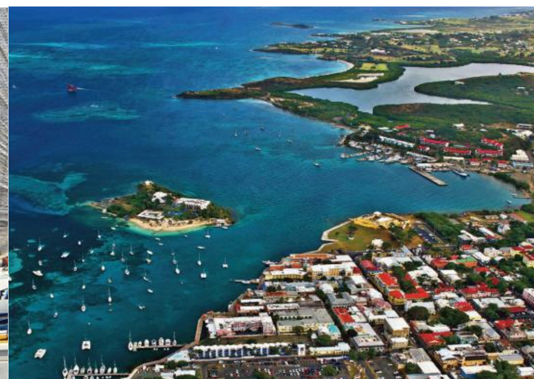
VI Economic Development Authority

ANNUAL BUDGET
FISCAL YEAR 2014

"Economic Resurgence in Difficult Times"



VI ECONOMIC DEVELOPMENT AUTHORITY

FISCAL YEAR 2014 BUDGET
October 1, 2013 – September 30, 2014

St. Thomas:
8000 Nisky Shopping Center, Suite 620
St. Thomas, U.S. Virgin Islands 00803
Phone: (340) 714-1700
www.usvieda.org

St. Croix:
116 King Street, Frederiksted
St. Croix, U.S. Virgin Islands 00840
Phone: (340) 773-6499
www.usvieda.org

VI ECONOMIC DEVELOPMENT AUTHORITY

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May 30, 2013

Honorable Clifford F. Graham
Senator
Chairman, Committee on Finance
30th Legislature of the Virgin Islands
Capitol Building
St. Thomas, VI 00804

Dear Senator Graham:

It is my privilege to present the Virgin Islands Economic Development Authority's ("VIEDA") Fiscal Year 2014 Budget for your consideration and that of your honorable colleagues.

Our budget request of $5,043,274 is consistent with the level of responsibility entrusted to the Authority, which serves as a beacon of hope for economic resurgence in the Territory. Economic development has many objectives. Most commonly, these include the creation of jobs, wealth, and the improvement of the quality of life of our residents.

The Authority is forging many partnerships with investors and entrepreneurs in the Territory, and with others both nationally and internationally as we focus on achieving the following objectives that began in FY 2013 and are continuing through FY 2014:

- **Creation of New Jobs** – There is a direct link between job creation and the overall health of the local economy. However, jobs "created" should be those that can support the desired standard of living, those which offer stability and decent working conditions, and those which provide opportunities for advancement. Equally important, is the impact of job creation on increasing the tax base.

- **Generating Additional Government Revenues** - The strategy is to attract a targeted mix of robust industry sectors that include Financial/Professional Services, Information Technology, eCommerce, Call Centers/Back Office, Light Manufacturing, Transshipment, and Energy. The economic significance is borne out through direct and induced tax revenues generated through the use of both financial and human capital.

- **Business Retention and Expansion** – The emphasis is on the allocation of resources in maintaining the employment levels through outreach campaigns. Simply put, this customer-service mechanism provides constant feedback about private sector growth and development. Research has shown that most new jobs will come from existing businesses. Therefore, existing businesses are a component of our economic development efforts. We recognized that sustaining them is vital to a healthy economy.

UNITED STATES VIRGIN ISLANDS
Economic Development Authority
WWW.USVIEDA.ORG 1 800 432-8784

These objectives will be accomplished through our marketing initiatives and by partnering with other agencies to identify national and international investment leads while we continue to provide quality technical and financial support to local businesses.

The funding request includes approximately $120,000, which is VIEDA's Fiscal Year 2014 matching requirement for an incubator grant that was received in this fiscal year. This investment by both the federal and local governments provides technical assistance for the Incubator program, which focuses on small, midsized enterprises (SMEs) and emerging entrepreneurs who have significant growth potential.

The VIEDA also is required to implement the Tax Increment Financing (TIF) law, the Hotel Development law, and, in conjunction with the Virgin Islands Department of Tourism, the Sustainable Tourism Through Arts-based Revenue Streams Act (STARS). Though no funding provisions were made to carry out these mandates, we believe that they greatly impact economic development and must be developed to the greatest extent possible.

This budget, therefore, addresses those needs that bear a direct relationship to job creation and retention, which also provide a stable tax base. Balancing the budget is always a challenge, especially in tough economic times, but by working together we can make a difference in the lives of our residents. The VIEDA stands ready to work with you and with other members of the 30th Legislature to this end.

My staff and I are available to answer questions or provide additional information that you or the Post Audit Division may have regarding this submission.

Sincerely,

Percival E. Clouden
Chief Executive Officer

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

VI ECONOMIC DEVELOPMENT AUTHORITY
FISCAL YEAR BEGINNING OCTOBER 1, 2014

Governing Board

Board Member	**Position**
Albert Bryan Jr.	Chairman
Nathan Simmonds	Vice Chairman
Lynn Millin Maduro	Secretary
Jose Penn	Member
Henry Smith	Member
Randolph Allen	Member

Senior Management Team

Percival E. Clouden, Chief Executive Officer

Jennifer Nugent-Hill, Assistant Chief Executive Officer/Chief Operating Officer

Ernest Halliday, Director, Administration & Finance

Paul Arnold, Projects Coordinator

Frederick Handleman, Director, Legislative and Legal Affairs

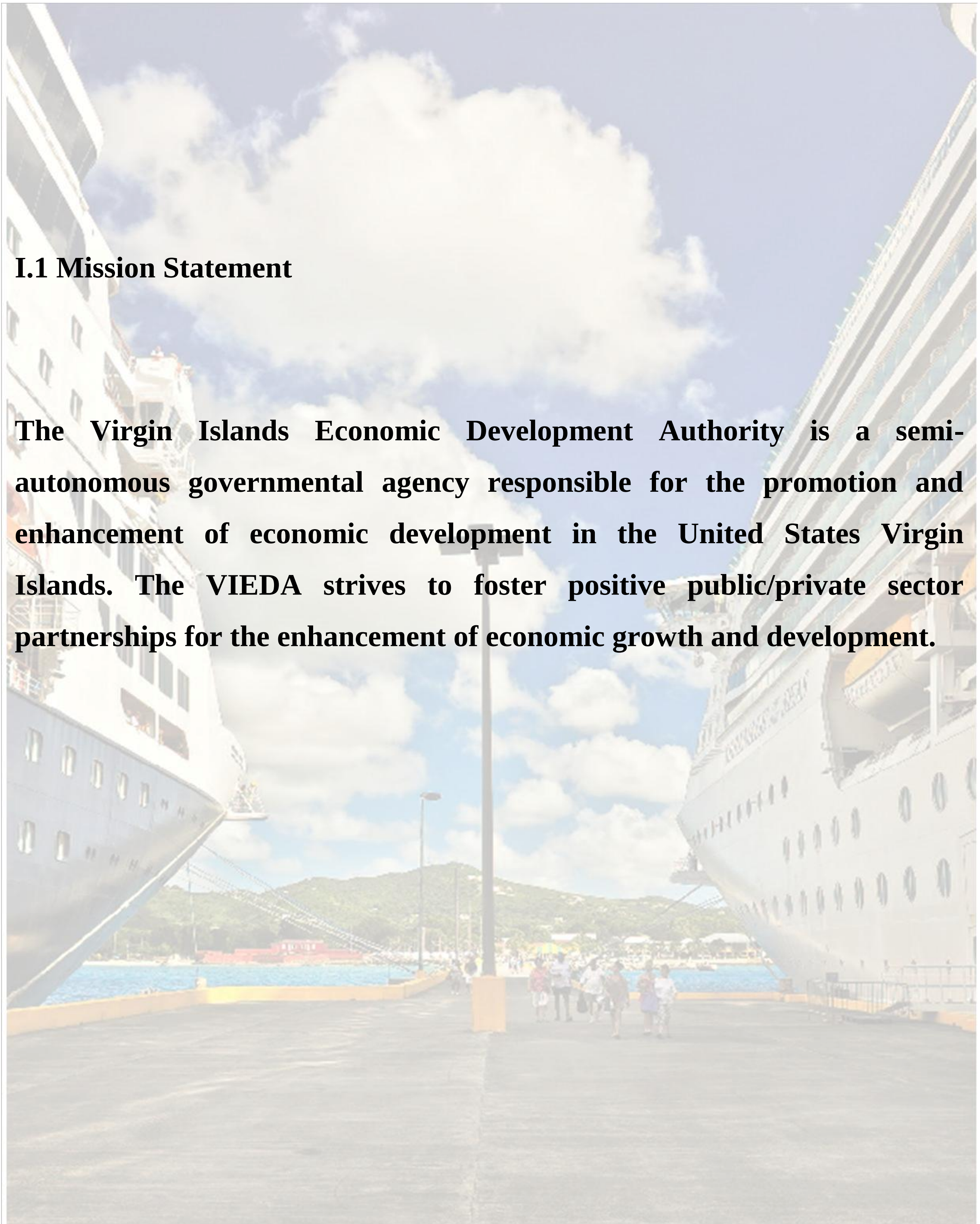
Margarita Benjamin, Director, EDC, Applications Unit

Stephanie Berry, Director, EDC, Compliance Unit

Nadine Marchena Kean, Director, Enterprise Zone Commission

Dianne Duinkerk, Director, Lending Division

George St. Rose, Park Superintendent



I.1 Mission Statement

The Virgin Islands Economic Development Authority is a semi-autonomous governmental agency responsible for the promotion and enhancement of economic development in the United States Virgin Islands. The VIEDA strives to foster positive public/private sector partnerships for the enhancement of economic growth and development.

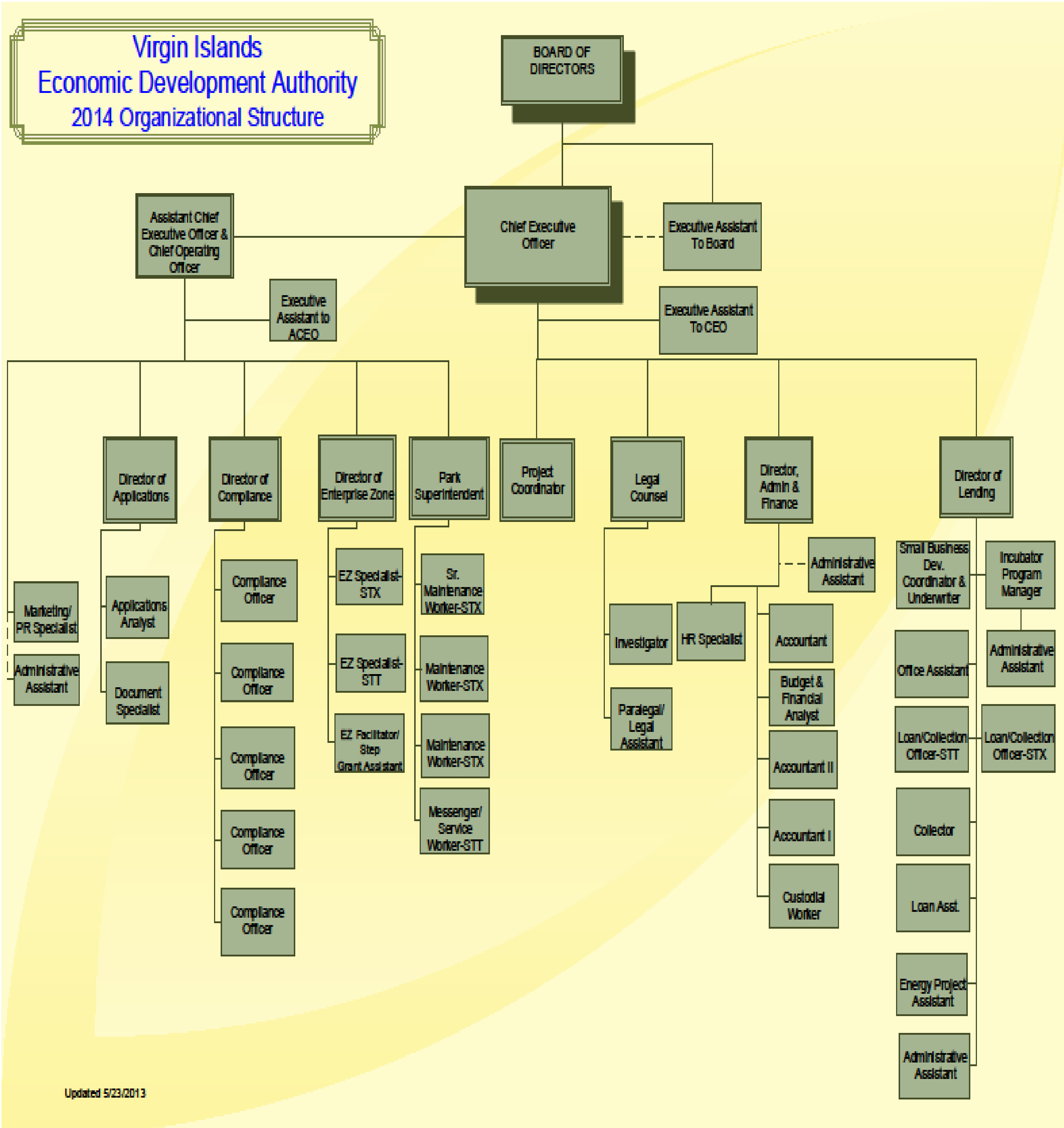
I.2 Scope and Overview

The Virgin Islands Economic Development Authority (VIEDA) was created on December 21, 2000 by Act No. 6390,Title 29, Chapter 17, Virgin Islands Code 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.

The VIEDA accomplishes its mission by (1) attracting multinational 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 VIEDA 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.

The powers of the VIEDA are exercised by a Governing Board consisting of the members of the VIEDA acting as a board. Of the seven (7) members appointed to the Board, three (3) shall not be employees of the Government of the United States Virgin Islands or the Government of the United States and shall be appointed by the Governor with the advice and consent of the Legislature. Three (3) shall be appointed by the Governor from among the heads of Cabinet-level executive departments or agencies or his executive staff, and one (1) shall be 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.

I.3 Organizational Chart



I.4 Accounting System and Financial Reporting Role and Responsibilities

The Virgin Islands Economic Development Authority (VIEDA) is a component unit of the U.S. Virgin Islands Government and follows enterprise fund accounting and reporting. Therefore, the financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

Management prepares a plethora of financial and statistical reports, including the Financial Statement with Supplementary information (annual audit), and is responsible for the integrity and objectivity of management and financial reporting. Reports are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in the United States of America, applying certain estimates and judgments, as required.

The VIEDA employs internal controls that are designed to provide reasonable assurance as to the integrity and reliability of financial reporting and to adequately safeguard, verify, and maintain accountability of assets. Such controls are based on established written policies and procedures and are implemented by trained, skilled personnel. The VIEDA's employment policy prescribes that VIEDA and all of its employees maintain the highest ethical standards and that its business practices be conducted in a manner that is above reproach.

The VIEDA engages the services of outside auditors to perform an annual independent audit of its financial statements. The objective of an audit is to express an opinion on the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). In the independent auditors' opinion, the financial statements for fiscal years 2010, 2011, and 2012 presented fairly the financial position of the VIEDA. The auditors, accordingly, have issued "Unqualified Opinions" for all three years.

The VIEDA Board of Directors formulates the vision and fulfills its responsibility for oversight and administration of the Authority's practices and governance through actions of the full Board as well as through its committees. The Board's Finance Committee is responsible for reviewing the annual budgets, making recommendations, and advising the full Board on major financial issues and decisions.

I.5 VIEDA Direct and Indirect Cost Allocation Methods

The VIEDA activities are classified into two categories – operational and administrative, and all expenses of the Authority are attributed to the Operation Units and Administrative Units either as direct or indirect costs.

A direct cost is a cost that can be identified specifically with a Unit and can be traced directly with relative ease and a high degree of accuracy.

An indirect cost, on the other hand, is a cost that is incurred in common with other Units and cannot be traced to any specific Unit. Those costs, therefore, are distributed to both the Operational and Administrative Units through an internal allocation process or indirect cost rate.

An Operational Unit is a division within the VIEDA whose responsibility it is to carry out organizational mandates. These Operation Units include: the Small Business Development Agency (SBDA) and the Government Development Bank (GDB) – which make up the Lending Division; the Applications and Compliance Units, which make up the Economic Development Commission (EDC) Division; and the Enterprise Zone Commission EZC) Division.

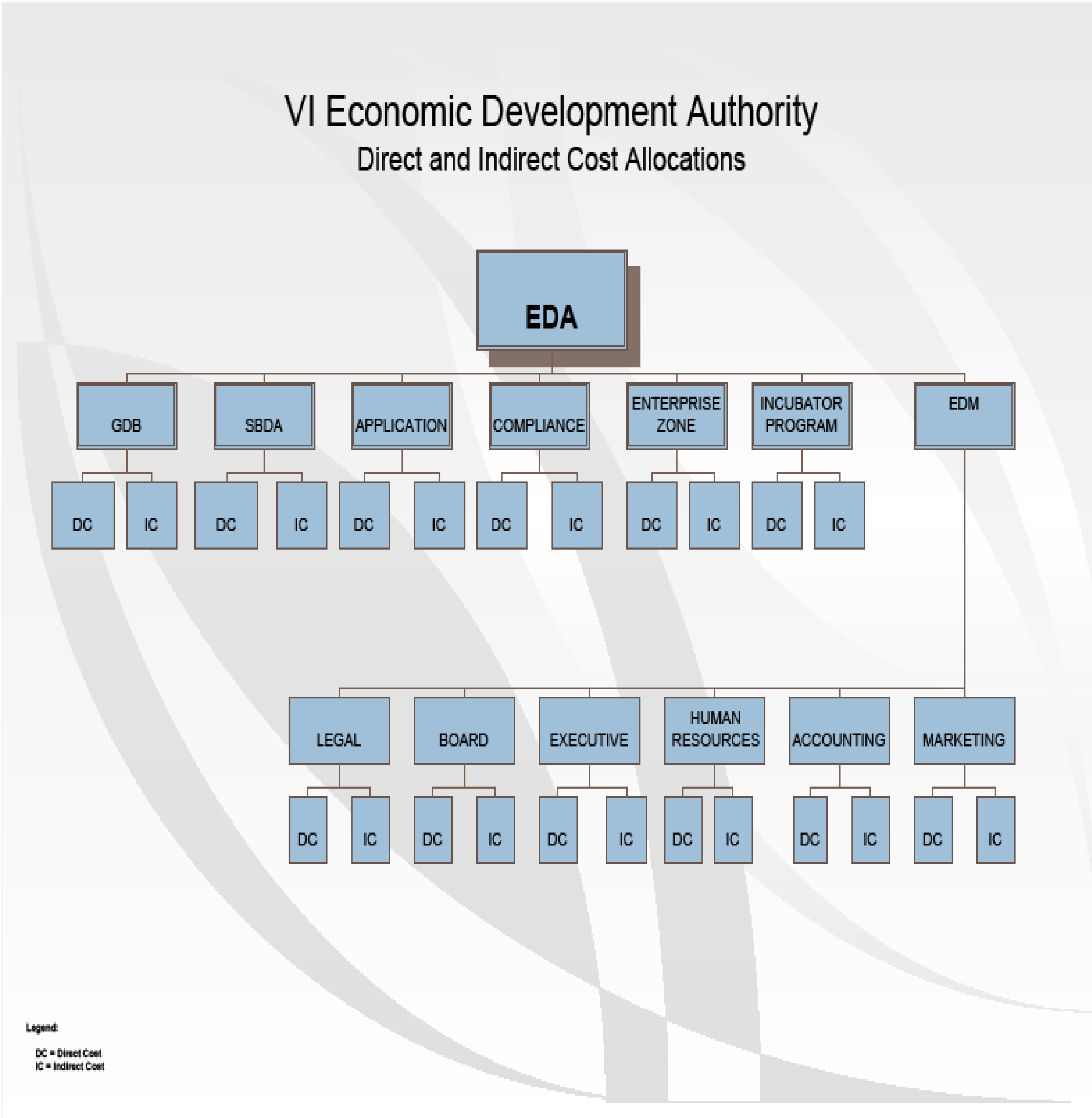
An Administrative Unit is a department within the VIEDA that provides support to the Operational Units in fulfilling their mandates. The administrative departments are the VIEDA Board of Directors, Executive Office, Accounting and Finance, Human Resources (HR), Legal, and Marketing.

All indirect costs are budgeted and expensed in a temporary department within the administrative grouping referred to as Economic Development Management (EDM). At the end of each quarter, the indirect costs that were accumulated in the EDM department are allocated to all operational and administrative Units based on a pre-determined rate.

At the end of a fiscal period when all direct costs are posted and all indirect costs are allocated from the EDM department, each operational and administrative unit will be able to determine its total operating cost.

The total direct and indirect costs for each administrative unit are considered an indirect cost to the operational units and, thus, must be allocated to the operational units using a pre-determined allocation method.

The method of cost identification and allocation supports the need to set goals and objectives to establish a basis for the budget, develop performance standards, and perform the necessary evaluations to ensure that resources are used in the most efficient manner.


VI Economic Development Authority
Direct and Indirect Cost Allocations
EDA
GDB
SBDA
APPLICATION
COMPLIANCE
ENTERPRISE ZONE
INCUBATOR PROGRAM
EDM
DC
IC
LEGAL
BOARD
EXECUTIVE
HUMAN RESOURCES
ACCOUNTING
MARKETING
Legend:
DC = Direct Cost
IC = Indirect Cost

I.6 Goals, Objectives, Performance Measurement, and Performance Evaluation

Goals, objectives, performance measurement, and performance evaluation establish the strategic framework for the Authority's economic development plan.

A goal is the end result to be accomplished, and answers the question, "what is the big picture purpose? For the VIEDA, it is the creation of new jobs to improve the standard of living for residents and the expansion of the tax base of the government.

Objectives are the action steps that must be taken to carry out the big picture and set benchmarks to measure performance. The fundamental characteristics of an objective are that, it must be:

- Measureable
- Identify the target of program activity
- Set a timeframe for completion
- Provide an expected direction of change.

Performance measurement is the ongoing monitoring and reporting on program accomplishments compared to the pre-established goals and objectives as outlined by each Unit. The basic ingredients of a performance measure include:

- Objectivity
- Relevance
- Ability to indicate degree of success
- Reliability
- Validity

We recognize that the development of performance measurements requires careful thought and planning.

Performance Evaluation becomes an even more important consideration in a period of scarce resources, and provides a means of assessing how well a Unit is performing, and answers questions such as:

1) Are stakeholders getting what they deserve?
2) Are taxpayers getting their money's worth?
3) Are those we serve better off?
4) Can the service we provide be improved?

The achievability of the VIEDA goals and objectives rests with supervisors and their subordinates, and the budget provides the financial resources to do so. Most importantly, however, is the carrying out of the measurement and evaluation functions in ensuring that scarce resources are used in the most efficient manner for the benefit of residents.

I.7 Annual Budget Process Overview

The Virgin Islands Economic Development Authority's budget formulation process is designed to allow the Authority to fulfill its mission; align goals, priorities, and objectives with financial resources; and evaluate actual achievements relative to anticipated outcomes.

December - January

The budget formulation process begins with the development of revenue and expenditure projections for the upcoming fiscal year. These projections are presented to the VIEDA Governing Board's Finance Committee with a comparison and analysis of past trends (i.e. appropriation, allotment and expenditure levels) in addition to other financial data to justify and support its budget recommendation.

During this period, the VIEDA Governing Board outlines the priorities, goals and objectives of the Authority for the upcoming fiscal year. This forms the basis for the development of the budget and determines the final budget amount to be submitted to the Office of Management for inclusion in the Government's annual operating budget.

February

The budget staff establishes budget ceilings for each division and department consistent with the priorities, goals, and objectives as outlined by the EDA Governing Board. This information is communicated to each division or department head through a budget call that provides instruction and guidance on preparing the budget. The budget staff conducts budget orientation sessions with lead members of each division and department, in order to provide an overview of the budgeting process and to address budgetary concerns.

March - April

The budget staff holds budget review discussions with all departments to discuss areas of concern, goals, and new initiatives, or programs the departments desire to implement. At this forum, each division and department is provided the opportunity to justify its needs before the Chief Executive Officer and Assistant Chief Executive Officer. After discussions, revisions are made and the budget schedules are updated accordingly.

The budget is presented to the EDA Governing Board for consideration and final approval before submission to the Legislature's Post Audit Division.

April – June

Communication is maintained with the Post Audit Division in its analysis of the budget while the budget staff researches and gathers data, including conducting round-table sessions with department and division heads before crafting the final draft of the CEO's budget message.

Annual Budget Process Overview continued

August

The Chief Executive Officer accompanied by the Assistant Chief Executive Officer and the Director of Administration and Finance defends the budget recommendation before the Finance Committee of the Legislature.

October - September

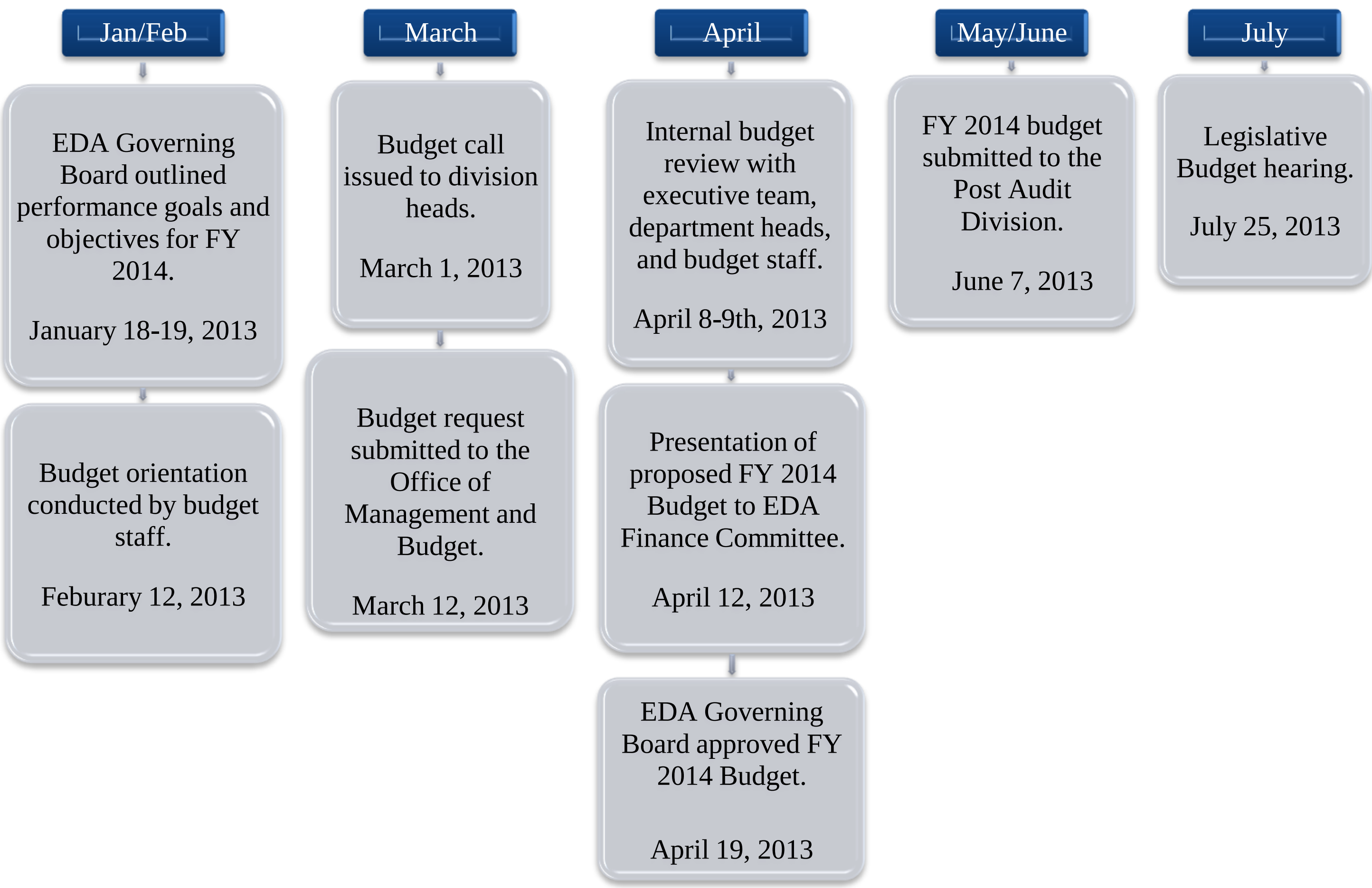
Commencing with its adoption, the budget, on a line-by-line basis, is entered into the VIEDA's fully computerized accounting reporting system. This system monitors all the Authority's expenditures during the year, allowing for expenditure to be controlled within the limits established in the budget. This system also summarizes the year-to-date performance of each department relative to the budget.

Each month actual results are compared and analyzed against the budget to ensure that resources are managed in accordance with the budget plan and consistent with the goals and objectives of the organization. On a quarterly basis, financial reports are presented to the Finance Committee of the EDA Governing Board detailing the source and use of funds compared to the budget and also compared to the same period in the previous fiscal year.

The budget staff offers recommendations for policy review, when necessary, to improve financial integrity and efficiency.

Annual Budget Process Overview continued

Budget Calendar
Below is a summary of the activities in development the FY 2014 Budget.



VIEDA ADMINISTRATIVE UNIT

The administrative departments within the VIEDA provide support to the operational divisions in ensuring that the VIEDA adheres to and meets statutory and legal requirements.

1.1 BOARD OF DIRECTORS

Functional Statement

The powers of the VIEDA rest in the hands of a Governing Board, which sets the vision and acts on behalf of the organization. The Board is responsible for establishing all operating policies, hiring a Chief Executive Officer (CEO) who assumes operational responsibilities, approving all major contracts, overseeing overall policy decisions, providing oversight, and, most importantly, ensuring that the organization complies with all applicable law.

Operational Goal(s)

Collaborate with management in exploring opportunities for the VIEDA and to play a vital role in helping management understand the implications of and adapt to the changing global environment.

Fiscal Year 2013 Objectives

- Participate in Professional Development training (Best Practices in Board Governance)
- Develop policy of various Strategic Financial Tools
- Participate in Economic Development Trade Missions
- Conduct hearings and decision meetings bimonthly
- Select external auditors for next three years
- Review and approve annual operating budget
- Review 3-,6-, 9- and 12-month financial performance with budget and prior year expenditures
- Conduct performance review of Chief Executive Officer and Board self-assessment
- Hold collaborative sessions with other State EDAs

Fiscal Year 2013 Accomplishments as of March 31, 2013

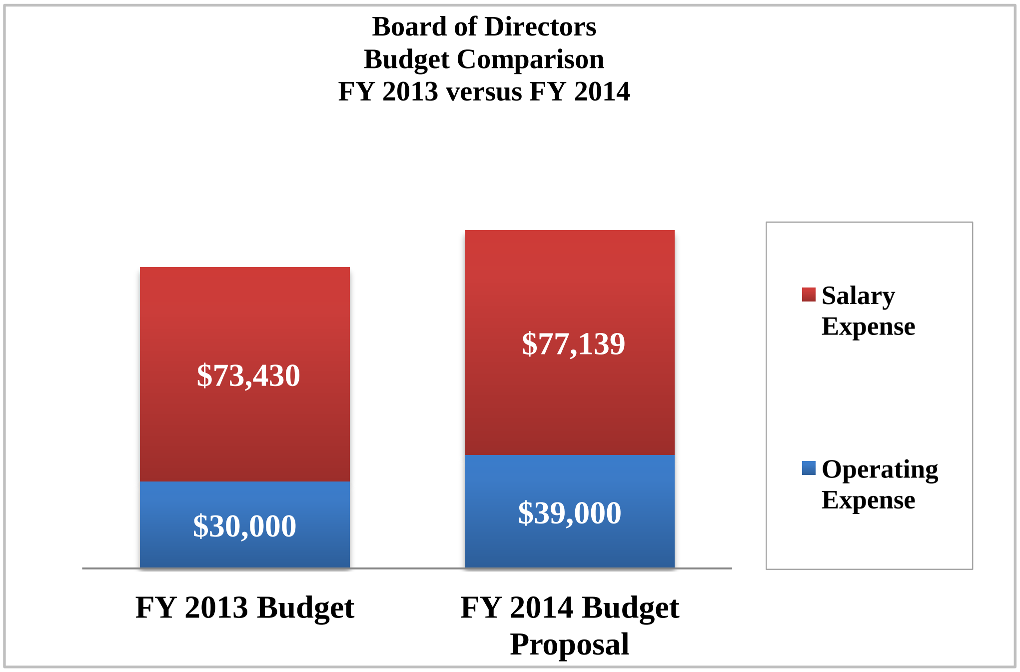
- Held 14 board and decision meetings
- Conducted 7 public hearings
- Strategic planning retreat held January 2013
- Attended International Economic Development Council (IEDC) training seminars
- Reviewed and approved the FY 2014 budget proposal

Fiscal Year 2014 Objectives

- Participate in Marketing Events and Activities
- Participate in Professional Development Training (Best Practices in Board Governance)
- Develop policies towards the implementation of various strategic financing tools (i.e. U.S. Government's Employment Based (EB-5) program, New Market Tax Credit program, Tax Increment Financing Expansion, Hotel Development Act)
- Review and approve annual operating budget
- Review and evaluate 3-, 6-, 9-, and 12- month financial performances
- Conduct performance review of Chief Executive Officer and Board Assessment

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Number of Board Meetings	28
Number of Policies to be Reviewed and/or Developed	10
Approval Date of Annual Budget	3/2014
Date of CEO Performance Evaluation	6/2014



	FY 2013 Budget	Actual 10/1/12 - 3/31/13	FY 2014 Budget
EXPENDITURES:			
Salaries	$ 55,460	$ 25,052	$ 59,000
Fringe Benefits	17,970	6,246	18,139
Salary Expense	**$ 73,430**	**$ 31,298**	**$ 77,139**
Catering	-	1,672	1,000
Supplies	-	1,498	2,000
Dues & Subscriptions	1,300	290	1,600
Employee Relations	-	70	100
Postage & Delivery	100	-	100
Board Stipend	3,000	-	2,000
Meeting Space Rental	-	900	800
Software Agreement	-	2,388	2,400
Professional Development	12,400	15,104	20,000
Interisland Travel	12,000	1,817	6,000
Communication	1,200	1,058	3,000
Operating Expenses	**$ 30,000**	**$ 24,796**	**$ 39,000**
TOTAL (DIRECT COST ONLY)	**$ 103,430**	**$ 56,094**	**$ 116,139**

1.2 EXECUTIVE OFFICE

Functional Statement

The Chief Executive Officer (CEO) and the Assistant Chief Executive Officer (ACEO)/Chief Operating Officer (COO) provide overall leadership and direction in the planning, development, and administration of policies governing the operation of the VIEDA. This office ensures that responsibilities established by statute and policy directives are executed at the highest level.

Operational Goal(s)

Direct and monitor the activities of the VIEDA in a manner that ensures that the assets of the organization are safeguarded and optimized, and maintain a positive work climate that is conducive to attracting, retaining, and motivating a diverse group of top quality performers.

Fiscal Year 2013 Objectives

- Refine the alignment of the VIEDA structure to improve efficiency, effectiveness, and productivity
- Implement greater utilization of modern technology to enhance management processes
- Work with the Board of Directors and stakeholders to refocus strategic plan to shifting demands of the Virgin Islands Community
- Develop and implement targeted strategic economic development opportunities with the University of the Virgin Islands, the VI Port Authority, the Department of Tourism, and the Public Finance Authority to create synergies through comprehensive public policies
- Ensure the completion of the Comprehensive Economic Development Strategy Plan
- Establish effective operational practices and processes in management of the VIEDA

Fiscal Year 2013 Accomplishments as of March 31, 2013

- Completed 75% of the build-out of new office space at Nisky Center
- Participated in meetings with stakeholders, EDC beneficiaries and potential investors
- Engaged in several outreach activities including appearances on radio talk shows
- Attended IEDC training and seminars in economic development
- Testified before Legislative committees on economic development

Fiscal Year 2014 Objectives

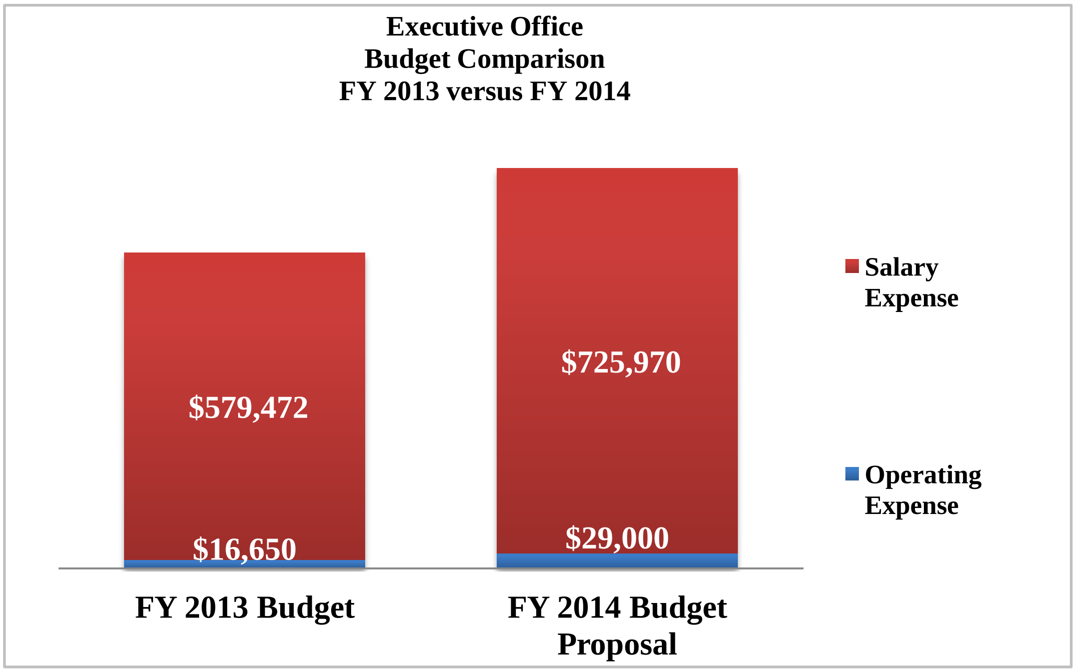
- Establish VIEDA as the premier driver of economic development and policy in the Territory
- Concentrate recruitment efforts on designated services businesses, high value manufacturers, healthcare suppliers and EB5 candidates to catalyze business development opportunities
- Ensure the completion of the Comprehensive Economic Development Strategy Plan

Fiscal Year 2014 Objectives continued

- Support economic diversification initiatives in the Broadband, Maritime, Marine, and Shipping industries
- Increase the VIEDA presence and visibility in the Virgin Islands Leadership Council
- Present an economic development orientation program with key local stakeholders

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Number of new industry partnerships to be formed	5
Number of existing partnership collaborations	7
Number of new initiatives to drive economic diversification	5
Number of legislative proposals to support economic development	5



	FY 2013 Budget	Actual 10/1/12 - 3/31/13	FY 2014 Budget
EXPENDITURES:			
Salaries	$ 437,660	$ 209,079	$ 555,263
Fringe Benefits	141,812	49,728	170,707
Salary Expense	**579,472**	**258,807**	**725,970**
Dues & Subscriptions	500	2,995	3,500
Employee Relations	500	1,335	500
Postage & Delivery	100	53	100
Professional Development	5,000	8,151	7,000
Tuition Reimbursement	2,400	-	2,400
Interisland Travel	5,750	3,602	7,500
Communication	2,400	5,370	8,000
Operating Expense	**16,650**	**21,506**	**29,000**
TOTAL (DIRECT COST ONLY)	**$ 596,122**	**$ 280,313**	**$ 754,970**

1.3 ACCOUNTING AND FINANCE

Functional Statement

The accounting and finance unit provides financial planning, accounting, and reporting for the VIEDA. It is primarily responsible for relationships with auditors, financial institutions, the Post Audit Division of the Legislature, rating agencies, and others within the financial community. It provides leadership in developing proposals and policies on strategic issues that affect the VIEDA's long-term financial integrity and competitiveness. The responsibility for the establishment of financial policies and procedures for organization-wide guidance and internal control falls within this unit.

Operational Goal(s)

Provide quality customer service to the VIEDA units and divisions while practicing responsible stewardship of VIEDA resources; and aspire to excellence in its financial and administrative practices, including the institution on measures to reduce costs and improve overall efficiency.

Fiscal Year 2013 Objectives

- Obtain Fiscal Year 2012 financial audit report by April 2013
- Submit Fiscal Year 2013 budget to Post Audit by May 2013
- Continue to structure unit and re-align job titles based on functions and work performed
- Provide professional development training in management, budgeting, and accounting
- Upgrade accounting and financial programs such as MAS 500 and ABRA
- Provide financial management services to each division within the organization
- Conduct divisional site visits to better understand needs and allocate financial resources

Fiscal Year 2013 Accomplishments as of March 31, 2013

- Completed VIEDA's financial audit fieldwork
- Supervised the build-out of EDA's new office space at Nisky Center
- Submitted Fiscal Year 2014 Budget to the Office of Management and Budget
- Upgraded reporting functions by utilizing modules to track and record EDA's fixed assets
- Assisted in compliance and financial audits performed by the Office of the Inspector General
- Provided professional development training for all accounting staff personnel
- Continued to research replacement software for FRX, ABRA and Be Punctual Punch

Fiscal Year 2014 Objectives

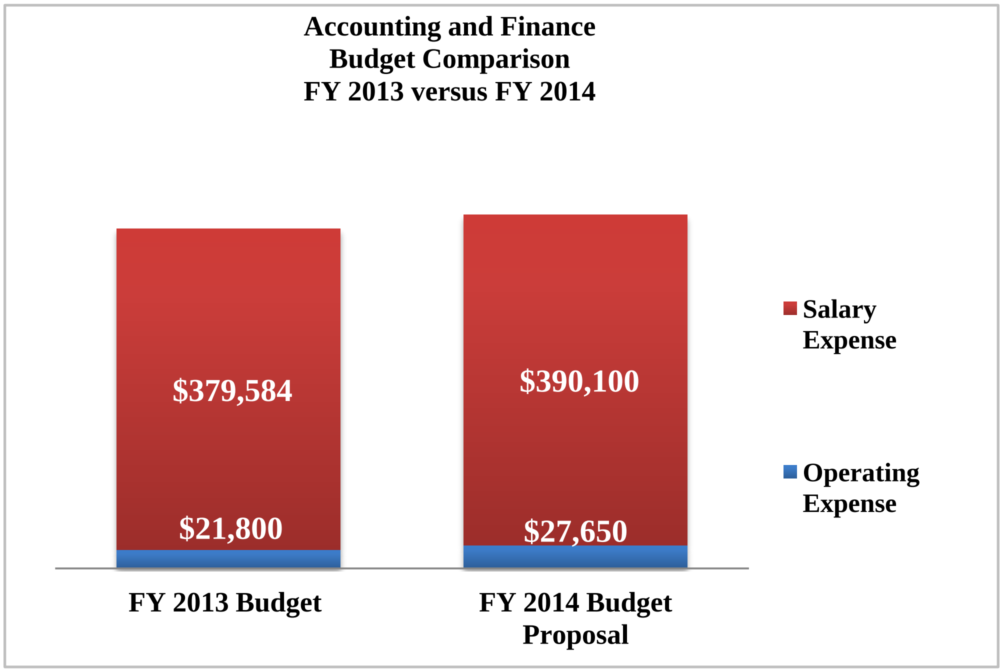
- Obtain Fiscal Year 2013 financial audit report by February 2014
- Prepare and submit Fiscal Year 2015 budget to the Post Audit Division by May 15, 2014
- Upgrade financial reporting software to improve recording, reporting, and analytical functions

Fiscal Year 2014 Objectives continued

- Identify and implement measures to reduce operating expenses by a minimum of 5%
- Reconcile and close general ledgers by the 20th day of each month
- Provide staff enrichment training in management, budgeting, and accounting

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Percentage of instances General Ledger closed on schedule	85%
Financial Audit Completion Date	3/2014
Date of Annual Budget Submission	5/2014
Number of Finance Committee Reports to be Presented	4



EXPENDITURES:	FY 2013 Budget	Actual 10/1/12 - 3/31/13	FY 2014 Budget
Salaries	286,690	127,252	298,370
Fringe Benefits	92,894	43,052	91,729
Salary Expense	**$ 379,584**	**$ 170,303**	**$ 390,099**
Catering	-	217	200
Dues & Subscriptions	500	172	300
Employee Relations	500	-	500
Postage & Delivery	600	10	500
Professional Development	6,000	9,684	13,300
Tuition Reimbursement	7,200	-	2,400
Professional Services	6,000	1,137	8,000
Interisland Travel	1,000	-	2,450
Operating Expense	**$ 21,800**	**$ 11,220**	**$ 27,650**
TOTAL (DIRECT COST ONLY)	**$ 401,384**	**$ 181,523**	**$ 417,749**

1.4 HUMAN RESOURCES

Functional Statement

The Human Resources (HR) Department is responsible for human capital management, workforce development and personnel operations services, which includes staffing/recruitment, position classification and management, benefits counseling, and employee relations. It is also responsible for providing a cost-effective and coordinated strategy for the delivery of training and employee development programs.

Operational Goal(s)

Provide an HR organizational framework to recruit, select, classify, compensate, develop and reward employees, and ensure an environment that optimizes productivity, efficiency and effectiveness.

Fiscal Year 2013 Objectives

- Update the HR policy manual within the first six months of fiscal year.
- Implement and enforce a uniform and dress code policy by October 2012.
- Institute programs to enhance employee development through supervisory, technical, professional, and competency training.
- Continue to standardize HR management practices in the areas of hiring, retention, employee development, benefits, and compliance.
- Enhance employee relations through employee recognition program, newsletters, quality of life programs, and special activities.

Fiscal Year 2013 Accomplishments as of March 31, 2013

- Updated the VIEDA Human Resources Policy manual
- Coordinated employee uniform purchase with updated VIEDA uniform policy
- Worked with the Division of Personnel in promoting the Health and Wellness and Employee Health Risk Assessment programs
- Organized employee recognition events and participated in Public Service Recognition Week
- Developed policies for employee time and attendance system

Fiscal Year 2014 Objectives

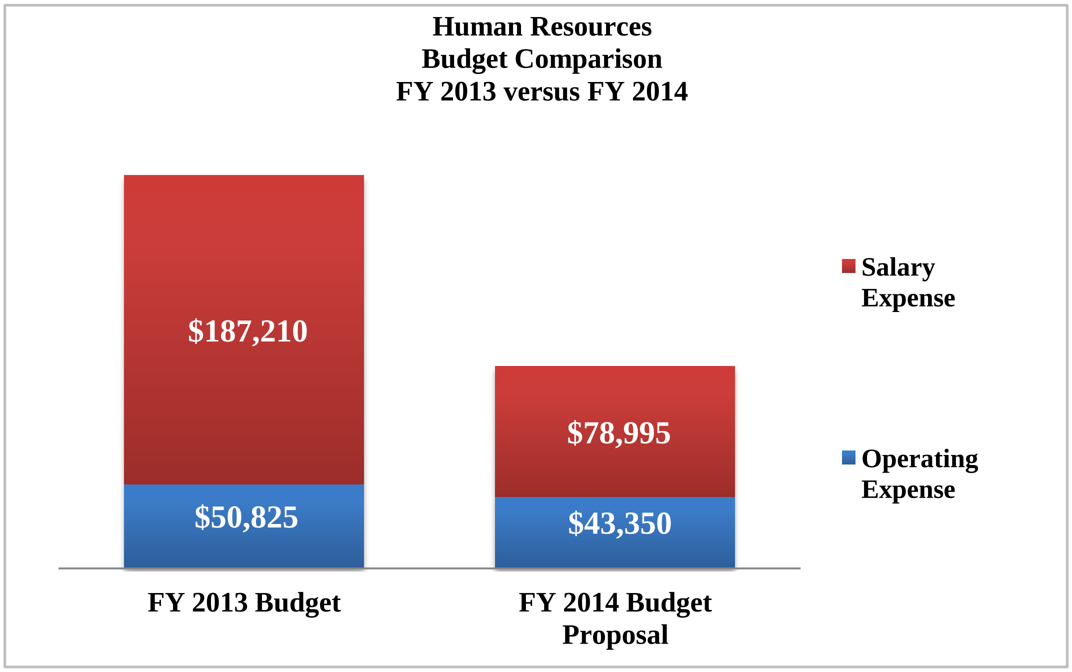
- Conclude desk audits for all union and classified positions and develop a grade and salary structure for the VIEDA by October 2013
- Conduct annual sexual harassment training for all employees by June 2014

Fiscal Year 2014 Objectives continued

- Work with supervisors to ensure that all employee evaluations are completed by June 2014
- Develop self-awareness, self-care, and other programs to improve employee wellness and productivity
- Research and recommend employee professional development training to improve leadership and team building skills, productivity, and workplace etiquette by January 2014

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Percentage of employee evaluations to be completed on schedule	80%
Average time to complete each stated research recommendation	1.5 weeks
Number of employee relations initiatives to be implemented	5
Date employee professional development recommendation to be submitted	10/2013



EXPENDITURES:	FY 2013 Budget	Actual 10/1/12 - 3/31/13	FY 2014 Budget
Salaries	$ 141,395	$ 63,871	$ 60,420
Fringe Benefits	45,815	17,981	18,575
Salary Expense	**187,210**	**$ 81,852**	**78,995**
Advertising & Promotion	4,000	550	4,000
Dues & Subscriptions	500	-	500
Employee Relations	15,000	10,080	18,000
Postage & Delivery	100	-	100
Professional Development	26,250	4,547	20,000
Interisland Travel	3,775	-	750
Communication	1,200	1,183	-
Operating Expense	**50,825**	**16,360**	**43,350**
TOTAL (DIRECT COST ONLY)	**$ 238,035**	**$ 98,212**	**$ 122,345**

1.5 LEGAL DEPARTMENT

Functional Statement

The legislative and policy department is responsible for providing legislative and policy services and advice to the VIEDA and its divisions. These include: policy guidance, litigation management, document preparation, and liaison to local and federal executive branch agencies and the Legislature. This department also drafts legislation, monitors legislative matters, drafts rules and regulations, and undertakes special projects.

Operational Goal(s)

Provide guidance on best practices, policies, and procedures; institute measures to prevent litigation; monitor the activities of the VIEDA to ensure compliance with applicable policies, regulations, and laws; and coordinate and assist the VIEDA and all its subsidiaries.

Fiscal Year 2013 Objectives

- Prepare draft rules and regulations for various legislative mandates which directly impact the VIEDA
- Track proposed and approved legislative measures that may have a direct impact on the VIEDA
- Work with the Office of the Governor towards approval of proposed EDC law changes
- Work with the Office of the Governor towards approval of merger of GDB and SBDA
- Manage the litigation or settlement of a substantial number of delinquent loans being carried by the GDB and the SBDA
- Develop and implement a protocol for the review and approval of documents required by VIEDA divisions.
- Provide staff training in critical areas such as Tax Increment Financing (TIF) , New market Tax Credit (NMTC) and other certification courses

Fiscal Year 2013 Accomplishments as of March 31, 2013

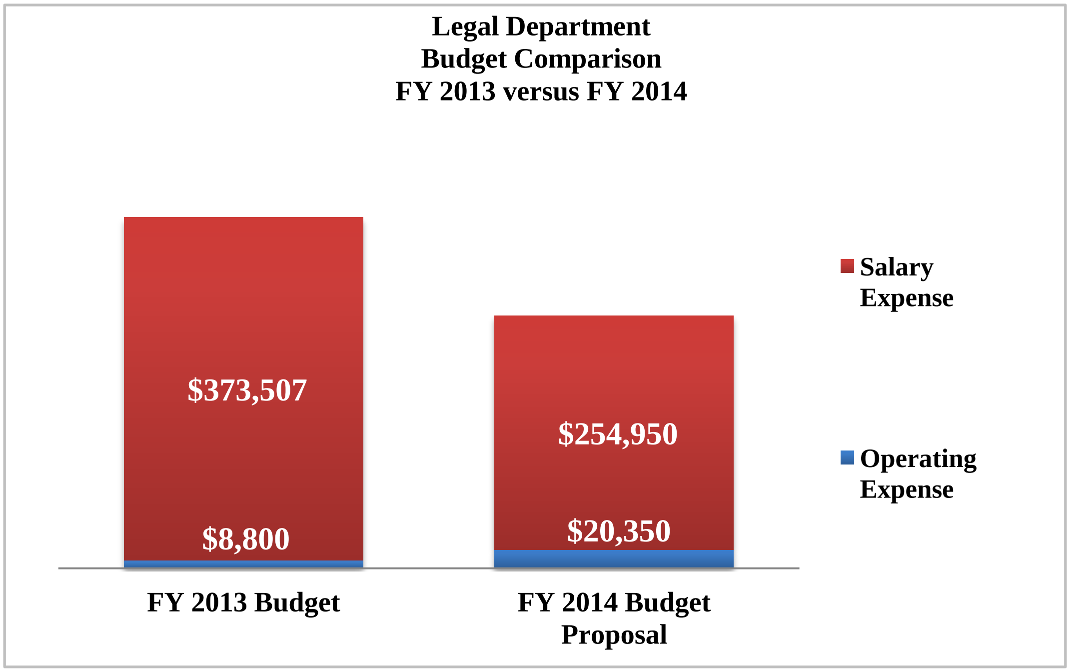
- Prepared draft rules and regulations for Hotel Development Law and STARS Act
- Prepared proposed EDC, EZ/Commercial Zone, and GDB/SBDA law changes
- Arranged litigation or settlement of delinquent loans being carried by the GDB and SBDA
- Developed and implemented Outside Counsel Guidelines

Fiscal Year 2014 Objectives

- Conduct background checks for all applicants for benefits and/or loans from any division of the EDA
- Conduct background checks for the V.I. Department of Property & Procurement for proposed contractors on economic development projects.
- Prepare rules and regulations for various legislative measures which directly impact the VIEDA
- Track proposed and approved legislative measures that have a direct impact on the VIEDA
- Litigate or settle a substantial number of delinquent loans carried by the GDB and SBDA

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Number of rules and regulations to be prepared	3
Number of proposed and/or approved legislation to be tracked	12
Number of litigation filed or settlement agreements to be completed	40
Number of Standard Operating Procedures (SOP) to be reviewed or updated	6



EXPENDITURES:	FY 2013 Budget	Actual 10/1/12 - 3/31/13	FY 2014 Budget
Salaries	$ 282,100	$ 81,508	$ 195,000
Fringe Benefits	91,407	20,181	59,950
SALARY EXPENSE	**$ 373,507**	**$ 101,689**	**$ 254,950**
Dues & Subscriptions	1,000	1,932	1,950
Employee Relations	500	90	500
Postage & Delivery	250	-	200
Professional Development	3,350	-	7,500
Professional Services			3,500
Interisland Travel	2,500	1,114	5,000
Communication	1,200	341	1,700
OPERATING EXPENSES	**$ 8,800**	**$ 3,477**	**$ 20,350**
TOTAL (DIRECT COSTS ONLY)	**$ 382,307**	**$ 105,166**	**$ 275,300**

1.6 MARKETING DIVISION

Functional Statement

The Marketing Division's key responsibility is to integrate the organization's goals, strengths, competitive environment, target market, core messages, and products into one cohesive document known as the Marketing Strategy. As part of this strategy, the division develops a list of tactical approaches that enables the VIEDA to communicate its message to customers and prospective clients.

Operational Goal(s)

Promote the Territory as a destination for commerce and business on a national and international basis and enhance VIEDA's position and image in the community by promoting its programs for economic growth and development.

Fiscal Year 2013 Objectives

- Identify targeted industries, association meetings and conferences for the upcoming year
- Hire a Web design firm to update and modify the VIEDA website
- Expand and enhance public relations efforts through various media
- Conduct economic research studies in conjunction with the Bureau of Economic Research to improve the delivery and development of public policy
- Develop and implement formulae to gauge, evaluate and improve marketing performance
- Strategically place billboard advertisements in airport terminals to market the EDC program

Fiscal Year 2013 Accomplishments as of March 31, 2013

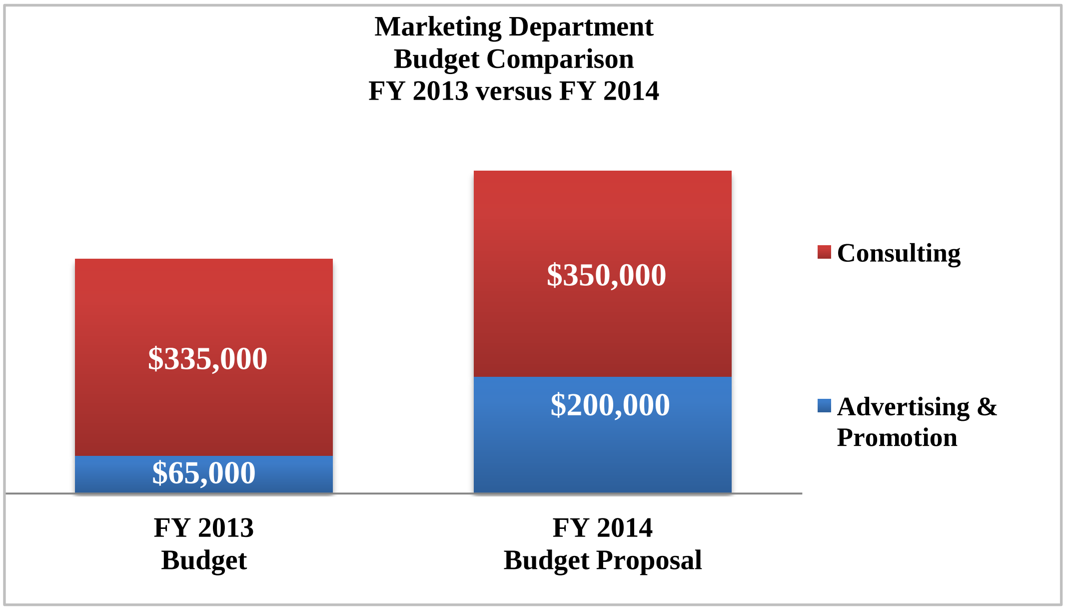
- Hired web design firm; launched new website
- New Public Relations efforts implemented through TV show, "VIEDA Focus on Marketplace"
- **"**Boots on the Ground" campaign implemented
- Gained membership to the Danish-American Business Forum (DABF)
- Two Hotels joined the EDC Program as a result of the Small Hotels Summit
- Participated in the Southern Governors' Association Annual Conference in Puerto Rico
- Initiated the EDC Ambassador Program
- Prepared case studies of five (5) EDC companies

Fiscal Year 2014 Objectives

- Conduct two (2) national and two (2) international targeted events for the EDC program
- Continue local public relations efforts with TV show, "VIEDA Focus on Marketplace"
- Feature a monthly OP-ED article on VIEDA efforts in economic development
- Publish all annual reports (VIEDA and EZC) by mandated deadlines
- Complete a three (3) -year economic impact study of the EDC program
- Identify and target qualifying companies in the high volume manufacturing industry
- Increase project engagement by ten (10) percent
- Track results of marketing events and activities

Key Performance Indicators

Performance Measures	Planned FY 2014
Number of targeted marketing events to be held and/or attended	4
Number of qualifying companies to be identified in targeted industries	10
Number of Territorial visits planned by potential EDC beneficiaries	6
Number of investment successes	5



EXPENDITURE:	**FY 2013 Budgeted**	**Actual 10/1/12 - 3/31/13**	**FY 2014 Budgeted**
Advertising & Promotion	$ 65,000	$ 50,469	$ 200,000
Consulting	335,000	147,432	350,000
Total (Direct Cost Only)	**$ 400,000**	**$ 197,901**	**$ 550,000**

2. VIEDA OPERATIONAL DIVISIONS

2.1 VI ECONOMIC DEVELOPMENT COMMISSION

Functional Statement

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 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 other requirements of law.

2.1.1 Applications Unit

Operational Goal(s)

Promote capital investment opportunities to support economic development.

Fiscal Year 2013 Objectives

- Update software with Cost-benefit Model information to create transparency in application and selection process
- Finalize revisions to online application phase II to incorporate queries and tracking components
- Reassess internal processes and implement changes to allow for improved tracking, follow up and processing time from receipt of applications for benefits to decision by EDC
- Continue to facilitate timely processing of "complete" applications for consideration reducing the number of pending applications
- Continue to work closely with the Marketing Division to actively recruit new applicants

Fiscal Year 2013 Accomplishments as of March 31, 2013

- Presented fourteen (14) applications to EDC Governing Board for consideration for favorable recommendation of benefits
- Courted nineteen (19) prospective applicants, two of which have filed applications
- Streamlined standard operating procedure to allow for Board Decision within 60 days
- Received seven (7) applications, twelve (12) petitions and heard nine (9) public hearing cases
- Participated in two (2) task force meetings and conducted two (2) workshops for the Virgin Islands Bureau of internal Revenue

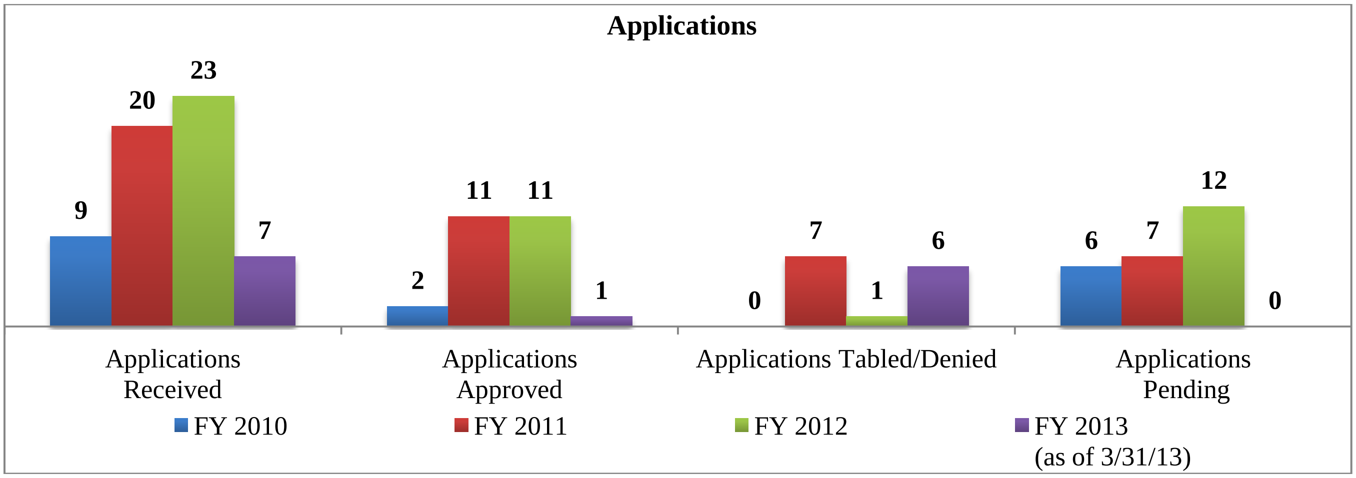
Fiscal Year 2014 Objectives

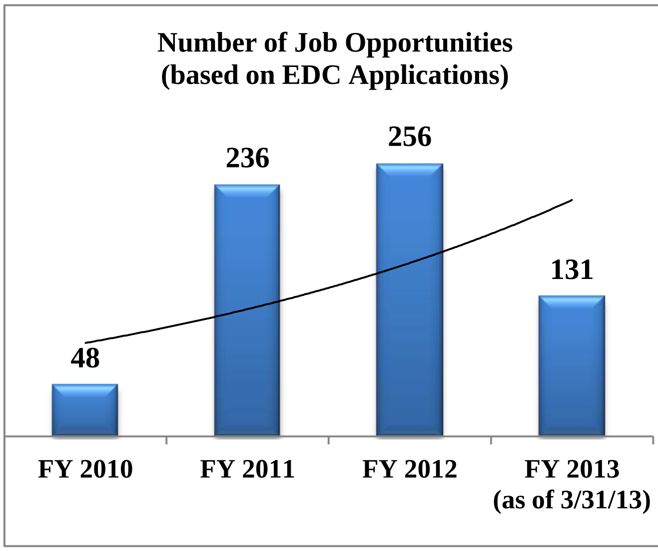
- Approve 25 new applications into the EDC program.
- Research an electronic document management system
- Host an Economic Development Commission Work Fair
- Encourage approved applicants to activate benefits within the fiscal year.
- Enhance and streamline the online application to be industry specific and user friendly
- Prepare quarterly report that shows actual EDC generated tax revenues to the Virgin Islands Government

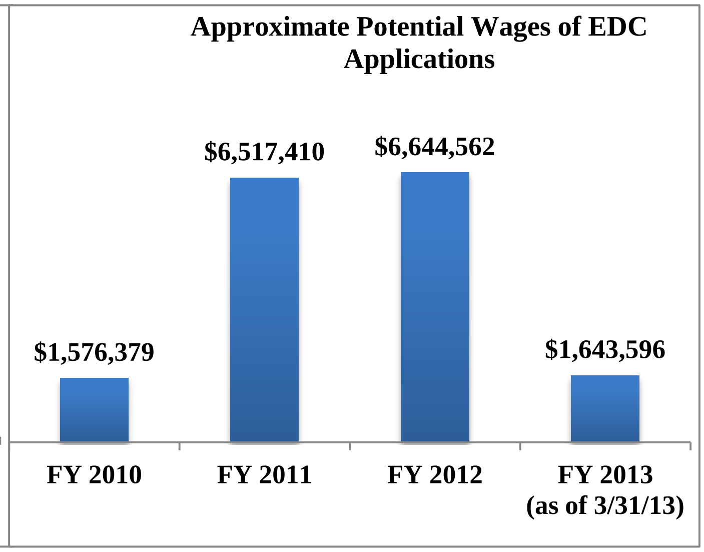
Key Performance Indicators (KPI)

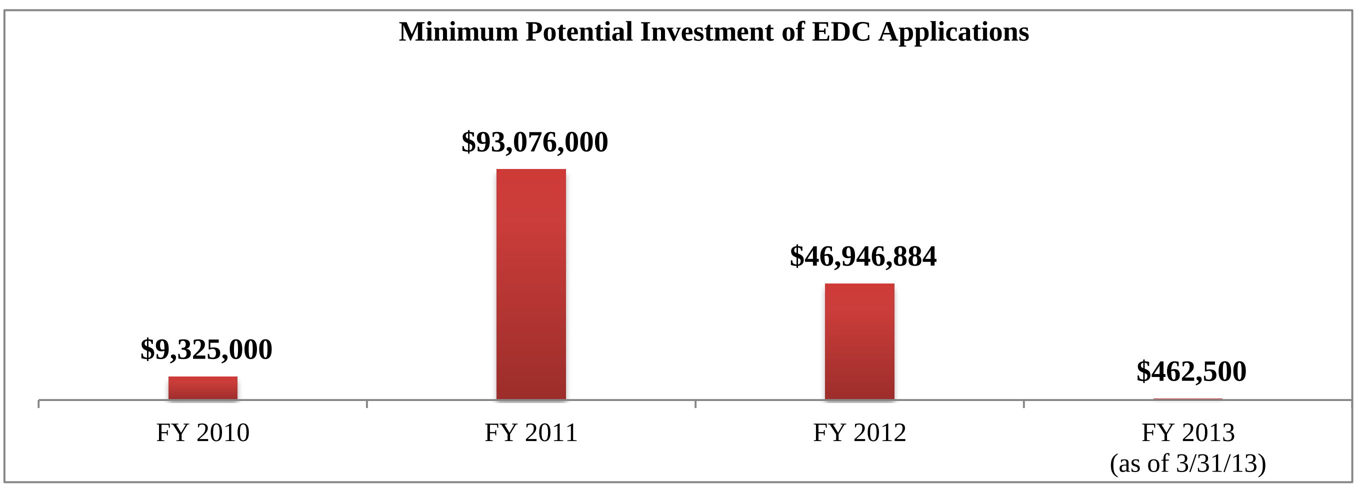
Performance Measures	Planned FY 2014
Number of New Applications	25
Number of Potential Job Opportunities	250
Approximate Wages of New Applications	$5.2M
Minimum Investment of New Applications	$2.5M

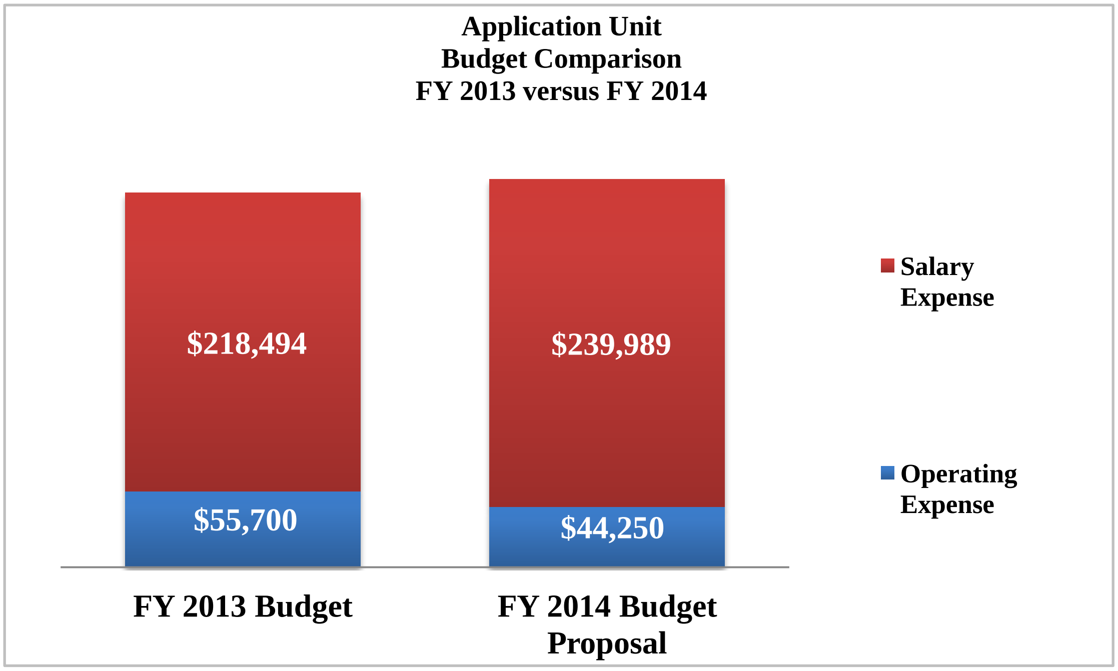
Economic Development Commission
Graphical Depiction of Statistical Data
Applications Unit











EXPENDITURES:	FY 2013 Budget	Actual 10/1/12 - 3/31/13	FY 2014 Budget
Salaries	165,023	83,410	183,557
Fringe Benefits	53,471	29,989	56,432
Salary Expense	**$ 218,494**	**$ 113,399**	**$ 239,989**
Advertising & Promotion	6,000	4,747	6,000
Dues & Subscriptions	400	-	400
Employee Relations	500	-	500
Postage & Delivery	500	-	500
Printing & Publication	-	-	2,500
Professional Development	6,000	2,854	7,500
Tuition Reimbusement	4,800	-	-
Professional Services	18,000	70,482	18,000
Office Supplies	-	180	850
Interisland Travel	7,500	457	7,500
Communication	-	177	500
Operating Expense	**$ 43,700**	**$ 78,897**	**$ 44,250**
Total (Direct Cost Only)	**$ 262,194**	**$ 192,296**	**$ 284,239**

COMPLIANCE UNIT

Functional Statement

The Compliance Unit ensures the integrity of the Economic Development Program and assists the beneficiaries in meeting the requirements outlined in their certificates. The Compliance Unit reports its finding to the EDC Commission which has the legal authority to assess fines for non-compliance. The funds derived from such penalties are used for workforce development and training programs within the Territory.

Operational Goal(s)

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

Fiscal Year 2013 Objectives

- Finalize enhancement of electronic Cost Benefit Analysis application and internal reporting on Impact Analysis
- Implementation of electronic compliance case management system
- Implement online compliance reporting system
- Increase compliance review audits and site visits to an acceptable level
- Review and update compliance audit procedures and processes to include the new quality assurance standards
- Conduct Annual Compliance, Eligible Supplier, Consultant seminars/forums, and other public forums

Fiscal Year 2013 Objectives as of March 31, 2013

- Completed six (6) annual compliance reviews
- Conducted eight (8) compliance beneficiary orientations
- Performed seventeen (17) outreach / beneficiary care site visits

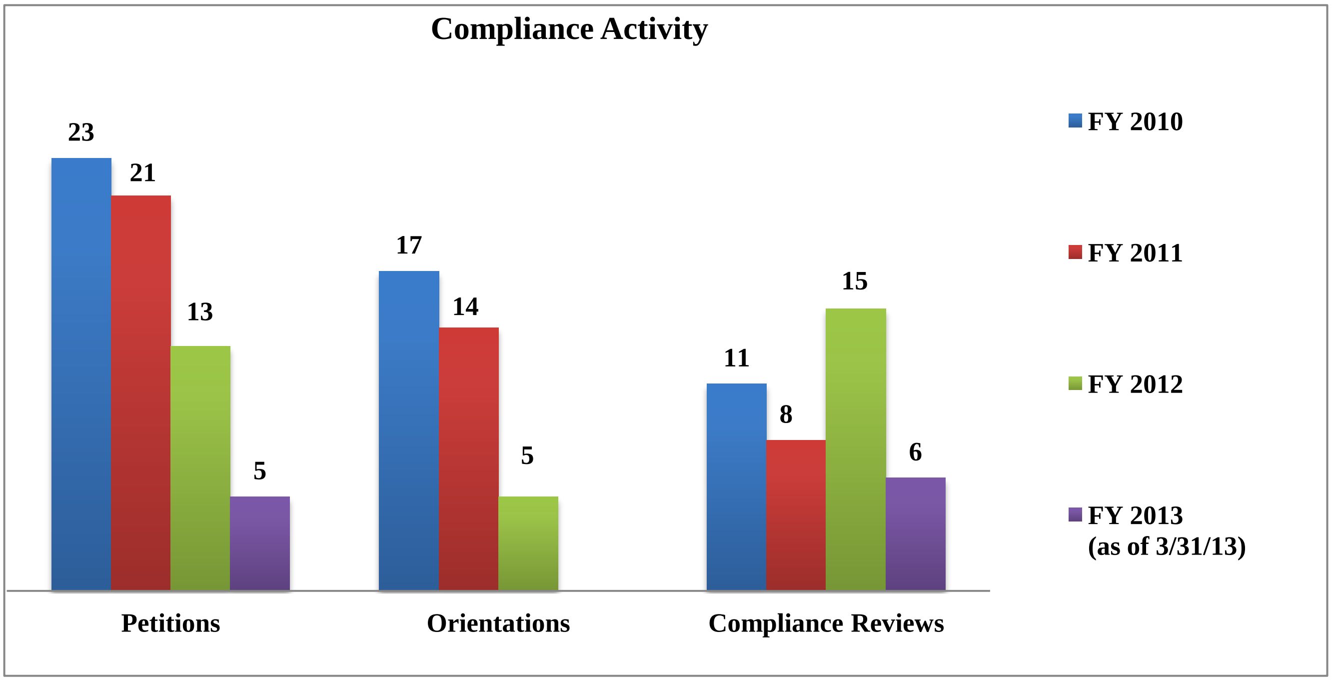
Fiscal Year 2014 Objectives

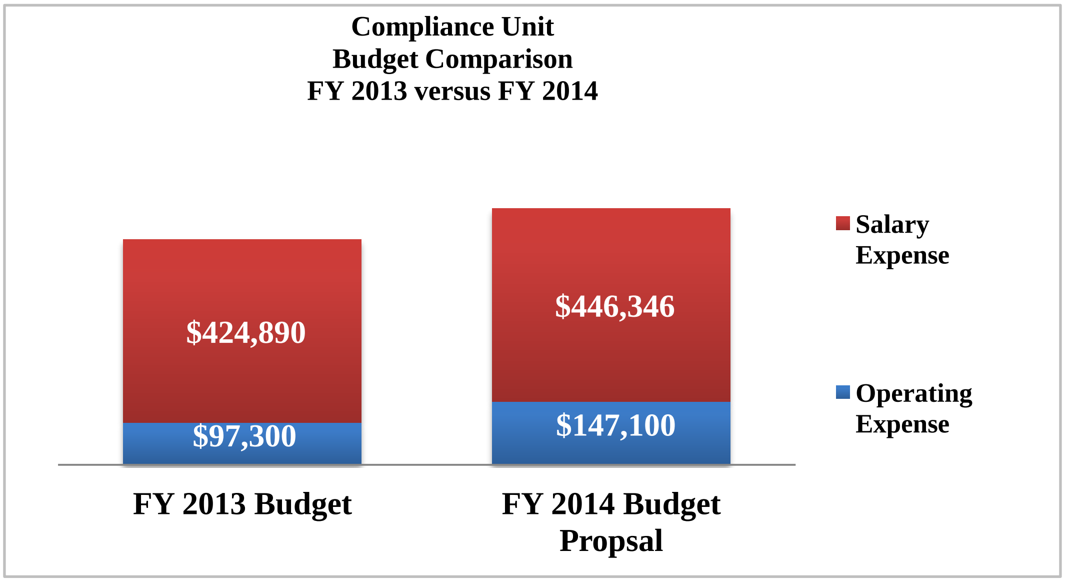
- Conduct annual compliance seminar by March 2014 and four beneficiary consultant forums
- Complete 20 compliance reviews and conduct 120 site visits by the end of the fiscal year
- Implement concise standard operating procedures, to include quality assurance standards
- Research an electronic compliance case management system with an online compliance reporting component by January 2014

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Number of petitions to be approved	10
Number of certificate modifications to be completed	6
Number of Non-Compliance matters to be resolved	15
Number of outreach/beneficiary care visits planned	120

Economic Development Commission
Graphical Depiction of Statistical Data
Compliance Unit





EXPENDITURES:	**FY 2013 Budgeted**	**Actual 10/1/12 - 3/31/13**	**FY 2014 Budgeted**
Salaries	$ 320,908	$ 161,532	$ 341,391
Fringe Benefits	103,982	56,716	104,955
Salary Expense	**$ 424,890**	**$ 218,248**	**$ 446,346**
Advertising & Promotion	28,000	4,977	35,000
Capital Outlay	-	-	-
Contractual Labor	20,000	-	20,000
Dues & Subscriptions	3,600	-	3,600
Employee Relations	500	-	1,200
Postage & Delivery	500	-	500
Printing & Publication	3,000	-	3,000
Professional Development	9,000	1,535	21,000
Tuition Reimbursement	7,200	-	4,800
Professional Services	19,000	-	50,000
Interisland Travel	6,500	881	7,500
Communication	-	162	500
Operating Expenses	**$ 97,300**	**$ 7,555**	**$ 147,100**
TOTAL (DIRECT COST ONLY)	**$ 522,190**	**$ 225,803**	**$ 593,446**

GOVERNMENT DEVELOPMENT BANK (GDB)/SMALL BUSINESS DEVELOPMENT AGENCY (SBDA)

Functional Statement

The Government Development Bank (GDB) was created by legislation in 1978 "to aid the insular government in the performance of its duties to develop the economies of the United States Virgin Islands". The GDB became functional in 1997 and since then has been providing access to capital for small and medium-sized businesses in the Territory. In 2000, the legislation that created the VIEDA placed the GDB within its purview. The GDB currently manages three (3) programs in its lending portfolio: The Intermediary Revolving Program (IRP), the Micro Loan Program, and the PFA Economic Development Fund.

The Small Business Development Agency (SBDA) provides access to capital for small and medium-sized businesses in the Territory. It currently manages five (5) loan programs in its lending portfolio: Farmers and Fishermen Loan Program, Small Business Development Agency Direct Loan Program, Economic Development Administration Loan Program 3801 and the Economic Development Administration Loan Program 3804 (both components of the United States Economic Development Administration), and the Frederiksted Loan Program.

The SBDA and the GDB presently operate as independent entities. Management is seeking legislation to merge the SBDA with the GDB to improve operating efficiency in the Lending Division.

Operational Goal(s)

Assist small and medium-sized businesses to access capital by providing financial resources and technical and managerial assistance to ensure continued viability, thus, facilitating employment growth and opportunities.

Fiscal Year 2013 Objectives

- Propose legislation to merge GDB and SBDA into one banking unit under the Lending Division
- Reduce the total loan portfolio delinquency rate to less than 25% by utilizing various collection methods and initiatives
- Increase available sources of lending funds through the U.S. Department of Commerce, U.S. Department of Agriculture and U.S. Small Business Administration
- Network with government agencies and businesses to promote loan programs through a series of workshops and both print and electronic media
- Partner with local banks to aggressively market the SSBCI Loan Program through their branches and the media
- Implement an online loan application process to facilitate customer convenience

Fiscal Year 2013 Objectives continued

- Update web page in a timely manner with current loan product information
- Provide specialized professional development training for staff
- Use Flex- rate and Scheduler modules for flexible payments schedules on revolving and term loans

Fiscal Year 2013 Accomplishments as of March 31, 2013

- Awarded a $1M grant from the U.S. Department of Commerce to establish an Incubator Program
- Worked with financial institutions in providing loan guarantees to borrowers
- Revised collection procedures for borrowers to improve collections
- Promoted loan products and services through an aggressive marketing campaign

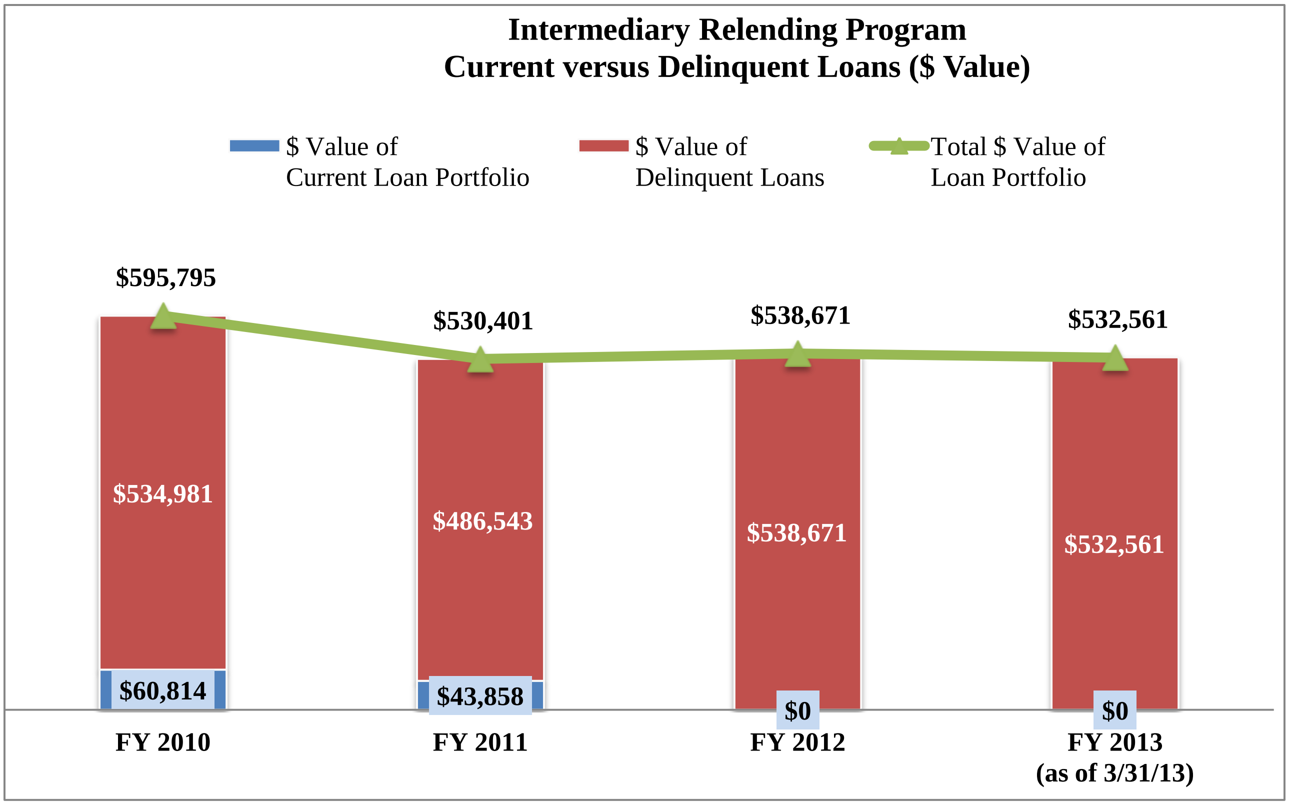
Fiscal Year 2014 Objectives

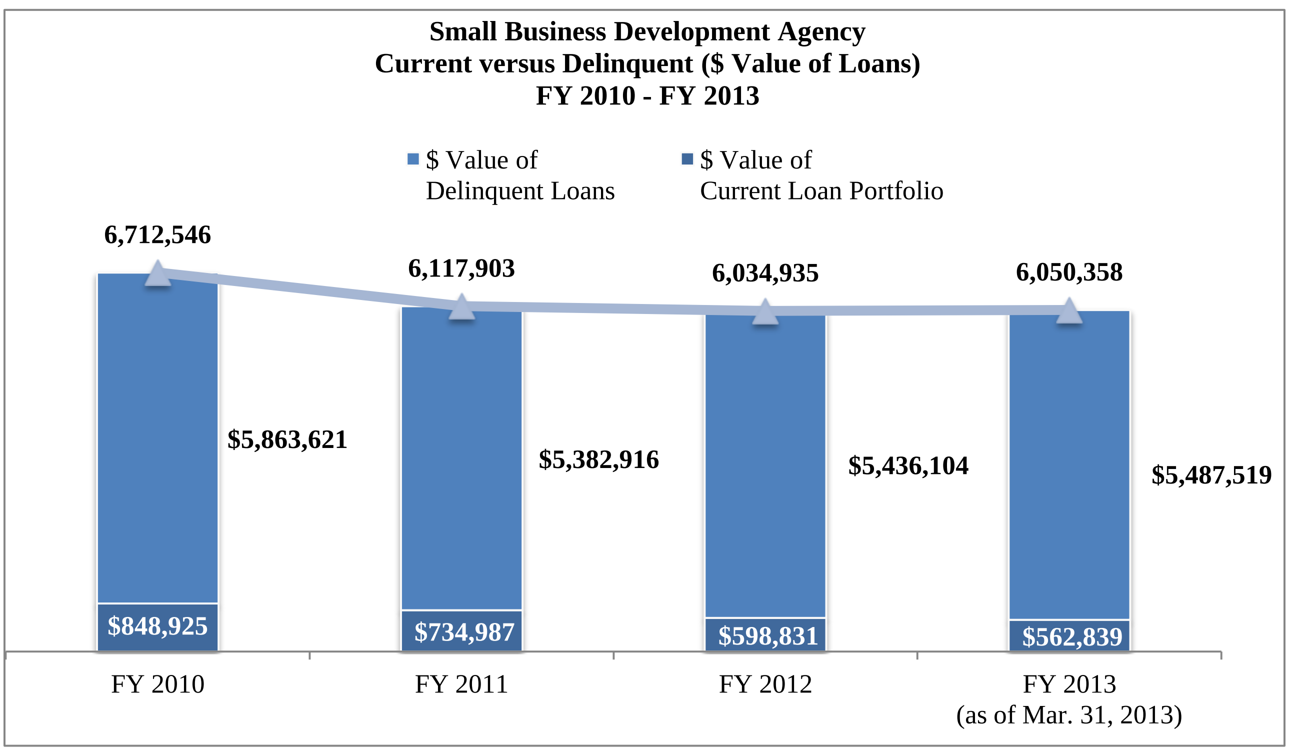
- Reduce the delinquency rate by 25% through aggressive collection efforts
- Increase the loan portfolio by 30% or $2M with credit quality loans
- Apply to the Small Business Administration for a $750,000 relending loan by January 2014
- Review and update files with loans of $100,000 or more by September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

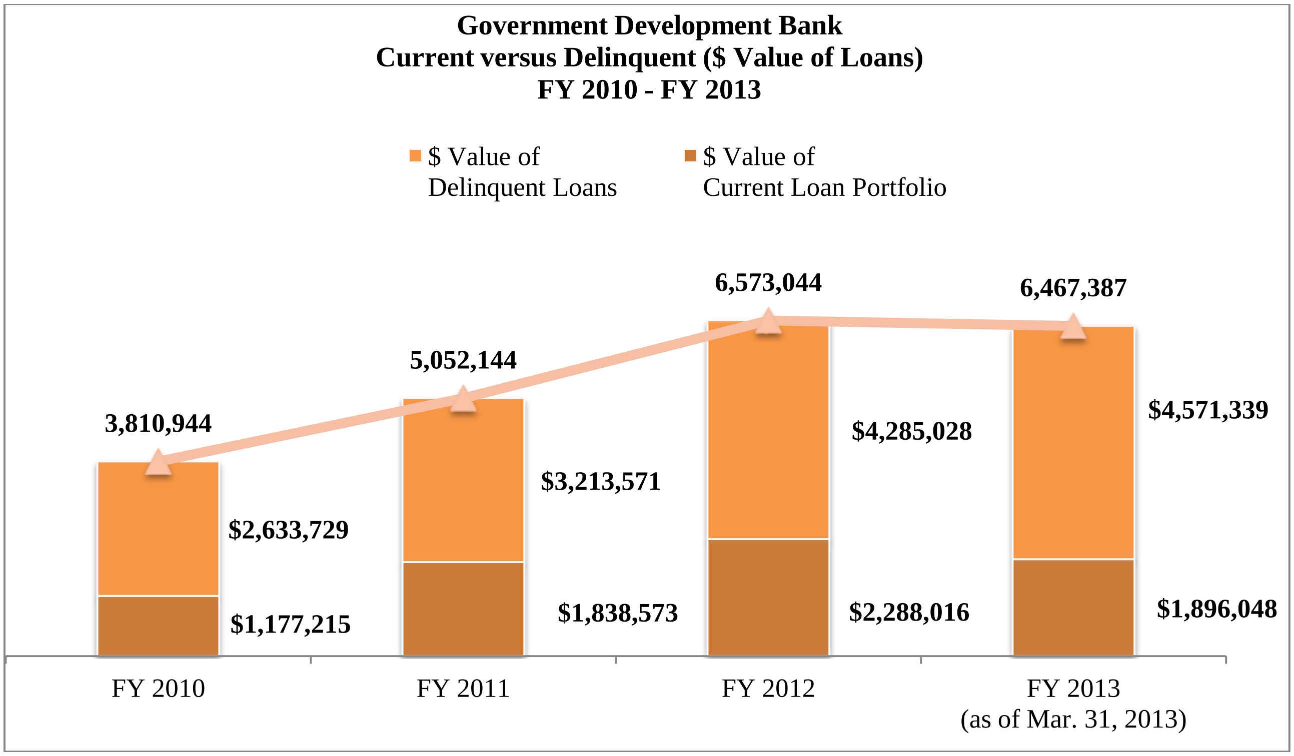
Key Performance Indicators (KPI)

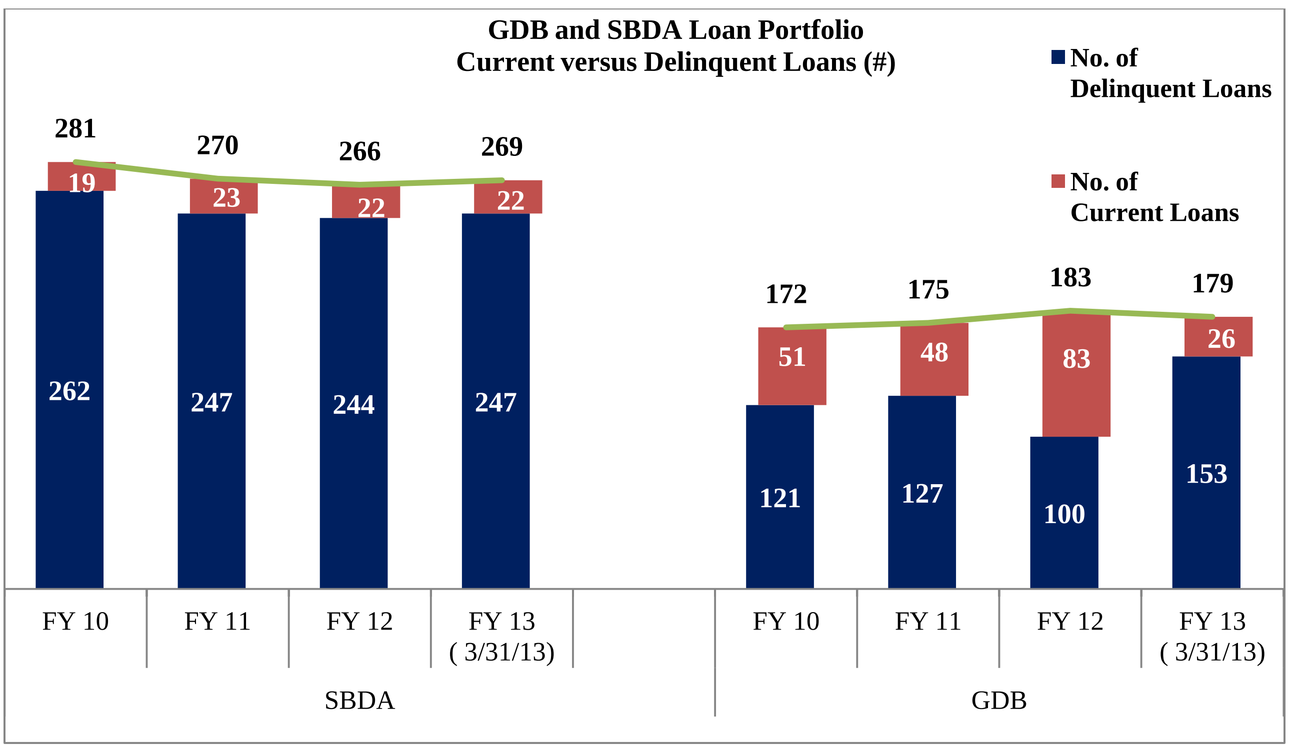
Performance Measures	Planned FY 2014
Loan delinquency rate	55%
Number of site/customer care visits	144
Number of clients to be assisted with Development Business Plans	30
Number of Educational/Outreach programs planned	16

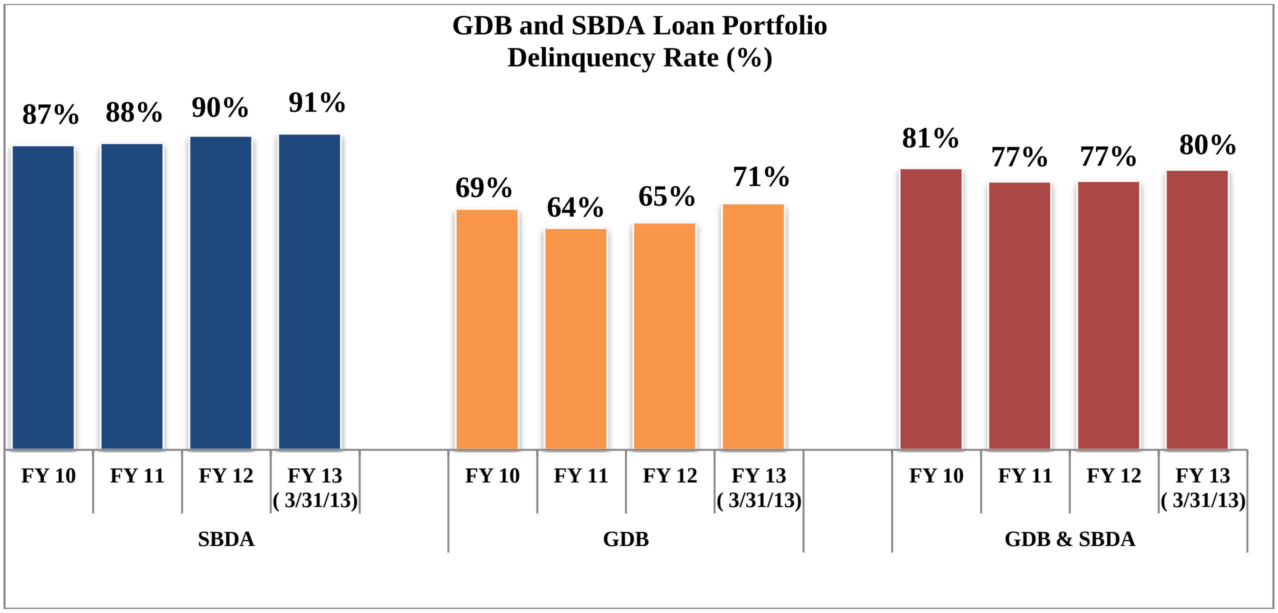
Virgin Island Economic Development Authority
Graphical Depiction of Statistical Data
Lending Division

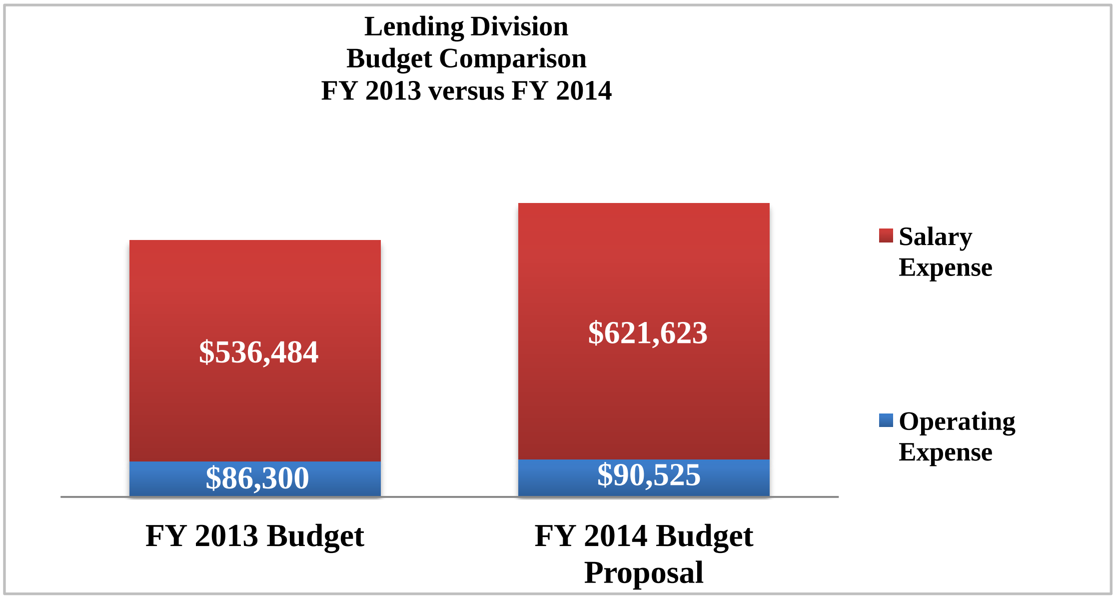





Government Development Bank
Current versus Delinquent ($ Value of Loans)
FY 2010 - FY 2013
$ Value of Delinquent Loans
$ Value of Current Loan Portfolio
3,810,944
5,052,144
6,573,044
6,467,387
$2,633,729
$3,213,571
$4,285,028
$4,571,339
$1,177,215
$1,838,573
$2,288,016
$1,896,048
FY 2010
FY 2011
FY 2012
FY 2013
(as of Mar. 31, 2013)


GDB and SBDA Loan Portfolio
Current versus Delinquent Loans (#)
No. of Delinquent Loans
No. of Current Loans
281
270
266
269
19
23
22
22
262
247
244
247
172
175
183
179
51
48
83
26
121
127
100
153
FY 10
FY 11
FY 12
FY 13
(3/31/13)
FY 10
FY 11
FY 12
FY 13
(3/31/13)
SBDA
GDB


GDB and SBDA Loan Portfolio
Delinquency Rate (%)
87%
88%
90%
91%
69%
64%
65%
71%
81%
77%
77%
80%
FY 10
FY 11
FY 12
FY 13
(3/31/13)
SBDA
GDB
GDB & SBDA



EXPENDITURES:	FY 2013 Budget		Actual 10/1/12 - 3/31/13		FY 2014 Budget	
Salary	$	405,192	$	240,288	$	475,453
Fringe Benefits		131,292		70,435		146,170
Salary Expense		**536,484**		**310,723**		**621,623**
Advertising & Promotion		11,000		3,101		6,000
Catering		-		-		125
Casual Labor		-		8,762		12,000
Courier Service		8,400		3,850		4,500
Dues & Subscriptions				25		500
Employee Relations		500		-		500
Postage & Delivery		2,000		-		2,000
Printing & Publication		2,000		-		2,000
Professional Development		6,000		-		6,000
Tuition Reimbursment		4,800		-		4,800
Professional Services		41,000		33,965		41,000
Office Supplies		500		250		500
Software Agreement		5,300		-		5,300
Interisland Travel		4,800		380		4,800
Communication				141		500
Operating Expense		**86,300**		**50,474**		**90,525**
TOTAL (DIRECT COST ONLY)	**$**	**622,784**	**$**	**361,197**	**$**	**712,148**

2.3 ENTERPRISE ZONE COMMISSION

Functional Statement

The Enterprise Zone Commission (EZC) was created by the Legislature of the United States Virgin Islands with the passage of Act No. 6294. The Act mandates the revitalization of designated blighted and severely distressed areas in the U.S. Virgin Islands that were once socially and economically vibrant communities. The legislation provides for tax incentives and economic development program benefits free and clear of regulations which inhibit economic growth. The Act encourages collaboration between public, private, and non-profit entities and provides a program of tax incentives and other benefits to support economic growth.

Operational Goal(s)

Promote growth including business expansion opportunity through public/private partnerships in an effort to create jobs, sustain community self-sufficiency and involvement.

Fiscal Year 2013 Objectives

- Pursue larger financial assistance (i.e. grants, new market tax credits, etc.) to rehabilitate the Zones
- Service approximately 50 residents and be in compliance with grant donor requirements
- Close out the following existing grants: Scrape, Paint & Rejuvenate, Board up, Youth to Work, Safety, and Walking Tour
- Create approximately 150 new permanent and temporary jobs through diversified product offerings, such as attracting home grown and service-oriented businesses within the enterprise zones
- Provide benefit packages to approximately 12 applicants so that they can revitalize their buildings in the enterprise zones
- Improve the image of the Enterprise Zone Commission by utilizing the media to disseminate information about its mission and programs.
- Create and Implement town plans
- Re-align staff and provide training opportunities to improve the operational efficiency of the Unit.
- Implement rules and regulations for the Enterprise Zone Commercial Legislation

Fiscal Year 2013 Accomplishments as of March 31, 2013

- Submitted for the approval of the Governor the Frederiksted Town plan which has had favorable review from every sector of Frederiksted
- Conducted the Charrette for Christiansted that attracted a significant cross section of the populace of Christiansted.
- Completed the Board up program and closed out the grant

Fiscal Year 2013 Accomplishments as of March 31, 2013 continued

- Crafted the Commercial Zone legislation for submission to the Board's review and the Governor's approval
- Received eight (8) applications, four (4) of which have been approved. The approved applications represent investments totaling $717,356.
- Provided EZC staff training.

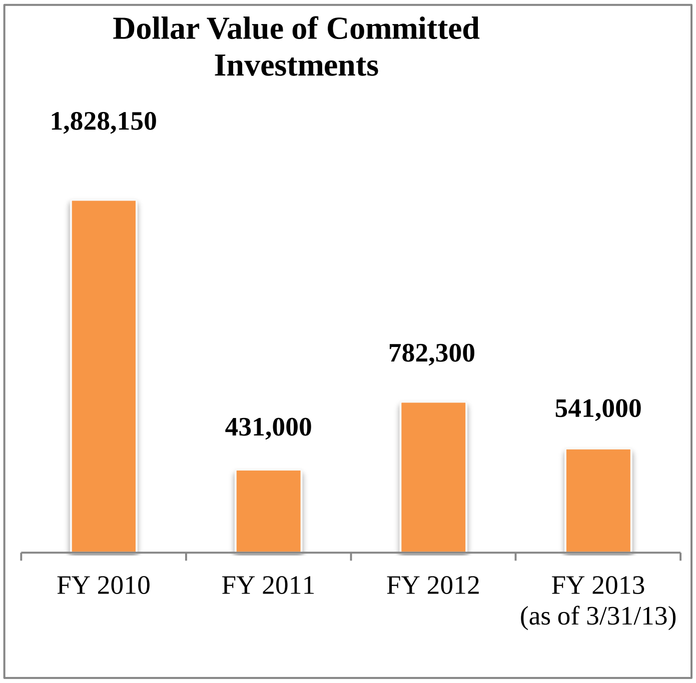
Fiscal Year 2014 Objectives

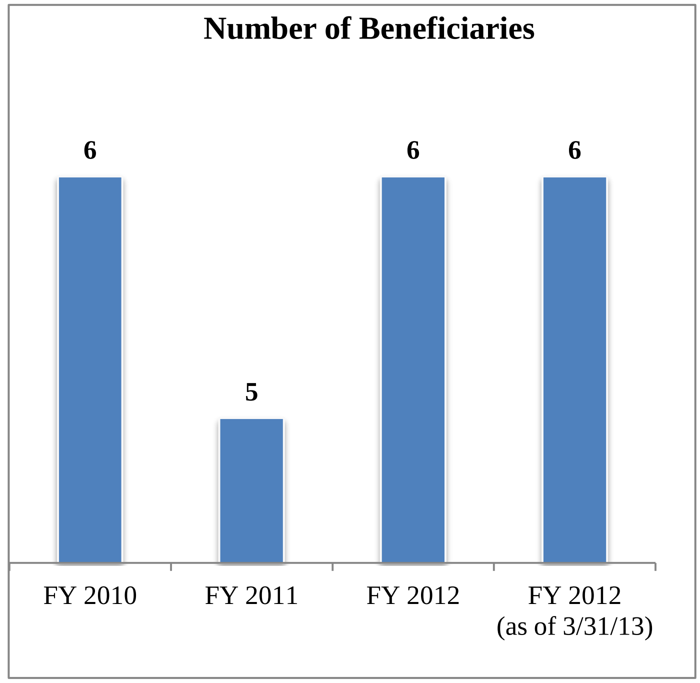
- Seek financing for the Save A Building Program
- Complete two Charrettes, one for Savanne and Downstreet and the other for Upstreet by March 2014
- Implement components of Frederiksted, Garden Street, and Christiansted plans through the provision of grant financing
- Implement community development tax programs (EZ Tax Credit, EZ Plan Program and Commercial Zone Benefits)
- Provide an estate planning conference in each district to mitigate multiple ownership of buildings within the zones by May 2014
- Maintain open lines of communication with stakeholders to educate on activities, programs, ideas, and challenges through radio and print media
- Increase efficiency through staff enrichment and training
- Conduct community programs such as open house activities to allow the community to learn about the EZ and other EDA programs

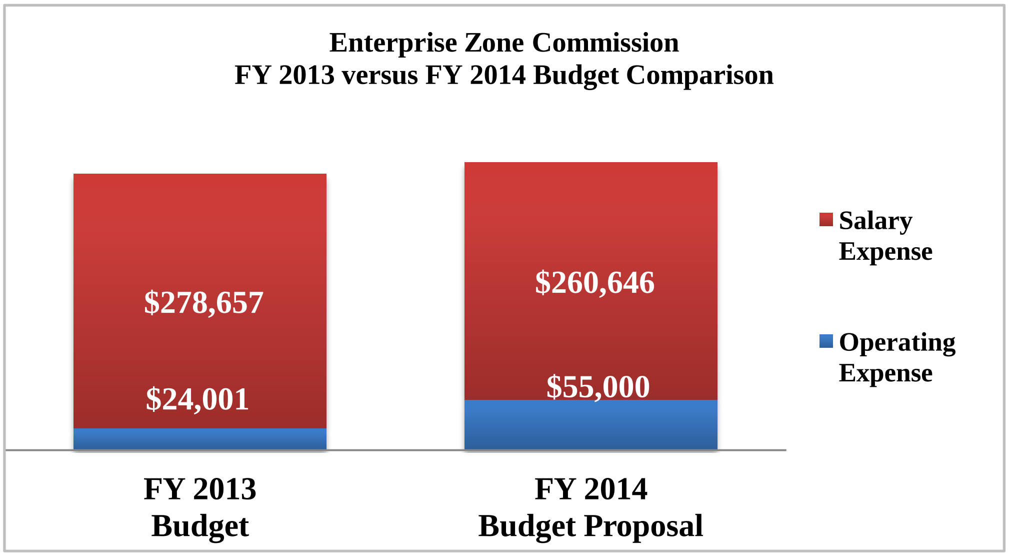
Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Number of financing institutions to be contacted for funding	5
Number of stakeholders care activities to be conducted	7
Number of community programs to be undertaken	6
Percentage of EZ clients to participate in community development tax programs	80%

Virgin Island Economic Development Authority
Graphical Depiction of Statistical Data
Enterprise Zone Commission







EXPENDITURES:	**FY 2013 Budget**	**Actual 10/1/12 - 3/31/13**	**FY 2014 Budget**
Salaries	$ 210,462	$ 98,087	$ 199,357
Fringe Benefits	68,195	27,626	61,289
Salary Expense	**$ 278,657**	**$ 125,713**	**$ 260,646**
Advertising & Promotion	2,000	2,170	6,000
Catering	3,500	-	5,100
Employee Relations	400	-	400
EZ Planned Charrettes	101	-	20,000
Meeting Space Rental	-	-	2,100
Printing & Publication	2,500	-	7,400
Professional Development	6,000	7,693	4,000
Professional Services	7,000	1,531	7,000
Interisland Travel	2,500	807	2,500
Communication	-	177	500
Operating Expense	**$ 24,001**	**$ 12,378**	**$ 55,000**
TOTAL (DIRECT COST ONLY)	**$ 302,658**	**$ 138,091**	**$ 315,646**

2.4 VI Industrial Park Development Corporation

Functional Statement

The Industrial Park Development Corporation (IPDC) is chartered as a public corporation to acquire and operate industrial parks in the United States Virgin Islands and to complement activities of the Economic Development Commission (EDC). The IPCS does not receive any funding from Government appropriations and is self-supported by revenues generated from its tenants. Two Industrial Parks fall under the auspices of the Industrial Park Development Corporation. They are the William D. Roebuck Industrial Park in Frederiksted, St. Croix and the St. Thomas Industrial Park located in Contant. Presently, the IPDC facilities management team has the responsibility of maintaining all of VIEDA's property, plant, and equipment.

Operational Goal(s)

Meet the present and future needs of business and industry by making space available for commercial use and maintaining property value through a systematic and long-term maintenance program.

Fiscal Year 2013 Objectives

- Increase tenant occupancy in the Industrial Parks by 90 percent
- Improve rent receipts and reduce receivables by at least 45 percent
- Continue to reduce energy consumption in the Frederiksted office building
- Improve landscaping and general outlook of each Industrial Park
- Maintain vehicles and buildings through a systematic maintenance schedule

Fiscal Year 2013 Accomplishments as of March 31, 2013

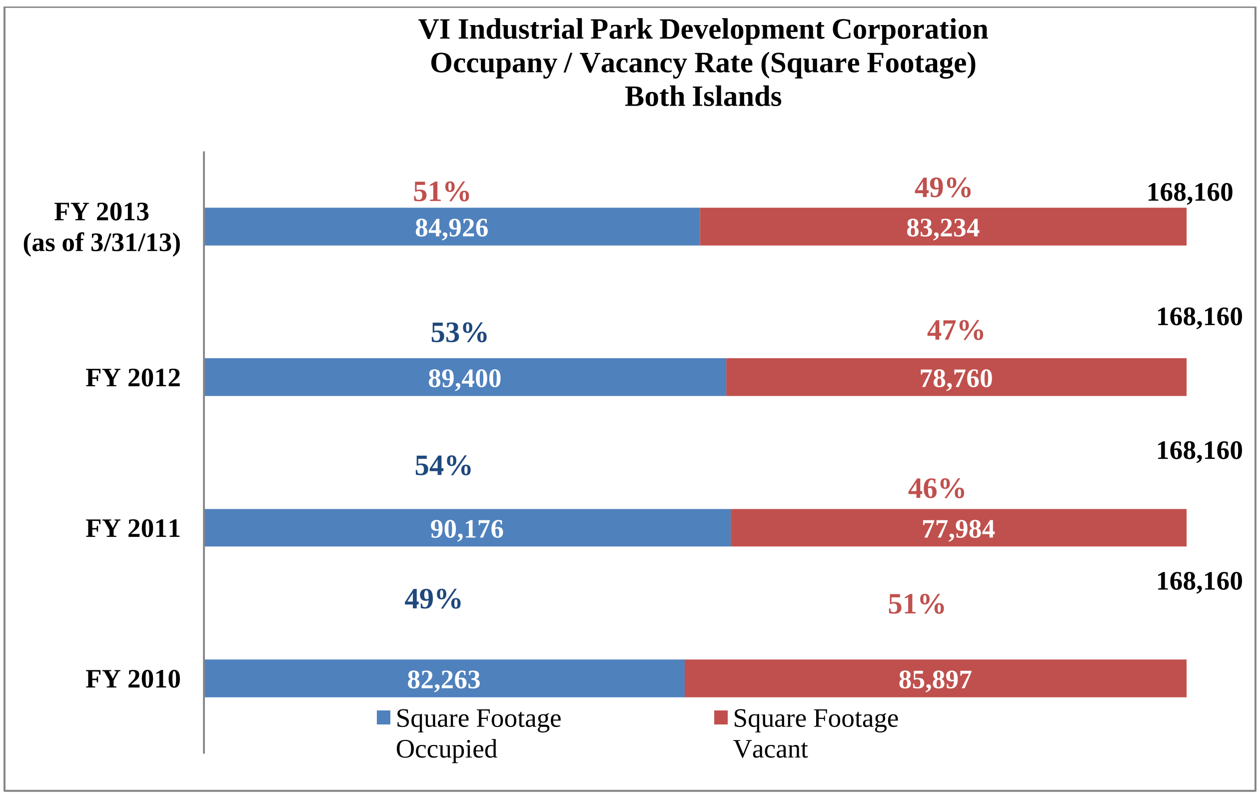
- Negotiated lease agreements with two (2) new tenants on St. Croix
- Reduced outstanding rent receivables by 9 percent
- Evicted two (2) delinquent tenants from the St. Thomas Industrial Park

Fiscal Year 2014 Objectives

- Reduce outstanding rent receivables by 30 percent
- Increase tenant occupancy by 50 percent
- Maintain and improve infrastructure to attract quality tenants

Key Performance Indicators (KPI)

Performance Measures	Planned FY 2014
Percentage reduction in accounts receivables	30%
Number of new tenants	5
Dollar value of capital improvements/enhancements	$50K
Percentage of scheduled maintenance to be completed	95%



3.0 FINANCIAL INFORMATION

3.1 REVENUE

The Virgin Islands Economic Development Authority's revenue budget is derived from three primary sources, namely government allotment received quarterly, interest earned on unrestricted loans and interest bearing accounts, and fees collected from operational activities.

Activation, application and compliance fees received from EDC beneficiaries are deposited into the EDC Industrial Promotion Fund, and a transfer is authorized by the Board of Directors to supplement the general fund appropriation.

Fiscal Year 2014 Projected Revenues

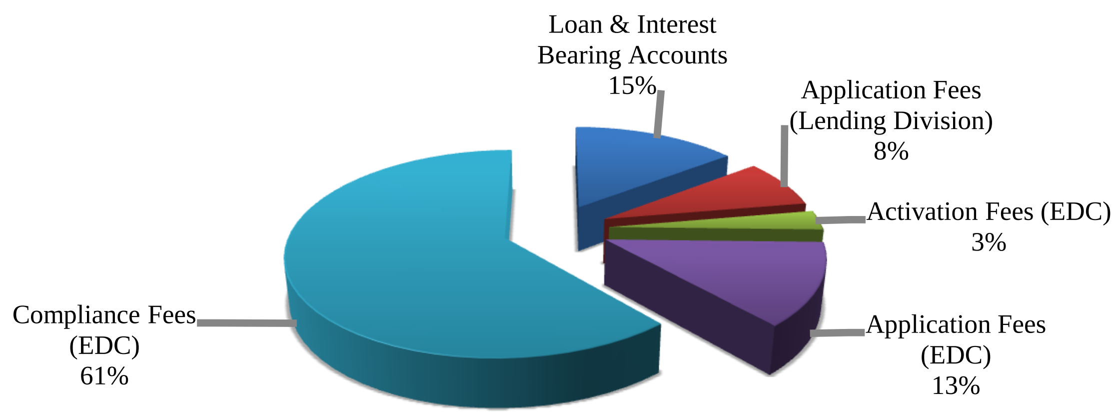
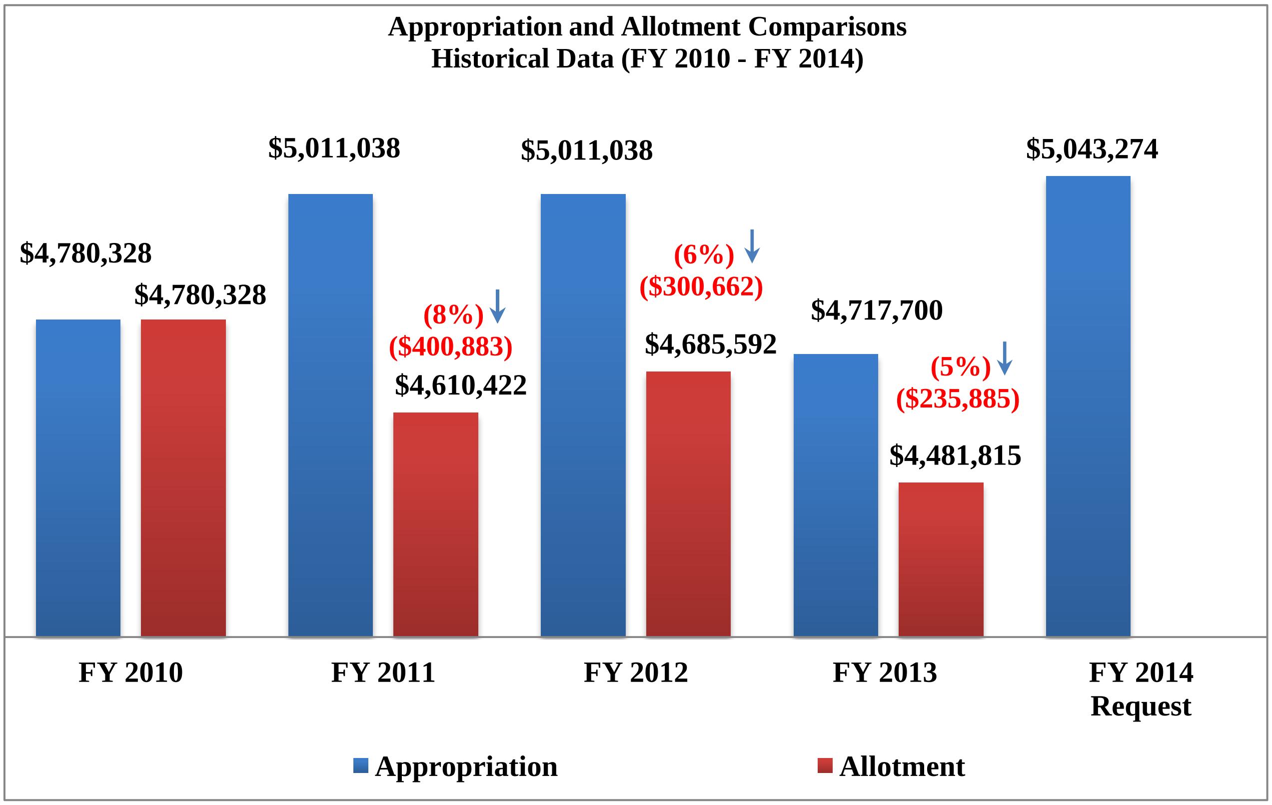


Table 1: Revenue Comparison for FY 2012, FY 2011 Projected and FY 2012 Budgeted

Projected Income Generated from Operational Activities	Actual FY 2012	Actual 10/1/12-3/31/13	Projected 4/1-9/30/13	Total Projected FY 2013	Budgeted FY 2014
Interest Income					
Loan & Interest Bearing Accounts	$ 119,818	$ 54,760	$ 50,000	$ 104,760	$ 95,000
Fees					
Loan Origination / Application Fees	29,124	48,761	35,000	83,761	50,000
Activation Fees (EDC)	6,000	13,500	10,000	23,500	20,000
Application Fees (EDC)	70,500	40,000	50,000	90,000	85,000
Compliance Fees (EDC)	283,760	349,278	77,261	426,539	400,000
Total Ordinary Income	$ 509,202	$ 506,299	$ 172,261	$ 623,800	$ 650,000
Plus:					
Government Allotment	4,780,328	2,358,850	2,122,965	4,481,815	5,043,274
Total Operating Revenue	**$ 5,289,530**	**$ 2,865,149**	**$ 2,295,226**	**$ 5,105,615**	**$ 5,693,274**

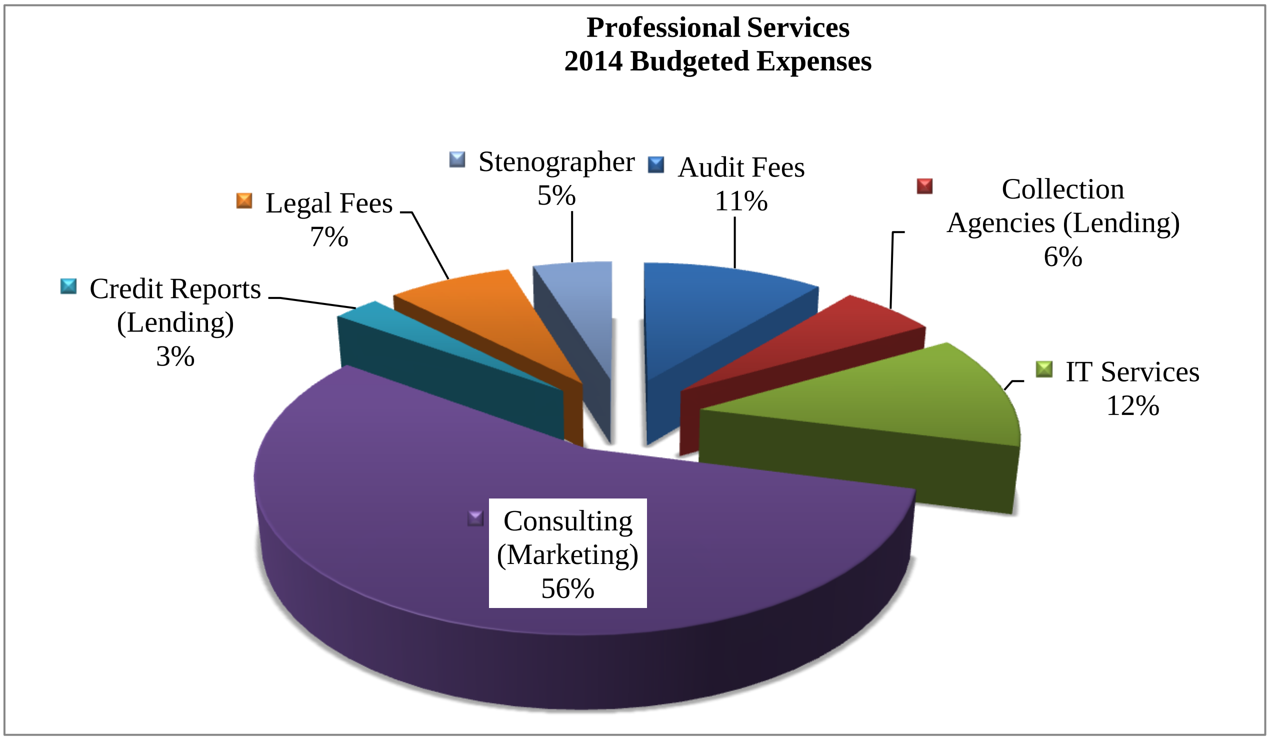

Appropriation and Allotment Comparisons
Historical Data (FY 2010 - FY 2014)
$4,780,328
$4,780,328
$5,011,038
(8%)
($400,883)
$4,610,422
$5,011,038
(6%)
($300,662)
$4,685,592
$4,717,700
(5%)
($235,885)
$4,481,815
$5,043,274
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014 Request
Appropriation
Allotment

3.2 Expenditure Comparison for Fiscal Year 2012, 2013 Projected and 2014 budgeted

LEGISLATURE OF THE VIRGIN ISLANDS
POST AUDIT DIVISION
EXPENDITURES BY PRIME ACCOUNTS

DEPARTMENT/AGENCY/OFFICE NAME:	Actual	Actual Expenditures	Proj. Expenditures	Total Proj. Expenditures	PROJECTED
Fiscal Period	FY 2012	Oct. 1, 2012 - Mar. 31, 2013	Apr. 1, 2013 - Sept. 30, 2013	FY 2013	Budget 2014
PERSONNEL SERVICES					
CLASSIFIED EMPLOYEE SALARIES	1,129,009	673,696	674,000	1,347,696	1,334,012
UNCLASSIFIED EMPL. SALARIES	923,735	455,507	456,000	911,507	1,063,200
TEMP/PART TIME SALARIES				-	
OVERTIME SALARIES		265		265	
LUMP SUM PAYMENTS				-	
NIGHT DIFFERENTIAL COMP				-	
OTHER DIFFERENTIAL COMP				-	
FEES & COMPENSATION NOC				-	
HOLIDAY PAY				-	
ALL OTHER				-	
SUB-TOTAL	**2,052,744**	**1,129,468**	**1,130,000**	**2,259,468**	**2,397,212**
				-	
CAPITAL OUTLAYS				-	
MACHINIERY & EQUIPMENT	42,837	-	-	23,688	106,463
VEHICLES				-	
ALL OTHER	-			-	
SUB-TOTAL	**42,837**	**-**	**-**	**23,688**	**106,463**
FRINGE BENEFITS					
EMPLOYER CONTR. RETIREMENT	315,640	146,359	146,900	293,259	311,638
F.I.C.A.	139,390	70,350	70,060	140,410	148,627
MEDICARE	20,367	16,570	16,498	33,068	34,999
HEALTH INSURANCE PREMIUM	186,485	102,064	113,000	215,064	239,721
WORKERS COMP. PREMIUMS	1,383	1,663		1,663	2,000
UNIFORM ALLOWANCE			-	-	
ALL OTHER	12,514	-	-	-	
SUB-TOTAL	**675,780**	**337,007**	**346,458**	**683,465**	**736,985**
				-	
SUPPLIES				-	
OFFICE SUPPLIES	71,102	26,751	35,000	61,751	70,000
OPERATING SUPPLIES				-	
SMALL TOOLS/MINOR EQUIPMENT				-	
ALL OTHER	-	-	-	-	-
SUB-TOTAL	**71,102**	**26,751**	**35,000**	**61,751**	**70,000**
				-	
OTHER SERVICES & CHARGES				-	
PROFESSIONAL SERVICES	610,179	447,358	221,642	669,000	740,700
COMMUNICATION	85,956	42,901	43,000	85,901	95,000
TRAVEL	168,140	39,095	50,000	89,095	92,300
TRANSPORTATION - NOT TRAVEL				-	
ADVERTISING AND PROMOTION	87,151	77,404	66,582	143,986	262,000
PRINTING AND BINDING	6,596	482	8,000	8,482	22,900
INSURANCE	61,974	46,656	18,344	65,000	65,000
REPAIRS AND MAINTENANCE	68,175	87,494	40,000	127,494	75,000
RENTAL- LAND/BUILDING	260,284	137,084	110,000	247,084	216,064
RENTAL - MACHINES/EQUIPMENT	-		-	-	-
TRAINING	44,920	38,787	40,248	79,035	108,000
SECURITY	-			-	
ALL OTHER	284,388	137,000	231,770	368,770	523,250
SUB-TOTAL	**1,677,764**	**1,054,261**	**829,586**	**1,883,847**	**2,200,214**
				-	
UTILITY SERVICES				-	
ELECTRICITY	155,889	101,710	98,000	199,710	180,000
WATER	2,435	300	500	800	2,400
SUB-TOTAL	**158,325**	**102,010**	**98,500**	**200,510**	**182,400**
				-	
TOTAL EXPENSES	**4,678,551**	**2,649,497**	**2,439,544**	**5,112,729**	**5,693,274**
Appropriation/Allotment	**4,685,592**	**2,358,850**	**2,122,965**	**4,481,815**	**5,043,274**
EDA Revenue	**600,000**	**448,800**	**175,000**	**623,800**	**650,000**
Total Projected (Actual) Revenues	**5,285,592**	**2,807,650**	**2,297,965**	**5,105,615**	**5,693,274**

3.3 Professional Services



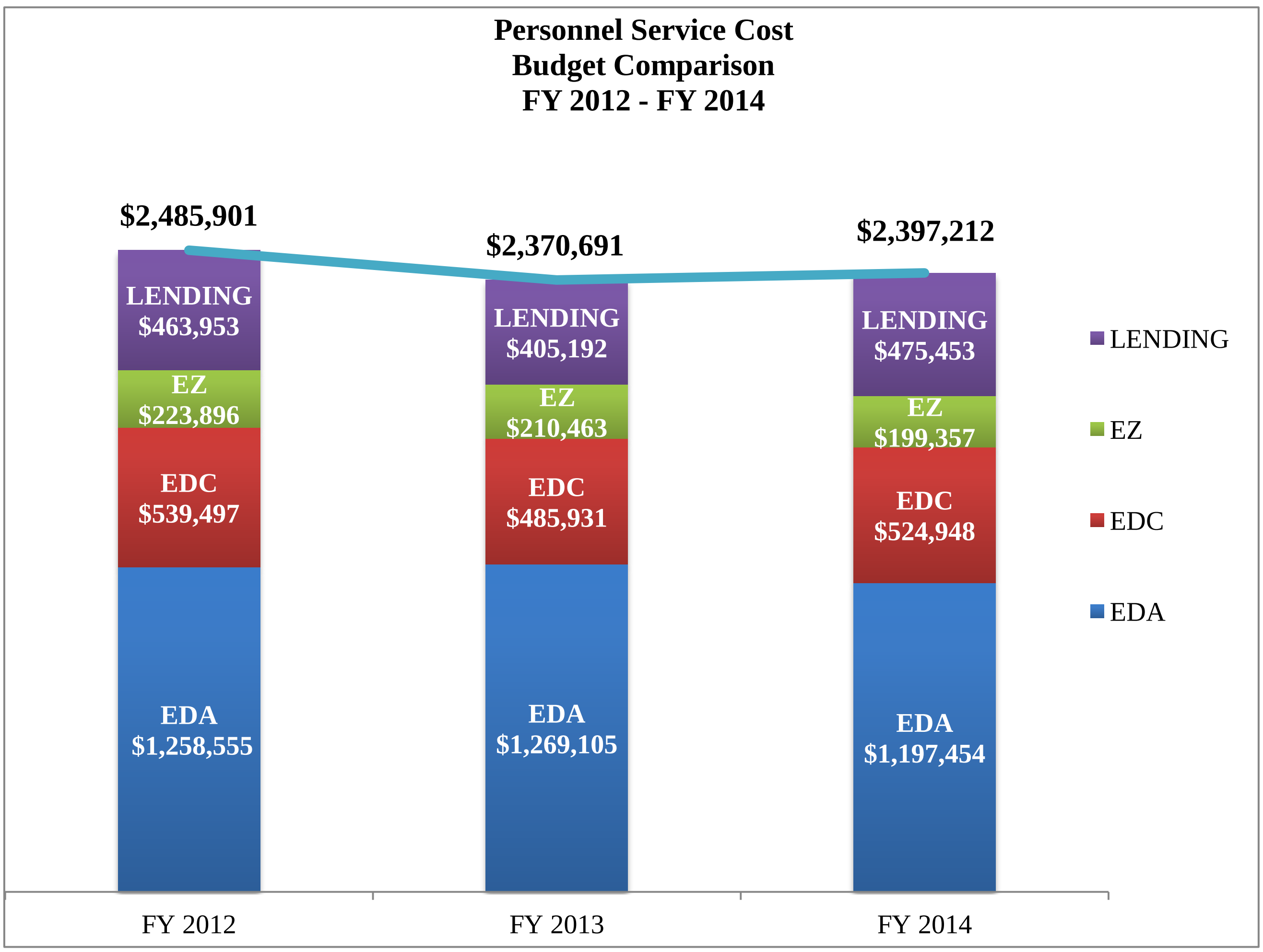
Professional Services	FY 2012 Actual	FY 2013 Projected	FY 2014 Budgeted
Audit Fees	$ 82,500	80,000	$ 70,000
Collection Agencies (Lending)	41,015	44,000	41,000
IT Services	141,379.69	100,000	88,200
Consulting	272,268	350,000	433,000
Credit Reports (Lending)	9,468	15,000	20,000
Legal Fees	34,748	50,000	53,500
Stenographer	32,005	30,000	35,000
Total	**$ 613,385**	**$ 669,000**	**$ 740,700**

3.4 Other Services and Charges – Detailed Listing

Other Services & Charges	Actual FY 2012	Projected FY 2013	Budgeted FY 2014
Auto Expense	21,299	35,000	30,000
Bank Charges & Other fees	3,907	4,500	5,000
Board Attendance Fee	4,350	2,000	2,000
Casual Labor	16,430	5,500	17,000
Catering Services	37,656	35,000	35,000
EZ Charette	-	-	20,000
Contractual Labor	19,809	40,000	35,000
Copier Machines (Maintenance)	11,886	32,000	35,000
Courier Services	9,365	13,000	10,900
Custodial Services	18,262	20,000	25,000
Donations & Contributions	27,515	50,000	25,000
Drinking Water	1,943	2,000	2,000
Dues and Subscription	18,502	25,000	22,350
Employee Relations	45,635	35,000	35,000
Finance Charges	283	350	250
Garbage Removal	2,907	5,000	1,500
Grant Match	-	-	120,000
Interest Expense IRP	5,032	5,133	5,200
License Fee & Permit	1,501	1,500	1,500
Meeting Space Rental	1,800	4,000	2,900
Miscellaneous	5,321	5,000	4,750
Parking	7,614	5,000	-
Postage & Delivery	11,464	11,787	30,000
Software Agreement	8,703	22,000	25,000
Storage	3,207	10,000	16,000
Trucking Services	65	8,500	2,500
Tuition Reimbursement	11,959	15,000	14,400
Total	**284,388**	**368,770**	**523,250**

3.5 Personnel Service Cost Breakdown by Department and Classification

Personnel Listing - All Positions	Position Classification					
Department	Positions (#)	Unclassified Amount	Positions (#)	Classified Amount	Total Positions (#)	Total Salary Amount
EDA	8	674,000	11	523,454	19	1,197,454
EDC	2	160,000	7	364,948	9	524,948
EZ	1	90,000	3	109,357	4	199,357
LENDING	3	139,200	8	336,253	11	475,453
TOTAL	14	1,063,200	29	1,334,012	43	2,397,212



3.6 VIEDA FY 2014 Budgeted Indirect Operating Cost

VIED MANAGEMENT EXPENDITURES:	Budget FY 2013	Budget FY 2014
Accounting	$ 57,000	$ 70,000
Advertising & Promotion	16,300	5,000
Auto Expense	20,500	30,000
Bank Service Charges	3,250	5,000
Capital Outlay	37,368	100,063
Casual Labor	-	15,000
Catering	21,500	28,624
Computer In.	73,200	88,200
Contract Labor		25,000
Contributions / Donation	25,000	25,000
Consulting	500	500
Courier Service	2,500	6,400
Copier Fees	17,500	17,500
Credit Reports	20,000	20,000
Custodial Services	16,000	25,000
Diesel	5,000	2,500
Drinking Water	3,700	2,000
Dues & Subscriptions	1,700	10,000
Employee Relations	-	12,800
Fringe Benefits		10,290
Garbage Disposal	2,500	1,500
Guarantee FEE SBDA	250	250
Incubator Program	-	120,000
Insurance	65,000	65,000
Interest Expense	3,000	3,000
Legal Fees	50,000	50,000
Licenses & Permits	500	1,500
Meeting Space Rental	2,500	-
Miscellaneous	150	500
Mobile Telephone	-	1,200
Office Supplies	65,000	65,000
Parking	10,000	-
Pest Control Service	2,000	7,000
Postage & Delivery	11,846	25,000
Printing & Publication	7,500	12,000
Registration Fees	6,000	6,000
Rent	260,284	216,064
Repairs - Building & Maintenan	70,000	70,000
Salaries	-	29,401
Software Agreement	16,700	20,000
Stenographer	29,000	30,000
Storage	5,000	16,000
Communication	90,000	80,300
Taxi Fare	200	200
Travel	99,925	50,000
Trucking Services	200	2,500
Utilities	224,000	180,000
Total Budgeted Indirect for the VIEDA	**1,342,573**	**1,551,292**

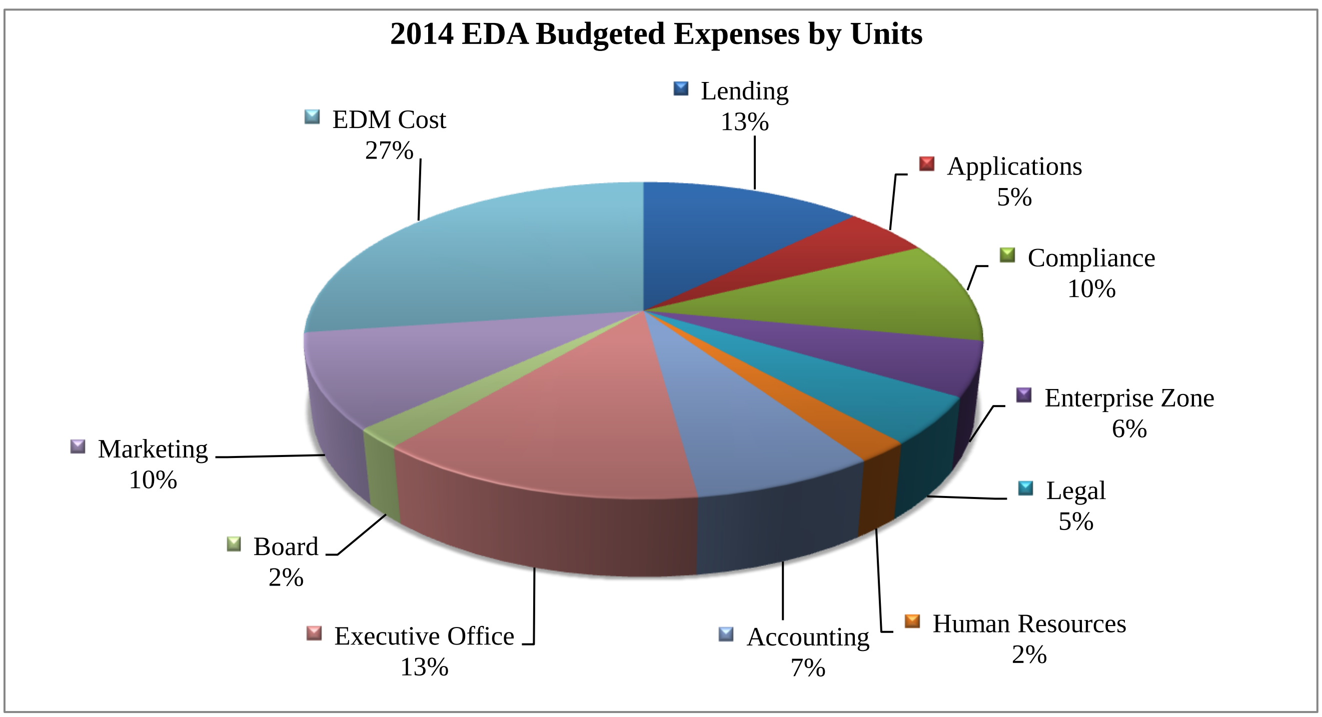
3.7 BUDGET SUMMARY

- The Economic Development Authority's Fiscal Year 2014 is $5,693,274.
- Our projected revenues are $650,000, which is $26,200 or 4% more than Fiscal Year 2013.
- The requested level of appropriation for Fiscal Year 2014 is $5,043,274.

2014 EDA BUDGET ALLOCATION BY UNITS

DIVISION/DEPARTMENT	LENDING	APP	COMP	EZ	LEGAL	HR	ACCOUNTING	EXECUTIVE OFFICE	BOARD	MARKETING	EDM COST	TOTAL
NO. OF EMPLOYEES	11	3	6	4	3	1	5	8	1	0	1	43
PERSONAL SERVICE	475,453	183,557	341,391	199,357	195,000	60,420	298,370	555,263	59,000		29,401	2,397,212
FRINGE BENEFITS	146,170	56,432	104,955	61,289	59,950	18,575	91,729	170,707	18,139	-	9,039	736,985
TOTAL PERSONAL /FRINGE	**621,623**	**239,988**	**446,347**	**260,646**	**254,950**	**78,995**	**390,100**	**725,970**	**77,139**		**38,440**	**3,134,197**
OPERATING EXPENSES	90,525	44,250	147,100	55,000	20,350	43,350	27,650	29,000	39,000	550,000	1,512,852	2,559,077
CEILING LEVEL	**$ 712,148**	**$ 284,238**	**$ 593,447**	**$ 315,646**	**$ 275,300**	**$ 122,345**	**$ 417,750**	**$ 754,970**	**$ 116,139**	**$ 550,000**	**$ 1,551,292**	**$ 5,693,274**

REVENUES:	
2014 Appropriation Request	**$ 5,043,274**
2014 EDA generated Revenues	**$ 650,000**
TOTAL PROJECTED REVENUES	**$ 5,693,274**



4. Other Information

A. Vehicle Listing for VIEDA

Presently, EDA has ten (10) vehicles. Seven (7) were purchased with local funds and three (3) with Industrial Park Development Corporation funds.

YEAR	MAKE	MODEL	ASSIGNED USE	SOURCE OF FUNDING	ISLAND
2007	TOYOTA	RAV4	ADMIN –VIEDA	GENERAL FUND	ST. CROIX
2007	TOYOTA	RAV4	EXECUTIVE – VIEDA	GENERAL FUND	ST. CROIX
2002	HONDA	CRV-LX	ADMIN – VIEDA	GENERAL FUND	ST. CROIX
2005	CHEVROLET	PICK UP	ADMIN – VIEDA	INDUSTRIAL PARK FUND	ST. CROIX
2005	CHEVROLET	TRAIL BLAZER	EXECUTIVE – VIEDA	INDUSTRIAL PARK FUNDS	ST. CROIX
2007	TOYOTA	RAV4	EXECUTIVE – VIEDA	GENERAL FUND	ST. THOMAS
2007	TOYOTA	RAV4	EXECUTIVE – VIEDA	GENERAL FUND	ST. THOMAS
2007	FORD	ESCAPE	EXECUTIVE– VIEDA	GENERAL FUND	ST. THOMAS
2005	HONDA	CRV-LX	EXECUTIVE – VIEDA	GENERAL FUND	ST. THOMAS

B. Listing of Real Property being rented or lease by VIEDA

Physical Address	Landlord	Sq. Ft.	Annual Rent	Lease Terms	Use of Lease Premises
Nisky Shopping Center Second Floor, Suite 620 St. Thomas	B & W Realty Investments, Ltd.	6,800	$166,600	5 Years	Office Space
116 King Street F'sted, St. Croix	VI Industrial Park Development Corp.	4,088	$49,464	Month to Month	Office Space
18B-2 Lindberg Bay St. Thomas	Crown Holding	2,000	$16,000	Month to Month	Storage Space

GLOSSARY OF TERMS

Selected terms include explanation and/or justification for budgetary terms in the Fiscal Year 2014 Budget

AUTO EXPENSE includes amounts for gasoline, repairs, and maintenance of vehicles.

BUDGET is a controlled plan to be used in implementing the mission and the objectives of the Authority. Its development should involve maximum participation, and therefore, the aims and objectives of the Authority should be reflected at each level.

CAPITAL OUTLAY includes office equipment, furnishing, computers, software programs and upgrades. Generally, expenditures in this category cost more than $500 would not normally be purchased from materials and supplies.

CASUAL LABOR is used to describe employees who perform a variety of activities and usually work for a limited amount of time per day or week on a part-time or temporary basis.

COMMUNICATION includes local, long distance, cell phones and Digital Subscriber line (DSL) services. The number and use of cell phones have been curtailed and/or minimized.

CUSTODIAL SERVICES provide customized cleaning such as carpets, which are specific and customized according to the needs of the organization

DIRECT COSTS are those elements of cost which can be easily, obviously, and conveniently identified with specific programs or activities, as distinguished from those costs incurred for several different activities or programs and whose element are not readily identified with specific activities.

EMPLOYEE RELATIONS involves maintaining employer-employee relationships that contribute to satisfactory productivity, motivation, and morale.

EQUIPMENT RENTAL includes Xerox copiers – 2 on each island that are leased long-term.

ESTIMATED INTEREST AND EXPENSE & PRINCIPAL PAYMENT are amounts paid in interest and principal on funds borrowed through the Intermediary Relending Program (IRP) administered by the Lending Division.

FRINGE BENEFITS are budgeted at approximately 30% of gross salary and include employer contributions to the retirement system, F.I.C.A, health insurance premium, and uniform allowance.

GUARANTEE FEES are charged to protect against credit-related losses in the lending portfolio.

GLOSSARY OF TERMS

INSURANCE costs hedge against the risk of a contingent or uncertain loss. The budget covers, for example, personal injury, directors' and officers' liability, vehicles, Errors/ Omissions, and liability insurance.

INDIRECT COSTS are those elements of cost necessary in the provision of a service, which are of such nature that they cannot be readily or accurately identified with the specific service.

MISCELLANEOUS expenses are small incidental expenditures for which there are no classifications. These costs are difficult to predict but are necessary for day-to-day operations.

PER DIEM is a nightly allowance for travel expenses that includes meals and other incidentals. Stipends for members of the Board of Directors are also budgeted in this account.

PERSONNEL SERVICE COST covers current salaries for full-time and temporary employees. The budget includes the 8% necessary to restore salaries to the pre-reduction levels as authorized in Act No 7261, Section 3(f).

POST OFFICE BOX Rental is used solely for the convenience of the Economic Development Commission and its beneficiaries.

POSTAGE AND DELIVERY includes cost of stamps, air freight, and FedEx mailings.

POSTAGE METER RENTAL cost is for the leasing of the automated stamp machine.

PROFESSIONAL DEVELOPMENT includes costs for employee certifications and training throughout the organization.

REGISTRATION FEES include funds expended for staff and board member re-certifications, training, and attendance at seminars and conferences.

RENT is paid for office space on both St. Thomas and St. Croix.

REPAIRS & MAINTENANCE (BUILDING & EQUIPMENT) involves fixing any sort of mechanical, plumbing or electrical device when it becomes inoperable or broken (repairs). It also includes performing routine actions, which keep the device in working order (scheduled maintenance) or prevent trouble from arising (preventative maintenance).

SUPPLIES consist of office and fax paper, pens, pencils, letterheads, pens, pencils, and all other stationery items needed to prepare booklets and pamphlets to serve staff, clients, and Board.

TRAINING is an integral component of staff development and is the backbone of a professional organization.

TRAVEL costs are expenditures that employees incur in the course of business related travel. They include airfare, per diem, and accommodations. Off-island travel cost is mainly associated with marketing activities.

GLOSSARY OF TERMS

UTILITIES include electricity and water. Budgeted amounts have been declining due to efforts in reducing energy consumption.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2012 AND 2011
Together With Independent Auditors' Report

BERTSMITH &Co.

Certified Public Accountants and Management Consultants

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 And 2011

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BERTSMITH & Co.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Statements of Net Assets of the Virgin Islands Economic Development Authority (the Authority) as of and for the years ended September 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. The Virgin Islands Economic Development Authority is a discreetly presented component unit of the Government of the U.S. Virgin Islands. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2012 and 2011, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2013, 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* and should be considered in assessing the results of the audits.

The Village Mall, Suites 102-103 Barron Spot ❖ Christiansted, USVI 00823 ❖ PHONE 340.692.0071 ❖ FAX 340.692.0080 ❖ INTERNET www.bertsmithco.com
Remit to: P.O. Box 2478 ❖ Kingshill, St. Croix, VI 00851-2478

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

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.

Bert Smith & Co

Washington D.C.
April 15, 2013

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, IPDC, 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, 2012 and 2011. 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 Assets: 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 assets presented in these statements are displayed as restricted or unrestricted.

Statement of Revenue, Expenses and Changes in Net Assets: All of the current year's revenue and expenses are accounted for in The Statement of Revenue, Expenses and Changes in Net Assets. 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 cost through appropriation and the services it provided.

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

2012

- The Authority's net assets 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.

IV. CONDENSED FINANCIAL INFORMATION

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

	2012	2011	Variances
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	23,304,611	19,550,731	3,753,880
Current Liabilities	4,887,887	727,272	4,160,615
Noncurrent Liabilities	1,640,600	1,666,595	(25,995)
Total Liabilities	6,528,487	2,393,867	4,134,620
Net Assets			
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 Assets	$16,776,124	$ 17,156,864	(380,740)

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 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.

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 Assets
Net Assets 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 Assets
--- Unrestricted Net Assets

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

V. CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011	Variances
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 Assets	(380,740)	1,380,366	(1,761,106)
Net Assets, Beginning of the Year	17,156,864	15,776,498	1,380,366
Net Assets, End of the Year	$16,776,124	$17,156,864	$(380,740)

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 lease agreement by 50% on one of the tenants. 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 confirm management 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 expense and finance charges of $2,989 or 31% as the Authority continues to pay down its outstanding debts.

VI. 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	11,890,817	11,869,938
Less: Accumulated Depreciation	(9,468,685)	(8,954,239)
Net Capital Assets	$ 2,422,132	$ 2,915,699

VII. FINANCIAL HIGHLIGHTS

2011

- The Authority's net assets were $17,156,864 in Fiscal Year 2011, which represents an increase of $1,380,366 or 9% compared to Fiscal Year 2010.

- Total assets exceeded total liabilities by $17,156,864 in Fiscal Year 2011 compared to $15,776,498 in Fiscal Year 2010.

- Operating revenues for the Authority were $8,505,370 in Fiscal Year 2011, which reflects an increase of $266,189 or 3% over Fiscal Year 2010.

- Operating expenses were $7,142,556 in Fiscal Year 2011, which reflects an increase of $35,664 over Fiscal Year 2010.

- Appropriations totaling $4,610,423 received from the Government of the Virgin Islands in Fiscal Year 2011 was $169,905 or 4% less than in Fiscal Year 2010.In addition, the Authority received.

- $2,174,310 from the Virgin Islands Public Finance Authority pursuant to Act No. 7081 issued by the Legislature of the Virgin Islands.

VIII. CONDENSED STATEMENTS OF NET ASSETS AS OF SEPTEMBER 30, 2011 AND 2010

	2011	2010	Variances
Current Assets	$ 5,112,042	$ 4,503,154	608,888
Noncurrent Assets	11,522,990	10,174,264	1,348,726
Capital Assets, net	2,915,699	3,302,096	(386,397)
Total Assets	19,550,731	17,979,514	1,571,217
Current Liabilities	727,272	600,443	126,829
Noncurrent Liabilities	1,666,595	1,602,573	64,022
Total Liabilities	2,393,867	2,203,016	190,851
Net Assets			
Invested in Capital Assets, net of related debt	2,882,725	3,222,832	(340,107)
Restricted	10,522,990	9,714,631	808,359
Unrestricted	3,751,149	2,839,035	912,114
Total Net Assets	$ 17,156,864	$ 15,776,498	1,380,366

Current Assets
Current assets increased by $608,888 or 14% in Fiscal Year 2011 compared to Fiscal Year 2010. The cumulative effect included the conversion of a certificate of deposit to cash thereby reducing investments by $107,909 or 37% which contributed to an increase in unrestricted cash of $187,720 or 6%. Accounts Receivables consist mainly of compliance, penalty and late reporting fees that were assessed on EDC beneficiaries and rent revenues generated from tenants located in the Industrial Park Corporation (IPDC). The total accounts receivables increased by $521,829 or 54% due to beneficiaries and tenants experiencing financial hardships in this economic hard time. There was an increase of $7,248 or 9% in prepaid and other assets during the year which was due to an advance payment made by the Authority to one of its vendor.

Noncurrent Assets
Noncurrent assets increased by $1,348,726 or 13% in Fiscal Year 2011 compared to Fiscal Year 2010. This was due partly to an increase of $614.745 or 18% in restricted cash for Performance Bonding and Loan Programs. Additionally, loans receivable increased by $1,274,355 or 36% which reflects the Authority's aggressive approach to promoting its various loan programs during tough economic times. Restricted investments decreased by $540,374 or 17% due to the conversion of certificates of deposit to cash that were set aside for loans and performance bonding

Capital Assets
Total capital assets decreased by $386,397 or 12% in Fiscal Year 2011, due to primarily the net effect of equipment and furniture purchased during the year and depreciation expenses of the Authority's vehicles, equipment and buildings.

Current Liabilities
The Authority's current liabilities increased in Fiscal Year 2011 by $126,829 or 21% compared to Fiscal Year 2010 due to the net effect of the following:

- An increase in accounts payable and accrued expenses of $119,028 or 118%, and $96,915 or 43%, respectively, that represented various obligations, including contractual agreements that were incurred, but were not paid by the end of the fiscal year;
- A decrease of $74,338 or 40% in the current portion of compensated absences due to management enforcing its vacation policy;
- A decrease of $214 or 1% in interest payable as principal balances on outstanding long term debts were reduced; and
- A decrease in current long-term debt of $14,562 or 21% due to principal payments made on outstanding debts.

Noncurrent Liabilities
Noncurrent liabilities increased in Fiscal Year 2011 by $64,022 or 4% compared to Fiscal Year 2010, as a result of the following:

- An increase of $104,590 or 110% in compensated absences resulting from leave accruals for employees who completed their probationary period during this fiscal year plus the incremental increase in accrued leave value as a result of salary increases for unionized employees.

- A decrease of $55,112 or 12% in long term debt due to principal payments on the outstanding debts.

Net Assets
Net assets represent residual interest in the Authority's assets and liabilities after all liabilities are deducted for reporting purposes they are divided into three major components:

--- Invested in Capital Assets
--- Restricted Net Assets
--- Unrestricted Net Assets

The Authority's total net assets increased by $1,380,366 or 8% in Fiscal Year 2011 compared to Fiscal Year 2010 due to revenues surpassing expenses.

IX. CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010	Variances
Operating Revenues	$ 8,505,370	$ 8,239,181	266,189
Operating Expenses	(7,142,556)	(7,106,892)	(35,664)
Operating Income	1,362,814	1,132,289	230,525
Nonoperating Revenues	17,552	56,787	(39,235)
Change in Net Assets	1,380,366	1,189,076	191,290
Net Assets, Beginning of the Year	15,776,498	14,587,422	1,189,076
Net Assets, End of the Year	$ 17,156,864	$ 15,776,498	1,380,366

Revenues

Operating revenues increased by $266,189 or 3% in Fiscal Year 2011 over the prior fiscal year was a result of increases in application and processing fees and interest income. These increases were due to the large number of loans processed and approved. Similarly, drawdowns received from Public Finance Authority (PFA) were increased as the demand for loans and performance bonding financing was at an all-time high. Government appropriations and rental income decreased by 4% and 8%, respectively, which was attributable to continuing adverse economic conditions.

Operating Expenses

Total operating expenses in the aggregate increased by $35,664 or .005% in Fiscal Year 2011. This included $138,497 in grant expenditures which was off-set by an equal amount in grant revenues. Depreciation increased by $4,512 due to acquisition of EDC enhancement modules that were capitalized during the fiscal year. The cost for professional services increased by $456,492 or 154% as a result of accelerated marketing initiatives intended to lure investors to the Territory. The $60,155 or 2% decrease in personnel service costs reduction was a result of two (2) employees resigning to take positions at another government department. Other expense decreases were in advertising expense by $43,510 or 26%; travel and per diem were curtailed by $85,134 or 36% and other administrative expenses by $143,374 or 14%. These decreases were as a result of the Authority instituting cost reduction measures, shifting its priorities, and making better use of limited resources.

Nonoperating Revenues and Expenses

Total net non-operating revenues decreased by $39,235 or 69% in Fiscal Year 2011. This included a $53,274 or 41% decrease in interest income due to the Authority converting certificate of deposits held as short-term investments to cash. There was also a decrease in interest expense and finance charges of $4,790 or 33% as the Authority continues to pay down its outstanding debts.

X. Capital Assets

The Authority's capital assets as of September 30, 2011 and 2010 are $2,915,699 and $3,302,096 (net of accumulated depreciation). The capital assets addition during the fiscal year included equipment and furniture.

	2011	2010
Building & Building Improvements	$ 9,148,427	$ 9,148,427
Leasehold Improvements	428,431	428,431
Equipment	920,660	787,494
Furniture & Fixture	216,817	215,017
Vehicles	1,135,018	1,135,018
Leasehold Equipment	20,585	20,585
Total Costs	11,869,938	11,734,972
Less: Accumulated Depreciation	(8,954,239)	(8,432,876)
Net Capital Assets	$ 2,915,699	$ 3,302,096

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.

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 ASSETS
AS OF SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 3,848,247	$ 3,362,593
Investments	352,088	181,861
Receivable, net	1,250,549	1,482,418
Prepaid and Other Assets	76,370	85,170
Total Current Assets	5,527,254	5,112,042
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	7,758,907	4,061,982
Restricted Investments	2,641,563	2,624,600
Restricted Loans Receivable, net	4,954,755	4,836,408
Total Noncurrent Assets	15,355,225	11,522,990
Capital Assets, net	2,422,132	2,915,699
Total Assets	$23,304,611	$19,550,731
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 261,208	$ 219,658
Accrued Expenses	156,202	321,397
Compensated Absences, current	115,352	110,553
Interest Payable	20,095	20,198
Deferred Revenue	4,310,883	-
Loan Payable, current	24,147	55,466
Total Current Liabilities	4,887,887	727,272
Noncurrent Liabilities:		
Compensated Absences	216,284	200,085
Security Deposits	31,737	34,404
Deferred Revenue	1,000,000	1,014,544
Loan Payable	392,579	417,562
Total Noncurrent Liabilities	1,640,600	1,666,595
Total Liabilities	6,528,487	2,393,867
Net Assets:		
Invested in Capital Assets, net of related debt	2,422,132	2,882,725
Restricted Net Assets	14,524,049	10,522,990
Unrestricted Net Assets	(170,057)	3,751,149
Total Net Assets	$16,776,124	$17,156,864

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Operating Revenues:		
Government Appropriation	$ 4,686,135	$ 4,610,423
Allocation of Bond Proceeds	78,990	2,174,310
Application and Processing Fees	524,071	620,952
Rental Income	409,214	492,536
Interest Income from Loans	261,195	222,103
Grant Revenue	129,251	138,497
Penalties	21,450	100,285
Other Operating Revenue	58,656	146,264
Total Operating Revenues	6,168,962	8,505,370
Operating Expenses:		
Personnel Costs	3,042,214	3,416,480
Occupancy	298,870	298,469
Advertising	85,798	124,859
Professional Services	579,265	752,207
Travel	169,677	148,540
Other Administrative Expenses	876,442	893,764
Program Cost	129,251	138,497
Bad Debt	864,491	848,377
Total Operating Expenses	6,046,008	6,621,193
Income From Operations Before Depreciation	122,954	1,884,177
Depreciation	536,944	521,363
Operating Income	(413,990)	1,362,814
Non-operating Revenues (Expenses):		
Interest Income	29,119	75,764
Scholarship Payments	-	(43,360)
Other Income (Expenses)	10,675	(5,319)
Interest Expenses and Finance Charges	(6,544)	(9,533)
Total Nonoperating Revenues (Expenses)	33,250	17,552
Change In Net Assets	(380,740)	1,380,366
Net Assets Beginning of Year	17,156,864	15,776,498
Net Assets End of Year	$16,776,124	$17,156,864

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, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Cash Received from Primary Government and Allocation of Bond Proceeds	$ 4,845,794	$ 6,784,733
Cash Received from Application and Processing	497,806	620,026
Cash Received from Tenants	339,637	337,247
Cash Received from Loan Repayments	724,771	512,549
Cash Received from Other Operating Income	340,659	170,768
Cash Received from Federal Government	4,434,060	138,497
Cash Paid for Grant Program	(129,251)	(138,497)
Cash Paid for Goods and Services	(2,125,000)	(2,009,357)
Cash Paid to Employee for Services	(3,021,216)	(3,386,228)
Loan Disbursements	(1,471,062)	(2,688,468)
Net Cash Provided by Operating Activities	4,436,198	341,270
Cash Flows from Noncapital Financing Activities		
Scholarship payments	-	(43,360)
Other Income	10,675	(5,319)
Interest Expense and Finance Charges	(6,544)	(9,533)
Net Cash Used in Noncapital Financing Activities	4,131	(58,212)
Cash Flows from Capital and Related Financing Activities		
Note Principal Payments	(56,302)	(69,674)
Acquisition of Property and Equipment	(43,377)	(134,966)
Net Cash Used in Capital and Related Financing Activities	(99,679)	(204,640)
Cash Flows from Investing Activities		
Interest Income	29,119	75,764
Net Purchase (Sale) of Investments	(187,190)	648,283
Net Cash Provided by (Used in) Investing Activities	(158,071)	724,047
Net Increase in Cash and Cash Equivalents	4,182,579	802,465
Cash and Cash Equivalents, Beginning of Year	7,424,575	6,622,110
Cash and Cash Equivalents, End of Year	$ 11,607,154	$ 7,424,575
Reconciliation of Operating Income to Net Cash Used in Operating Activities:		
Operating Income	$ (413,990)	$ 1,362,814
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	536,944	521,363
Bad Debt Expense	864,491	848,377
(Increase) in Accounts Receivable	(4,036)	(626,359)
Decrease (Increase) in Prepaid Expenses	8,800	(7,248)
(Increase) in Loans Receivable	(746,933)	(2,018,203)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(123,645)	215,944
Increase in Compensated Absences	20,998	30,252
Increase in Deferred Revenue	4,296,339	14,544
Decrease in Security Deposit	(2,667)	-
Decrease in Due to Other Funds	(103)	(214)
Net Cash Provided by Operating Activities	$ 4,436,198	$ 341,270

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: 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, 2012 and 2011, the Authority received in appropriations totaling $4,686,135 and $4,610,423 from the Government of the Virgin Islands, together with $78,990 and $2,174,310 in transfers from the Virgin Islands Public Finance Authority pursuant to Act No. 7081; and $1,443,631 and 1,747,722 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, 2012 and 2011, the Authority maintained eleven (11) and nine (9) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

- **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.

Cash and Cash Equivalents: All cash 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	3-5 Years
Furniture and Fixtures	3-5 Years
Vehicles	5 Years
Buildings and Leasehold Improvements	5-27 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 payor salary rates in effect at the statements of net assets date.

Net Assets: Net assets are classified in the following three components:

... *Invested in capital assets, net of related debt* – These consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets.

... *Restricted net assets* – These result when constraints placed on net assets' use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

... *Unrestricted net assets* – These consist of nets assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often times can be designated to indicate that management does not consider them to be available for general operations; these designations can be removed or modified.

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 and disclosures of contingent 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.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at September 30, 2012 and 2011:

	Unrestricted	Restricted	Total 2012
Cash and Cash Equivalents	$3,848,247	$7,758,907	$11,607,154

	Unrestricted	Restricted	Total 2011
Cash and Cash Equivalents	$3,362,593	$4,061,982	$7,424,575

Custodial Risk

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, 2012 and 2011, accounts at each financial institution were insured by the Federal Deposit Insurance Corporation up to $250,000. Cash in excess of this limit are $14,995,392 and $11,443,902 respectively, and are fully collateralized.

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents at September 30, 2012 and 2011 consist of the following:

	2012	2011
Micro Credit Loan Program	$1,002,097	$1,444,859
Farmers and Fishermen Loan Fund	261,960	240,586
Frederiksted Revolving Loan Fund	261,363	260,647
Performance Bonding Loan Fund	1,404,059	1,388,833
Intermediary Relending Loan Fund	211,058	249,322
SBDA Revolving Loan Fund	411,697	342,266
SBDA Administration Loan Fund I	12,215	57,592
SBDA Administration Loan Fund II	115,053	77,836
SSBCI Grant	4,060,444	-
Historic Grant	18,961	-
Board Up Grant	-	41
	$7,758,907	$4,061,982

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, 2012 and 2011 were comprised of certificate of deposits totaling $2,993,651 and $2,806,461, respectively. Balances in excess of $250,000 maintained in depository institution are collateralized.

Investments as of September 30, 2012 and 2011 are as follows:

FY 2012

		Investment Maturities	
Investment Type	Fair Value	Less than 1year	1 - 5 years
Certificate of Deposits	$2,993,651	$ 2,824,826	$168,825

FY 2011

		Investment Maturities	
Investment Type	Fair Value	Less than 1year	1 - 5 years
Certificate of Deposits	$2,806,461	$ 2,806,461	-

NOTE 4 RESTRICTED NET ASSETS

The restricted net assets at September 30, 2012 and 2011 consist of the following:

	2012	2011
Micro Credit Loan Program	$ 2,091,722	$ 2,675,389
GDB Funds – Start Up	2,641,563	2,624,600
Farmers and Fishermen Loan Fund	308,883	305,506
Frederiksted Revolving Loan Fund	261,341	260,625
Performance Bonding Loan Fund	3,334,836	2,962,524
Intermediary Relending Loan Fund	353,101	445,297
SBDA Revolving Loan Fund	821,812	802,796
SBDA Administration Loan Fund I	212,024	197,893
SBDA Administration Loan Fund II	250,537	248,319
SSBCI Grant	4,229,269	-
Historic Walk Grant	18,961	-
Board Up Grant	-	41
	$ 14,524,049	$10,522,990

NOTE 5 LOANS RECEIVABLE

Loans receivable at as of September 30, 2012 and 2011 are as follows:

	2012	2011
Loan Principal	$ 12,655,441	$11,955,730
Allowance for Doubtful Accounts	(7,700,686)	(7,119,322)
Net Loans Receivable	$ 4,954,755	$ 4,836,408

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 2012 and 2011 were $628,586 and $743,848 respectively.

NOTE 6 RECEIVABLES

The receivable balances as of September 30, 2012.

	Receivables	Allowance	Receivables, net
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	$ 1,774,643	$ (524,094)	$ 1,250,549

Total provision for uncollectible accounts during Fiscal Year 2012 was $235,905.

NOTE 6 RECEIVABLES (Continued)

The receivable balances as of September 30, 2011.

	Receivables	Allowance	Receivables, net
Due from Vendor	$ 87,265	$ -	$ 87,265
Interest Receivable	6,276	-	6,276
Performance Bonding Receivable	925,993	-	925,993
Rent Receivable	374,188	(135,219)	238,969
EDC Fees & Charges	443,351	(249,451)	193,900
Tax Increment Financing Fund	30,015	-	30,015
Total	$ 1,867,088	$ (384,670)	$ 1,482,418

Total provision for uncollectible accounts during Fiscal Year 2011 was $104,529.

NOTE 7 CAPITAL ASSETS

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

	Beginning Balance	Additions	Retiremen t	2012 Ending Balance
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	11,869,938	43,379	(22,500)	11,890,81 7
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	(8,954,239)	(536,946)	22,500	(9,468,685)
Capital Assets, net	$ 2,915,699	$ (493,567)	$ -	$ 2,422,132

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

NOTE 7 CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	2011 Ending Balance
Capital Assets			
Building and Building Improvements	$ 9,148,427	$ -	$9,148,427
Leasehold Improvements	428,431	-	428,431
Equipment	787,494	133,166	920,660
494niture and Fixtures	215,017	1,800	216,817
Vehicles	1,135,018	-	1,135,018
Leasehold Equipment	20,585	-	20,585
Total Capital Assets	11,734,972	134,966	11,869,938
Accumulated Depreciation			
Building and Building Improvements	(6,996,662)	(232,770)	(7,229,432)
Leasehold Improvements	(110,062)	(14,761)	(124,823)
Equipment	(644,290)	(55,403)	(699,693)
Furniture and Fixtures	(181,321)	(13,632)	(194,953)
Vehicles	(479,956)	(204,797)	(684,753)
Leasehold Equipment	(20,585)	-	(20,585)
Total Accumulated Depreciation	(8,432,876)	(521,363)	(8,954,239)
Capital Assets, net	$ 3,302,096	$ (386,397)	$ 2,915,699

The related depreciation expense for the year ended September 30, 2011 totaled $521,363.

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, 2012 and 2011, the outstanding loan balance was $416,726 and $440,054 respectively.

The Industrial Park Development Corporation (IPDC) through the Virgin Islands Economic Development Authority issued a note in the amount of $350,000, on May 22, 2002, with an interest rate of 8% to Blak Corporation. The loan is to be repaid in 120 equal monthly installment of $4,246. At September 30, 2012 and 2011, the outstanding loan balance was $0 and $32,974 respectively.

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

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

NOTE 8 LOANS PAYABLE (Continued)

As of September 30, 2011, the debts are composed of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Loan Payable	$ 463,439	$ -	$ (23,385)	$ 440,054	$ 22,492
Note Payable	79,263	-	(46,289)	32,974	32,974
	$ 542,702	$ -	$ (69,674)	$ 473,028	$ 55,466

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

2013	$ 24,147
2014	24,388
2015	24,632
2016	24,879
2017	25,127
2018 – 2022	129,457
2023 – 2027	136,060
2028 - 2029	28,036
Total	$ 416,726

NOTE 9 COMPENSATED ABSENCES

Compensated absences balance as of September 30, 2012 and 2011 were $331,636 and $310,638, of which $115,352 and $110,553, 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 14 are operating the other 12 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 2012 and 2011 was $0 and $10,045, 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. Minimum non-cancelable lease payments to be received are as follows:

2013	$ 126,698
2014 - 2022	377,666
Total	$ 504,364

NOTE 10 LEASES (Continued)

Lessee --- The Authority leases office space on a month to month basis for $17,568 per month, however the Authority signed a lease agreement 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, base 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, 2012 and 2011 were $298,870 and $298,469 respectively. The aggregate lease commitment for the Authority is as follows as of September 30, 2012:

2013	$ 95,141
2014	166,600
2015	166,600
2016	166,600
2017	166,600
Oct. 2017 - Dec. 2017	41,650
Total	$ 803,191

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 $4,310,883.

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. The noncurrent deferred revenue 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 $351,103, $386,303 and $439,444 for fiscal years 2012, 2011 and 2010, 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, 2012 and 2011 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 faces 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 April 15, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

ASSETS	GDB	EDM	EDC	SBDA	IPDC	IRP	EZC	EDA	TIF	SSBCI	STEP	Off-Set	2012
Current Assets:													
Cash and Cash Equivalents	$ 1,645,132	$ 464,162	$ 1,291,136	$ 274,359	$ 61,787	$ -	$ -	$ -	$ 404	$ 85,097	$ 26,170	$ -	$ 3,848,247
Investments	-	-	-	-	183,263	-	-	-	-	168,825	-	-	352,088
Accounts Receivable, net	916,652	18,637	119,450	558	156,517	-	1,717	-	30,015	446	6,557	-	1,250,549
Due from Other Fund	66,045	8,224	-	-	-	-	-	-	-	-	-	(74,269)	-
Prepaid & Other Assets	41,847	20,178	-	7,073	7,272	-	-	-	-	-	-	-	76,370
Total Current Assets	2,669,676	511,201	1,410,586	281,990	408,839	-	1,717	-	30,419	254,368	32,727	(74,269)	5,527,254
Non-Current Assets													
Loan Receivable, net	4,020,401	-	-	457,018	-	142,044	-	335,292	-	-	-	-	4,954,755
Restricted Cash & Cash Equivalents	2,406,156	-	-	935,020	-	211,058	18,961	127,268	-	4,060,444	-	-	7,758,907
Restricted Investments	2,641,563	-	-	-	-	-	-	-	-	-	-	-	2,641,563
Total Non-Current Assets	9,068,120	-	-	1,392,038	-	353,102	18,961	462,560	-	4,060,444	-	-	15,355,225
Capital Assets, net	464,067	24,438	107,563	136,216	1,689,848	-	-	-	-	-	-	-	2,422,132
Total Assets	$ 12,201,863	$ 535,639	$ 1,518,149	$ 1,810,244	$2,098,687	$ 353,102	$ 20,678	$ 462,560	$ 30,419	$4,314,812	$ 32,727	$ (74,269)	$ 23,304,611
LIABILITIES													
Current Liabilities													
Accounts Payable	$ 89,926	$ 118,387	$ 154	$ 400	$ 14,577	$ -	$ -	$ 200	$ -	$ 22,347	$ 15,217	$ -	$ 261,208
Accrued Expenses	71,919	75,125	-	-	9,158	-	-	-	-	-	-	-	156,202
Compensated Absences - Current	3,913	-	50,119	30,661	13,015	-	17,644	-	-	-	-	-	115,352
Interest Payable	18,245	-	-	-	-	1,850	-	-	-	-	-	-	20,095
Due to Other Fund	-	-	700	-	65,569	-	-	-	8,000	-	-	(74,269)	-
Deferred Revenue	-	-	-	-	-	-	18,961	-	-	4,291,922	-	-	4,310,883
Long-Term Debt - Current	-	-	-	-	-	24,147	-	-	-	-	-	-	24,147
Total Current Liabilities	184,003	193,512	50,973	31,061	102,319	25,997	36,605	200	8,000	4,314,269	15,217	(74,269)	4,887,887
Non-Current Liabilities													
Compensated Absences	5,521	-	112,105	42,933	25,642	-	30,083	-	-	-	-	-	216,284
Deferred Revenue	1,000,000	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Security Deposit	-	-	-	-	31,737	-	-	-	-	-	-	-	31,737
Long-Term Debt	-		-	-	-	392,579	-	-	-	-	-	-	392,579
Total Non-Current Liabilities	1,005,521	-	112,105	42,933	57,379	392,579	30,083	-	-	-	-	-	1,640,600
Total Liabilities	1,189,524	193,512	163,078	73,994	159,698	418,576	66,688	200	8,000	4,314,269	15,217	(74,269)	6,528,487
NET ASSETS													
Invested in Capital Assets, net of Debt	464,067	24,438	107,563	136,216	1,689,848	-	-	-	-	-	-	-	2,422,132
Restricted Net Assets	8,068,120	-	-	1,392,037	-	353,102	18,961	462,560	-	4,229,269	-	-	14,524,049
Unrestricted Net Assets	2,480,152	317,689	1,247,508	207,997	249,141	(418,576)	(64,971)	(200)	22,419	(4,228,726)	17,510	-	(170,057)
Total Net Assets	$ 11,012,339	$ 342,127	$ 1,355,071	$ 1,736,250	$1,938,989	$ (65,474)	$ (46,010)	$ 462,360	$ 22,419	$ 543	$ 17,510	$ -	$ 16,776,124

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	GDB	EDM	EDC	SBDA	IPDC	IRP	EZC	USE	TIF	SSBCI	STEP	2012
Operating Revenues												
Application and Processing Fees	$ 27,279	$ -	$ 494,947	$ 1,845	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 524,071
Interest from Loans	179,645	-	-	45,349	-	12,529	-	23,672	-	-	-	261,195
Rental Income	-	-	-	-	409,214	-	-	-	-	-	-	409,214
Grant Revenue	-	-	-	-	-	-	44,072	-	-	53,635	31,544	129,251
Government Appropriation	121,307	1,924,942	1,456,598	728,813	-	13,903	420,572	-	-	-	20,000	4,686,135
PFA Bonds	78,990	-	-	-	-	-	-	-	-	-	-	78,990
Penalties	-	-	21,450	-	-	-	-	-	-	-	-	21,450
Other Operating Income	36,182	-	-	-	21,218	1,256	-	-	-	-	-	58,656
Total Revenue	443,403	1,924,942	1,972,995	776,007	430,432	27,688	464,644	23,672	-	53,635	51,544	6,168,962
Operating Expenses												
Personnel Costs	308,830	-	1,332,942	673,533	311,216	13,903	399,300	-	-	-	2,490	3,042,214
Occupancy	21,690	238,594	-	-	38,586	-	-	-	-	-	-	298,870
Advertising	5,215	39,484	27,317	11,824	-	-	1,958	-	-	-	-	85,798
Professional Services	43,493	507,207	3,107	20,150	-	-	5,308	-	-	-	-	579,265
Travel and Per Diem	9,304	133,359	8,430	5,220	7,319	-	6,045	-	-	-	-	169,677
Other Administrative Expenses	55,183	658,934	27,028	34,608	91,920	-	7,660	1,109	-	-	-	876,442
Grant Expenditure	-	-	-	-	-	-	44,072	-	-	53,635	31,544	129,251
Bad Debt	528,118	-	100,715	23,151	135,190	77,317	-	-	-	-	-	864,491
Depreciation	236,980	1,087	38,898	15,302	244,455	-	222	-	-	-	-	536,944
Total Operating Expenses	1,208,813	1,578,665	1,538,437	783,788	828,686	91,220	464,565	1,109	-	53,635	34,034	6,582,952
Operating Income or (Loss)	(765,410)	346,277	434,558	(7,781)	(398,254)	(63,532)	79	22,563	-	0	17,510	(413,990)
Other Revenues/(Expenses)												
Interest Income	25,707	-	-	1,091	1,778	-	-	-	-	543	-	29,119
Other Income	-	1,575	-	-	-	-	-	9,100	-	-	-	10,675
Interest Expense & Finance Charges	-	-	-	-	(996)	(5,032)	-	(516)	-	-	-	(6,544)
Total Other Revenues/(Expenses)	25,707	1,575	-	1,091	782	(5,032)	-	8,584	-	543	-	33,250
Changes in Net Assets	(739,703)	347,852	434,558	(6,690)	(397,472)	(68,564)	79	31,147	-	543	17,510	(380,740)
Net Assets, Beginning of Year	11,752,042	(5,725)	920,513	1,742,940	2,336,461	3,090	(46,089)	431,213	22,419	-	-	17,156,864
Net Assets, End of Year	$ 11,012,339	$ 342,127	$ 1,355,071	$ 1,736,250	$ 1,938,989	$ (65,474)	$ (46,010)	$ 462,360	$ 22,419	$ 543	$ 17,510	16,776,124

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	GDB	EDM	EDC	SBDA	IPDC	IRP	EZC	EDA	TIF	Off-Set	2011
ASSETS											
Current Assets:											
Cash and Cash Equivalents	$ 1,953,075	$ 5,001	$ 973,738	$ 302,659	$ 127,716	$ -	$ -	$ -	$ 404	$ -	$ 3,362,593
Investments	-	-	-	-	181,861	-	-	-	-	-	181,861
Accounts Receivable, net	1,019,162	-	193,900	-	239,341	-	-	-	30,015	-	1,482,418
Due from Other Fund	71,639	-	1,225	144	75,792	-	-	-	-	(148,800)	-
Prepaid & Other Assets	66,405	-	6,847	4,778	7,140	-	-	-	-	-	85,170
Total Current Assets	3,110,281	5,001	1,175,710	307,581	631,850	-	-	-	30,419	(148,800)	5,112,042
Non-Current Assets:											
Loan Receivable, net	3,804,220	-	-	525,428	-	195,975	-	310,785	-	-	4,836,408
Restricted Cash & Cash Equivalents	2,833,692	-	-	843,499	-	249,322	41	135,428	-	-	4,061,982
Restricted Investments	2,624,600	-	-	-	-		-	-	-	-	2,624,600
Total Non-Current Assets	9,262,512	-	-	1,368,927	-	445,297	41	446,213	-	-	11,522,990
Capital Assets, net	695,135	-	146,461	140,119	1,933,762	-	222	-	-	-	2,915,699
Total Assets	13,067,928	5,001	1,322,171	1,816,627	2,565,612	445,297	263	446,213	30,419	(148,800)	19,550,731
LIABILITIES											
Current Liabilities:											
Accounts Payable	136,487	10,726	21,783	677	34,985	-	-	15,000	-	-	219,658
Accrued Expenses	78,516	-	214,448	11,680	9,644	200	6,909	-	-	-	321,397
Compensated Absences - Current	3,617	-	52,896	26,287	12,038	-	15,715	-	-	-	110,553
Interest Payable	18,245	-	-	-	-	1,953	-	-	-	-	20,198
Due to Other Fund	74,247	-	874	672	65,007	-	-	-	8,000	(148,800)	-
Loan Payable – Current	-	-	-	-	32,974	22,492	-	-	-	-	55,466
Total Current Liabilities	311,112	10,726	290,001	39,316	154,648	24,645	22,624	15,000	8,000	(148,800)	727,272
Non-Current Liabilities:											
Compensated Absences	4,774	-	111,657	34,371	25,555	-	23,728	-	-	-	200,085
Security Deposit	-	-	-	-	34,404	-	-	-	-	-	34,404
Deferred Revenue	1,000,000	-	-	-	14,544	-	-	-	-	-	1,014,544
Loan Payable	-	-	-	-	-	417,562	-	-	-	-	417,562
Total Non-Current Liabilities	1,004,774	-	111,657	34,371	74,503	417,562	23,728	-	-	-	1,666,595
Total Liabilities	1,315,886	10,726	401,658	73,687	229,151	442,207	46,352	15,000	8,000	(148,800)	2,393,867
NET ASSETS											
Invested in Capital Assets, net of Debt	695,135	-	146,461	140,119	1,900,788	-	222	-	-	-	2,882,725
Restricted Net Assets	8,262,512	-	-	1,368,927	-	445,297	41	446,213	-	-	10,522,990
Unrestricted Net Assets	2,794,395	(5,725)	774,052	233,894	435,673	(442,207)	(46,352)	(15,000)	22,419	-	3,751,149
Total Net Assets	$11,752,042	$ (5,725)	$ 920,513	$1,742,940	$2,336,461	$ 3,090	$(46,089)	$431,213	$ 22,419	$ -	$ 17,156,864

Legend:
GDB - Government Development Bank Fund
EDM - Economic Development Management
EDC - Economic Development Commission
SBDA - Small Business Development Agency
IPDC - Industrial Park Development Corporation
IRP - Intermediary Relending Program
EZC - Enterprise Zone Commission
EDA - Economic Development Authority
TIF - Tax Increment Financing

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	GDB	EDM	EDC	SBDA	IPDC	IRP	EZC	EDA	TIF	2011
Operating Revenues										
Government Appropriation	$ 537,469	$ 5,001	$2,257,047	$1,213,089	$ -	$ 12,389	$ 585,428	$ -	$ -	$ 4,610,423
Allocation of Bond Proceeds	2,174,310	-	-	-	-	-	-	-	-	2,174,310
Application and Processing Fees	119,947	-	495,625	5,180	-	-	-	200	-	620,952
Rental Income	-	-	-	-	492,536	-	-	-	-	492,536
Interest from Loans	122,877	-	-	46,572	-	25,224	-	27,430	-	222,103
Grant Revenue	-	-	-	-	-	-	138,497	-	-	138,497
Penalties	-	-	100,285	-	-	-	-	-	-	100,285
Other Operating Revenue	46,323	-	22,500	40	75,183	2,218	-	-	-	146,264
Total Revenues	3,000,926	5,001	2,875,457	1,264,881	567,719	39,831	723,925	27,630	-	8,505,370
Operating Expenses										
Personnel Costs	236,344	-	1,644,831	772,816	300,920	11,800	449,769	-	-	3,416,480
Occupancy	23,472	-	114,377	72,495	38,185	-	49,940	-	-	298,469
Advertising	3,923	-	113,207	7,339	-	-	390	-	-	124,859
Professional Services	188,294	-	494,158	46,274	521	-	9,246	-	13,714	752,207
Travel and Per Diem	49,501	4,419	69,795	16,202	4,505	-	4,118	-	-	148,540
Other Administrative Expenses	512,483	6,307	147,715	78,515	90,845	20	57,173	688	18	893,764
Grant Program Costs	-	-	-	-	-	-	138,497	-	-	138,497
Bad Debt	285,730	-	81,090	179,952	23,439	45,955	-	232,211	-	848,377
Depreciation	233,152	-	26,253	14,414	246,752	-	792	-	-	521,363
Total Operating Expenses	1,532,899	10,726	2,691,426	1,188,007	705,167	57,775	709,925	232,899	13,732	7,142,556
Operating Income (Loss)	1,468,027	(5,725)	184,031	76,874	(137,448)	(17,944)	14,000	(205,269)	(13,732)	1,362,814
Nonoperating Revenue (Expenses)										
Interest Income	70,611	-	-	2,041	3,112	-	-	-	-	75,764
Scholarships	-	-	(43,360)	-	-	-	-	-	-	(43,360)
Other Income (Expense)	-	-	(7,219)	-	-	-	-	1,900	-	(5,319)
Interest Expense & Finance Charges	-	-	-	-	(4,668)	(4,865)	-	-	-	(9,533)
Total Nonoperating Revenues (Expenses)	70,611	-	(50,579)	2,041	(1,556)	(4,865)	-	1,900	-	17,552
Change in Net Assets	1,538,638	(5,725)	133,452	78,915	(139,004)	(22,809)	14,000	(203,369)	(13,732)	1,380,366
Net Assets, Beginning of Year	10,213,404	-	787,061	1,664,025	2,475,465	25,899	(60,089)	634,582	36,151	15,776,498
Net Assets, End of Year	$11,752,042	$ (5,725)	$ 920,513	$1,742,940	$2,336,461	$ 3,090	$ (46,089)	$ 431,213	$22,419	$17,156,864