, the EDC Applications Division held a career fair in August 2014 on St. Croix and St. Thomas.
- Follow-up letters were mailed to applicants that were previously to receive benefits that indicated a continued interest in the Program to encourage them to activate benefits and/or provide an annual update.
- The EDC Applications Division commenced research on online application systems and on an integrated EDC Case and Document Management System; received recommendations from website developer Crucian Point, LLC for systems and participated in demo presentation. An initial review and edits to current application completed, pending changes to be made to the PDF version of the EDC application, and incorporated within the online application
- Completed quarterly reports to include projected tax revenues for the Territory in the report on applications received.
- The EDC hosted a seminar at the University of the Virgin Islands' Great Hall on St. Croix and at UVI's Administration and Conference Center (ACC) Building on St. Thomas for businesses certified as Eligible Virgin Islands Suppliers.



Margarita A. Benjamin, VIEDA's EDC Director of Applications, provides an overview about the Eligible V.I. Suppliers program to attendees of the 2014 Eligible V.I. Suppliers Seminar on April 16, 2014. *Photo by Semele A.C. George/VIEDA*

APPLICATIONS

APPLICATIONS RECEIVED IN FY 2014

During Fiscal Year 2014, 34 applications were filed with the Economic Development Commission which included 21 new applications, six (6) extensions, six (6) modifications and one (1) transfer application.

The statistics show that the 34 applications received represent a potential future economic impact of a minimum of 307 new jobs to be created, more than \$15.2 million to be paid in wages and more than \$63.8 million to be made in capital investments. These Applicants also represent the potential for the U.S. Virgin Islands to realize approximately \$5.4 million in taxes over a five-year period.

TABLE 1: EDC APPLICATIONS RECEIVED IN FY 2014

FY 2014 EDC Applications Received					
#	COMPANY	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 9/30/14
1	Coral World (V.I.), Inc.	Extension	III	Recreational Facility	Incomplete / Pending Compliance
2	GCI Management, LLC	Modification	IIA	Financial Service	Preparing Governor's letter
3	Harborside Corporation d/b/a Bolongo Bay Beach Resort	New	II	Hotel	Pending Governor's decision
4	PBG Corporation d/b/a Phantasea Tropical Botanical Garden	New	III	Botanical Gardens	Pending election of benefits
5	Healthquest, LLC	Extension	III	Healthy Facility	Incomplete / Pending Compliance
6	Westin St. John Hotel Company, Inc.	Extension	II	Hotel	Preparing Governor's letter
7	Goddard Catering Group St. Thomas, Inc.	Extension	III	Airline Catering Service	Incomplete / Pending Compliance
8	Sugar Bay Club and Resort Corp.	Extension	II	Hotel	Incomplete / Pending Compliance
9	Tropico Management, LP	New	IIA	Business Management	Pending Public Hearing / Compliance
10	Ay Ay Holdings Inc.	New	III	Vacation Villas	On hold by applicant
11	Aviation Partners of Boynton Beach, LLC	New	III	Aviation Charter	On hold by applicant
12	Valance Co., Inc.	Extension/Modification	IIA	Business Management	Incomplete / Pending Compliance
13	Circle Back Management, LLC	New	IIA	Business Management	Denied
14	White Bay Group USVI, LLLP	Modification/Transfer	IIA	Business Management	Incomplete / Pending Compliance
15	Monoco Holdings, LLLP	New	IIA	Financial Service	Applicant withdrew its application
16	Tuthill Corporation	New	IIA	Business Management	Pending election of benefits
17	RPP Advisors, LLC	New	IIA	Financial Services	Pending Governor's decision
18	Tramway Properties	Modification	III	Recreational Facility	Incomplete / Pending Compliance
19	Professional Holding Company VI, LLC	Modification	IIA	Business Management	Incomplete / Pending Compliance
20	Coral Management Group	New	III	Raw Processing	Pending Decision Meeting
21	MCS, LLLP	Modification	II	Manufacturer	Pending Decision Meeting
22	Global Medchoices Group, LLC	New	IIA	Business Management	Preparing Governor's letter
23	Carambola Northwest, LLC	New	II	Hotel	Application incomplete
24	InTrust Managed Solutions, LLLP	New	IIA	Business Management	Preparing Governor's letter
25	Gateway Global Management, LLC	New	IIA	Business Management	Preparing Governor's letter
26	Caribbean Leasing and Eco Transportation, Inc. d/b/a Drive Green	New	III	Auto Leasing/ Alternative Technology Transportation	Denied
27	Flying Fish Group, LLC	New	IIA	Business Management	Pending Public Hearing
28	JH Capital (V.I.), Inc.	New	IIA	Financial Services	Pending Decision Meeting
29	CIFER Inc.	New	IIA	Financial Services	Pending Public Hearing
30	OSON VI, LLC	Modification	IIA	Financial Services	Incomplete / Pending Compliance
31	Discover Fund Management, LLLP	New	IIA	Financial Services	Pending Public Hearing
32	Real Impact Corporation	New	IIA	Financial Services	Application in Process
33	Plessen Healthcare, LLC	New	III	Health Facility	Pending Public Hearing
34	Fostar Managed Services, Inc.	New	IIA	Financial Services	Pending completion/RT Park

DECISION MEETINGS IN FY 2013

For Fiscal Year 2014, the EDC Board and staff heard presentations made by 21 applicants at a public hearing. A total of 21 applications were also presented to the EDC Governing Board for consideration. A total of 16 applications were approved with a favorable recommendation to the Governor, of which seven (7) were applications filed in the prior fiscal year. In addition, one (1) application was approved for a transfer of benefits and two (2) applications for benefits were denied.

TABLE 2: EDC DECISION MEETING CASES FOR FY 2014

FY 2014 EDC Decision Meeting Cases				
#	NAME OF APPLICANT	MEETING	TYPE OF PETITION	STATUS
1	Greenleaf VI, Inc. *	10-02-13	Transfer	Approved
2	183 Media, LLC *	11-13-13	New	Approved
3	Tecoma Asset Management *	11-13-13	New	Approved
4	Ocwen Mortgage Servicing, Inc.	12-27-13	Modification	Approved
5	GCI Management, LLC	02-28-14	Modification	Approved
6	Monaco Holding, LLLP	02-28-14	New	Approved
7	PBG Corporation d/b/a Phantases Tropical Botanical Garden	02-28-14	New	Approved
8	Subbase Drydock, Inc. *	02-28-14	New	Approved
9	Sunshine Shopping Center, Inc. *	02-28-14	Extension	Approved
10	Westin St. John Hotel Co., Inc.	03-28-14	Extension/Modification	Approved
11	Tuthill Corporation	04-08-14	New	Approved
12	RPP Advisors, LLC	05-30-14	New	Approved
13	Coral Management Group, LLC	05-30-14	New	Approved
14	InTrust Managed Solutions, LLLP	07-02-14	New	Approved
15	Global Medchoices Group, LLC	07-02-14	New	Approved
16	Harborside Corporation d/b/a Bolongo Bay Beach Resort	07-25-14	New	Approved
17	Gateway Global Management, LLC	08-22-14	New	Approved
18	Carambola Golf Club, Inc. *	08-22-14	Extension	Approved
19	Circle Back Management, LLC	09-03-14	New	Denied
20	B&B Manufacturing, Inc. *	09-26-14	Extension	Approved
21	Caribbean Leasing & Eco Transportation d/b/a Drive Green	09-26-14	New	Denied

*THESE APPLICANTS FILED APPLICATIONS IN THE PRIOR YEAR.

APPLICATIONS PENDING GOVERNOR'S APPROVAL

During the fiscal year, nine (9) applications were approved by the Governor, one application was denied, and one (1) applicant withdrew their application prior to the Governor's consideration. At the end of the fiscal year, two (2) applications were pending the Governor's consideration and five (5) applications from the following businesses were in the process to be submitted to the Governor: GCI Management, LLC; Westin St. John Hotel Company, Inc.; Global Medchoices Group, LLC; InTrust Managed Solutions, LLLP; and Gateway Global Management, LLC.

TABLE 3: EDC APPLICATION PENDING GOVERNOR'S DECISION

FY 2014 EDC Application Pending Governor's Decision					
#	COMPANY	TYPE OF APPLICATION	CATEGORY	TYPE OF BUSINESS	STATUS AS OF 9/30/13
1	Harborside Corporation d/b/a Bolongo Bay Beach Resort	New	II	Hotel	Pending Governor's decision
2	RPP Advisors, LLC	New	IIA	Financial Services	Pending Governor's decision

PETITIONS

A total of 21 petitions were presented to the EDC Governing Board which include one(1) petition regarding a disregarded entity; 10 petitions for a reconsideration of applications for benefits; one (1) to admit a business partner; one (1) resubmission; one (1) petition for an extension on capital investments; two (2) for corrections to a certificate of benefits; one (1) for an expanded business description; one (1) for a company name change; one (1) ratification of an agreement; one (1) vote to reconsider the petition submitted; and one (1) petition for a change to a certificate. Of these cases, 19 petitions were approved, one (1) was denied, and one (1) was tabled.

TABLE 4: PETITIONS RECEIVED IN FY 2014

FY 2014 Petitions Received				
#	NAME OF APPLICANT	DECISION MEETING	TYPE OF PETITION	STATUS
1	Professional Holding Co. VI, LLC	10-02-13	Disregarded entity	Approved
2	Galtere Inc.	11-13-13	Reconsideration	Approved
3	HMY Hotel Resorts, LLC	11-13-13	Partner admittance	Approved
4	Bellicose VI, LLC	11-13-13	Reconsideration	Approved
5	Bates Trucking and Trash Removal, Inc.	12-12-13	Resubmission	Approved
6	Galtere, Inc.	12-12-13	Reconsideration	Approved
7	Southern Trust Company, Inc.	01-24-14	Extension on capital investment	Approved
8	Yacht Haven USVI, LLC	03-28-14	Correction to special condition	Approved
9	Monaco Holdings, LLLP	03-28-14	Reconsideration	Approved
10	Subbase Drydock Inc.	03-28-14	Reconsideration	Approved
11	GCI Management, LLC	07-25-14	Expanded business description	Approved
12	Sunshine Shopping Center, Inc.	07-25-14	Reconsideration	Denied
13	Wyndham St. Thomas Dev. Co.	07-25-14	Name change	Approved
14	Coral Management Group, LLC	07-25-14	Reconsideration	Tabled
15	Margaritaville Vacation Club by Wyndham, Inc.	08-22-14	Ratification of Agreement	Approved
16	Global Medchoices Group, LLC	08-22-14	Correction to language	Approved
17	Coral Management Group	08-22-14	Vote to reconsider	Approved
18	Margaritaville Vacation Club by Wyndham, Inc.	09-03-14	Certificate change	Approved
19	InTrust Managed Solution	09-03-14	Reconsideration	Denied
20	Seven Seas Water Corporation	09-26-14	Reconsideration	Approved
21	Westin St. John Hotel Company, Inc.	09-26-14	Reconsideration	Denied

CERTIFICATES

During FY 2014, the EDC Applications staff worked on preparing a total of 14 certificates. Nine (9) of these Beneficiary certificates were a result of approved applications for benefits from new applicants; four (4) certificates reflecting extensions of the applicants term to receive benefits; and one (1) certificate to reflect the change of the name of the applicant's business.

Of the 14 certificates, based upon the commitments made, the Territory will realize employment at a minimum of 68 full-time employees, approximately \$51,290,000 in capital investments, and annual charitable contributions of approximately \$550,500. It is also estimated that the Territory will potentially generate direct taxes over a five-year period of more than \$12,142,000 should the business operations materialize as projected.

TABLE 5: EDC CERTIFICATES OF BENEFITS ISSUED IN FY 2014

FY 2014 EDC Certificates of Benefits Issued			
	COMPANY NAME	TYPE	STATUS
1	GCI Management, LLC	New	Completed
2	Southern Trust Company, Inc.	New	Completed
3	Westin St. John Hotel Company, Inc.	Extension	Completed
4	St. Croix Renaissance Group, LLLP	Extension	Completed
5	Starboard Investments, LLC	Extension	Completed
6	Salt Pond Holdings, LLC	New	Completed
7	Seven Seas Water Corporation (USVI)	New	Completed
8	Tecoma Asset Management, LLC	New	Completed
9	183 Media, LLC	New	Completed
10	Kinsail Corporation	New	In Progress
11	Galtere, Inc.	New	Completed
12	Bates Trucking & Trash Removal, Inc.	Extension	Completed
13	Ferrer, LLC	New	Completed
14	Wyndham St. Thomas Development Company, LLC	Name Change	Completed



VIEDA Interim Board Chairman José Penn (right) answers questions from attendees of the VIEDC-University of the Virgin Islands Career Fair on St. Thomas held at UVI's Sports and Fitness Center on August 28, 2014. *Photo by VIEDA staff*

BUSINESS RETENTION & PROMOTION

APPLICANTS PENDING ACTIVATION OF BENEFITS DURING FY 2014

At the end of FY 2014, there were 15 applicants pending activation of benefits. The EDC Applications Division continues to be proactive in its retention program to facilitate and support applicants in the activation process of their certificates.

- In order to facilitate the process of activating benefits, an amendment to the EDC law requires that the commencement of benefits on a specific date and no later than one (1) year after the Governor's approval of the application for benefits was submitted in Bill No. 30-0300 versus the existing law that requires benefits to commence at some time during the first five (5) years of a beneficiary's operation of their enterprise.
- On April 25, 2014 and May 9, 2014, letters were sent to 12 applicants who were previously approved for benefits.
- The EDC Applications Division received updates from eight (8) applicants who expressed their continued interest in starting their business in the U.S. Virgin Islands and activating their tax benefits that were previously approved.

INQUIRIES FROM POTENTIAL INVESTORS DURING FY 2014

The EDC Applications Division fielded 45 inquiries from potential investors with a strong interest in doing business within the Territory. The EDC Applications staff conducted interviews through meetings, onsite visits and conference calls to identify with each investor's business models and provided information on the EDC Program. In collaboration with the VIEDA's Marketing team, the EDC Applications staff also meet with potential investors to identify businesses and industries that are targeted for future promotion of the economic development program. Several prospects are from a variety of industries.

ELIGIBLE V.I. SUPPLIERS

A total of 54 Eligible Supplier applications were filed in FY 2014 from October 1, 2013 to September 30, 2014. Thirty-six (36) applications were approved, six (6) were denied, three (3) were closed due to incomplete filings, eight (8) are pending and one (1) was withdrawn by the applicant.

TABLE 6: EDC ELIGIBLE SUPPLIERS FISCAL YEAR 2014

EDC Eligible Suppliers - Fiscal Year 2014				
APPS RECEIVED	COMPANY NAME	TYPE OF BUSINESS	STATUS	
1	10/9/2013	Caribe Craft	Carpentry Contracting & Manufacturing Services	Approved
2	5/15/2013	Waterproofing USA of the Virgin Islands	Commercial/Residential Waterproof	Closed
3	8/20/2013	Environmental Concepts, Inc.	Asbestos Abatement & Remediation Services	Approved
4	8/5/2013	Seal Tight, LLC	Not Provided	Closed
5	8/30/2013	ABC Concepts, Inc.	Product/Metal Servicing, General Construction, Fabrication & Welding	Approved
6	9/5/2013	Clarence R. Arthur d/b/a Integrated Solutions & Consulting	IT Network Consulting/ Data Cabling	Approved
7	9/6/2013	FS Islander Holding d/b/a USVI Sothebys International	Real Estate	Approved
8	9/6/2013	Oliver Exterminating Inc.	Pest Control Services, Tent Fumigation & Termite Treatments	Approved
9	9/13/2013	JK1 Investments, LLC	Estimates, Sells, & Installs Solar Power Generating Equipment	Approved
10	9/18/2013	McChain Miller Nissman, LLC	Legal Services	Approved
11	9/20/2013	Sherwin-Williams VI, LLC	Paint Retail Sales, Coatings & related products	Denied
12		Pete & Cruz Landscaping, LLC	Landscaping Services	Approved
13	10/11/2013	Patrice Kelly d/b/a Hamilton Real Estate	Real Estate	Approved
14	10/21/2013	Anneta Adams Heyliger d/b/a Adams Financial Services	Bookkeeping, Payroll Services, Quickbooks Setup, Audit Preparation Services	Approved
15	11/12/2014	Pastory A/C Refrigeration & Appliance d/b/a Dr. Cool	Air Conditioning, Refrigeration Systems, Parts, Installation & Service Work	Pending
16	11/24/2013	Waterproofing USA of the Virgin Islands, LLC	Commercial and Residential Waterproofing	Approved
17	12/6/2013	Bart Enterprises, LLC	Roofing Contractor	Approved
18	1/22/2014	USVI Supplies, LLC	Wholesaler/Foods & Operational Supplies	Approved
19	1/22/2014	Amy Rose Herrick	Financial Planning, Tax, Investments & Insurance Services	Approved
20	1/27/2014	RG Engineering Inc.	Construction	Denied
21	2/2/2014	Denise Holmberg	Bookkeeping	Approved
22	2/3/2014	Apex Construction	General Contracting, Construction Mgmt., Heavy Equipment Rental	Approved
23	2/3/2014	Glouster Pierre	Construction	Denied
24	2/4/2014	Hammerhead Construction	Installation of Fences, Landscaping, Gardening, Maintenance Service, Carpentry and Painting Contractor	Approved
25	3/3/2014	Caribbean Solar Company	Solar System Installation & Sales; Public Insurance Adjuster	Approved
26	3/11/2014	Deborah Swanson	Accounting Services	Withdrawn
27	3/13/2014	Antilles Power Virgin Islands, LLC	Service, Maintenance, Sales for Parts & Installation of Diesel Power Plants	Pending
28	3/20/2014	Cornerstone Insurance Services	Property, Casualty, Life & Health Insurance	Approved
29	3/20/2014	Aqua X, Inc.	Water Utility specializing in Reverse Osmosis & Waste Water Systems	Approved
30	4/1/2014	KLR Services, LLC	Equipment, Parts, Repair and Retail of Products	Approved
31	4/7/2014	Land Custom Clearing, Inc.	Heavy Equipment Leasing	Denied
32	4/8/2014	First Phase Data Comm	Telecommunications, Networking & Cabling	Approved
33	4/10/2014	Discount Travel, Inc.	Travel Services	Approved
34	4/11/2014	Victor S. Brown d/b/a Make Over Painting	Commercial and Residential Painting	Denied

TABLE 6: CONTINUED

EDC Eligible Suppliers - Fiscal Year 2014 - Continued				
APPS RECEIVED	COMPANY NAME	TYPE OF BUSINESS	STATUS	
35	4/11/2014	Tanya Van Blake-Coleman	Real Estate Services	Approved
36	6/12/2014	Lon Electric, Inc.	Electric Contracting Services	Approved
37	5/19/2014	Blue Water Environmental	Installation of Equipment; Import and Retail of Goods	Approved
38	5/19/2014	St. Jan Botanica	Installation of Equipment; Import and Retail of Goods	Approved
39	5/21/2014	Mock Leblanc Brown, Inc. d/b/a MLB Creative	Advertising & Marketing, Public Relations & Event Planning	Denied
40	6/9/2014	Shadows A.S., LLC	New Sails, Sail Repairs, Custom Awnings, Marie Canvas	Closed
41	6/9/2014	E&M Cleaning Services	Janitorial Services	Approved
42	6/9/2014	Mackay Enterprises, Inc.	Sales & Rental of Small Equipment & Party Goods	Approved
43	6/12/2014	M&M Electric Co, Inc.	Electric & Plumbing Supplies	Approved
44	6/25/2014	St. Thomas Concierge Services, Inc.	Provides water sports & tour broker services; Sports equipment, retail, shop & store	Approved
45	7/8/2014	Rock Master Paving & Excavating, LLC	Heavy Equipment Rental, Masonry & Construction	Pending
46	7/15/2014	Terrence Rabsatt	Telecommunications, Equipment, Camera & Gate Systems, Network Equipment & all Smart Home Equipment	Pending
47	7/21/2014	Caribbean Consortium, LLC	Computer Sales, related IT Equipment & Services	Approved
48	7/29/2014	Jacobs Real Landscaping & More	Landscaping and Painting Services	Approved
49	8/8/2014	Boyd & Son Construction, LLC	Construction, Masonry & Interior Finish	Approved
50	8/12/2014	Fun Water Tours, Inc.	Commercial Boat Tours, Freight & Passengers, and retail shop water sports equipment services	Approved
51	8/13/2014	Island Services Group, LLC	Electrical Services	Pending
52	8/13/2014	Jonetta Darden	Grant Writing, Business & Management Consulting, Notary Public, Legal Assistant Services and Records Management	Pending
53	8/15/2014	Personal Touch Insurance Services, LLC	Marketing & Sales - Supplemental Health Insurance, Life Insurance and Medical Air Services	Pending
54	8/22/2014	Julio Gonzales d/b/a Gondwanaland	Landscaping, Garden, Maintenance & Services	Pending

CONFERENCES AND SEMINARS

During this fiscal year, the EDC Applications Division coordinated, planned and supported stakeholders' activities that were presented by the Virgin Islands Economic Development Authority.

EDC BENEFICIARY SUMMIT

The Director of the Application Unit provided support to the Compliance Division as a presenter at the 2014 Beneficiary Summit. Information was provided on how remaining in compliance is essential to the re-application process and new process improvements.

VI ECONOMIC DEVELOPMENT COMMISSION CAREER FAIR

The Virgin Islands Economic Development Authority, in partnership with the University of the Virgin Islands Student Affairs' Counseling & Career Services, hosted the V.I. Economic Development Commission's Career Fair on St. Croix at the University of the Virgin Islands' Great Hall on August 26, 2014 and on St. Thomas at the University of the Virgin Islands' Sports and Fitness Center on August 28, 2014.

- At this career fair, Virgin Islands high school and college students, along with the general public, were provided with opportunities to learn about various jobs that are available through businesses that participate in the Economic Development Commission's tax incentive program.

- The VIEDA also worked with the V.I. Department of Labor, the V.I. Board of Education and the University of the Virgin Islands Community Engagement and Lifelong Learning Center (UVI CELL) to provide resources that are available for job seekers. These resources allowed these individuals to learn about the current job market, employment trends and the techniques that are used to improve their interviewing and networking skills.
- More importantly, job seekers met one-on-one with EDC company representatives to learn about their company's business activities and the potential opportunities that exist at each company for individuals to apply for scholarships and internships.

ELIGIBLE VIRGIN ISLANDS SUPPLIERS SEMINAR

On April 14, 2014, the Economic Development Commission hosted a seminar at the University of the Virgin Islands' Great Hall on St. Croix and at the University of the Virgin Islands' Administration and Conference Center (ACC) Building on St. Thomas on April 16, 2014 for businesses that are certified as Eligible Virgin Islands Suppliers.

- Attendees learned how to participate in the procurement activities of companies under the EDC. The attendees also had the opportunity to obtain information on the EDC program's rules and regulations, the Economic Development Program's procurement procedures, the Eligible V.I. Supplier program's compliance requirements and the technical assistance that is available to assist business owners in promoting their business to EDC companies.
- During the seminar, VIEDA economic development practitioners and other professionals from the V.I.'s public and private sector delivered presentations on economic development and lending programs, the Intricacies of Hotel Procurement, Small Business Marketing Strategies, and Improving Project Management Skills. A Meet & Greet Exhibition followed where suppliers displayed their products to the EDC Beneficiaries and other registrants at the seminar.

ONGOING PROJECTS AND TASKS

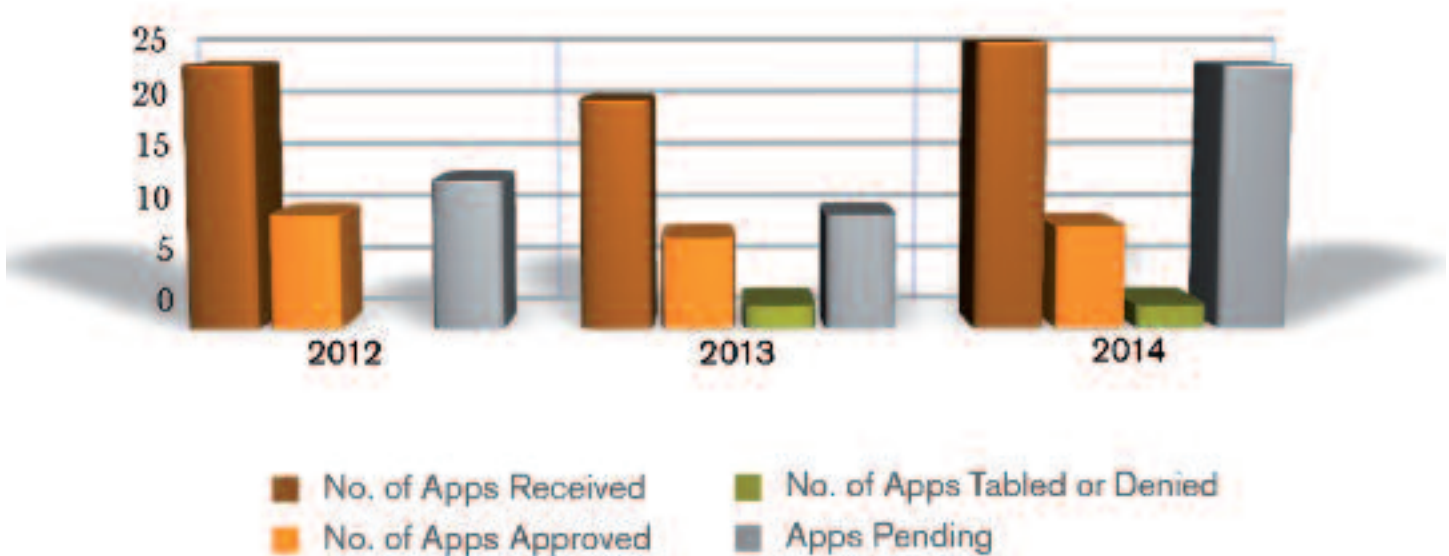
- **ONLINE APPLICATION AND CASE MANAGEMENT SYSTEM:** The EDC Director of Applications worked with a consultant to research case management and online application tools to enhance and streamline the EDC's online application by making the application industry-specific and user-friendly. Several online systems were recommended and the staff participated in presentations and a demonstration of the TerraDotta system. Subsequently, a demo presentation for Fluidreview and iSight systems was scheduled. We anticipate that the EDC will select the best online application system for potential investors to use as they apply for benefits under the economic development program.

- **STANDARD OPERATING PROCEDURES:** The draft Standard Operating Procedures (SOP) is being revised with applicable changes to be made on the EDC Application, and the EDC will continue to work with the legal and legislative affairs staff to finalize amendments to certificates, rules & regulations and applicable policies and procedures that relate to best practices and amendments to the EDC law as provided by Act No. 7651 (Bill No. 30-0300).

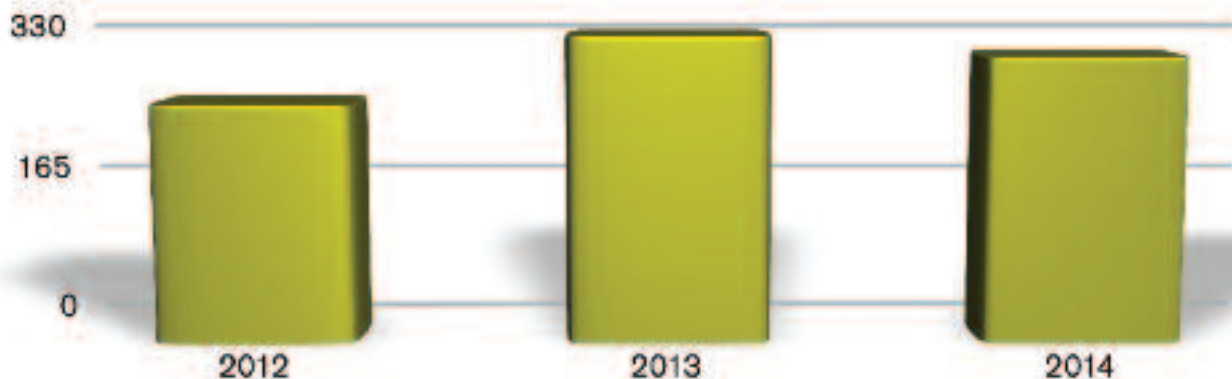
FISCAL YEARS HISTORICAL DATA

TABLE 7: EDC FY HISTORICAL APPLICATIONS INFORMATION

Applications Activity		FY 2012 - 2014 Historical Data		
	FY2012	FY2013	FY2014	
# of Apps Received	23	20	34	
# of Apps Approved	10	8	9	
# of Apps Tabled or Denied	0	2	2	
Apps Pending	13	10	23	

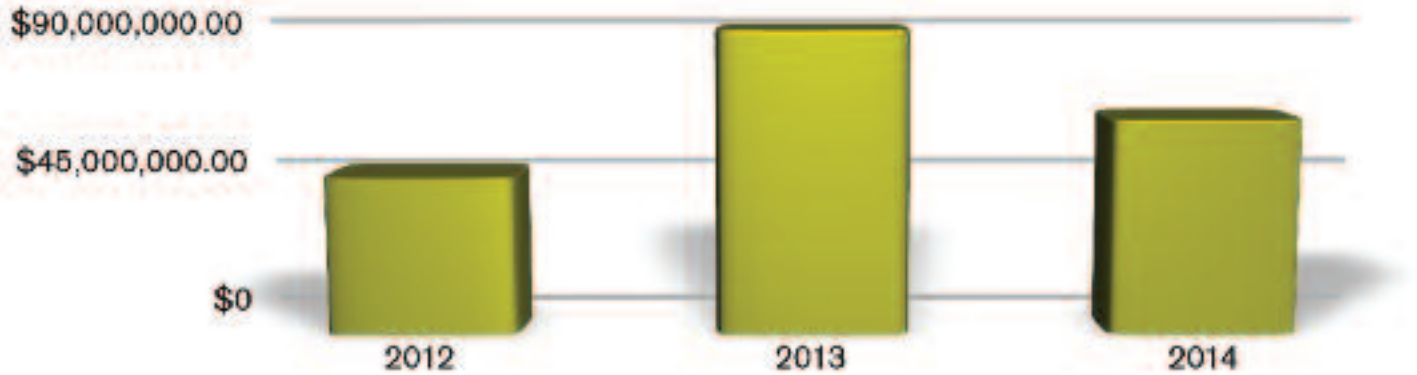


Job Opportunities			
	FY2012	FY2013	FY2014
Job Opportunities	256	329	307



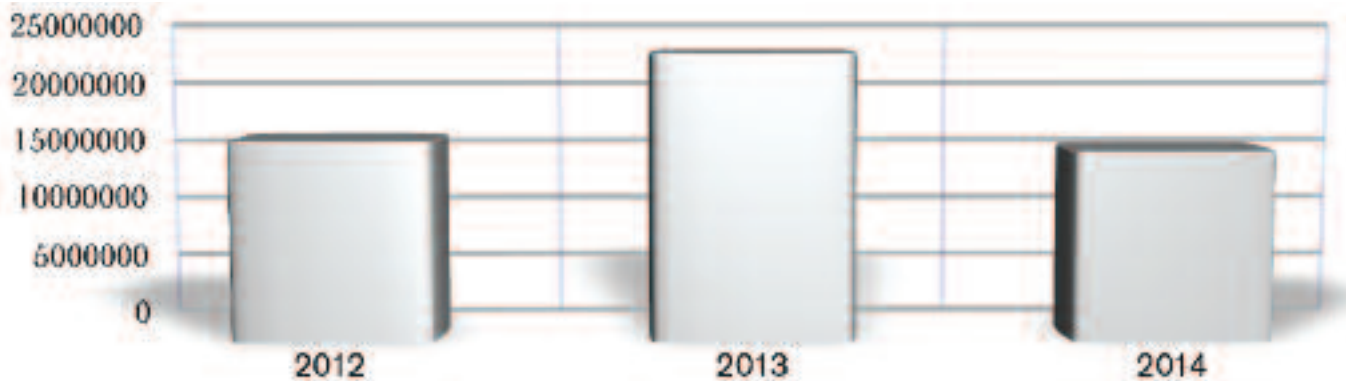
Minimum Potential Investment of New Applications

	FY2012	FY2013	FY2014
Minimum Potential Investment of New Apps	\$46,946,884	\$89,870,777	\$63,865,315



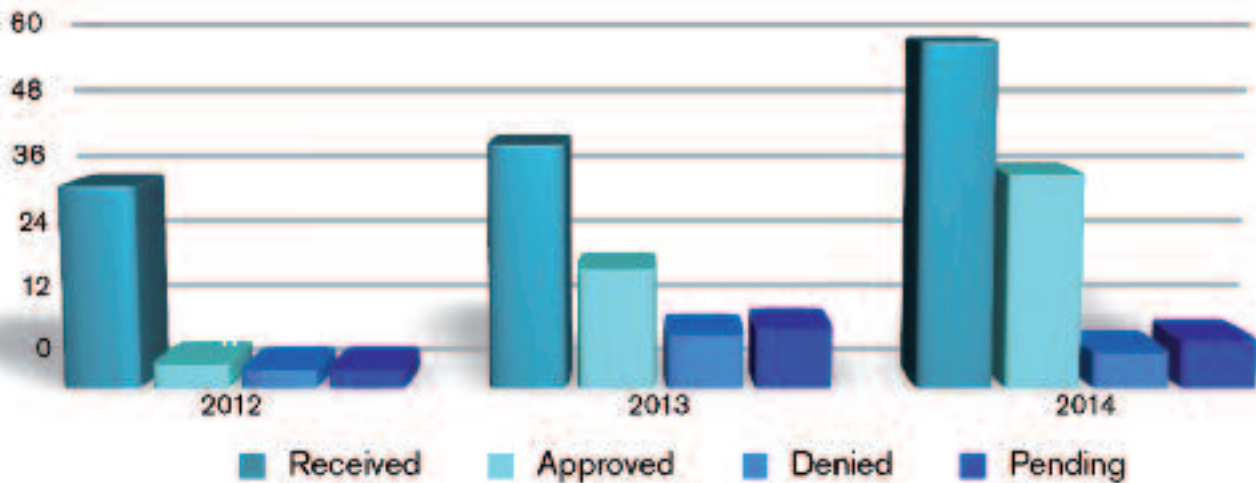
Approximate Wages of New Application

	FY2012	FY2013	FY2014
Approx. Wages of New Apps	\$16,070,868	\$23,044,827	\$15,265,490

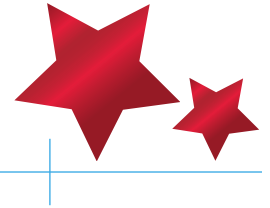


ELIGIBLE SUPPLIER - Historical Application Information

	FY2012	FY2013	FY2014
Received	34	41	58
Approved	4	20	36
Denied	3	9	6
Pending	3	10	8
Closed/Withdrawn	0	2	4



EDC COMPLIANCE DIVISION



The Economic Development Commission (EDC) was created for the promotion of the growth, development, and diversification of the economy of the United States Virgin Islands and is guided by Title 29, Chapter 12 of the Virgin Islands Code.

FUNCTIONAL STATEMENT

The mission of the EDC Compliance Unit is to promote compliance with the Economic Development Program Law, Rules and Regulations and the beneficiary's certificate of benefits. We provide services in two distinct yet related disciplines -- audit (assurance services) and compliance (ethics) in support of our vision of making EDC compliance commonplace and establishing a culture that promotes going beyond compliance through collaboration, innovation, and partnership. We value teamwork, open communication, professionalism, integrity, creativity, and fairness.

The EDC Compliance Unit ensures the integrity of the Economic Development Program through a compliance review process and reports its findings to the EDC Commission, which has the legal authority to resolve non-compliance matters. The funds derived from any penalties assessed for non-compliance may be used to support education, workforce development, and training programs within the Territory.

OPERATIONAL GOAL

Ensure that beneficiaries adhere to the requirements of the EDC Program.

FISCAL YEAR 2014 OBJECTIVES

- Conduct one beneficiary consultant forum in May 2014 and an annual beneficiary conference in August 2014 in each district.
 - Annual conference: Increase beneficiary care initiatives to ensure retention and expansion while maintaining the integrity of the program.
 - Consultant Forum: a fee-based event held to increase knowledge, not limited to the EDC program but also expose consultants to other VIEDA entities.
- Complete 20 compliance reviews and 120 site visits by the end of the fiscal year.
 - Compliance reviews: conduct reviews on active beneficiaries to include those who never had a review and whose last review was more than three years.
 - Site visits: increased through compliance officer visitation.
- Implement concise standard operating procedures to include quality assurance standards and code of ethics.
 - This is compliance specific but can be incorporated towards seeking constancy of purpose for continual improvement of all VIEDA programs and services

- Analyze, design, develop and implement an electronic compliance case management system which includes an online compliance reporting component in conjunction with other units
- Evaluate and enhance the electronic Cost Benefit Analysis applications and internal reporting on impact analysis

ACCOMPLISHMENTS AS OF SEPTEMBER 30, 2014

ORIENTATIONS

In fiscal year 2014, 13 Certificates of Benefits were executed. The unit conducted 10 new applicant orientations, one transfer certificate, and one extension certificate orientation. As of September 30, 2014, there were 78 active companies in the EDC Program.

TABLE 1: EDC CERTIFICATES ISSUED IN FISCAL YEAR 2014

#	BENEFICIARY	INDUSTRY
1	Asset Recovery Management	DSB – financial and management consulting, advisory services
2	DIAM Management	DSB – financial and management consulting, advisory services
3	MCS, LLLP	DSB-Business Management and financial consulting services
4	SCRG (extension certificate)	Eco-industrial park, utility production, desalination and wholesale of water, machine shop operation, and marine activities/port services
5	GCI Management, LLC	DSB – investment and advisory services
6	Southern Trust Company, Inc.	DSB – DNA database and developer of data mining platform
7	Starboard Investments (extension certificate)	DSB - financial consulting, money management, and investment management services
8	Salt Pond Holdings	DSB - Private merchant banking services and family office services
9	Seven Seas Water Corp.	Reverse osmosis water purification
10	Green Leaf VI II, Inc. (Transfer certificate)	DSB – Management and consulting
11	183 Media, LLC	DSB – Financial Management
12	Galtere, Inc.	DSB – Financial Management
13	Tecoma Asset Management, LLC	DSB – Financial Management

*DSB – DESIGNATED SERVICE BUSINESS

EDC Certificates issued in Fiscal Year 2014

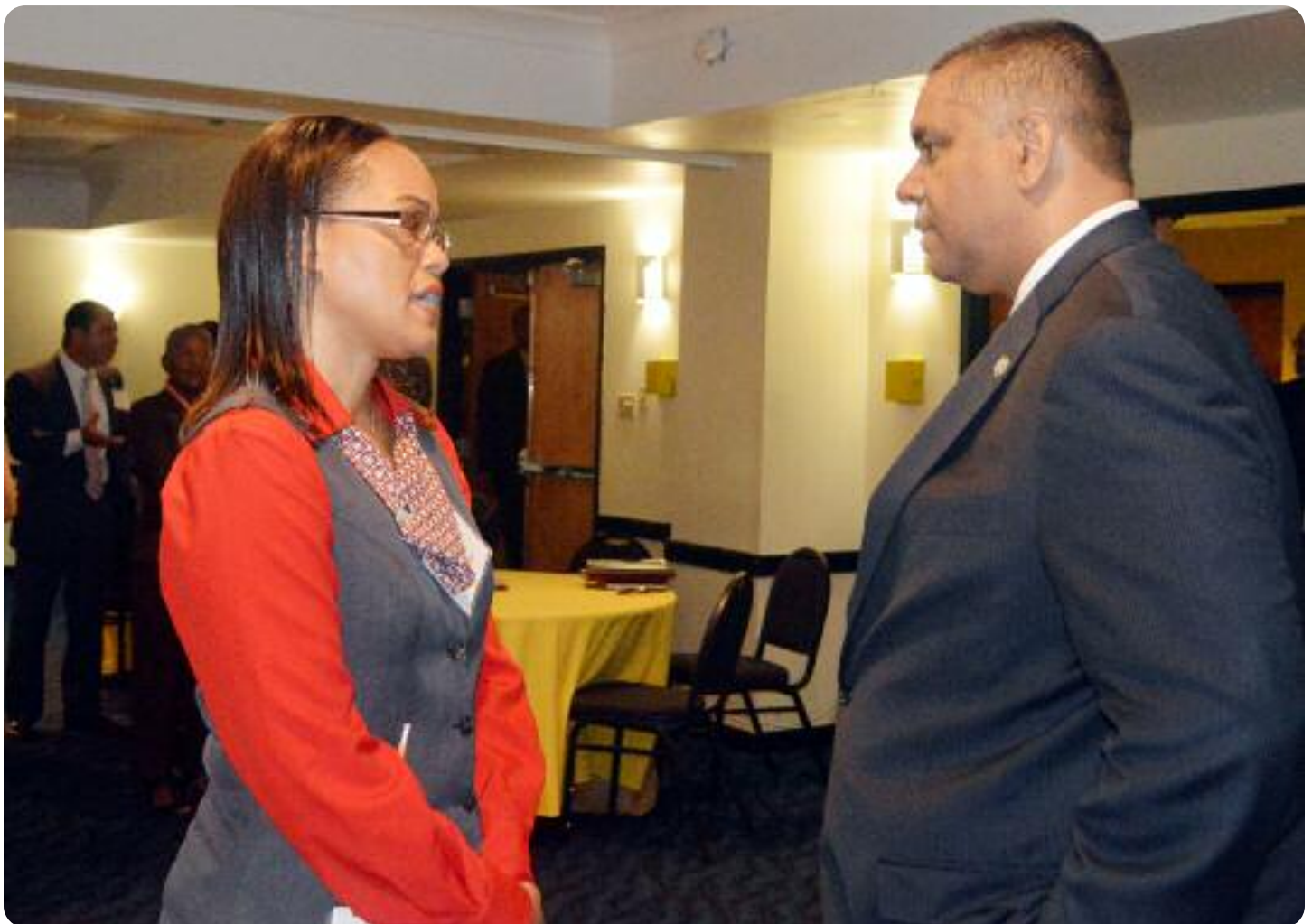
	FY12	FY13	FY14
Orientation	5	13	13

PETITIONS TO THE BOARD

In fiscal year 2014, 69 petitions were presented to the EDC Governing Board for deliberation.

TABLE 2: PETITIONS TO THE EDC GOVERNING BOARD IN FY 2014

Petitions to the EDC Governing Board in FY 2014		
#	BENEFICIARY	PETITION
1	Aggregate, Inc.	Order to show cause
2	AIS Consulting VI, LLC	Administrative closure
3	Alliance Management Partners, LLC	Resolution of non-compliance matters
4	Allquest Financial Services Corp.	Revocation
5	Allquest Financial Services Corp.	Post Show Cause resolution
6	Allquest Financial Services Corp.	Resolution of non-compliance matters
7	Alpine Group USVI, LLC	Discussion on prior Board decision
8	Alpine Group USVI, LLC	Addition of Partner / Employee
9	Altisource Asset Management Corporation	Employment extension
10	Asset Recovery Management, Inc.	Capital Investment extension
11	Atlantic Industries, Inc.	Extension of Suspension
12	AVisco, LP	Resolution of non-compliance matters
13	B.D. Specialities, Inc.	Resolution of non-compliance matters
14	B.D. Specialities, Inc.	Resolution of non-compliance matters
15	B.D. Specialities, Inc.	Reconsideration of Resolution of non-compliance
16	Bellicose VI, Inc.	Resolution of non-compliance and suspension
17	Bellicose VI, Inc.	Reconsideration of board decision



Stephanie J. Berry, the EDC director of compliance, speaks with the Hon. John P. deJongh, Jr., Governor of the U.S. Virgin Islands, at the 2014 EDC Beneficiary Summit on St. Croix at the Divi Carina Bay All Inclusive Beach Resort & Casino on August 12, 2014. Governor deJongh was the keynote speaker at this summit. *Photo by Semele A.C. George/VIEDA*

TABLE 2: CONTINUED

18	Bluewater Management, LLLP	Resolution of non-compliance matters
19	Cambridge Management Group, LP	Resolution of non-compliance matters
20	Cane Bay Partners VI, LLLP	Resolution of non-compliance matters
21	Caribbean Reservations, Inc.	Order to show cause
22	Charlie's Concrete Services, Inc.	Resolution of non-compliance matters
23	Contractors Concrete & Building Supplies	Resolution of non-compliance matters
24	Derivative Consulting Group, LLC	Resolution of non-compliance matters
25	DIAM Management, Inc.	Capital Investment extension
26	Diamond Rock Frenchman's Owners, Inc.	Resolution of non-compliance matters
27	Diamond Rock Frenchman's Owner, Inc.	Reconsideration of resolution of non-compliance matters
28	EMAX Financial Group, LLC	Administrative closure
29	Emerald Beach Corporation Beach Corp.	Resolution of non-compliance matters
30	Four Points Management, LLLP	Resolution of non-compliance matters
31	GeoNet Biofuels, Inc.	Revocation
32	GeoNet Biofuels, Inc.	Post Show Cause resolution
33	Glacial Energy VI, LLC	Resolution of non-compliance matters
34	Hudson Management Group, Ltd.	Resolution of non-compliance matters
35	Inner Circle Logistics, Inc.	Extension of Suspension
36	Intrepid Investments, LLC	Order to show cause
37	Leach & Garner Company VI, Inc.	Resolution of non-compliance matters
38	Lizard Management VI, LLLP	Resolution of non-compliance matters
39	Lizard Management VI, LLLP	Resolution of non-compliance matters/board decision
40	Mario's Virgin Crystal, LLC	Resolution of non-compliance matters
41	Mega Management Advisors, LLC	Non-compliance and termination
42	NASCO Corporate Finance Consultants, LLC	Resolution of non-compliance matters
43	Odyssey VI, LLLP	Resolution of non-compliance matters
44	Phyle Industries, Inc.	Resolution of non-compliance matters
45	Plantation View, Inc.	Resolution of non-compliance matters
46	QT Investment Managers, LLLP	Resolution of non-compliance matters
47	RRT Produce, LLC	Resolution of non-compliance matters
48	Salt Pond Holdings, LLC	Extension of deadline regarding capital investment
49	Seaborne Airlines Virgin Islands, Inc.	Resolution of non-compliance matters
50	Seaborne Airlines Virgin Islands, Inc.	Discussion regarding show cause order
51	Secret Harbor Beach Resort Association	Resolution of non-compliance matters
52	Shoreline Management Group, LLLP	Issue show cause at request of beneficiary
53	Shoreline Management Group, LLLP	Resolution of non-compliance matters
54	Shoreline, Inc.	Extension of show cause deadline
55	Smooth Kreationz, LLC	Order to show cause
56	Smooth Kreationz, LLC	Resolution of non-compliance matters
57	Southern Hills Financial	Revocation
58	Southern Hills Financial (fka The March Group)	Order to show cause
59	Southern Hills Financials, LLLP	Compliance disclosure
60	St. Thomas Tramway Joint Venture	Resolution of non-compliance matters
61	St. Thomas Tramway, a V.I. Joint Venture	Resolution of FY 2010 non-compliance
62	Sugar Bay Hotel Corp.	Resolution of non-compliance matters
63	Sunshine Shopping Center	Resolution of non-compliance matters
64	TAG Virgin Islands, Inc.	Revocation
65	TF Treasures, LLLP	Resolution of non-compliance matters
66	The Windward Company	Resolution of non-compliance matters
67	The Windward Company	Resolution of non-compliance matters/board decision
68	Tropico Management, LP	Resolution of non-compliance matters
69	Westin St. John Hotel Company, Inc.	Consideration of alternative donated leave program

SHOW CAUSE MATTERS

Ten (10) beneficiaries matters were presented to the EDC Governing Board to show cause why their benefits should not be suspended, modified or revoked.

TABLE 3: SHOW CAUSE MATTERS BEFORE THE EDC GOVERNING BOARD IN FY 2014

Show Cause Matters		
BENEFICIARY	FINDINGS	STATUS
AVIsco, LP	Revocation of benefits	Revoked
Southern Hills Financial (fka The March Group)	Revocation of benefits	Vacated 1-24-14
Allquest Financial Services Corp.	Revocation of benefits	Pending
Caribbean Reservations	Continued without date	
GeoNet BioFuels, Inc.	Revocation of benefits	Pending
Aggregate Inc	Continued without date	
Intrepid Investments, LLC	Continued without date	
Smooth Kreationz, LLC	Ordered to comply	Pending
TF Treasures	To administratively close TF Treasures, LLLP's EDC file effective August 22, 2014 and have the record reflect that TF Treasures, LLLP was out of compliance with the requirements of its certificate as a beneficiary of the Economic Development program	Completed
Plantation View, Inc.	Revocation of benefits	Pending

Show Cause matters before the EDC Governing Board in FY 2014

	FY12	FY13	FY14
Petitions	17	22	77

COMPLIANCE REVIEWS

In fiscal year 2014, 33 compliance reviews were completed. This figure includes 12 active and 21 inactive EDC certificates. Five of these beneficiaries fully complied with the terms of their EDC certificate of benefits.

TABLE 4: COMPLIANCE REVIEWS COMPLETED IN FY 2014

Compliance reviews completed in FY 2014	
BENEFICIARIES	
B&B Manufacturing, Inc.	Aggregate, Inc.
Diamond Rock Frenchman's Owners, Inc.	Derivative Consulting Group
St. Thomas Tramway, A Joint Venture	Contractors Concrete & Building Supplies
VI Paving	Tropico Management, LP
The Windward Company	VRBO International, LLC
Cane Bay Partners	Global Capital Advisors
Mega Management	RRT Produce
Bellicose VI	Phyle Industries, Inc.
Seaborne Airlines	Charlie's Concrete
Tropical Plastics Corporation	Alliance Management
Emerald Beach Corporation	Mario's Virgin Crystal
St. Thomas Nursing Home Prime, LP	Financial Trust Company
Valance Company, Inc.	Sugar Bay
Financial Trust Company	VI Analytics, LLC
MIFR	Alpha Broadcasting Corporation
B&B Manufacturing, Inc.	Bluewater Management, LLLP
Allquest Financial Services Corporation	

Compliance reviews completed in FY 2014

	FY12	FY13	FY14
Completed	15	31	33
Compliant	6	7	5
Non-Compliant	9	24	28

SITE VISITS

A total of 57 site visits were conducted for the following businesses during the fiscal year. Some sites were visited more than once.

TABLE 5: SITE VISITS CONDUCTED IN FY 2014

Sites Visits conducted in FY 2014		
SITE VISITS		
Belair Quartz, Inc.	Greenleaf VI II	183 Media
Galtere, Inc.	Bellicose VI, Inc.	B&B Manufacturing
Atlantic Industries, Inc.	Tropical Plastics Corporation	CI (USVI), LLC
Lexington Management, LLC	VITELCO-ILD, Joint Venture	DiamondRock Frenchman Owners
Caribbean Reservations, Inc.	Southern Hills Financial, LLP	Seaborne Virgin Islands, Inc.
American Management Solutions, LLC	Charlie's Concrete Service, Inc.	Kiskidee, LLC
Mega Management Advisors LLC	Professional Holding Company VI, LLC	Glacial Energy, VI
Integrity Life	Sugar Bay	White Bay Group
Goddard Catering Group, St. Thomas Corp.	Black Diamond Advisors, LLLP	Black Diamond Holdings, LLLP
OSON VI, LLC	Intrepid Investments, LLC	St. Thomas Tramway, A Joint Venture
MCS, LLLP	Magic Ice	RC Hotels (Virgin Islands), Inc.
Alpine Group USVI, LLC	Emerald Beach Corp.	West Indies Bay Company, Inc.
Tecoma Asset Management	Valance Company, Inc.	United Electronics Industries Services
Heavy Materials LLC	The Windward Company	STR Management, LLC
Intrepid Investments, LLC	Professional Holdings Company VI, LLC	VI Paving
Coral World	IGY-AYH	RC Hotel
Westin St. John Hotel, Inc.	Auven Therapeutic Management, LLLP	VI Analytics, LLC
Cane Bay Partners VI, LLLP		

EDC BENEFICIARY SUMMIT

“OUR EDC BENEFICIARIES ADD VALUE TO THE ECONOMY”

Many beneficiaries joined us in the territory for the USVI Economic Development Commission's 2014 Beneficiary Summit. We appreciated all our beneficiaries' participation and hope that they enjoyed hearing from our St. Thomas summit's keynote speaker the Honorable Janette Millin Young, Virgin Islands Senator, as she spoke about on the EDC program and improving the relationship with the community and our St. Croix summit's keynote speaker, the Honorable John P. deJongh, Jr., Governor of the U.S. Virgin Islands, on the benefits of the EDC program.

The EDC beneficiaries shared successful strategies on representing benefits to the territory. We hope that they all have or will be writing that extra page that is oftentimes is not visible to all. Our agency partners participated in both events, and we know they appreciated our beneficiaries' feedback as they work towards improving their service to the community.

The discussion on the compliance process afforded an opportunity for beneficiaries to hear and see what goes into the compliance report, how important it is that they provide timely and accurate reports, and ensure that supporting documentation is available to substantiate what is reported to the EDC.

We recognize that our EDC partners, individually and collectively, add value and so we are grateful that we had another successful summit.



EDC summit panelist William Neville, president of U.S. Viking, LLC, an EDC Beneficiary, talks to summit attendees about the benefits of investing in the USVI alongside panelist Willa Fils, manager of Public Relations and Governmental Affairs for EDC Beneficiary Innovative Companies. This summit was held on August 14, 2014 at Frenchman's Reef and Morning Star Marriott Beach Resort on St. Thomas.
Photo by Semele A.C. George/VIEDA

FISCAL YEAR 2015 OBJECTIVES

- Conduct one beneficiary consultation forum in May 2015 and the annual beneficiary conference in August in each district.
Annual conference: Increase beneficiary care initiatives to ensure retention and expansion while maintaining the integrity of the program.
Consultant forum: fee-based event to be conducted to increase knowledge not limited to the EDC program but also expose consultants to other VIEDA entities.
- Complete 20 compliance reviews and at least 80 site visits by the end of the fiscal year.
Compliance reviews: conduct reviews on active beneficiaries to include those who never had a review and whose last review was more than three years.
Site visits: increased through compliance officer visitation.
- Implement concise standard operating procedures to include quality assurance standards and code of ethics.
This is compliance-specific but can be incorporated towards seeking constancy of purpose for continual improvement of all VIEDA programs and service
- Analyze, design, develop and implement an electronic compliance case management system which includes an online compliance reporting component in conjunction with other units
- Evaluate and enhance the electronic Cost-Benefit Analysis applications and internal reporting on impact analysis

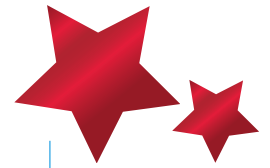
KEY PERFORMANCE INDICATORS

- Frequency (in years) of compliance reviews
- Average time lag between identification of external compliance issues and resolution
- Quarterly & Annual reporting trend - Average time lag between reporting deadline, notification, & filing date

ONGOING PROJECTS/TASKS

- Personnel Needs – Address staffing need to include salaries commensurate with industry pay scale, reorganization of unit to allow for review teams for larger beneficiaries, and creation and funding for a Senior Compliance Officer position.
- Resolution of compliance matters-negotiations pending and/or in process for Beneficiaries with non-compliance
- Address disclosure issues with all partner agencies – recommendations to create Memorandum of Understanding and expand release statement to be reviewed by legal counsel.
- Creation of Compliance Unit Standard Operating Procedures – These Standard Operating Procedures (SOP) detail the regular work processes conducted in the Compliance unit. The SOPs are designed to help compliance officers maintain consistent quality control and quality assurance, support data quality, and ensure compliance with Economic Development program's law, rules, regulations, policies and other governmental regulations.
- Coordination with government agencies – EDC staff continues to facilitate task force meetings.

V.I. INDUSTRIAL PARK DEVELOPMENT CORPORATION



The Industrial Park Development Corporation (IPDC) is chartered as a public corporation to acquire and operate industrial parks in the U.S. Virgin Islands and to complement the activities of the V.I. Economic Development Authority. Presently, there are two (2) industrial parks that fall under the auspices of the IPDC, the William D. Roebuck Industrial Park and the V.I. Industrial Park on St. Thomas.

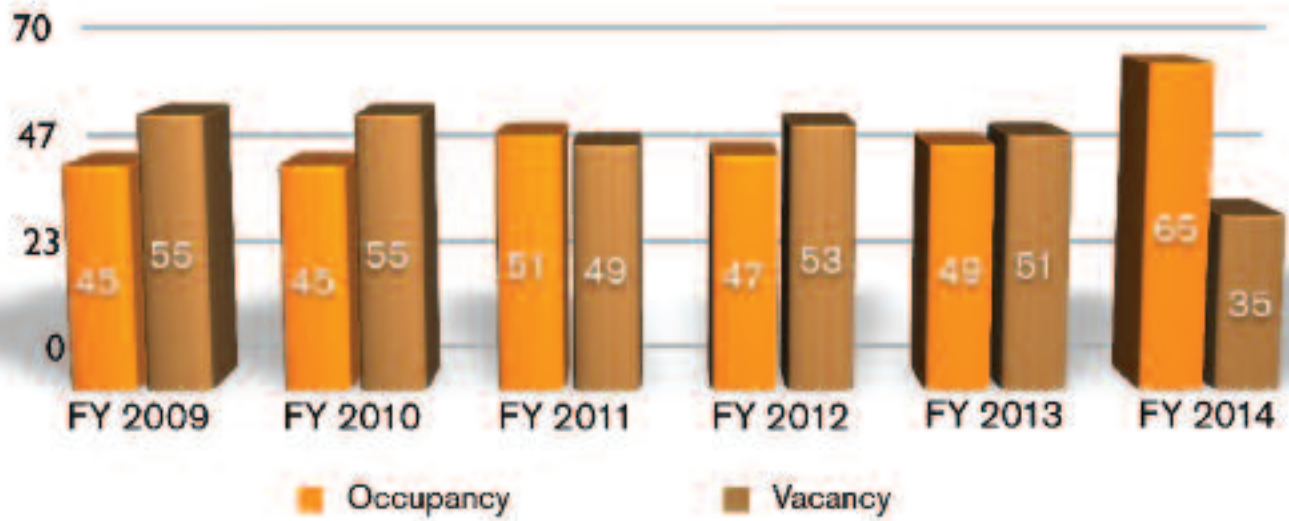
The **WILLIAM D. ROEBUCK INDUSTRIAL PARK**, located between the historic towns of Christiansted and Frederiksted on the island of St. Croix, is the largest of the two industrial parks. Situated within four (4) adjoining buildings, this park consists of 148,160 square feet of commercial space of which 69,400 square feet is currently occupied by five (5) beneficiaries of the Economic Development Commission’s tax incentive program, one of which includes Ocwen Mortgage Servicing Co. At the end of FY 2014, 65 percent of the park’s total commercial space was occupied.

The **V.I. INDUSTRIAL PARK on ST. THOMAS**, which consists of 20,000 square feet of commercial space, is located on a lush hillside just outside the bustling town of Charlotte Amalie and in a vicinity towards the Cyril E. King Airport. At the end of FY 2014, 53 percent of the park’s total commercial space was occupied by three companies, one of which includes United Electronic Industries Services, LLC, a business that manufactures and tests electronic assemblies tailored to the automotive, aerospace, military, medical, and semiconductor industries. The IPDC is solely funded by rental income.

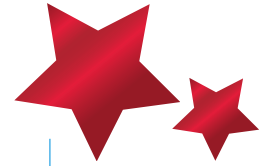
In addition to the two aforementioned properties, the IPDC also owns the building that houses the VIEDA’s headquarters on St. Croix, which is located at No. 4 King Street in Frederiksted. That structure, known as the Old Flemming Building, was purchased in 2002.

VI INDUSTRIAL PARK DEVELOPMENT CORPORATION - ST. THOMAS INDUSTRIAL PARK
VACANCY/OCCUPANCY (%)





ECONOMIC DEVELOPMENT BANK



The Economic Development Bank (EDB) was created to assist small and medium-sized businesses in accessing capital by providing loans and guarantee support in accordance with established laws and industry standards. Additionally, the EDB provides technical and managerial assistance to these businesses to ensure continued viability thereby facilitating employment growth and opportunities.

EDB FISCAL YEAR 2014 OBJECTIVES

- Reduce the delinquency rate by 25 percent through aggressive collection efforts
- Increase the loan portfolio by 30 percent or \$2 million with credit quality loans
- Apply to the Small Business Administration for a \$750,000 relending loan by January 2014
- Review and update files with loans of \$100,000 or more by September 2014
- Provide staff enrichment training on lending software and industry best practices

EDB FISCAL YEAR 2014 ACCOMPLISHMENTS

COLLECTIONS ON LOAN AMOUNTS

- Through collection efforts and write-offs, the loan balance delinquency rate was reduced to 54.53 percent, a significant improvement of 22.21 percent when compared to last year's 76.74 percent. This will enhance the integrity of the Economic Development Authority's balance sheet. These actions also support the recommendations made in January 2013 by the Office of Inspector General. A total of \$7,611,402.75 (principal, interest, fees) was charged off in 2014. Notwithstanding the loan charge off status, the EDB team along with the collection agencies and counsel continue to be aggressive in pursuing recoveries through legal channels while granting loans in conformance with guidelines.

Outstanding Loan Amounts and Delinquency as of September 2014

LOAN FUND	# LOANS	PRINCIPAL BALANCE	DELINQUENT LOANS	DELINQUENT VALUE	DELINQUENCY
IRP Loan Fund	4	\$168,237.00	3	\$78,886.00	46.89%
Farmers & Fisherman Loan Fund	3	22,651.00	1	8,624.00	38.07%
SDBA Loan Fund	17	589,162.00	10	368,524.00	62.55%
GDB Micro Loan Fund	26	496,127.00	18	406,168.00	81.87%
GDB Micro - PFA Loan Fund	43	600,638.00	42	581,871.00	96.88%
SBDA I 3801 Loan Fund	7	270,405.00	3	142,270.00	52.61%
SBDA II 3804 Loan Fund	10	179,921.00	6	84,962.00	47.22%
EDA 7081 Loan Fund	19	2,563,488.00	9	995,685.00	38.84%
TOTAL	129	\$4,890,629.00	92	\$2,666,990.00	54.53%

Note:

55% of Principal Amount Delinquent

71% of Loans Delinquent

- Application to the Small Business Administration for a \$750,000 relending loan is in process. The delay was partly due to the need for updated local statistics, which were recently received. The application is now expected to be submitted during the first quarter of fiscal year 2015.
- Installation and training of PORTFOL, a multi-user loan software designed to track and streamline activities from the initial call and deal structuring, through the lending approval process, and the servicing of the loan. The Lending and Accounting staff were trained to work with this software. Going forward, all new loans will be booked on PORTFOL. Lending staff will thoroughly review all files to ensure the information inputted in PORTFOL is accurate and is as complete as possible. We expect a full transition to PORTFOL by the end of the second quarter in fiscal year 2015.
- In this specialized industry, training is a key component to the overall success of the EDB. Training as it relates to loan collections process, financial statement analysis, economic development, and business development is critical to staff's effectiveness, and it should be ongoing. As a result, staff participated in Economic Development and State Small Business Credit Initiative (SSBCI) conferences on island and on the mainland, respectively in April 2014. In addition, in-house training sessions, as they relate to industry standards and best practices, were conducted and included topics such as real property valuation, equipment valuation, client review and checklist, and a review of loans offered by EDB. Training is ongoing.

CREATION OF THE ECONOMIC DEVELOPMENT BANK

- On June 18, 2014, Act No. 7632 (Bill No. 30-0302) created the merger of the Government Development Bank and the Small Business Development Agency, which led to the renaming of these two entities to Economic Development Bank. The integration and unification of these functions should allow for greater efficiency.

LOAN APPLICATIONS

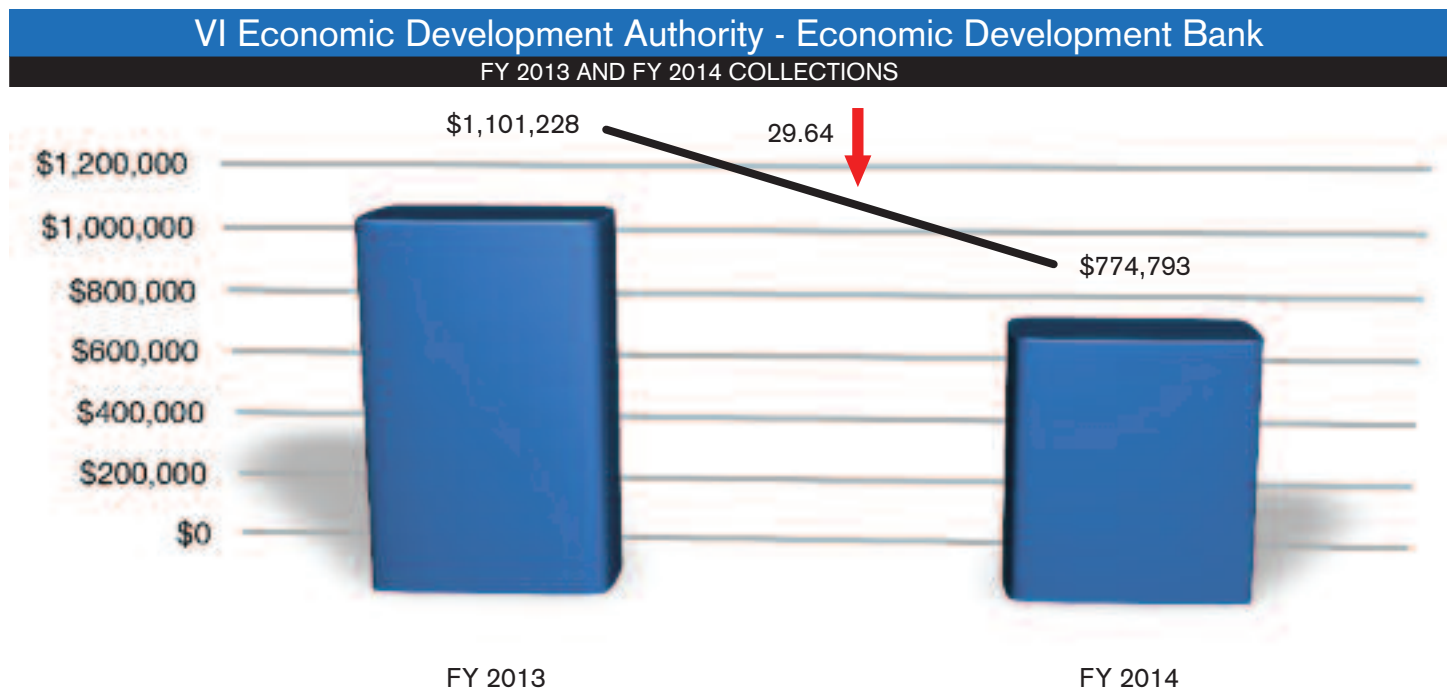
- A total of \$2,947,500 in guarantee/collateral support, and/or loans were booked in 2014 to 15 applicants, up by 66 percent when compared to nine (9) loans closed in 2013. The SSBCI guarantee and collateral support program has resulted in more than \$10 million in local bank loans to small businesses. This is a direct result of our marketing efforts, and our community's increased awareness that EDB remains open for business to provide them with technical and financial support.
- The EDB staff has participated in training, educational, and informative sessions with the V.I. Department of Agriculture, V.I. Small Business Development Center, Bureau of Corrections, St. Croix Chamber of Commerce's Business After Hours, and the local banks to name a few. The purpose was to inform the public of what we have to offer to assist entrepreneurs in managing and growing their businesses.

The Economic Development Bank's State Small Business Credit Initiative loan guaranty collateral support collaboration with private banks is its chief success story in 2014. During 2014, private bank participation was \$6,581,000 with EDB providing collateral support of \$2,354,000. Below are the results of the collaboration since its inception in 2012.

SSBCI - St. Thomas/St. John District		
INDUSTRY TYPE	PRIVATE BANK LOAN AMOUNT	SSBCI SUPPORT AMOUNT
Health	USD \$5,205,000	USD \$1,658,325
Tourism	2,475,000	771,000
Retail	766,000	293,000
Construction	50,000	5,000
Social Services	20,000	2,000
Hospitality	1,116,390	164,000
Grand Total:	USD \$9,632,390	USD \$2,893,325

SSBCI - St. Croix District		
INDUSTRY TYPE	PRIVATE BANK LOAN AMOUNT	SSBCI SUPPORT AMOUNT
Health	USD \$626,000	USD \$60,000
Enviromental	150,000	15,000
Food	200,000	20,000
Retail	100,000	50,000
Grand Total:	USD \$1,076,000	USD \$145,000

- The EDB collected \$774,793.14 in fiscal year 2014 versus \$1,101,228.28 in 2013, a decrease of 29.64 percent. In 2013, significant lump sum payments which were received from clients through legal settlements, and from other sources. These were one time payments which did not occur again in 2014.





Sharmane A. Brookes, Director of Lending at the VIEDA Economic Development Bank (center), meets with Dr. Louis Petersen (fifth from the right), Commissioner of the V.I. Department of Agriculture; and local farmers at the Estate Bordeaux Farmers Market on St. Thomas on November 5, 2014 to learn more about each farmers' business, their needs, challenges and successes. Brookes, who joined the VIEDA in August 2014, also informed the farmers about the technical and financial support that is available for small business owners at the EDB.
Photo courtesy of the V.I. Department of Agriculture

EDB FISCAL YEAR 2015 OBJECTIVES

- Reduce the delinquency rate by 30 percent through aggressive collections efforts and loan classification
- Increase the loan portfolio by 20 percent or \$1.8 million with credit quality loans
- Recruit experienced staff to support Lending initiatives
- Hire independent counsel to work on loan closings and lending delinquencies

The EDB acknowledges that the objective to reduce the delinquency rate by 30 percent during this fiscal year may be unattainable considering the amount of cleanup of files that is required. What is realistic is to review all files, determine which may be eligible for restructure or refinance, and to proceed in that manner. Many businesses are closed and or the owners are deceased. As a result, collection against estates, if any, is a very long process, therefore recovery, if any, would not be registered in this year's financials. It is also very possible that another wave of write-offs is inevitable. An objective to reduce delinquency rate by 15 percent may be more attainable, but notwithstanding, the EDB will make a every effort to achieve the 30 percent objective. Noteworthy is that the department was recently structured so that all members in the Lending

Division are assigned a portfolio of accounts for which they must monitor, manage, and make every effort to keep up to date. The assignment of accounts to the underwriters, collectors, loan administration officers and consultants, allows for more efficiency and accountability. Additional reorganizing, possibly recruitment of staff and a St. Croix-based outside counsel, may be required for even greater efficiency.

Regarding the objective to increase the loan portfolio by 20 percent, or \$1.8 million with credit quality loans, the EDB will aggressively work towards achieving this objective. EDB's pipeline is improving and activities to further improve the pipeline are on the way. These activities include becoming more intimately involved with the farmers, fishermen, and other small business owners, existing and prospects. It is EDB's goal to understand their business operations, know what is working well, listen to their challenges, and provide technical and financial assistance, where appropriate, to ensure their ongoing viability. To date, EDB has approximately \$1.1million in new requests to be evaluated and/or closed.

In summary, the EDB's focus for fiscal year 2015 will be centered on

- conducting a complete review of the portfolio as it relates to delinquencies, file content, and compliance with the Office of the Inspector General's report,
- enhancing the efficiency of our credit administration,
- portfolio growth,
- more collaboration with outside counsel, collection agencies, and other units within the Authority, and
- its continued participation in community activities.



Monique T Samuel (center), former Acting Director of Lending; and Charlene Gerard, EDB Loan Assistant (right), explain the EDB lending programs to attendees of the Women Striving for Success (WSFS) Conference. This annual conference, hosted by the Hon. Janette Millin Young, a U.S. Virgin Islands senator, was held on October 14, 2013 at Frenchman's Reef and Morning Star Marriott Beach Resort on St. Thomas. *Photo by Semele A.C. George/VIEDA*

DISASTER SMALL-MID SIZED ENTERPRISES INCUBATION PROGRAM

The VIEDA was awarded a \$1 million grant from the U.S. Economic Development Administration (USEDA) to administer the VIEDA's Disaster Small-Midsized Enterprises (DSME) Incubation Program. This program is designed to assist our local entrepreneurs who were affected by natural disasters by helping them reopen or start a business, or expand their existing business on the island of St. Croix. The program, which being administered at the William D. Roebuck Industrial Park, has been fully operational for more than a year. Currently, this program has nine (9) participants in the program, two (2) of which are in-house participants and seven (7) are outreach participants that are located off-site. These participants represent the following business industries: aquaponics / hydroponics, solar installation, restaurant, food production, eco-resort, software solutions and wellness center/pharmacy.

TRAINING

On March 12, 2014, representatives from the VIEDA's DSME Incubation Program made contact with Federal Specialists Alma Plummer and Debra Beavin of the U.S. Department of Commerce-Economic Development Administration in Philadelphia, PA, to make preparations and arrange logistics for the incubator tours planned for the next day.

The scheduled incubator tours in Philadelphia, PA were as follows:

1. The Enterprise Center
2. The Dorrance H. Hamilton Center for Culinary Enterprises
3. University City Science Center

VIEDA's DSME Incubation Program Manager Cusa Holloway has completed the National Business Incubator Association (NBIA) Incubator Managers Certificate Program.

FY 2014 PROGRAM MILESTONES

- VI Aqua Farm (shrimp farming / hydroponics) was granted approval from the Department of Agriculture to lease two (2) acres of land for their proposed project. Currently, VI Aqua Farm is working with consultant and Leveragent Chris Mathers and Attorney Anthony Kiture to start the business license process. This team is currently waiting for the completion of the survey of the land prior to being issued a formal lease by the Department of Agriculture.
- Rental income has been collected from two (2) tenants, NEARiX and Neighborhood Pharmacy. Both companies are making great progress in the program.
- Island Services Group, LLC has completed the solar installation of the Spanish Town solar farm. The ribbon cutting ceremony was held on October 27, 2014. This company has been doing extremely well under the program and has ultimately won bids for other projects in the territory such as Magaritaville in St. Thomas and University of the Virgin Islands-St. Croix Campus (UVI).

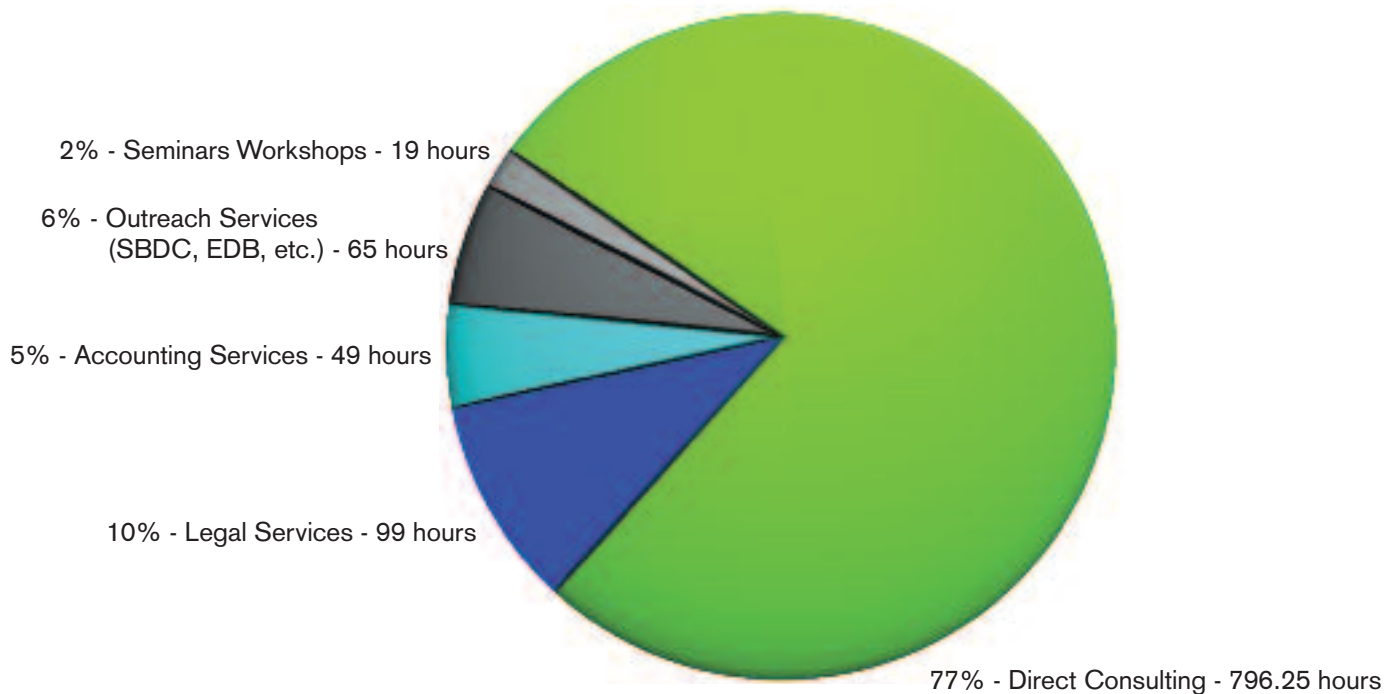
- We had a successful and favorable visit with Debra Beavin on September 9, 2014, a USEDA representative. The purpose of the visit was to follow up on the progress of the program, audit our files and meet the consultants and participants
- Cusa Holloway and Consultant Chris Mathers met with UVI President Dr. David Hall and UVI's Director of Entrepreneurship Dr. Tim Faley to discuss collaboration of resources to assist entrepreneurship endeavors of students and incubator participants.
- Incubator participant NEARiX, LLC has signed a Memorandum of Understanding (MOU) with UVI to start an internship program with this company. NEARiX, LLC will provide opportunities for identified students from UVI to learn software development and coding. Those students who successfully complete the internship may be offered employment with NEARiX, LLC.



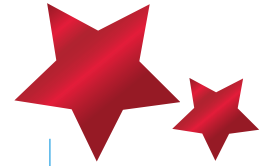
Cusa Holloway (left), Manager of the VIEDA Disaster Small-Mid-sized Enterprises Incubation Program, informs the public about the program's purpose during an interview on May 8, 2014 at an open house held at the program's facility at the William D. Roebuck Industrial Park on St. Croix. *Photo by Semele A.C. George/VIEDA*

- Seminars were held in October with an abundance of community interest. Classes were filled to capacity with a waiting list for both classes. The Entrepreneurship Incubator Institute is a year-long program with classes being presented each month coupled with online learning and exercises. The Small Business Camp was held over the weekend of October 17-19, 2014 and was also filled to capacity with a waiting list of 35 interested persons. The group will be meeting regularly through weekly conference calls and facebook group chats for the next sixteen (16) weeks. The group will be producing two books regarding 1) an introduction of the entrepreneurs and their respective business ventures, and 2) a culmination of their experience and progress through the challenge at the end of the "16 Week Challenge".
- Thus far we have provided more than 1000 hours of consulting and support services to our participants and the community. The breakdown is as follows:

Consulting and Support Services / Total Hours - 1028.25		
AREAS	HOURS	PERCENTAGE
Direct Consulting	796.25	77%
Legal Services	99	10%
Accounting Services	49	5%
Outreach (V.I. Small Business Development Center, Economic Development Bank, etc.)	65	6%
Seminars (Entrepreneurs Incubator Institute and Small Business Camp)	19	2%
Total	1028.25	100%



ENTERPRISE & COMMERCIAL ZONE COMMISSION



2014 A TRANSFORMATIVE YEAR – 2015 A YEAR OF IMPLEMENTATION

Fiscal Year 2014 has been a transformative year for the Enterprise & Commercial Zone Commission, formerly the Enterprise Zone Commission. The ECZC has been aggressive in securing and or creating the necessary tools to offer a robust level of service to the people of the enterprise zones. This has been done through the actions of the Enterprise & Commercial Zone Commission who unanimously voted to approve a different direction for the unit through the new Enterprise & Commercial Zone Commission's Five-Year Strategic Plan. Members also approved a budget for fiscal year 2015 that will assist in the implementation of programs within the enterprise zones. Finally, the Commission approved four (4) applicants for benefits which represent direct employment of 20 permanent & temporary employees and more than \$1.9 million in direct projected investments.

Within the Enterprise & Commercial Zone Commission's Five-Year Strategic Plan, there are three pillars:

PILLAR 1: OFFERINGS AND OPPORTUNITIES

The first, Offerings and Opportunities, mandates that the staff seeks to identify the strengths and needs for each zone and assist in identifying the possible opportunities to utilize those strengths and fulfill those needs. It is our goal to heighten the offerings and create the best most probable outcomes, utilizing our unique cultural currency. To meet this goal in fiscal year 2014, the staff accomplished the following:

SURVEY (ARCGIS TRAINING). To identify the resources and opportunities that are available in each zone, and in order to garner the available statistical information on activities occurring within the zone, the staff of the ECZC partnered with the Geographic Information System (GIS) Division of the Office of the Lt. Governor to implement the ArcGIS system. As one of the first teams trained, the ECZC plans to use this software to show how this government-wide program can be used to identify resources, quantify activity and assist the people of the zones.

STAKEHOLDER PROGRAM - (TRAINING SEMINAR). With the goal of strengthening one of the most important existing resources, the grassroots neighborhood / town organizations, the ECZC offered the first annual training seminar for stakeholders. This seminar provided information on strengthening their organization's financial standing, their relationship with the Internal Revenue Bureau, and their approach to funding their organizations. It was the first of its kind and it was well received. These seminars which were held in both districts were especially helpful to the revived Downstreet People organization and the newly-formed Christiansted Community Alliance.

TOWN PLANNING (CHRISTIANSTED, GARDEN STREET AND UPSTREET). In order to create a roadmap for future revitalization, this year the ECZC has led in the creation of town plans for the town of Christiansted and the neighborhood of Garden Street. With the completion of the Frederiksted Plan and work on the Upstreet and Savanne & Downstreet plans currently in process, there will be clear direction for revitalizations. These plans outlined the comprehensive strategies developed to revitalize these most important areas within the communities.

- The process to create these plans was transparent, open to the public and utilized best practices in the creation of each plan. Community planning meetings, or charrettes, were held on consecutive days and were well-attended by all facets of the community.
- Approximately 1,000 residents and 30 government and nonprofit organizations participated in the charrette to voice their opinions, offer solutions, and to select the best plans for their communities. Additionally, to prepare for future activities on the island of St. John, an assessment was done regarding the level of distressed buildings within the town of Cruz Bay.



ECZC Director Nadine T. Marchena Kean (second from the right) explains the process of noting ideas on maps of the Upstreet neighborhood to participants of the four-day charrette for Upstreet on March 17, 2014 at the Winston Raymo Recreation Center on St. Thomas, USVI.

Photo by Semele A.C. George/VIEDA

SCRAPE, PAINT & REJUVENATE. Funded by a grant from the Housing Finance Authority Community Development Block Grant, the goal of the Scrape, Paint and Rejuvenate program is to improve the overall appearance of the zones one building at a time. With expenditures of more than \$42,680 in fiscal year 2014, the ECZC has been successful in refurbishing four buildings and have identified three more buildings to be completed in fiscal year 2015.

STREETSCAPES. The ECZC received a grant from the Department of Planning and Natural Resources' State Historic Preservation Office to improve a streetscape in the neighborhood of Savanne in St. Thomas. The ECZC decided to improve the façade and place markers on several significant buildings thus creating the ability to conduct a historic walk in a community that was founded in 1754. In the activity of improving the streetscape, approximately \$7,000 has been infused into the community.

PILLAR 2: READINESS AND RESILIENCE

The second pillar is Readiness and Resilience. It charges the staff to strengthen the communities' readiness for social and economic challenges, natural and man-made disasters, and ensure the communities' ability to rebound quickly following a disaster. Although there are many departments that are tasked with handling the effects of disasters, the ECZC looks at it from the holistic community view of preparedness and the ability to rebound bringing all components together from a community development perspective. This year, the team has stepped forward to do the following:



Attendees of the VIEDA's Enterprise Zone Commission's annual Estate Planning Conference on St. Croix learn about various estate planning options on March 5, 2014 at the University of the Virgin Islands' Great Hall. *Photo by Semele A.C. George/VIEDA*

ESTATE PLANNING. Throughout the nation, multiple (sometimes multigenerational) ownership of buildings are the primary causes of the proliferation of abandoned and neglected buildings. This is also true here in the Territory. To take a proactive role in this issue, the ECZC began offering free estate planning seminars on St. Croix and St. Thomas to assist those that are currently in the midst of a probate proceedings, or for those that have not taken the necessary steps to plan for the distribution of their estate. This year, more than 200 persons attended the Estate Planning Seminars. Estate planning professionals provided sound information and pointers to residents in both districts with the hope that the attendees would take action on their personal estates. These seminars seek to prepare individuals for the eventual demise of a loved one and help families within the zones become more resilient in handling the affairs and assets of a family member who has died.

EDUCATION. Community development requires ongoing communication with the residents of that community. In order to be successful, we often find that collaboration with other agencies increases the success rate of any project.

- In fiscal year 2014 on the island of St. Thomas, there was an outbreak of the Chikungunya virus that is spread by mosquitoes carrying the virus. The V.I. Department of Health indicated that individuals who are most susceptible to the effects of contracting the virus were children and the elderly. These age groups make up a significant portion of the zone population.
- As a result, the ECZC partnered with the V.I. Department of Health during the VIDOH's campaign, "Fight the Bite", to provide information to individuals within the enterprise zones on this virus, how to prevent the growth of mosquito larva, and how to protect themselves from infected mosquitoes. This information was distributed to residents and two schools within the zones.

PILLAR 3: INNOVATION AND ENTERPRISE

The final pillar is Innovation and Enterprise. This pillar focuses on encouraging, motivating and incentivizing business activity through the use of every economic development tool that is available to assist in the development, growth and support of entrepreneurial and enterprising efforts. To this end, the team of the Enterprise & Commercial Zone Commission accomplished the following:

INCENTIVE PROGRAMS. The ECZC tax credit program is the most immediate economic tool available that can serve to incentivize rehabilitation.

- This fiscal year, the Commission has approved four applicants for benefits which represent a direct employment of 20 permanent and temporary employees and more than \$1.9 million in direct projected investment. Much anticipated is the activation of the Plan program benefits which will commence upon the adoption of the town plans.

- The last in a series of benefits was legislated through Act No. 7589 which was passed in this fiscal year. It created the Commercial Zone program which will further incentive areas of distress in the Territory.

VI12. In our attempt to assist small businesses market their products that are made in the U.S. Virgin Islands, the ECZC moved forward to surround the businesses with innovative solutions to expanding their markets. Examples of such efforts include the following:

EXIM BANK OF THE UNITED STATES MEETINGS AND SEMINARS.

- **MEETINGS.** In fiscal year 2014, the VIEDA's Enterprise & Commercial Zone Commission, other local government officials including representatives from the Office of the Lt. Governors' Division of Banking and Insurance; representatives from Scotiabank, Merchant's Commercial Bank, and the Bank of St. Croix; along with potential and existing USVI small manufacturers and service providers participated in three (3) days of meetings and two seminars with officials from the Export-Import Bank of the United States (EXIM Bank).
- **SEMINARS.** More than 60 individuals attended the meetings and seminars. These meetings and seminars provided the USVI business community with information about export financing and insurance opportunities particularly for small, local manufacturers looking to grow their business through international exporting activities. Attendees were given the opportunity to meet with EXIM Bank officials to engage in a more in-depth one-on-one discussion on how to successfully export their products.

VIRGIN ISLANDS INTERNATIONAL ARTISTRY & BUSINESS EXPO. The VIEDA's State Trade and Export Promotion (STEP) Program, managed under the Enterprise & Commercial Zone Commission, also held its first USVI International Artistry & Business Expo in September 2014 on St. Thomas, USVI. This expo featured local businesses in the industries of food, gift and arts, beauty and wellness, music, jewelry, fashion and building & industrial materials.

- Exhibitors were given the opportunity to network with international buyers from throughout the Caribbean, introduce their products to potential foreign customers, learn from industry experts and connect with potential investors. Exhibitors were also able to sell their products and services at booth display areas and perform live demonstrations.
- Workshops were also held during the expo to teach the exhibitors and expo attendees how to successfully market their products and services to foreign buyers.

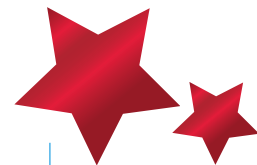


Michael K. Jackson, director of Small Business Training and City State Partners, informs, VIEDA officials and USVI Lt. Governor Gregory R. Francis (right) about programs and services at Ex-Im Bank for local businesses alongside Sharyn H. Koenig, managing director of Ex-Im Bank (Eastern Region). *Photo by Semele A.C. George/VIEDA*

- We successfully hosted 50 small manufacturers and had in attendance well over 1000 buyers over a period of three days. Buyers came from Anegada, Tortola, Jost Van Dyke, Anguilla and other islands.

The ECZC has been active in introducing ideas, engaging in collaborations, creating solutions, progressively planning and seeking funding for the zones. This has been a collaborative effort with other units of Virgin Islands Economic Development Authority as well as the government and nonprofit stakeholders of the Virgin Islands. It is with this support we will seek to implement the best ideas, strengthen the collaborations, forge ahead with the solutions that work, exhaust every funding opportunity and implement the sections that we have committed to regarding the Communities' plans of FY2015.

MARKETING and PUBLIC RELATIONS INITIATIVES



Our marketing and public relations initiatives promote the entities and programs of the V.I. Economic Development Authority (VEDA) and the activities and events that contribute to the enhancement of economic development in the U.S. Virgin Islands.

These initiatives also assist the VIEDA in educating local residents and investors about the economic development programs available through the Authority to spur economic growth.

EXTERNAL MARKETING ACTIVITIES

The VIEDA Marketing Team expanded its efforts in 2013/2014 to raise awareness about the Territory as a world-class business location in the Caribbean for inward investment and the establishment of business operations. This section provides highlights of the key external marketing initiatives and the results for Fiscal Year 2014. The success of these efforts are a direct result of collaboration with our partners in other government agencies as well as the private sector. Together, we showcase Team VI and the efficiencies of doing business in the Territory.

INVESTMENT LEAD GENERATION

The primary focus of the VIEDA's external marketing activities is to promote the Territory to companies that are considering business expansion. The VIEDA markets a range of assets to targeted companies including geographic location, the U.S. brand, labor skills and training, available real estate, infrastructure and the U.S. Virgin Islands EDC program and its tax benefits. Together, these assets make a very attractive investment offering for the right company.

Investment lead generation continued to be a highly targeted activity during the fiscal year with a focus on the right business sectors and the appropriate types of companies within each sector. Below is a list of the key business sectors and sub-sectors that the VIEDA marketed to during the year:

- **HIGH-VALUE MANUFACTURING** - Electronics and Medical Devices
- **FINANCIAL SERVICES** - Asset Management, Hedge Funds, Captive Insurance, and Family Offices
- **BACK OFFICE PROCESSING** – Call Centers, Trading, Mortgage Services, Consumer Services including credit card and payment processing, Maritime Data including booking, customs, and harmonized codes
- **INFORMATION TECHNOLOGY** – Software Development, Internet-Related Services and Fulfillment
- **SELECTIVE PROJECTS IN HOTEL/RESORT DEVELOPMENT, FILM PRODUCTION AND MARITIME**

HOT PROJECTS

Hot Projects are defined as companies that are active in the due diligence phase (project information exchange, site visits, and pre-application discussions) and a move to the applications phase is envisioned within six months. There are 28 companies moving towards the EDC applications phase. These companies are in the following business segments: back-office processing, high-value manufacturing, call center, medical, financial services and hotel development.

PIPELINE PROJECTS

There are more than 100 pipeline projects that are being cultivated by the VIEDA. Pipeline projects are defined as those with an interest in expanding in the Caribbean region and are willing to look at the USVI. This is an active cultivation stage for the marketing team where we work to move the companies into the Hot Projects phase through direct meetings, telephone and email dialogue.

ACTIVE TARGETING

In Fiscal Year 2014, we communicated with more than 2,000 companies in our key target sectors. The communications outreach included introductions to the USVI and the EDC program as well as information about our presence at the events listed in the next section of this report. The objective of this activity is to qualify companies with an interest in the USVI economic development program and begin to build a relationship.

EXTERNAL MARKETING EVENTS & MISSIONS

A key element of the VIEDA's marketing program is to take our sales and marketing messages to our targets in the U.S. mainland and international markets. This is achieved through an active program of marketing events and missions. In FY 2014, the VIEDA actively participated in, or supported, 13 events. In addition to these events, there are many more business-to-business meetings with active investors throughout the year out in the markets and in the USVI.

2013 ANNUAL INTERNATIONAL ECONOMIC DEVELOPMENT CONFERENCE

PHILADELPHIA, PA (OCTOBER 2013)

VIEDA representatives participated in the 2013 Annual International Economic Development Conference and in a variety of conference sessions focused on various topics to prepare the Territory for economic growth in the 21st century. The VIEDA also joined a team of other economic developers as guests of Mayor John Callahan of the City of Bethlehem, Pennsylvania who led the revitalization efforts of the city after the shutdown of the Bethlehem Steel Manufacturing Company and share his redevelopment strategies.

43RD ANNUAL CARIBBEAN SHIPPING ASSOCIATION CONFERENCE PANAMA (OCTOBER 2013)

A delegation of U.S. Virgin Islands officials, led by the Virgin Islands Economic Development Authority, attended the 43rd Annual Caribbean Shipping Association Conference in Panama.

- The VIEDA met with a number of key international shipping and port executives during the conference including the executives at SSA Marine who operate the Manzanillo International Terminal in Colon, one of the largest container transshipment terminals and distribution centers in the Panama region to discuss the potential for a transshipment facility using the available land located at the St. Croix Renaissance Park and V.I. Port Authority.
- The delegation also toured the City of Knowledge, a Panama national technology park focused on growing knowledge-based industries with a focus on research and development in IT and healthcare to benchmark and learn from best practices in the growth of technology businesses using a combination of government leadership, broadband access, and industry assets to grow and enhance the economy.

“SELECT USA 2013 INVESTMENT SUMMIT” - WASHINGTON, DC (NOVEMBER 2013)

A delegation from the VIEDA were among many U.S. economic development organizations, international and domestic investors, senior White House officials, and state and local government representatives who participated in the first “Select USA 2013 Investment Summit” in Washington, DC.

- The VIEDA was a Diamond Sponsor for the entire Investment Summit and a host during President Barack Obama’s luncheon
- Meetings were held with over 15 companies in logistics, medical devices, financial services and electronics to discuss investment into the Territory during the event

BUSINESS DEVELOPMENT MISSION - NEW YORK CITY (MARCH 2014)

U.S. Virgin Islands Governor John P. de Jongh, Jr., together with officials from the VIEDA, visited New York City to meet with site selection consultants, tax advisors and capital/wealth management firms, as well as business media spearheading a two-day business mission to promote the benefits of establishing and growing businesses in the U.S. Virgin Islands.

- Governor de Jongh and the VIEDA hosted a business reception attended by nearly 20 site selection and incentive consultants, tax attorneys and advisors, and wealth and investment management firms.

- This economic development mission also included a series of one-on-one editorial meetings with the business press. Governor de Jongh was interviewed by *The Street*, *The New York Times*, *International Business Times*, *Barron's* and *MarketWatch*. This activity resulted in a series of article placements that highlighted the benefits of operating a business in the USVI.

EUROPEAN BUSINESS DEVELOPMENT MISSION

GERMANY AND DENMARK (APRIL 2014)

Representatives from the VIEDA traveled to Germany and Denmark in April for a business development mission to follow-up the Governor's Denmark mission in 2013. Over 20 business development meetings were held with companies, site selection consultants, and government officials.

- The VIEDA attended the Hannover Industrial Fair in Hannover, Germany as part of SelectUSA's pavilion of US investment locations. The VIEDA targeted and met with global high-value manufacturers at the world's largest industrial fair. Other marketing activities included business networking activities, a dedicated web page, two pages in the SelectUSA catalogue, and lead cultivation by the SelectUSA team.
- The European mission also included a visit to Copenhagen, Denmark as a follow-up to the Governor's 2013 business mission and continued planning for the 2017 Transfer Centennial Celebration to commemorate and celebrate the 100th anniversary of the transfer of the Virgin Islands from Denmark to the United States of America. Meetings were held with Danish companies on investment into the USVI as well as the U.S. Embassy, the Danish Ministry of Foreign Affairs and the Danish American Business Forum (DABF).

RIMS CONFERENCE – DENVER, CO (APRIL 2014)

A U.S. Virgin Islands delegation attended the Risk and Insurance Management Society (RIMS) Conference in April 2014 to promote the USVI Captive Insurance Program. RIMS, the largest gathering of risk management practitioners in the world, attracts approximately 5,000 key decision makers in risk management and insurance from the U.S., Canada, and around the world. More than 300 contacts were made during the conference.

U.S. VIRGIN ISLANDS ECONOMIC DEVELOPMENT SUMMIT 2014

ATLANTA, GA (MAY 2014)

The VIEDA participated as a sponsor and program contributor at the Virgin Islands Economic Development Summit 2014 in Atlanta for the second year. This event provides Virgin Islands diaspora with an annual update of key initiatives within the Territory.

- A number of business-to-business meetings were held with Governor de Jongh in the Atlanta area with site selection consultants.
- A USVI investment presentation and reception was hosted by Governor de Jongh for 30 site selection and tax advisors in Atlanta.

CREDITS & INCENTIVES SYMPOSIUM - ARLINGTON, VA (SEPTEMBER 2014)

The VIEDA was a sponsor and program contributor at the Institute for Professionals in Taxation's Credits & Incentives Symposium which brought together approximately 300 tax advisors in Arlington, Virginia.

- Presented the tax benefits of the EDC program to an audience of 200 attendees
- As sponsor, the VIEDA setup a marketing table at the symposium cocktail reception
- The VIEDA also held five business-to-business meetings in the Washington, DC region.

VIEDA 2014 INVESTMENT ADVISOR FORUM

ST. THOMAS & ST. CROIX, U.S. VIRGIN ISLANDS (OCTOBER 2014)

The VIEDA hosted 13 global tax advisors and site selection professionals at its first Investment Advisor Forum in the Territory in October.

- The forum which was held on St. Thomas provided these consultants with an opportunity to be exposed first-hand to the attributes that make the USVI a prime location for companies to relocate to the Territory.
- The VIEDA staff and other local government officials shared the advantages of doing business in the USVI during their presentations at the business forum. Executives from International Capital Management Corporation, United Electronic Industries Services, and Ocwen Financial Corporation - who are also participants of the Economic Development Commission program - shared their perspectives on why the USVI is the best place to live and do business.
- Visiting site selectors also participated in economic ecosystem tours on St. Thomas and St. Croix that showcased logistics and seaport facilities, the University of the Virgin Islands, industrial parks and available commercial spaces.

OTHER EVENTS SUPPORTED OR ATTENDED BY THE VIEDA

- Danish American Business Forum U.S. Ambassador's Dinner – Copenhagen, Denmark - May 2014
- i-Connect Conference – Atlanta, GA – May 2014
- Black & Latino Council Meeting – San Juan, Puerto Rico – August 2014
- Dominican Republic Investment Summit – Santo Domingo, Dominican Republic - September 2014

PRODUCT DEVELOPMENT

Work continued during the year to develop marketing propositions around existing assets in the Territory that can offer real investment value to external investors.

- Hotel/Resort Development inventory and documentation
- University of the Virgin Islands/Industry Collaboration
- St. Croix Logistics Hub Development – multi-modal transshipment – air/sea, manufacturing, free trade zone
- Maritime - maintenance, bunkering, yacht services
- High-Value Manufacturing proposition
- Film Production – Sustainable Tourism and Arts-Based Revenue Stream (S.T.A.R.S.)
Act revisions for studio attraction



Jeff Finkle, CECd, president and CEO of the International Economic Development Council (IEDC), begins the IEDC course titled "Introduction to Economic Development" on St. Thomas on April 2, 2014 with a few opening remarks for individuals taking the three-day course. The IEDC is the world's largest economic development membership organization. *Photo by Semele A.C. George/VIEDA*

MARKETING COMMUNICATIONS

COLLATERAL – The VIEDA worked with a local creative company to create a new design for marketing materials. Materials created included a new introductory brochure, EDC investor profiles, sector fact sheets, incentive program descriptions, event signage, and event program booklets.

PRESS – Focus on external business media continued during the year with interviews held to promote the advantages of doing business in the USVI during visits to key target cities such as New York, Washington, DC, and Atlanta.

WEBSITE – Work continued during the year to fine tune the VIEDA website for external investors. The new collateral was made available via the web site. Information request data was captured for prompt client response time. Lastly, an investor-focused micro-site was developed during the year to communicate directly to investor-specific information needs.

CLIENT MANAGEMENT SYSTEM

During the year, the VIEDA worked to develop a Client Management System (CMS) for logging and tracking all of the marketing-related relationships within one centralized system. The CMS will start with more than 500 company contacts at different stages of their relationship with the VIEDA. CMS will also allow for a centralized view and real-time access to the status of each company contact.

2015 PROJECTED EXTERNAL MARKETING EVENTS

Below is a list of some of the selected marketing events for fiscal year 2015.

- **VIEDA 2014 INVESTMENT ADVISOR FORUM** - St. Thomas & St. Croix, U.S. Virgin Islands - October 2014
- **CARIBBEAN CENTRAL AMERICAN ACTION ANNUAL CONFERENCE** – Miami, FL – November 2014
- **CARIBBEAN CLEAN ENERGY TECHNOLOGY SYMPOSIUM** – St. Thomas and St. Croix, U.S. Virgin Islands - March 2015
- **SELECTUSA INVESTMENT SUMMIT** - Washington, DC – March 2015
- **RIMS ANNUAL CONFERENCE** – New Orleans – April 2015
- **CHINA INVESTMENT MISSION** – China – May 2015
- **EAST COAST INVESTMENT MISSION** – Boston, New York, Washington, DC – June 2015
- **EUROPEAN INVESTMENT MISSION** – Europe – September 2015

INTERNAL MARKETING AND PUBLIC RELATIONS EFFORTS

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL (IEDC)

INTRODUCTION TO ECONOMIC DEVELOPMENT COURSE - APRIL 2014

The VIEDA hosted a three-day course titled “Introduction to Economic Development” at Frenchman's Reef and Morning Star Marriott Beach Resort on St. Thomas, U.S. Virgin Islands. This comprehensive training course moderated by IEDC instructors assisted the attendees in learning how economic development strategies can be structured to encourage local and regional development and advance our community's growth potential.

IEDC-certified economic development professionals led discussions on how local initiatives can achieve a community's goal for economic growth and sustainability. Course topics included Economic Development Credit Analysis, Business Retention and Expansion, Marketing and Business Attraction, Entrepreneurial and Small Business Development, Real Estate Development and Reuse, Neighborhood Development Strategies, Ethics in Economic Development, Workforce Development and Training, and Technology-led Economic Development.

PUBLIC RELATIONS

- A total of 43 positive media articles were generated and published in FY 2014 in local newspapers such as the *Virgin Islands Daily News*, *St. Croix Avis*, the *VI Source*, and in regional publications such as the *Caribbean Journal* and *Caribbean News Now!* as a result of 47 VIEDA news releases or media advisories that were issued.
- Two Op-ed articles, one by two beneficiaries of the EDC Program, were published in the *Virgin Islands Daily News* and the *St. Croix Avis* in August 2014
- Feature story published in the *VI Source* column, "Undercurrents", in April 2014 on EDC Program's efforts in balancing benefits and compliance issues to maintain the integrity of the program
- Television news coverage by CBS-TV2 News on five (5) major positive stories resulted as per media advisories such as the viewing of the Christiansted Town Plan, Enterprise & Commercial Zone Commission's participation in the Christiansted Community Alliance activities on St. Croix; Memorandum of Understanding among the VIEDA, V.I. Port Authority and the St. Croix Renaissance; Open House held by the VIEDA's Disaster Small-Midsized Enterprises Incubation Program at the William D. Roebuck Industrial Park and the VIEDA-UVI Career Fair for high school and college students and the general public with EDC Beneficiaries.
- Feature stories on the VIEDA covered and aired by the VI Access Channel - Channel 6 and 10: Enterprise and Commercial Zone Commission's annual Estate Planning Conference; Eligible V.I. Suppliers Conference at the University of the Virgin Islands on St. Thomas, USVI, and the 2014 VI Artistry & Business Expo on St. Thomas.

- VIEDA's television show titled *VIEDA: Focus on the VI Marketplace* was re-launched in October 2013. This show is aired on rotation on the VI Access Channel.
- VIEDA's radio show titled, *VIEDA: Focus on the VI Marketplace* was launched in March 2014. This radio show is a platform to discuss the internal and external activities used by the VIEDA and its economic development partners to foster the economic development, job growth and the enhancement of the quality of life in the U.S. Virgin Islands. The move to WSTA 1340AM exposed the show to a wider listening audience, and now includes the VIEDA-sponsored excerpt "Why Didn't I Think of That" which informs the general public about the innovative minds that pursued patents for inventions that proved to be everyday, lucrative solutions. *VIEDA: Focus on the Marketplace*, which can be heard also through a live stream on WSTA 1340 AM, informs local residents and listeners from abroad about the importance of the economic development programs in our Territory. The listening audience has the opportunity to call in to the show with questions, comments or suggestions.

GOOGLE ANALYTICS REPORT - SEPTEMBER 2014:

Total no. of visits to the VIEDA website of www.usvieda.org from February 2014 to September 2014: **24,446**



USVI Governor John P. deJongh, Jr. (center) pictured with 13 global tax advisors and site selection professionals at the Governor's Dinner held at St. Peter Great House and Botanical Gardens on St. Thomas. Governor deJongh hosted this dinner for the advisors on October 17, 2014 during the VIEDA's first Investment Advisors Forum. *Photo by Emmet Prevost*

Marketing Report - Oxford Intelligence

Investment Leads



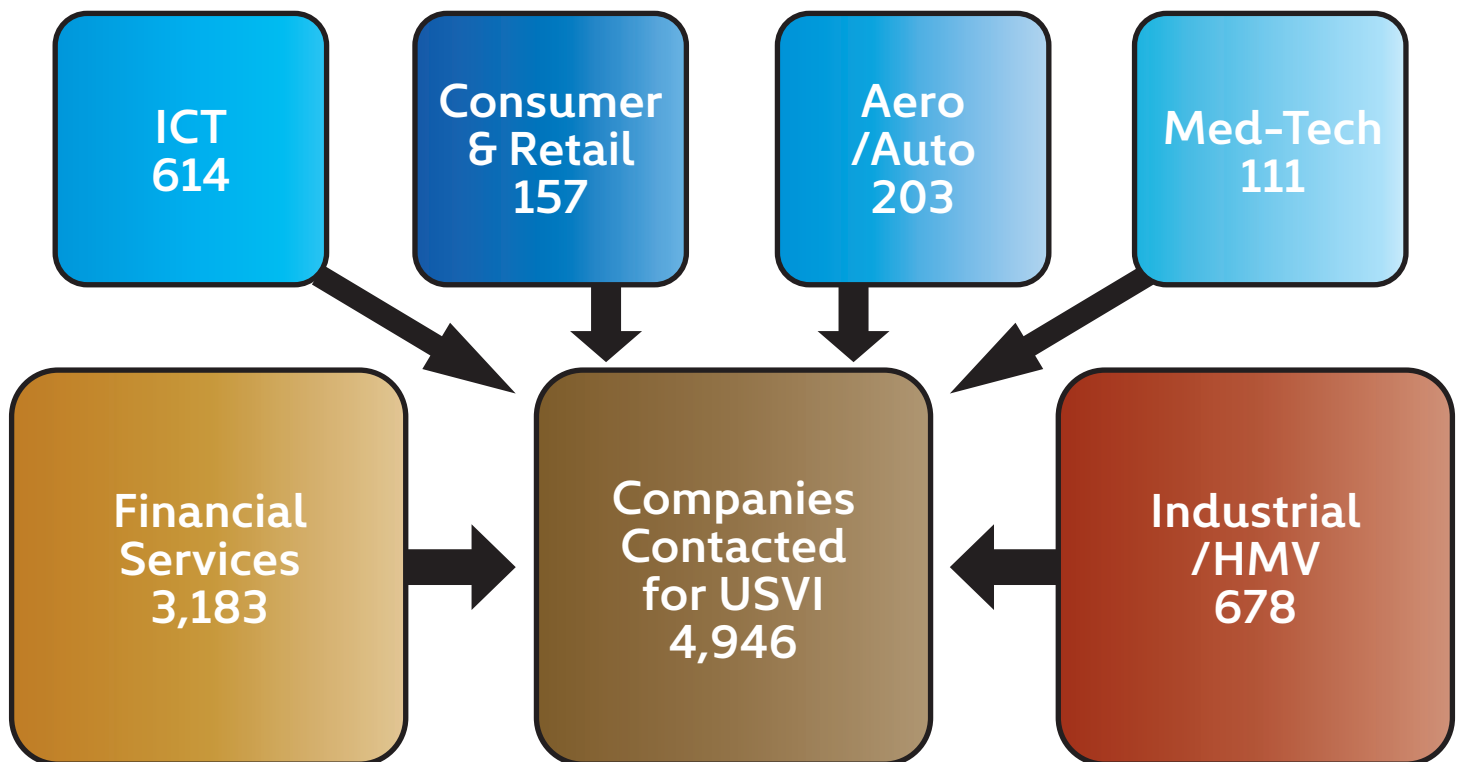
- **4,946** companies targeted since July 2011

Results:

- **8** pipeline companies
- **72** investment leads delivered

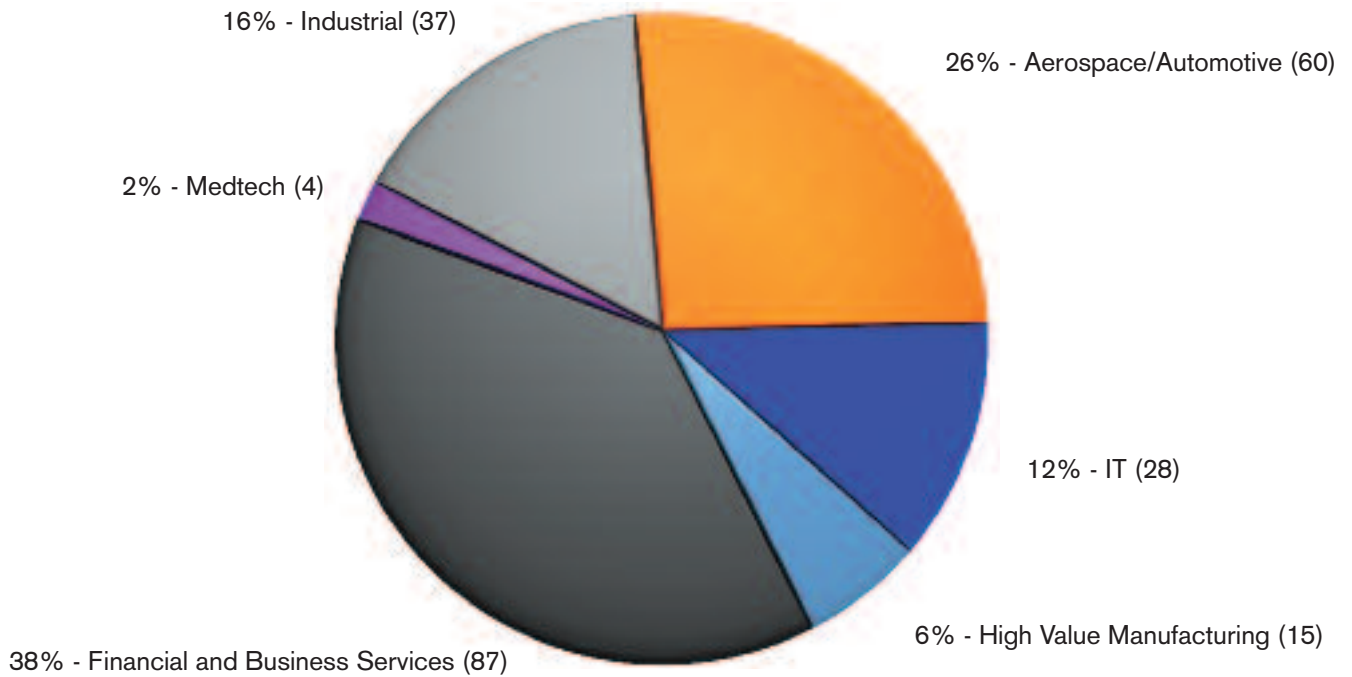
Marketing Report - Oxford Intelligence

Sector Focus to Date



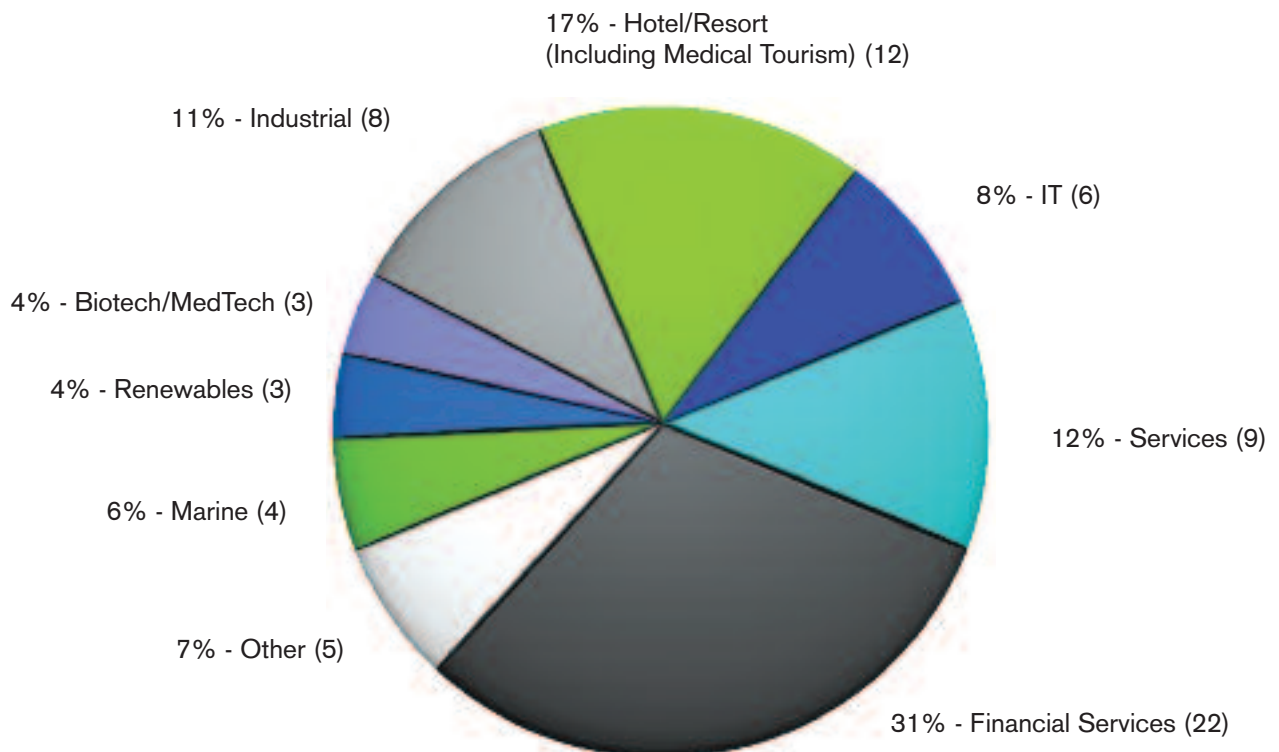
Marketing Report - Oxford Intelligence

Active Targets by Sector (231)



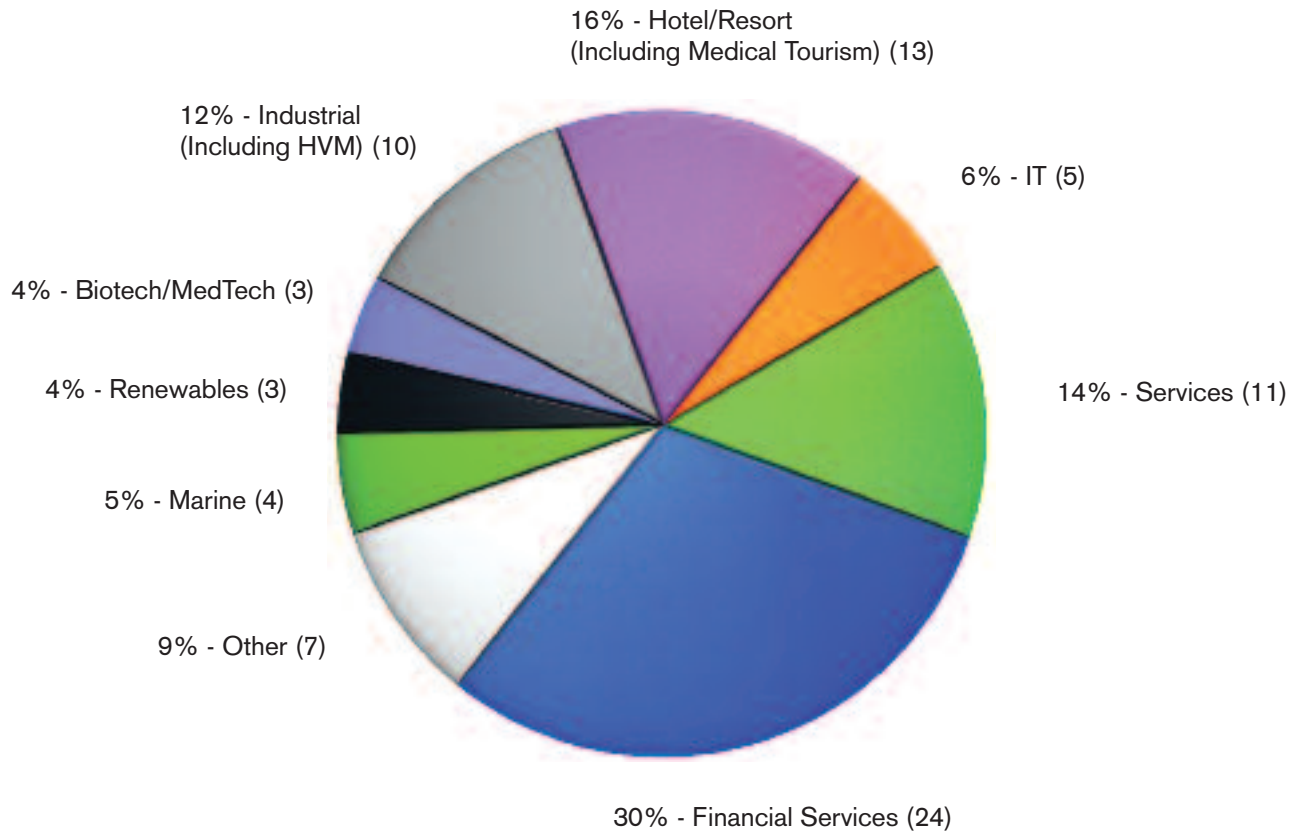
Marketing Report - Oxford Intelligence

Leads (delivered) by Sector (72)

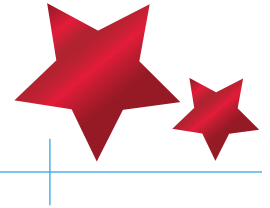


Marketing Report - Oxford Intelligence

Leads (delivered and pipeline) by Sector (80)



SPECIAL PROJECTS



LEGISLATIVE ACTION

VIEDA presented testimony on the following Bills:

- **ECONOMIC DEVELOPMENT COMMISSION AMENDMENT (BILL NO. 30-0300)**
- **GOVERNMENT DEVELOPMENT BANK / SMALL BUSINESS DEVELOPMENT AGENCY (GDB/SBDA) MERGER (BILL NO. 30-0302)**
- **ENTERPRISE ZONE / COMMERCIAL ZONE (BILL NO. 30-0153)**
- **HOTEL DEVELOPMENT ACT (BILL NO. 30-0339)**
- **REGARDING THE HOTEL DEVELOPMENT ACT (BILL NO. 30-0341)**
- **SUSTAINABLE TOURISM THROUGH ARTS-BASED REVENUE STREAMS (“STARS”) ACT (BILL NO. 30-0417)**
- **AGRICULTURE BUSINESS INCUBATOR (BILL NO. 30-0429)**
- **SPORTS COMMISSION (BILL NO. 30-0418)**

HOTEL DEVELOPMENT

VIEDA has been in discussions with and has provided EDC applications and EB-5 referrals to several hotel development projects in an effort to assist the projects:

- Water Island Development Company, Water Island
- Golden Gaming, St. Croix
- Butler Bay Resort, St. Croix
- Amalgo Bay Resort
- Carmel By The Sea Resort
- Port of Mandahl Caribbean Conference Resort, St. Thomas
- Coral Bay, St. John Marina & Resort
- Robin Bay, St. Croix

TRANS-SHIPMENT TERMINAL FACILITY

Discussions were held among representatives of the VIEDA, Virgin Islands Port Authority (VIPA) and the St. Croix Renaissance Group regarding creating a Trans-shipment Terminal Facility on St. Croix. A working group was formed to investigate further, and establish procedures and next steps to determine the projects feasibility. VIPA has contracted an entity to conduct a feasibility study regarding this project.

FREE TRADE ZONE

Discussions were held regarding the establishment of St. Croix as a Free Trade Zone (FTZ). The VIEDA has proposed legislation and distributed the draft legislation for comment. A FTZ is an integral part of a trans-shipment terminal facility.

EMPLOYMENT BASED-5TH CATEGORY PROJECTS (EB-5)

The VIEDA is awaiting an update from ARCG on the status of Regional Center Application.

TAX INCREMENT FINANCING (TIF)

Caribbean Development Partners (CDP) submitted a request for a modification to their Tax Increment Financing (TIF) Agreement as it continues to development the Island Crossing Shopping Center (ICSC). An escrow agreement for the VIEDA cost is being prepared prior to public hearings on the ICSC modification request.

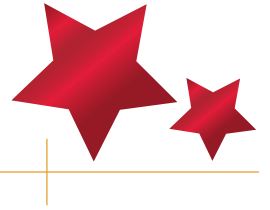
TOUR BUSES

An inventory and survey of the Tour Buses was completed. All the buses were included and sold in a vehicle auction conducted by the Virgin Islands Department of Property and Procurement (P&P) on the island of St. Croix on September 7, 2014.

INSPECTOR GENERAL AUDIT REPORT

The VIEDA prepared a draft response to the Office of Inspector General (OIG) Audit Report. A meeting was held with the OIG to discuss the report and next steps. The VIEDA is currently compiling data for a final response to the OIG Audit Report.

NOTES





FINANCIALS

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2013 AND 2012
Together With Independent Auditor's Report

BERTSMITH
& Co.

Certified Public Accountants and Management Consultants

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Virgin Islands Economic Development Authority
St. Thomas, U.S. Virgin Islands

Report on the Financial Statements

We have audited the accompanying statements of net position of the Virgin Islands Economic Development Authority (the Authority) a component unit of the Government of the U.S. Virgin Islands, as of and for the years ended September 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility

The Authority's 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including, the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Virgin Islands Economic Development Authority
St. Thomas, U.S. Virgin Islands

Report on the Financial Statements

We have audited the accompanying statements of net position of the Virgin Islands Economic Development Authority (the Authority) a component unit of the Government of the U.S. Virgin Islands, as of and for the years ended September 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility

The Authority's 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including, the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Authority as of September 30, 2013 and 2012, and the respective changes in net Position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 management's discussion and analysis and 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 audits 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 Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bert Smith, Esq." The signature is written in a cursive, slightly slanted style.

Washington D.C.
June 2, 2014

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

I. INTRODUCTION

The Virgin Islands Economic Development Authority (the Authority) was created on December 21, 2000 to assume, integrate and unify the functions of the Government Development Bank, the Economic Development Commission, the Industrial Park Development Corporation, the Small Business Development Agency, and more recently, the Enterprise Zone Commission, the Tax Increment Financing and Economic Development Management (hereinafter referred to as GDB, EDC, IPIXC, SBDA, EZC, TIF, and EDM respectively) under one executive board in order to achieve maximum efficiency, streamline operations, and develop comprehensive programs to promote and enhance the economic development of the Territory.

The Authority accomplishes its mission by: (1) attracting or luring investors from the mainland to establish or relocate their businesses to the Virgin Islands, and (2) providing financial assistance through its lending arms (GDB and SBDA) to emerging and established businesses in the territory.

The Authority is funded primarily by allotments from the Office of Management and Budget via the Department of Finance based on an approved budget authorized by the Legislature of the Virgin Islands.

As management of the Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended September 30, 2013 and September 30, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements. This overview and analysis is required by accounting principles generally accepted in the United States of America ("GAAP"), and the Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Government.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report and statements consist of four parts: Management's discussion and analysis, the financial statements, notes to the financial statements, and supplementary schedules. The Authority is a component unit of the Government of the U.S. Virgin Islands, and follows enterprise fund reporting. The financial statements, therefore, are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

- ***The Statement of Net Position:*** This statement includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The assets and liabilities are presented in order of liquidity. The resulting net position presented in these statements are displayed as restricted or unrestricted.

- ***Statement of Revenue, Expenses and Changes in Net Position:*** All of the current year's revenue and expenses are accounted for in the Statement of Revenue, Expenses and Changes in Net Position. This statement measures the activities of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through appropriations and the services it provided.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

- *Statement of Cash Flows:* The primary purpose of this statement is to provide information about the Authority's net cash used in operating activities, capital and related financing activities, and provide information regarding the sources and uses of cash and the changes in the cash balance during the reporting period. The notes to the financial statements provide additional information essential to the full understanding of the Authority's financial statements.
- *Notes to the Financial Statements:* The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements.
- *Supplementary Schedules:* The Authority's fund financial statements are presented as supplementary schedules. These schedules separate the financial statements and operations for each of the major funds.

III. FINANCIAL HIGHLIGHTS

2013

- The Authority's net position were \$14,883,743 in fiscal year 2013, which represents a decrease of \$1,892,382 or 11% compared to fiscal year 2012.
- Total assets exceeded total liabilities by \$14,883,743 in fiscal year 2013 compared to fiscal year 2012.
- Operating revenues were \$6,821,965 in fiscal year 2013, which reflects an increase of \$653,003 or 11% compared to fiscal year 2012.
- Operating expenses were \$8,050,838 in fiscal year 2013, an increase of \$2,004,830 or 25% compared to fiscal year 2012.
- Appropriations totaling \$4,481,814 received from the Government of the Virgin Islands in fiscal year 2013 were \$204,321 or 4% lower than in fiscal year 2012.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

IV. CONDENSED FINANCIAL INFORMATION

Condensed Statements of Net Position as of September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Variances</u>
Current Assets	\$ 5,081,511	\$ 5,527,254	\$ (445,743)
Noncurrent Assets	14,084,520	15,355,225	(1,270,705)
Capital Assets, net	2,626,063	2,422,132	203,931
Total Assets	<u>21,792,094</u>	<u>23,304,611</u>	<u>(1,512,517)</u>
Current Liabilities	5,416,235	4,887,887	528,348
Noncurrent Liabilities	1,492,116	1,640,600	(148,484)
Total Liabilities	<u>6,908,351</u>	<u>6,528,487</u>	<u>379,864</u>
Net Position			
Invested in Capital Assets, net of related debt	2,626,063	2,422,132	203,931
Restricted	13,647,640	14,524,049	(876,409)
Unrestricted	(1,389,960)	(170,057)	(1,219,903)
Total Net Position	<u>\$14,883,743</u>	<u>\$16,776,124</u>	<u>\$(1,892,381)</u>

Current Assets

- Current assets decreased by \$445,743 or 8% in fiscal year 2013 compared to fiscal year 2012. This includes a reduction in cash and cash equivalents of \$1,178,887 or 31% that was used for leasehold improvements and the purchase of furniture and fixtures at the new office on St. Thomas. Investments increased by \$417,003 or 118% compared to fiscal year 2012. This increase in investments is attributed to the State Small Business Credit Initiative (SSBCI) grant funds used as collateral in support of loans financed through the local banks. Accounts receivables, net increased by \$310,212 or 25% compared to fiscal year 2012 and, of this amount, \$158,160 or 51% is owed to the Authority in reimbursable expenses from the State Trade Export (STEP) and Incubator Federal programs. Additionally, the outstanding receivables from the Economic Development Commission (EDC) beneficiaries increased by \$194,233 or 162% due to a substantial fine assessed on one beneficiary. The increase in prepaid and other assets of \$5,929 or 8% was as a result of an advance payment made on the financial institutional bond insurance premium.

Noncurrent Assets

- Noncurrent assets decreased by \$1,270,705 or 8% which was due largely to the net write-off of \$1,246,504 between loan receivables and allowance for uncollectible that was written off in the lending unit. Restricted cash and cash equivalents increased by \$105,835 or 1% from the cumulative effect of changes in restricted cash and cash equivalent. There was an increase in restricted investments of \$33,738 or 1%, of which \$21,884 is sequestered in compliance with Federal restriction. The additional amount in restricted funds of \$11,854 constitutes interest income received on funds invested on restricted assets.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

Capital Assets

- There was a net increase of \$203,931 or 8% due to the capitalization of the leasehold improvements and purchase of furniture and fixtures for the new office and storage facility on St. Thomas and depreciation taken on the authority's capital assets.

Current Liabilities

- The Authority's current liabilities increased in fiscal year 2013 by \$528,348 or 11% compared to fiscal year 2012 and were due largely to the net effect of the following:
 - An increase in accounts payable of \$379,394 or 145%, that represents vendor payments and payroll liabilities that were not paid by the end of the fiscal year.
 - An increase in accrued expenses of \$174,774 or 112%, that consists of various obligations including contractual agreements and earned employee compensation absences.
 - A decrease in deferred revenues of \$57,951 or 1% as funds was transferred from the SSBCI account to provide collateral support to local banks.

Noncurrent Liabilities

- Noncurrent liabilities decreased by \$148,484 or 9% this fiscal year compared to the same period last year. This decrease was due to the cumulative effect of:
 - A reduction in compensated absences of \$141,737 or 66% as management strictly enforced the Authority's compensated absence policy.
 - A reduction of \$24,812 or 6% in long term debt that represents this year's payment of principal on a revolving loan.
 - An increase of \$9,937 or 1% in deferred revenue representing advance rent payment from a tenant in the Industrial Park.
 - An increase in security deposits of \$8,128 or 26% for a new tenant at the Industrial Park.

Net Position

- Net position represents residual interest in the Authority's assets after all liabilities are deducted for reporting purposes and are divided into three major components:
 - Invested in Capital Assets
 - Restricted Net Position
 - Unrestricted Net Position

The Authority's total net position at September 30, 2013 were reduced to \$14,883,743, which is a decrease of 11% compared to fiscal year 2012 as total expenses exceeded total revenues by \$1,892,381 or 28%.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Variiances</u>
Operating Revenues	\$ 6,821,965	\$ 6,168,962	\$ 653,003
Operating Expenses	(8,775,997)	(6,582,952)	(2,193,045)
Operating Income	(1,954,032)	(413,990)	(1,540,042)
Net Nonoperating Revenues	61,651	33,250	28,401
Change in Net Position	(1,892,381)	(380,740)	(1,511,641)
Net Position, Beginning of the Year	16,776,124	17,156,864	(380,740)
Net Position, End of the Year	<u>\$ 14,883,743</u>	<u>\$ 16,776,124</u>	<u>\$ (1,892,381)</u>

Revenues

- Operating revenues increased by \$653,002 or 11% in fiscal year 2013 compared to the same period last year. The net effect of this change includes:
 - An increase in (EDC) beneficiary billings of \$437,536 or 83% due to a substantial fine that was imposed on one beneficiary.
 - An increase in grant revenues of \$567,989 or 439% including \$547,070 received for the STEP program.
 - A decrease of \$34,463 or 13% in loan interest was due to the write-down of certain loans in the Government Development Bank (GDB) portfolio.
 - A decrease of \$74,806 or 95% in PFA funds. The \$4,184 drawdown this year was the final amount to be received from the appropriation.
 - A decrease in penalties of \$30,987 or 144% was due mainly to collaboration efforts with the EDC beneficiaries to ensure comply with rules and regulation.
 - A decrease in other operating income of \$11,342 or 19% which includes NSF and late fees was due to management revising policies with respect to collections.
 - A decrease in government allotment of \$204,322 or 4% which was a result of a reduction in government revenues.

Operating Expenses

- Operating expenses increased by \$2,193,045 or 33% in this fiscal year compared to last year. The major changes were in the following areas:
 - Personnel costs were increased by \$285,008 or 9% due to the filling of vacancies, and the addition of part-time and temporary employees, to assist the Authority in meeting its mandate.
 - Advertising costs went up by \$111,725 or 130% as the Authority continues to aggressively market the EDC program within the United States and Europe.
 - Professional services increased by \$614,137 or 106% due to increased marketing and lead generation activities, legal and other consulting services in support of the EDC program and marine economic development initiative.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
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- Other administrative expenses increased by \$242,206 or 28%. This amount includes \$175,986 attributable to grant expenses. Within this expense category, funds were expended to do emergency repairs to the St. Croix office building.
- Grant expenditures were \$567,391 or 439% more than the previous year which include \$24,446 for the Scrape and Paint and Historical Walking Tour programs that are administered by the Enterprise Zone Commission. Additionally, \$56,533 and \$546,472 were expended for the SSBCI and STEP programs, respectively.
- Loss on asset termination was \$157,259 the amount written-off that represents the undepreciated costs of leasehold improvements when the Authority moved from its old location on St. Thomas to Nisky Center.
- Bad debt increased by \$246,653 or 29% as the Authority is aggressively taking the necessary steps of removing from its portfolio those loans that are determined to be uncollectible.
- Depreciation expenses increased by \$27,172 or 5% due to the acquisition of capital assets during the fiscal year.

Non-operating Revenues and Expenses

- Although total net non-operating revenues increased by \$21,857 or 55% in fiscal year 2013, interest income declined by \$8,755 or 30% due to the conversion of a certificate of deposit to cash which was used to pay for leasehold improvements and furniture and fixtures at the new office on St. Thomas. However, other income increased by \$30,612 or 287% due to the receipt of \$20,950 in bad debt recoveries and \$14,927 as a gain on the sale of an asset. There was also a reduction in interest expense and finance charges of \$2,760 or 42% as the Authority continues to pay down its outstanding debts.

V. CAPITAL ASSETS

The Authority's capital assets as of September 30, 2013 and 2012 are \$2,626,063 and \$2,422,132 (net of accumulated depreciation). The capital assets addition during the fiscal year included leasehold improvements, equipment and furniture.

	<u>2013</u>	<u>2012</u>
Building & Building Improvements	\$ 9,149,776	\$ 9,148,427
Leasehold Improvements	836,124	428,431
Equipment	1,038,349	960,530
Furniture & Fixture	349,457	220,326
Vehicles	1,119,896	1,112,518
Leasehold Equipment	<u>20,585</u>	<u>20,585</u>
Total Costs	12,514,187	11,890,817
Less: Accumulated Depreciation	<u>(9,888,124)</u>	<u>(9,468,685)</u>
Net Capital Assets	<u>\$ 2,626,063</u>	<u>\$ 2,422,132</u>

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

VI. FINANCIAL HIGHLIGHTS

2012

- The Authority's net position were \$16,776,124 in fiscal year 2012, which represents a decrease of \$380,740 or 2% compared to fiscal year 2011.
- Total assets exceeded total liabilities by \$16,776,124 in fiscal year 2012 compared to \$17,156,864 in fiscal year 2011.
- Operating revenues for the Authority were \$6,168,962 in fiscal year 2012, which reflects a decrease of \$2,336,408 or 27% compared to fiscal year 2011.
- Operating expenses were \$6,582,952 in fiscal year 2012, which reflects a decrease of \$559,604 compared to fiscal year 2011.
- Appropriations totaling \$4,686,135 received from the Government of the Virgin Islands in fiscal year 2012 were \$75,712 or 2% higher than in fiscal year 2011. In addition, the Authority received \$78,990 from the Virgin Islands Public Finance Authority pursuant to Act No. 7081 issued by the Legislature of the Virgin Islands.

VII. CONDENSED FINANCIAL INFORMATION

Condensed Statements of Net Position as of September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Variances</u>
Current Assets	\$ 5,527,254	\$ 5,112,042	\$ 415,212
Noncurrent Assets	15,355,225	11,522,990	3,832,235
Capital Assets, net	2,422,132	2,915,699	(493,567)
Total Assets	<u>23,304,611</u>	<u>19,550,731</u>	<u>3,753,880</u>
Current Liabilities	4,887,887	727,272	4,160,615
Noncurrent Liabilities	1,640,600	1,666,595	(25,995)
Total Liabilities	<u>6,528,487</u>	<u>2,393,867</u>	<u>4,134,620</u>
Net Position			
Invested in Capital Assets, net of related debt	2,422,132	2,882,725	(460,593)
Restricted	14,524,049	10,522,990	4,001,059
Unrestricted	(170,057)	3,751,149	(3,921,206)
Total Net Position	<u>\$16,776,124</u>	<u>\$17,156,864</u>	<u>\$ (380,740)</u>

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

Current Assets

- Current assets increased by \$415,212 or 8% in fiscal year 2012 compared to fiscal year 2011. This includes an increase in cash and cash equivalents of \$485,654 or 14% due to funds received for the Small State Business Credit Initiative (SSBCI) and State Trade Export (STEP) programs. Additionally, a substantial sum was received from two EDC beneficiaries for non-compliance. Accounts receivables decreased by \$231,869 or 16% due to the write off of outstanding rent receivable and amending the lease agreement for one of the tenants located in the Industrial Park, plus \$135,190 allowance for uncollectible for the year. There was a decrease of \$8,800 or 10% in prepaid and other assets; however, there was an improvement in the collection of fees assessed on EDC beneficiaries during the year.

Noncurrent Assets

- Noncurrent assets increased by \$3,832,235 or 33% in fiscal year 2012 compared to fiscal year 2011 due to an increase in restricted cash and cash equivalent of \$3,696,925 or 91%. The SSBCI program accounts for a substantial portion of the increase. There was an increase of \$118,347 or 2% in loan receivables as management continues to aggressively market, expand and increase its loan portfolio through its many lending programs. The increase of \$16,963 or 1% in restricted investments represents SSBCI funds used to collateralized loans to qualified bank customers.

Capital Assets

- The decrease in total capital assets of \$493,567 or 17% as compared to last year was due to fiscal year 2012 depreciation taken on the Authority's buildings, vehicles and equipment.

Current Liabilities

- The Authority's current liabilities increased in fiscal year 2012 by \$4,160,615 or 572% compared to fiscal year 2011 due to the net effect of the following:
 - Deferred revenues of \$4,310,883 consisting of \$18,961 for the Savanne Historic Walk Tour grant and \$4,291,922 for the State Small Business Credit Initiative (SSBCI) programs.
 - An increase in accounts payable of \$41,550 or 19%, representing various obligations, including contractual agreements that were incurred, but were not paid by the end of the fiscal year.
 - A decrease in accrued expenses of \$165,195 or 51% due to the Authority paid off some of the outstanding obligations within the year.
 - A decrease in long-term debt-current of \$31,319 or 56% was due to the Authority paying-off its note on the office building on St. Croix, in addition to paying down on its outstanding IRP loan.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

Noncurrent Liabilities

- Noncurrent liabilities decreased in fiscal year 2012 by \$25,995 or 2% compared to fiscal year 2011 due to:
 - An increase in compensated absences of \$16,199 or 8% due to accrued leave earned by employees completing probation and employees who accrued vacation time, but have not used them by the end of the fiscal year.
 - A decrease in the IRP loan principal balance of \$24,983 or 6% as the Authority continues to make payments on its long term debt.

Net Position

- Net Position represents residual interest in the Authority's assets after all liabilities are deducted for reporting purposes and are divided into three major components:
 - Invested in Capital Assets
 - Restricted Net Position
 - Unrestricted Net Position

The Authority's total net position at September 30, 2012 were \$16,776,124, due mainly to a reduction in revenues in fiscal year 2012, total net position decreased by \$380,740 or 2% compared to September 30, 2011.

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Variances</u>
Operating Revenues	\$ 6,168,962	\$ 8,505,370	\$ (2,336,408)
Operating Expenses	(6,582,952)	(7,142,556)	559,604
Operating Income	(413,990)	1,362,814	(1,776,804)
Net Nonoperating Revenues	33,250	17,552	15,698
Change in Net Position	(380,740)	1,380,366	(1,761,106)
Net Position, Beginning of the Year	17,156,864	15,776,498	1,380,366
Net Position, End of the Year	<u>\$ 16,776,124</u>	<u>\$ 17,156,864</u>	<u>\$ (380,740)</u>

Revenues

- Operating revenues decreased by \$2,336,408 or 27% in fiscal year 2012 over the prior fiscal year due mainly to a \$2,095,320 or 96% decrease in PFA revenues. However, Government appropriations increased by \$75,712 or 2%. In addition, interest received from loans increased by \$39,092 or 18% due to the aggressive steps taken by management to improve collections on outstanding loans. Rental income decreased by \$83,322 or 17%, due mainly to an amendment of a lease agreement by 50% for one of the Industrial Park tenants.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)**

There was also a decrease in application and processing fees of \$96,881 or 16% due to a reduction in the number of loans approved and processed during the year. Penalties assessed on EDC beneficiaries totaling \$21,450 was 79% less than in the previous year due to a reclassification in how penalties assessed on EDC beneficiaries are reported.

Operating Expenses

- Operating expenses in the aggregate decreased by \$559,604 or 8% in fiscal year 2012 compared to fiscal year 2011. This year's reduction in operating expenses is in line with management's plan to reduce cost and improve operational efficiency. Due to employee resignations and the elimination of vacancies as part of a government-wide austerity plan, personnel service costs were decreased by \$374,266 or 11%. There was a decrease of \$39,061 or 31% in advertising cost as the firm that was hired to do lead generation work was also used to market the EDC program. The cost for professional services was reduced by \$172,942 or 23% as contractual agreements were not renewed. Administrative expenses decreased by \$17,322 or 2% and confirmed management's commitment to reduce overall costs. There was an increase of \$21,137 or 14% in travel and per diem to support the objective of attracting more international investors to the Territory. Bad debt increased by \$16,114 or 2% which is consistent with management's goal of reducing the level of accounts deemed uncollectible; and additionally, there was a \$15,581 or 3% increase in depreciation due to the acquisition of assets that were capitalized during the fiscal year.

Non-operating Revenues and Expenses

- Total net non-operating revenues increased by \$15,698 or 89% in fiscal year 2012 despite a reduction of \$46,645 or 62% in interest income due to the maturity of certain certificates of deposits that were invested until needed. There was an increase in other income due to amounts received in bad debt recoveries and a gain on sale of an asset. There was a reduction in interest expenses and finance charges of \$2,989 or 31% as the Authority continues to pay down its outstanding debts.

VIII. CAPITAL ASSETS

The Authority's capital assets as of September 30, 2012 and 2011 are \$2,422,132 and \$2,915,699 (net of accumulated depreciation). The capital assets addition during the fiscal year included equipment and furniture.

	2012	2011
Building & Building Improvements	\$ 9,148,427	\$ 9,148,427
Leasehold Improvements	428,431	428,431
Equipment	960,530	920,660
Furniture & Fixture	220,326	216,817
Vehicles	1,112,518	1,135,018
Leasehold Equipment	20,585	20,585
Total Costs	<u>11,890,817</u>	<u>11,869,938</u>
Less: Accumulated Depreciation	<u>(9,468,685)</u>	<u>(8,954,239)</u>
Net Capital Assets	<u>\$ 2,422,132</u>	<u>\$ 2,915,699</u>

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED SEPTEMBER 30, 2013 AND 2012
(UNAUDITED)

PROGRAMS

Enterprise Zone Program – This program offers incentives for businesses to invest in severely economically depressed areas in St. Thomas and St. Croix. The program provides tax credits to businesses, which provide employment to residents of the designated areas. During the audit period, the Enterprise Zone managed the Scrape and Paint Program on both islands and the Board-Up Program on St. Thomas. Both programs were funded by local sub-grants from Federal funds.

Tax-Incentive Program – This five (5) year program is aimed at local entrepreneurs who want to develop and expand their current businesses in exchange for various tax exemptions.

Micro Loan Program – This program is geared to current and potential business owners who meet certain eligibility criteria. The micro-loans range from \$1,000 to \$50,000, have an interest rate of 5% and a term of five (5) years. The Micro Loan program is administered by the Government Development Bank.

Performance Bonding Program – As a new initiative of the Lending Unit, this program started towards the latter part of 2010. It secures the link between local contractors, the Department of Property and Procurement, local banking institutions, and sureties licensed in the Virgin Islands. The program allows local contractors to participate in capital development projects by providing payment and performance bonding.

Tour Bus Program – Cruise lines requested “tour type” buses as a condition to making St. Croix a “port of call.” As a result, financing was obtained in the amount of \$1,000,000 from the PFA to purchase twenty-six (26) tour buses. Due to this initiative, this effort was considered an investment in the St. Croix economy.

Energy Loan and Rebate Program – The Authority serves as a loan processing agent for the Virgin Islands Energy Office in collaboration with the Virgin Islands Water and Power Authority. The Authority processes loan applications, issues loan and rebate checks, and maintains customers’ loan balances and files. These transactions are not reflected in the financial statements of the Authority.

Department of Agriculture Loan Program – The Authority serves as a loan processing agent for the Virgin Islands Department of Agriculture pursuant to a memorandum of understanding between the parties. The Authority processes loan applications, issues loan checks and maintains customers’ loan balances and files. These transactions are not reflected in the financial statements of the Authority.

State Small Business Credit Initiative (SSBCI) Program – The Authority was awarded a Federal grant in the amount of \$13.1M to support loan enhancements and performance bonding in partnership with local banks. Borrowers who otherwise qualify to receive a business loan can be eligible to receive collateral support from this program.

State Trade Export (STEP) Program – The Authority was awarded \$489,646 in Federal funds to assist and encourage small local manufacturers to increase exports and promote trade.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
REQUIRED SUPPLEMENTAL INFORMATION
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Disaster Small-Mid-sized Enterprises Incubator Program – The Authority was awarded a Federal grant in the amount of \$1.0M that is matched with \$200,000 of local funding for the establishment of an incubator program on the island of St. Croix. The program promotes resource collaborations between the local government and other community based institutions to create an avenue to spark economic viability and sustainability.

Post-Disaster Relief Revolving Loan – The Department of Commerce's Economic Development Administration (EDA) awarded \$2,000,000 in Federal funds to support VIEDA Post – Disaster Relief Revolving Loan Fund (RLF) focusing on natural disaster resiliency and economic diversification. The Federal funding is matched by \$400,000 or 20% local contribution.

Request for Information – This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's operation. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Virgin Islands Economic Development Authority, Nisky Shopping Center, Suite 620, St. Thomas, VI 00802.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,669,360	\$ 3,848,247
Investments	769,091	352,088
Receivable, net	1,560,761	1,250,549
Prepaid and Other Assets	82,299	76,370
Total Current Assets	5,081,511	5,527,254
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,864,742	7,758,907
Restricted Investments	2,675,301	2,641,563
Restricted Loans Receivable, net	3,544,477	4,954,755
Total Noncurrent Assets	14,084,520	15,355,225
Capital Assets, net	2,626,063	2,422,132
Total Assets	\$ 21,792,094	\$ 23,304,611
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 640,601	\$ 261,208
Accrued Expenses	330,976	156,202
Compensated Absences, current	147,351	115,352
Interest Payable	19,987	20,095
Deferred Revenue	4,252,932	4,310,883
Loan Payable, current	24,388	24,147
Total Current Liabilities	5,416,235	4,887,887
Noncurrent Liabilities:		
Compensated Absences	74,547	216,284
Security Deposits	39,865	31,737
Deferred Revenue	1,009,937	1,000,000
Loan Payable	367,767	392,579
Total Noncurrent Liabilities	1,492,116	1,640,600
Total Liabilities	6,908,351	6,528,487
Net Position:		
Invested in Capital Assets, net of related debt	2,626,063	2,422,132
Restricted Net Position	13,647,640	14,524,049
Unrestricted Net Position	(1,389,960)	(170,057)
Total Net Position	\$ 14,883,743	\$ 16,776,124

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Government Appropriation	\$ 4,481,814	\$ 4,686,135
Allocation of Bond Proceeds	4,184	78,990
Application and Processing Fees	961,607	524,071
Rental Income	412,611	409,214
Interest Income from Loans	226,732	261,195
Grant Revenue	697,240	129,251
Penalties	-	21,450
Other Operating Revenue	37,777	58,656
Total Operating Revenues	<u>6,821,965</u>	<u>6,168,962</u>
Operating Expenses:		
Personnel Costs	3,327,222	3,042,214
Occupancy	300,842	298,870
Advertising	197,523	85,798
Professional Services	1,193,402	579,265
Travel	105,415	169,677
Other Administrative Expenses	1,118,648	876,442
Program Cost	696,642	129,251
Bad Debt	1,111,144	864,491
Total Operating Expenses	<u>8,050,838</u>	<u>6,046,008</u>
(Loss) or Income From Operations Before Depreciation	(1,228,873)	122,954
Depreciation	564,116	536,944
Loss on Assets/Termination of Lease	157,259	-
Operating Loss	<u>(1,950,248)</u>	<u>(413,990)</u>
Non-operating Revenues (Expenses):		
Interest Income	20,364	29,119
Other Income	41,287	10,675
Interest Expenses and Finance Charges	(3,784)	(6,544)
Total Non-operating Revenues (Expenses)	<u>57,867</u>	<u>33,250</u>
Change In Net Position	(1,892,381)	(380,740)
Net Position Beginning of Year	<u>16,776,124</u>	<u>17,156,864</u>
Net Position End of Year	<u>\$ 14,883,743</u>	<u>\$ 16,776,124</u>

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Cash Received from Primary Government and Allocation of Bond Proceeds	\$ 4,404,911	\$ 4,845,794
Cash Received from Application and Processing	767,374	497,806
Cash Received from Tenants	444,926	339,637
Cash Received from Loan Repayments	838,998	724,771
Cash Received from Other Operating Income	264,509	340,659
Cash Received from Federal Government	484,576	4,434,060
Cash Paid for Grant Program	(696,642)	(129,251)
Cash Paid for Goods and Services	(2,367,701)	(2,125,000)
Cash Paid to Employee for Services	(3,436,960)	(3,021,216)
Loan Disbursements	(434,291)	(1,471,062)
Net Cash Provided by Operating Activities	<u>269,700</u>	<u>4,436,198</u>
Cash Flows from Noncapital Financing Activities		
Other Income	41,287	10,675
Interest Expense and Finance Charges	(3,784)	(6,544)
Net Cash Provided by Noncapital Financing Activities	<u>37,503</u>	<u>4,131</u>
Cash Flows from Capital and Related Financing Activities		
Note Principal Payments	(24,572)	(56,302)
Acquisition of Property and Equipment	(925,306)	(43,377)
Net Cash Used in Capital and Related Financing Activities	<u>(949,878)</u>	<u>(99,679)</u>
Cash Flows from Investing Activities		
Interest Income	20,364	29,119
Net Purchase (Sale) of Investments	(450,741)	(187,190)
Net Cash Provided by (Used in) Investing Activities	<u>(430,377)</u>	<u>(158,071)</u>
Net Decrease/Increase in Cash and Cash Equivalents	(1,073,052)	4,182,579
Cash and Cash Equivalents, Beginning of Year	<u>11,607,154</u>	<u>7,424,575</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,534,102</u>	<u>\$ 11,607,154</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:		
Operating Income	\$ (1,950,248)	\$ (413,990)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	564,116	536,944
Bad Debt Expense	1,111,144	864,491
Loss on Assets/Termination of Lease	157,259	-
(Increase) in Accounts Receivable	(415,784)	(4,036)
(Increase) Decrease in Prepaid Expenses	(5,929)	8,800
Decrease (Increase) in Loans Receivable	404,706	(746,933)
Increase (Decrease) in Accounts Payable and Accrued Expenses	554,168	(123,645)
(Decrease) Increase in Compensated Absences	(109,738)	20,998
(Decrease) Increase in Deferred Revenue	(48,014)	4,296,339
Increase (Decrease) in Security Deposit	8,128	(2,667)
(Decrease) in Interest Payable	(108)	(103)
Net Cash Provided by Operating Activities	<u>\$ 269,700</u>	<u>\$ 4,436,198</u>

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Governance:** The Virgin Islands Economic Development Authority (the "Authority"), was created on December 21, 2000, as an umbrella authority to assume, integrate and unify the functions of the Government Development Bank, the Economic Development Commission, the Industrial Park Development Corporation and the Small Business Development Agency under an executive board, which consists of seven members appointed by the Governor. The Authority is a public corporation and a semi-autonomous instrumentality of the Government of the Virgin Islands and operates under the provisions of Act of 6390, approved by the Twenty-third Legislature of the Virgin Islands of the United States Virgin Islands. The general purposes and functions of the Authority were previously carried out by the Government Development Bank for the United States Virgin Islands which was created originally in 1978 by Act No. 902, and subsequently amended in 1995 and 1996.

The mission of the Authority is to accelerate the economic development of the Virgin Islands by providing financial and technical assistance to industrial and commercial enterprises to create and save jobs in the community. In this regard, the Authority is authorized, among other things, to make loans to eligible small business enterprises.

The Authority is a component unit of the Government of the Virgin Islands and as such, its financial statements are included in the Comprehensive Annual Financial Statements of the Central Government.

- **Economic Dependency:** The Authority's sustainability depends primarily on appropriations from the Government of the Virgin Islands. In addition, it earns income from application fees, processing fees, compliance fees, and rental income from its Industrial Park facilities. During fiscal years ended September 30, 2013 and 2012, the Authority received in appropriations totaling \$4,481,813 and \$4,686,135 from the Government of the Virgin Islands, together with \$4,184 and \$78,990 in transfers from the Virgin Islands Public Finance Authority pursuant to Act No. 7081; and \$2,397,619 and 1,443,631 of revenue earned from its various revenue-generating sources, respectively.
- **Basis of Presentation:** The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by Government Accounting Standards Board. The Authority uses the economic resources measurement focus and follows the accrual basis of accounting.

In accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies only Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing business operations. Operating expenses include costs and losses resulting from services, administrative expenses, and depreciation expense. All other revenues and expenses are reported as nonoperating revenues and expenses. Nonoperating revenues consist of interest generated from restricted and unrestricted investments in short-term investment instruments.

Note 1 – Summary of Significant Accounting Policies (Continued)

- **Separate Funds:** The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. All transactions are recorded in a separate set of self-balancing accounts, which include assets, liabilities, fund net assets, revenues and expenses.

During fiscal years ended September 30, 2013 and 2012, the Authority maintained twelve (12) and eleven (11) major funds, respectively, or activities which constitute a major transaction of the Authority:

The following is a summary of these funds:

- **Government Development Bank Fund (GDB)** accounts for the locally funded Micro Loan Program. This fund accounts for interest income from the operating account and certificate of deposit, local government appropriations, and administrative costs. The Authority's administration and processing of loan applications on behalf of the Virgin Islands Department of Agriculture and the Virgin Islands Energy Office also occur within this fund. Those transactions have however been excluded from the Authority's financial statements.
- **Economic Development Commission Fund (EDC)** accounts for application, activation and annual compliance fees. Local government appropriations are also accounted for in this account together with related administrative costs.
- **Small Business Development Agency (SBDA)** accounts for the Federal Economic Development Administration Loan Funds from the U.S. Department of Agriculture, Farmers and Fishermen local loans, Frederiksted Revolving Loan Fund and the SDBA Direct Loan Fund. Appropriations from the central government and administrative costs are also accounted for under this fund. The SBDA legislation does not allow interest earned from its loan portfolio to be used for administrative purposes. The interest income is restricted and is used for issuing new loans.
- **Industrial Park Development Corporation Fund (IPDC)** accounts for the activities conducted by the IPDC. The IPDC was established in March 1984 to acquire, operate, and improve industrial parks in order to provide suitable sites for the location of industries to the Virgin Islands. The IPDC accounts for rental and investment income, and administrative costs associated with its operation. The IPDC does not receive any appropriations from the local government.
- **Intermediary Relending Program (IRP)** accounts for loans that are funded by the United States Department of Agriculture Rural Development Program. The interest income earned from these loans is applied to the program's administrative costs.
- **Enterprise Zone Commission (EZC)** accounts for funds committed to the task of offering incentives to businesses that invest in severely economically depressed designated areas of St. Thomas and St. Croix. As a result, employment opportunities are provided to residents of the areas so designated.
- **Economic Development Authority (Authority)** accounts for loans that are funded through U.S. Department of Agriculture.
- **Tax Increment Financing (TIF)** this fund allows projects to be financed by pledging the increases in tax revenues that can be reasonably anticipated to be collected by the government once the financed project or activity is completed.
- **Economic Development Management (EDM)** this account was established to record all administrative costs associated with the day-to-day operations of the Authority.
- **State Small Business Credit Initiative (SSBCI)** this fund was established by the Small Business Jobs Act of 2010 by the Federal Government to Collateral Support Program, the Credit Guarantee Program and the Payment, Surety and Performance Bond Program.

Note 1 – Summary of Significant Accounting Policies (Continued)

- **State Trade and Export Promotion Grant Program (STEP)** this program is funded by a federal grant from U.S. Small Business Administration. The program authorized by the Small Business Jobs Act of 2010 is a 3-year trade and export promotion pilot initiative to make matching-fund grants for states to assist ‘eligible small business concerns.’ The program objectives are to increase the number of small businesses that are exporting, and to increase the value of exports for those small businesses.
- **Disaster Small-Mid-sized Enterprises Incubator Program** – The Authority was awarded a Federal grant in the amount of \$1.0M that is matched with \$200, 000 of local funding for the establishment of an incubator program on the island of St. Croix. The program promotes resource collaborations between the local government and other community based institutions to create an avenue to spark economic viability and sustainability.
- **Cash and Cash Equivalents:** For the purposes of reporting cash flows, cash and cash equivalents are defined as cash on hand, demand deposits, certificate of deposits with financial institutions and all highly liquid investments available for current use with an initial maturity of three months or less are considered to be cash or cash equivalents.
- **Investments:** Investments in marketable securities or other short-term investments of cash with readily determinable fair values and investments in debt securities are reported at their fair values in the Authority’s statement of net assets.
- **Restricted Cash and Cash Equivalents:** This consists of cash and cash equivalents to be used for specific purposes as specified by legislation or by a grant agreement.
- **Allowance for Uncollectible Accounts:** The Authority provides for losses when a specific need for an allowance is indicated. The provision for loan losses charged to operating expenses is the amount necessary to report the net asset at its estimated realizable value. In determining the adequacy of the allowance, management considers the composition of the loan portfolio, economic factors, historical loss experience, and value and sufficiency of collateral in the current level of the allowance.
- **Capital Assets:** The Authority capitalizes all property and equipment at cost. The property and equipment is capitalized and depreciated using the straight line method over the assets estimated useful lives. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extends the asset life are not capitalized.

Depreciation has been provided using the straight line method. The estimated economic lives of the Authority’s property and equipment varied as follows:

Equipment and Furniture and Fixtures	3-5 Years
Vehicles	5 Years
Buildings and Leaschold Improvements	5-27 Years

- **Compensated Absences:** The Authority has recognized the liability for annual leave, which is payable to employees upon separation. Sick leave balances are not paid out upon termination, however, a liability for the balances do exist in the event an employee transfers to another government agency; such liability is recognized at the time of the transfer. The liability for both amounts is calculated based on the Authority salary rates in effect at the statements of net position date.

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 of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.
- **Recently Adopted Accounting Pronouncements**

The Authority recently adopted GASB 62 and 63 for the period ending September 30, 2013. In December, 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011, with earlier application encouraged. The objective of GASB Statement No. 62 is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is include in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for period beginning after December 15, 2011, with earlier application encouraged. GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. For fiscal year 2013, both GASB 62 and 63 had no effect on the financial statements of the Authority. *New Accounting Pronouncements:* In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets*

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at September 30, 2013 and 2012:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2013</u>
Cash and Cash Equivalents	\$2,669,360	\$7,864,742	\$10,534,102
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2012</u>
Cash and Cash Equivalents	\$3,848,247	\$7,758,907	\$11,607,154

Custodial Risk is the risk that in the event of bank failure the Authority’s deposits may not be return to it. Cash consists of cash on hand held by depository institutions and trustees in the Authority’s name. During the fiscal years, including the final date of the period, September 30, 2013 and 2012, accounts at each financial institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash in excess of this limit are \$15,595,308 and \$14,995,392, respectively, and are fully collateralized.

Restricted Cash and Cash Equivalents. The restricted cash and cash equivalents at September 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Micro Credit Loan Program	\$1,290,480	\$1,002,097
Farmers and Fishermen Loan Fund	280,779	261,960
Frederiksted Revolving Loan Fund	264,001	261,363
Performance Bonding Loan Fund	1,792,645	1,404,059
Intermediary Relending Loan Fund	201,992	211,058
SBDA Revolving Loan Fund	385,593	411,697
SBDA Administration Loan Fund I	43,834	12,215
SBDA Administration Loan Fund II	43,310	115,053
SSBCI Grant	3,543,541	4,060,444
Historic Grant	18,567	18,961
	<u>\$7,864,742</u>	<u>\$7,758,907</u>

Note 2 – Cash and Cash Equivalents (Continued)

The restrictions above relate to revolving loan funds established through legislation to offer direct assistance to various industries and businesses and to aid in the creation of economic opportunities within the United States Virgin Islands.

NOTE 3 INVESTMENTS

Investments at September 30, 2013 and 2012 were comprised of certificate of deposits totaling \$3,444,392 and \$2,993,651, respectively. Balances in excess of \$250,000 maintained in depository institution are collateralized.

Investments as of September 30, 2013 and 2012 are as follows:

FY 2013		<u>Investment Maturities</u>	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
Certificate of Deposits	<u>\$3,444,392</u>	<u>\$2,859,386</u>	<u>\$ 585,006</u>

FY 2012		<u>Investment Maturities</u>	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>
Certificate of Deposits	<u>\$2,993,651</u>	<u>\$2,824,826</u>	<u>\$ 168,825</u>

NOTE 4 RESTRICTED NET POSITION FOR LOAN PROGRAMS AND OTHER FUNDS

The restricted net position at September 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Micro Credit Loan Program	\$ 2,078,220	\$ 2,091,722
GDB Funds – Start Up	2,653,417	2,641,563
Farmers and Fishermen Loan Fund	310,672	308,883
Frederiksted Revolving Loan Fund	264,001	261,341
Performance Bonding Loan Fund	2,479,975	3,334,836
Intermediary Relending Loan Fund	363,917	353,101
SBDA Revolving Loan Fund	861,504	821,812
SBDA Administration Loan Fund I	236,402	212,024
SBDA Administration Loan Fund II	252,419	250,537
SSBCI Grant	4,128,548	4,229,269
Historic Walk Grant	18,565	18,961
	<u>\$ 13,647,640</u>	<u>\$14,524,049</u>

NOTE 5 LOANS RECEIVABLE

Loans receivable at as of September 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Loan Principal	\$ 9,596,574	\$ 12,655,441
Allowance for Doubtful Accounts	<u>(6,052,097)</u>	<u>(7,700,686)</u>
Net Loans Receivable	<u>\$ 3,544,477</u>	<u>\$ 4,954,755</u>

Note 5 – Loans Receivable (Continued)

The loans bear interest rates ranging from 4% to 12%. The allowance includes majority of the SBDA loans which were assumed by the Authority at its inception; the additional allowances recorded in fiscal year 2013 and 2012 were \$1,065,645 and \$628,586, respectively.

NOTE 6 RECEIVABLES

The receivable balances as of September 30, 2013:

	<u>Receivables</u>	<u>Allowance</u>	<u>Receivables, net</u>
Interest Receivable	\$ 6,027	\$ -	\$ 6,027
Performance Bonding Receivable	910,646	-	910,646
EDC Fees & Charges	608,849	(295,166)	313,683
Rent Receivable	254,156	(187,630)	66,526
Grant Receivable – Board Up & Scrap	1,790	-	1,790
Tax Increment Financing Fund	30,015	(30,015)	-
Economic Development Management	103,469	-	103,469
Employee Advance	460	-	460
STEP Grant	88,969	-	88,969
Incubator Grant	69,191	-	69,191
Total	<u>\$ 2,073,572</u>	<u>\$ (512,811)</u>	<u>\$ 1,560,761</u>

Total provision for uncollectible accounts during fiscal year 2013 was \$192,551.

The receivable balances as of September 30, 2012:

	<u>Receivables</u>	<u>Allowance</u>	<u>Receivables, net</u>
Due from Vendor	\$ 3,972	\$ -	\$ 3,972
Interest Receivable	3,243	-	3,243
Performance Bonding Receivable	910,646	-	910,646
Rent Receivable	330,240	(173,928)	156,312
EDC Fees & Charges	469,616	(350,166)	119,450
Grant Receivable – Board Up & Scrap	1,717	-	1,717
Tax Increment Financing Fund	30,015	-	30,015
Economic Development Management	18,637	-	18,637
STEP Grant	6,557	-	6,557
Total	<u>\$ 1,774,643</u>	<u>\$ (524,094)</u>	<u>\$ 1,250,549</u>

Total provision for uncollectible accounts during fiscal year 2012 was \$235,905.

NOTE 7 CAPITAL ASSETS

Capital assets are composed of the following at September 30, 2013 and 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>2013 Ending Balance</u>
Capital Assets				
Building and Building Improvements	\$ 9,148,427	\$ 1,349	\$ -	\$ 9,149,776
Leasehold Improvements	428,431	678,715	(271,022)	836,124
Equipment	960,530	77,819	-	1,038,349
Furniture and Fixtures	220,326	129,131	-	349,457
Vehicles	1,112,518	38,293	(30,915)	1,119,896
Leasehold Equipment	20,585	-	-	20,585
Total Capital Assets	<u>11,890,817</u>	<u>925,307</u>	<u>(301,937)</u>	<u>12,514,187</u>
Accumulated Depreciation				
Building and Building Improvements	(7,461,054)	(231,573)	-	(7,692,627)
Leasehold Improvements	(139,584)	(42,316)	113,762	(68,138)
Equipment	(773,673)	(77,168)	-	(850,841)
Furniture and Fixtures	(208,091)	(17,323)	-	(225,414)
Vehicles	(865,698)	(195,736)	30,915	(1,030,519)
Leasehold Equipment	(20,585)	-	-	(20,585)
Total Accumulated Depreciation	<u>(9,468,685)</u>	<u>(564,116)</u>	<u>144,677</u>	<u>(9,888,124)</u>
Capital Assets, net	<u>\$ 2,422,132</u>	<u>\$ 361,191</u>	<u>\$ (157,260)</u>	<u>\$ 2,626,063</u>

Depreciation expense for the year ended September 30, 2013 totaled \$564,116.

Capital assets are composed of the following at September 30, 2012 and 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>2012 Ending Balance</u>
Capital Assets				
Building and Building Improvements	\$ 9,148,427	\$ -	\$ -	\$ 9,148,427
Leasehold Improvements	428,431	-	-	428,431
Equipment	920,660	39,870	-	960,530
Furniture and Fixtures	216,817	3,509	-	220,326
Vehicles	1,135,018	-	(22,500)	1,112,518
Leasehold Equipment	20,585	-	-	20,585
Total Capital Assets	<u>11,869,938</u>	<u>43,379</u>	<u>(22,500)</u>	<u>11,890,817</u>
Accumulated Depreciation				
Building and Building Improvements	(7,229,432)	(231,622)	-	(7,461,054)
Leasehold Improvements	(124,823)	(14,761)	-	(139,584)
Equipment	(699,693)	(73,980)	-	(773,673)
Furniture and Fixtures	(194,953)	(13,138)	-	(208,091)
Vehicles	(684,753)	(203,445)	22,500	(865,698)
Leasehold Equipment	(20,585)	-	-	(20,585)
Total Accumulated Depreciation	<u>(8,954,239)</u>	<u>(536,946)</u>	<u>22,500</u>	<u>(9,468,685)</u>
Capital Assets, net	<u>\$ 2,915,699</u>	<u>\$ (493,567)</u>	<u>\$ -</u>	<u>\$ 2,422,132</u>

Depreciation expense for the year ended September 30, 2012 totaled \$536,944.

NOTE 8 LOANS PAYABLE

The Authority entered into an Intermediary Relending Program loan agreement (IRP) with the United States Department of Agriculture Rural Business Cooperative Services on April 21, 1998. This agreement requires the repayment of the approved loan principal of \$670,530 to begin after three (3) years in twenty-seven (27) equal annual installments. An interest rate of 1% accrues on the outstanding balance. As of September 30, 2013 and 2012, the outstanding loan balance was \$392,155 and \$416,726, respectively.

As of September 30, 2013, the debts are composed of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan Payable	\$ 416,726	\$ -	\$ (24,571)	\$ 392,155	\$ 24,388
	<u>\$ 416,726</u>	<u>\$ -</u>	<u>\$ (24,571)</u>	<u>\$ 392,155</u>	<u>\$ 24,388</u>

As of September 30, 2012, the debts are composed of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan Payable	\$ 440,054	\$ -	\$ (23,328)	\$ 416,726	\$ 24,147
Note Payable	32,974	-	(32,974)	-	-
	<u>\$ 473,028</u>	<u>\$ -</u>	<u>\$ (56,302)</u>	<u>\$ 416,726</u>	<u>\$ 24,147</u>

Future minimum payments to the U.S. Department of Agriculture

2014	\$ 24,388
2015	24,632
2016	24,879
2017	25,127
2018	25,379
2019 – 2023	130,752
2024 – 2028	<u>136,998</u>
Total	<u>\$ 392,155</u>

NOTE 9 COMPENSATED ABSENCES

Compensated absences balance as of September 30, 2013 and 2012 were \$221,898 and \$331,636, of which \$147,351 and \$115,352, respectively are due within a year.

NOTE 10 LEASES

Lessor --- The Authority leased a total of 26 buses to tour bus operators on the island of St. Croix during the year. Out of the 26 buses 16 are operating the other 10 tour buses have technical problems and are not on the road. These leases are for two-year terms, with monthly payments dependent on revenues earned from the operation of the buses. The tour bus operators pay the Authority 20% of earned revenue in the months when less than four cruise ships dock at the Frederiksted Pier and 30% when more than four cruise ships dock. Revenue earned from the tour buses in FY 2013 and 2012 was \$6,000 and \$-0-, respectively.

The Authority also leases commercial properties it owns through the Industrial Park Development Corporation. The terms of the leases vary from one to five years, with monthly rent payments dependent on the amount of square footage occupied and the location of the property.

Lessee --- The Authority leases office space from January 1, 2013 through December 31, 2017 for office and common area spaces with increase in rent on the 2nd and 4th anniversaries equal to the percentage of the cost of living increase for the preceding year, based upon the Consumer Price Index (CPI-U) as published by the U.S. Department of Labor Bureau of Labor Statistics. In addition, the Industrial Park buildings are located on parcels of lease land. The land is rented under a thirty (30) year term lease which expires May 2013. Two additional ten year option periods are available to the Industrial Park with the rental amounts based upon the Bureau of Labor Statistics' Consumer Price Index.

Rent expense for the years ending September 30, 2013 and 2012 were \$298,870 and \$298,469, respectively. The aggregate lease commitment for the Authority is as follows as of September 30, 2013:

2014	\$ 166,600
2015	166,600
2016	166,600
2017	166,600
Oct. 2017 – Dec. 2017	<u>41,650</u>
Total	<u>\$ 708,050</u>

NOTE 11 DEFERRED REVENUE

Current Deferred Revenue: Represent grant funds received in fiscal year 2012 from the United States Department of Treasury for the State Small Business Credit Initiative. The amount not expended as of the fiscal year end has been reflected in the financial statement as current deferred revenue in the amount of \$4,252,932 and \$4,310,883 for fiscal year 2013 and 2012, respectively.

Noncurrent Deferred Revenue: In October 2009, the Virgin Islands Public Finance Authority (VIPFA) issued \$87 million in bonds of which \$5 million was allotted to the Authority. These funds are to be utilized for developmental loan programs and are drawn down from VIPFA as loans are issued. Out of the noncurrent deferred revenue reflected in the financial statements \$1,000,000 represents advanced funds received from VIPFA in fiscal year 2009. The deferred revenue will be relieved as additional loans are made in the future.

NOTE 12 RETIREMENT PLAN

The Government Employees Retirement System of the Virgin Islands (GERS) is a cost sharing, multiple employer public employee retirement system, established by the Government of the Virgin Islands to provide retirement, death and disability benefits to its employees. The Authority's part-time employees who at the time of employment are under age 55 years with one year of government service are eligible to participate in the system. The Authority's required contribution was 17.5% of the member's annual salary. Member contributions were 8% of annual salary. The Authority's contribution to the retirement plan was \$355,306, \$351,103 and \$386,303 for fiscal years 2013, 2012 and 2011, respectively. The financial report of the retirement system can be obtained from the Government Employees' Retirement System, 3438 Kronprindens Gade, Saint Thomas, Virgin Islands, 00802.

NOTE 13 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority has various outstanding commitments at September 30, 2013 and 2012 which includes outstanding loan commitments in the process of being approved by the Board of Directors which are not reflected on the statement of net assets.

The Authority asserts that there have not been any material claims, suits or complaints filed nor are any pending against the Authority. In the opinion of management, all other matters which are asserted or unasserted are without merit and would not have a significant effect on the financial position or results of operations if they were disposed of unfavorably.

NOTE 14 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disasters for which the Authority has commercial insurance coverage. Annual premium payments are made in proportion to the anticipated exposure to the liability losses assessed.

NOTE 15 SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through June 12, 2014, the date which the financial statements were available to be issued. Management is not aware of any facts or circumstances that require disclosure in the financial statements for the year ended September 30, 2013.

SUPPLEMENTARY INFORMATION

VIRGEN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

ASSET	GOV	EDM	EDC	REDA	IFDC	DB	EBC	USE	IF	RSBZ	STEP	INCUSAFORMENTIONS	2013	2012	Variances
ASSETS															
Current Assets															
Cash and Cash Equivalents	37,517	473,941	1,503,713	29,239	63,738	-	-	-	436	110,719	8,228	-	2,696,336	3,198,277	(1,478,890)
Investments	-	-	-	-	294,128	-	-	-	-	592,008	-	-	-	232,888	473,303
Accounts Receivable, net	912,852	333,570	313,893	9	66,716	-	1,793	-	-	3,654	83,609	(68,191)	1,590,781	1,738,569	313,212
Due from Other Fund	4,332,213	1,902,014	-	-	2,667	-	-	-	-	-	103,930	-	(2,217,134)	-	-
Prepaid & Other Assets	53,798	-	-	8,791	5,738	-	-	-	-	-	-	-	82,299	78,730	5,539
Total Current Assets	3,800,315	807,884	1,697,416	298,133	356,969	-	3,389	-	404	699,209	189,543	(69,201)	6,213,124	5,081,813	1,131,311
Non-Current Assets															
Net-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Receivables, net	2,475,695	-	-	505,285	-	165,708	-	461,977	-	-	-	-	3,544,677	4,159,789	(614,112)
Receivable from Other Agencies	4,652,252	13,800,830	-	593,528	-	267,792	15,567	87,144	-	3,243,542	-	-	2,894,262	3,938,337	1,044,075
Equipment	2,937,417	-	-	-	-	31,304	-	-	-	-	-	-	2,979,301	2,667,553	311,748
Total Non-Current Assets	7,211,411	1,000,000	-	1,498,178	169,018	364,018	35,567	530,705	404	3,243,542	-	-	14,086,920	15,655,225	(1,568,305)
Capital Assets, net	87,724	893,145	77,671	122,440	149,126	-	-	-	-	-	2,931	-	3,339,053	2,432,132	896,921
Total Assets	10,006,450	2,000,001	1,694,866	1,841,540	1,778,355	369,018	20,566	530,705	404	4,242,751	186,535	(69,201)	6,213,124	51,706,004	(1,532,517)
LIABILITIES															
Current Liabilities															
Accounts Payable	100,807	24,139	165,865	-	32,438	-	1,993	-	-	1,305	33,267	-	90,001	28,236	379,369
Accrued Expenses	3,752	254,820	-	-	4,287	-	-	-	-	-	-	-	28,576	296,226	194,779
Deferred Income	18,284	-	83,311	26,079	15,538	-	21,803	-	-	-	-	-	167,231	11,533	21,869
Deferred Income, Current	-	-	-	-	-	4,942	-	-	-	-	-	-	15,547	30,026	3,080
Due to Other Fund	-	(181,236)	43	-	92,138	-	-	-	(3,000)	-	96,728	(66,391)	(2,317,263)	-	-
Deferred Revenue	-	-	-	-	-	-	13,943	-	-	4,232,368	-	-	4,232,368	4,310,815	(77,447)
Loan Payable, Current	-	-	-	-	-	24,388	-	-	-	-	-	-	24,388	24,387	1
Total Current Liabilities	122,843	2,000,174	289,307	24,079	146,404	26,018	41,091	-	8,000	4,236,669	169,102	(69,201)	5,410,238	4,887,397	522,841
Non-Current Liabilities															
Contingent Liabilities	(842)	-	21,303	(5,747)	31,435	-	24,791	-	-	-	-	-	74,547	216,734	(141,759)
Deferred Revenue	1,000,000	-	-	-	5,537	-	-	-	-	-	-	-	1,000,000	1,000,000	-
Security Deposits	-	-	-	-	36,855	-	-	-	-	-	-	-	36,855	31,377	5,478
Long Term Debt	-	-	-	-	-	297,967	-	-	-	-	-	-	297,967	297,967	(24,850)
Total Non-Current Liabilities	897,158	-	21,303	(5,747)	37,432	297,967	24,791	-	-	-	-	-	1,402,812	1,402,812	-
Total Liabilities	1,122,001	2,000,174	290,610	18,332	227,612	292,987	65,882	-	8,000	4,236,669	169,102	(69,201)	6,813,050	6,289,209	523,841
NET POSITION															
Invested in Capital Projects, net of Debt	82,729	858,698	77,671	122,240	149,128	-	-	-	-	-	2,991	-	2,830,692	2,422,321	408,371
Retained Surplus	2,211,411	-	-	1,428,177	-	265,718	15,567	493,823	-	4,123,547	-	-	12,947,644	14,354,849	(1,407,205)
Unrestricted Net Position	2,128,054	(99,239)	2,415,711	28,253	98,234	(292,872)	(63,809)	31,284	(1,599)	(8,122,632)	16,219	-	(1,189,594)	(2,913,572)	1,723,978
Total Net Position	9,483,380	96,787	1,494,188	1,823,507	1,590,643	(92,079)	(49,476)	510,705	(7,996)	6,005	(7,810)	-	14,883,340	16,776,124	(1,892,784)

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	GDBE	EDM	EDC	SBDA	TPDC	IRP	EAC	USE	TIP	SSBCT	STFP	INCTBATOR	2,013	2,012
Operating Revenues														
Application and Processing Fees	1,230	53,799	956,326	-	-	-	-	299	-	-	-	-	961,607	524,071
Interest from Loans	156,299	-	-	34,346	-	6,293	-	28,033	-	-	-	-	256,732	261,395
Rental Income	-	-	-	412,611	-	-	-	-	-	-	-	-	412,611	609,214
Grant Revenue	-	-	-	-	-	-	34,446	-	-	56,533	547,070	69,191	697,240	129,351
Government Appropriation	-	3,395,726	413,344	372,884	-	1,089	283,187	-	-	-	-	15,584	4,691,814	4,686,135
PEA Bonds	4,184	-	-	-	-	-	-	-	-	-	-	-	4,184	78,990
Penalties	-	-	(9,537)	-	-	-	-	-	-	-	-	-	-	21,490
Other Operating Income	16,861	-	-	-	29,303	930	-	-	-	-	-	-	37,777	58,656
Total Revenue	1,782,538	3,449,475	1,319,153	487,040	447,114	16,532	307,633	28,322	-	56,533	547,070	84,775	6,821,965	6,189,963
Operating Expenses														
Personnel Costs	209,019	1,644,733	670,314	267,676	280,918	1,089	262,506	-	-	-	-	10,025	3,327,222	3,042,214
Occupancy	23,769	238,389	-	-	38,684	-	-	-	-	-	-	-	300,842	298,870
Advertising	7,127	125,373	50,638	3,991	-	-	8,735	-	-	-	-	1,659	197,523	85,798
Professional Services	57,165	695,975	398,635	13,489	2,887	-	26,341	-	-	-	-	-	1,293,402	579,265
Travel and Per Diem	1,391	64,783	33,717	7,900	3,688	-	4,945	-	-	-	-	95	105,415	169,677
Other Administrative Expenses	2,492	889,914	5,164	22,827	189,299	-	4,118	927	-	-	-	2,807	1,118,648	876,442
Grant Expenditures	-	-	-	-	-	-	21,145	-	-	56,533	546,472	69,191	686,642	129,351
Bad Debt	1,019,289	-	-	(1,681)	78,587	(310,986)	-	-	30,015	-	-	-	1,111,141	964,491
Total Operating Expenses	1,541,052	3,658,519	1,148,468	311,312	599,553	(38,947)	311,999	927	30,015	56,533	546,472	84,775	8,650,838	6,946,008
Operating Income or (Loss) Before Depreciation	(1,162,514)	(208,834)	(161,665)	95,728	(148,719)	39,279	(3,466)	27,395	(30,015)	-	598	-	(1,228,873)	122,954
Depreciation	213,084	51,463	32,548	14,787	240,636	-	-	-	-	-	598	-	564,116	516,944
Loss on Assets/Termination of Lease	157,259	-	-	-	-	-	-	-	-	-	-	-	147,259	-
Operating Income or (Loss)	(1,052,687)	(261,297)	(129,117)	39,951	(339,355)	39,279	(3,466)	27,395	(30,015)	-	-	-	(1,959,348)	(413,999)
Other Revenues/(Expenses)														
Interest Income	12,907	-	-	896	1,069	-	-	-	-	5,552	-	-	20,364	20,119
Other Income	-	1,927	-	5,430	-	-	-	20,949	-	-	-	-	41,287	10,675
Interest Expense & Finance Charges	-	-	-	-	-	(3,784)	-	-	-	-	-	-	(3,784)	(6,544)
Total Other Revenues/(Expenses)	12,907	14,927	-	6,306	1,069	(3,784)	-	20,950	-	5,552	-	-	57,867	33,250
Changes in Net Position	(1,239,980)	(246,370)	(129,117)	87,257	(388,346)	35,495	(7,466)	48,345	(30,015)	5,552	-	-	(1,892,381)	(380,749)
Net Position, Beginning of Year	11,012,339	342,127	1,245,971	1,736,249	1,918,968	(63,474)	(96,010)	462,360	22,419	543	17,510	-	16,776,124	17,156,864
Net Position, End of Year	9,482,359	95,757	1,484,188	1,823,507	1,559,643	(29,979)	(49,476)	510,705	(7,596)	6,095	17,510	-	14,883,743	16,776,124

**FY 2015 STAFF OF THE VIRGIN ISLANDS
ECONOMIC DEVELOPMENT AUTHORITY**

ADMINISTRATION

EXECUTIVE

STT VIEDA Acting Chief Executive Officer **Wayne L. Biggs, Jr.**
 STT VIEDA Executive Assistant **Celina D. Morris**
 STX VIEDA Administrative Assistant **Michelle Gaskin**
 STT VIEDA Marketing and P.R. Specialist **Semele A.C. George**
 STX VIEDA Client Care Coordinator/Ombudsman **Steven P. Steele**
 STX VIEDA Project Coordinator **Humberto O'Neal**

ACCOUNTING / ADMINISTRATION

STT VIEDA Director of Administration & Finance **Ernest Halliday**
 STT VIEDA Senior Accountant **Maritza E. Hernandez**
 STT VIEDA Budget and Financial Analyst **Kelly V. Thompson-Webbe**
 STT VIEDA Accountant II **Lovelle Industrious**
 STT VIEDA Accountant I **Jana Cammie**
 STT VIEDA Custodial Worker **Francillia Williams**

HUMAN RESOURCES

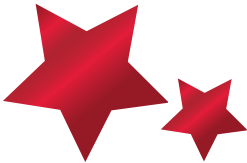
STX VIEDA Human Resources Manager **Wendy Wheeler, MBA, CPM**
 STT VIEDA Human Resources Specialist **Shirley J. Jones-Peters**

LEGAL

STX VIEDA Legal Counsel **Tracy Lynch Bhola, Esq.**
 STX VIEDA Certified Paralegal/Investigative Analyst **Tanya S. Hill**
 STX VIEDA Investigative Analyst **Lisa Mitchell-Harris**

BOARD

STT VIEDA Liaison to the Board of Directors **Carol V. Chapman**



KEY
 STT=St. Thomas
 STX=St. Croix

VIEDA ENTITIES

EDC APPLICATIONS

STT EDC Director of Applications **Margarita A. Benjamin**
STX EDC Application Analyst **Esther M. Joseph**
STX EDC Document Specialist **LaShanna McBean deChabert**

EDC COMPLIANCE

STX EDC Director of Compliance **Claude S. M. Gerard**
STT EDC Senior Compliance Officer **Joy Penn**
STT EDC Compliance Officer **Sandra Bess**
STT EDC Compliance Officer **Kyle C. Thomas**
STX EDC Compliance Officer **Ayanna T. Romney**

ENTERPRISE & COMMERCIAL ZONE COMMISSION

STT ECZC Director of Enterprise &
Commercial Zone Commission **Nadine T. Marchena Kean**
STT ECZC Enterprise Zone Specialist **Raheem Smith**
STX ECZC Enterprise Zone Specialist **Deray Calixte**
STT ECZC Enterprise Zone Programs &
Grants Compliance Officer **Tamra B. James**

ECONOMIC DEVELOPMENT BANK

STX EDB Director of Lending **Sharmane A. Brookes**
STX EDB Senior Loan Officer **Monique T. Samuel**
STT EDB Loan/Collection Officer **Denise C. Donadelle**
STT EDB Loan Assistant **Charlene Gerard-Joseph**
STT VIEDA Administrative Assistant **Ja'Nelle L. Forbes**
STT EDB Energy Project Assistant **Shatima Charleswell**
STX EDB Small Business Counseling Specialist **Pablo R. Vega**
STX EDB Loan Officer/SSBCI Coordinator **Diane A. DaCosta**

EDB DISASTER SMALL-MIDSIZED ENTERPRISES INCUBATION PROGRAM

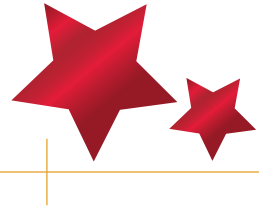
STX DSME Incubator Program Manager **Cusa Holloway**
STX DSME Administrative Assistant **Lisa Ann C. James**

VIRGIN ISLANDS INDUSTRIAL PARK DEVELOPMENT CORPORATION

STX IPDC Interim Park Superintendent **Edward Berry**
STX IPDC Maintenance Worker **Athanasius Obieus**
STX IPDC Maintenance Worker **Ethelbert Lesmond**
STT IPDC Messenger / Service Worker **Cuthbert Charlemagne**



NOTES





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UNITED STATES VIRGIN ISLANDS
Economic Development Authority

ST. CROIX

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ST. THOMAS

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