



VI Economic Development Authority

Annual Budget

“Creating Jobs for our Community”

Fiscal Year 2013



Submitted By: Percival E. Clouden, Chief Executive Officer



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June 15, 2012

Honorable Carlton "Ital" Dowe
Senator
Chairman, Committee on Finance
29th Legislature of the Virgin Islands
Capitol Building, St. Thomas, Virgin Islands 00804

Dear Senator Dowe:

In this time of fiscal austerity we are faced with extraordinary challenges which require the Virgin Islands Economic Development Authority to reconfirm its priorities to make the best use of its resources.

I am grateful to my staff who offered suggestions to reduce waste and improve operational efficiencies. This budget incorporates many of those ideas that have been implemented during this fiscal year as we continue to search for ways to reach our mandates.

The General Fund budget request for Fiscal Year 2013 is \$4,654,000. This represents a \$357,038 or 7% reduction compared to the amount appropriated in Fiscal Year 2012.

This budget focuses resources where they are most needed and where they will yield the maximum benefit, that is, to create jobs for our community.

Our goals for this budget are to:

- 1) promote development that provides employment and economic stability;
- 2) support and strengthen new and existing businesses that provide employment for our residents; and
- 3) encourage the development of entrepreneurial activities through a series of support and service initiatives.

It was not too long ago that the Legislature saw the need for an incubator program and appropriated funding for an incubator study. The results of the study were positive and we are now at the stage that requires appropriate funding to fully implement the program.

We agree that these are turbulent economic times but we are finding new ways to deliver on the expectations of the Authority. As such, this 2013 budget submission is a defining moment for the Virgin Islands Economic Development Authority.

My staff and I are available to respond to your questions and to those of the Post Audit Division on this submission.

Sincerely,


Percival E. Clouden
Chief Executive Officer

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I.1 MISSION STATEMENT

The VIEDA 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.

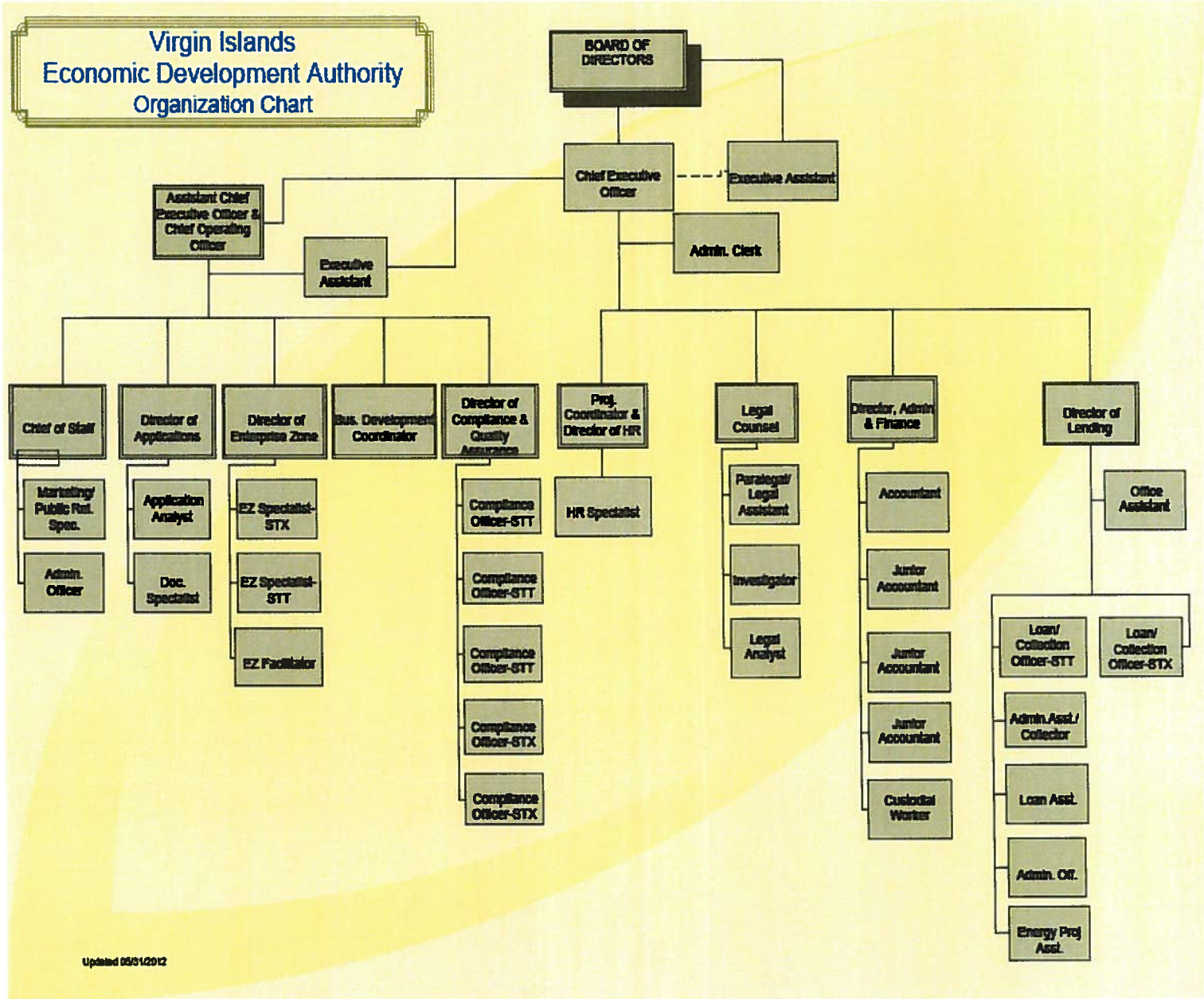
I.2 SCOPE AND OVERVIEW

The 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 multi-national 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.

1.3 ORGANIZATION CHART



Updated 05/31/2012

I.4 ACCOUNTING SYSTEM AND FINANCIAL REPORTING ROLE AND RESPONSIBILITIES

The 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.

Berth Smith and Company, VIEDA’s independent auditors, performed fiscal years 2010 and 2011 audits and has issued “unqualified opinions” for both years. Their reports were based on audits conducted in accordance with auditing standards generally accepted in the United States of America, which include consideration of the Authority’s internal controls to establish a basis for reliance thereon in determining the nature, timing and extent of audit tests to be applied.

The VIEDA Board of Directors 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 budgets, making recommendations, and advising the full Board on major financial issues and decisions.

I.5 VIEDA COST ALLOCATION

The Virgin Islands Economic Development Authority attributes cost to each Administrative and Operational Units as direct or indirect.

Direct costs are those costs that can be identified specifically with a Unit or can be directly trace with relative ease and a high degree of accuracy.

Indirect costs are those cost that are incurred in common with other Units and cannot be traced to any specific Unit. Indirect costs, therefore, are distributed to these Units through an allocation process or indirect rate.

The Administrative Unit constitutes the Board, Executive Office, Accounting and Finance, Human Resources, Legal Department and Marketing. These cost centers support the operational objectives of the organization and incur both direct and indirect costs.

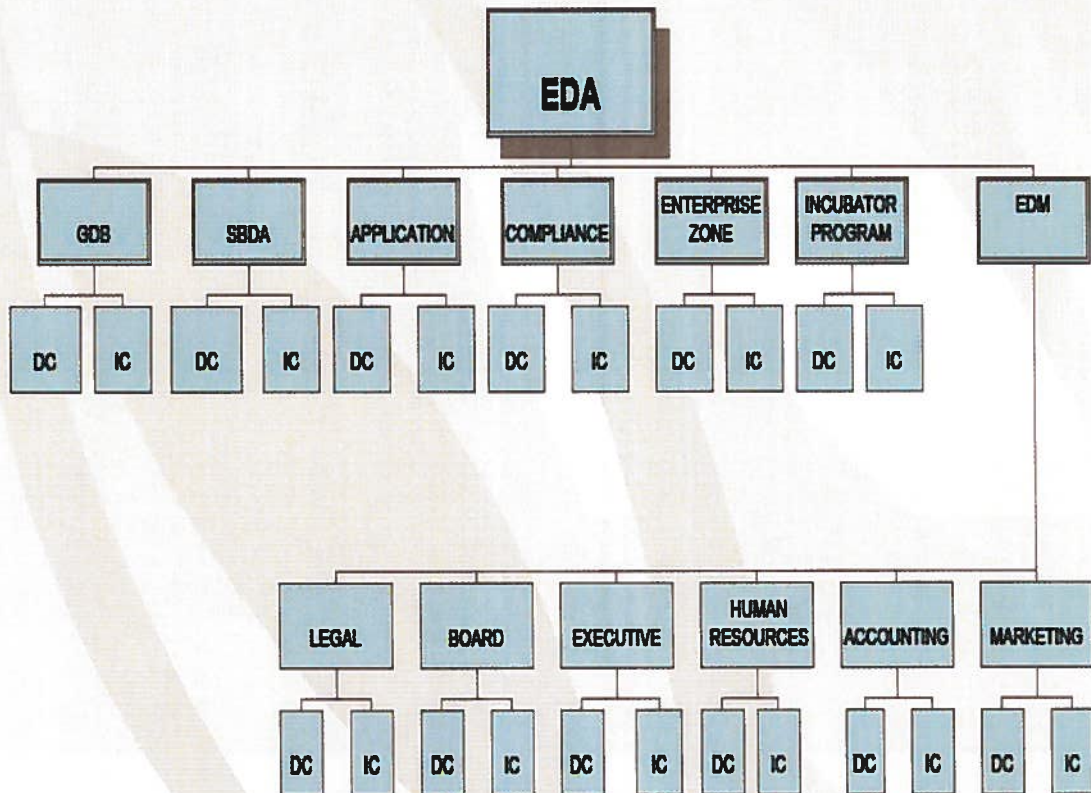
The Operational Unit is responsible for carrying out organizational mandates and includes the Small Business Development Agency (SBDA) and the Government Development Bank (GDB) – known as the Lending Division; the Application and Compliance Units constituting the Economic Development Commission Division and the Enterprise Zone Division. Each component of the Operational Unit incurs its share of direct and indirect costs.

Indirect costs are budgeted, posted and pooled in a temporary “Holding Unit” referred to as “Economic Development Management” (EDM). Total EDM costs are distributed to each Administrative and Operational Unit based on a pre-determined allocation rate done quarterly which determines the total (combination of direct and indirect) costs of each component Unit.

Another process involves the allocation of all Administrative unit (direct and indirect) costs to the Operational Units. The total cost of each Administrative Unit is distributed annually to the Operational Units through an allocated indirect cost rate. The final action involves the allocation of all Administrative and EDM costs to the Operational Units which reduces the Administrative Units balances to zero.

VI Economic Development Authority

Direct and Indirect Cost Allocations



Legend:

DC = Direct Cost
IC = Indirect Cost

I.6 GOALS AND OBJECTIVES

The words Goal and Objective are often used interchangeable and are confused with each other. The two concepts are separate but yet related. Goals without objectives can never be accomplished while objectives without goals will never get us to where we want to be.

The word 'goal' has the word 'go' in it. Goals are more about everything accomplished on a journey, rather than getting to that distance point. "I want to be a better ball player is an example of a goal. The word objective has the word "object" in it. Objects are concrete and are things that can be clearly outlined with timeliness, budgets and personnel needs. For example, "I want to increase sales by 10% this month" is an objective.

One of the benefits of the SWOT (which stands for Strength, Weaknesses, Opportunities, Threats) approach is that it helps to identify goals which forces supervisors and employees to set priorities and to limit their involvement in distracting things. However, most important, is the achievement of specific milestones that ultimately determines success.

The achievability of the goals and objectives rests with supervisors and their employees. The budget provides the financial resources for meeting objectives that is matched against expenditures in determining the path the VIEDA is on.



1. VIEDA ADMINISTRATIVE UNITS

This unit provides administrative support to VIEDA operational divisions. It ensures that the VIEDA adhere to and meet statutory and legal requirements. The functions of the Board of Directors and activities of the executive office, accounting and finance, human resources, legal and marketing fall within this unit.

1.1 BOARD OF DIRECTORS

FUNCTIONAL STATEMENT

The powers of the VIEDA are exercised by a Governing Board who 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 making sure that the organization follows the 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 2012 OBJECTIVES

- Review and approve annual operating budget by May 30 each year
- Review 3, 6, 9 and 12 months financial performance with budget and prior year expenditures
- Develop board meeting calendar by January 15 each year
- Review and approve/disapprove loan applications for small and medium- sized businesses
- Approve/disapprove loan applications for new and existing EDC beneficiaries

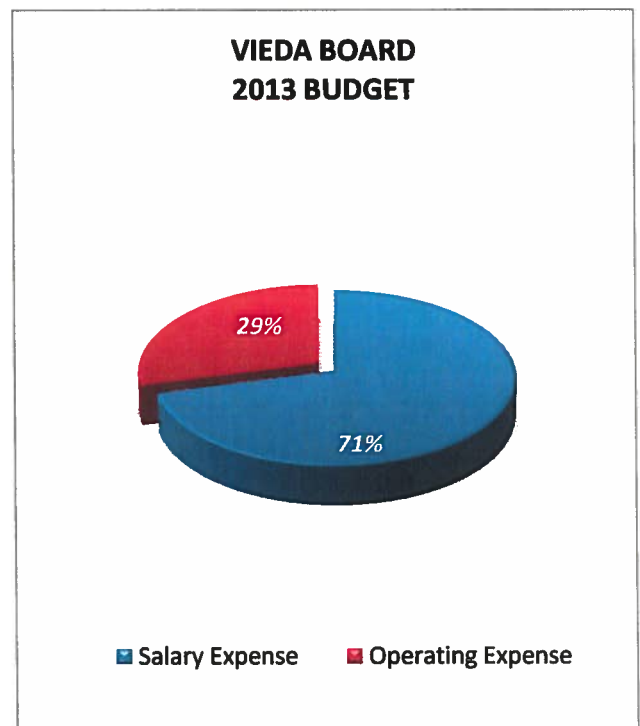
FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Attended 12 Board Meetings, 3 Committee Meetings, 4 Public Hearings and an VIEDA Strategic Board Retreat
- Participated in webinars, trainings, community and public hearing forums
- Planned and developed marketing strategy
- Reviewed operating performance and expenditure comparisons with prior fiscal year
- Reviewed and approved fiscal year 2013 budget
- Developed board meeting schedule for calendar year 2012
- Reviewed and approved/disapproved loan applications for small and medium-sized businesses
- Reviewed and approved/disapproved applications for new and existing EDC beneficiaries

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 bi-monthly
- Select external auditors for next three years
- Review and approve annual operating budget
- Review 3,6, 9 and 12 months financial performance with budget and prior year expenditures
- Conduct performance review of Chief Executive Officer and Board assessment
- Hold Collaborative sessions with other State EDAs

VIDEA BOARD 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 55,460
FRINGE BENEFITS	17,970
SALARY EXPENSE	\$ 73,430
DUES AND SUBSCRIPTION	1,300
POSTAGE & DELIVERY	100
BOARD MEMBER PERDIEM	3,000
TUITION REIMBURSEMENT	2,400
UTILITIES	1,200
PROFESSIONAL DEVELOPMENT	10,000
INTER-ISLAND TRAVEL	12,000
OPERATING EXPENSES	\$ 30,000
TOTAL (DIRECT COST ONLY)	\$ 103,430



1.2 EXECUTIVE OFFICE

FUNCTIONAL STATEMENT

The Office of the Chief Executive Officer (CEO) and Assistant Chief Executive Officer (ACEO)/Chief Operating Officer (COO) provides 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 statutes 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 2012 OBJECTIVES

- Advise and recommend to Governor prospective nominees to the VIEDA board
- Identify space to relocate the St. Thomas VIEDA office
- Assist directors in accomplishing organization's goals
- Direct the implementation of VIEDA's strategic plan
- Monitor VIEDA activities to ensure consistency with its mission
- Collaborate with government departments to foster an economic climate for the retention and creation of jobs
- Work closely with VIEDA Board in fulfilling the mandates of the organization

FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

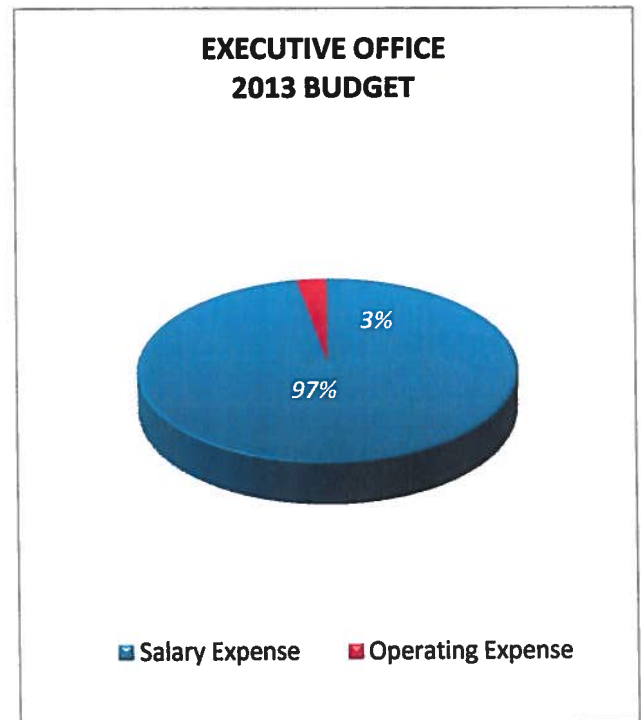
- Continued the implementation of the VIEDA strategic plan
- Participated in the updating of the Comprehensive Economic Development Strategy Plan
- Promulgated Rules and Regulation for various legislation
- Led targeted marketing agenda for the EDC Program
- Worked with Bureau of Economic Research and other departments to assist decision making processes
- Realigned the staffing of the VIEDA
- Directed the refurbishing of the VIEDA building for safety reasons
- Vetted options for the relocating of the St. Thomas office

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, VI Port Authority, Department of Tourism, and Public Finance Authority to create synergies through public policies.
- Ensure the completion of the Comprehensive Economic Development Strategy Plan
- Establish effective operational practices and processes in management of the VIEDA

EXECUTIVE OFFICE 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 437,660
FRINGE BENEFITS	\$ 141,812
SALARY EXPENSE	\$ 579,472
DUES AND SUBSCRIPTIONS	500
EMPLOYEE RELATIONS	500
POSTAGE & DELIVERY	100
PROFESSIONAL DEVELOPMENT	5,000
TRAVEL - INTER-ISLAND	5,750
TUITION REIMBURSEMENT	2,400
UTILITIES	2,400
OPERATING EXPENSES	\$ 16,650
TOTAL (DIRECT COST ONLY)	\$ 596,122



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, Post Audit division of the Legislature, rating agencies and others in the financial community. This unit also provides leadership in developing proposals and policies on strategic issues that affect the VIEDA's long-term financial integrity and competitiveness. Responsibility for the establishment of financial policies and procedures for organizational-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 aspires to excellence in its financial and administrative practices including the institution on measures to reduce costs and improve overall efficiency.

FISCAL YEAR 2012 OBJECTIVES

- Complete Fiscal year 2011 financial audit by the end of the first quarter
- Finalize 2013 budget preparation process by April 30, 2012
- Identify areas for costs savings to improve overall operational efficiency
- Report quarterly financial results to unit heads and VIEDA Finance Committee at least 20 days after the end of each quarter
- Upgrade accounting and financial systems to support management decisions
- Provide professional development training to improve both effectiveness and efficiency

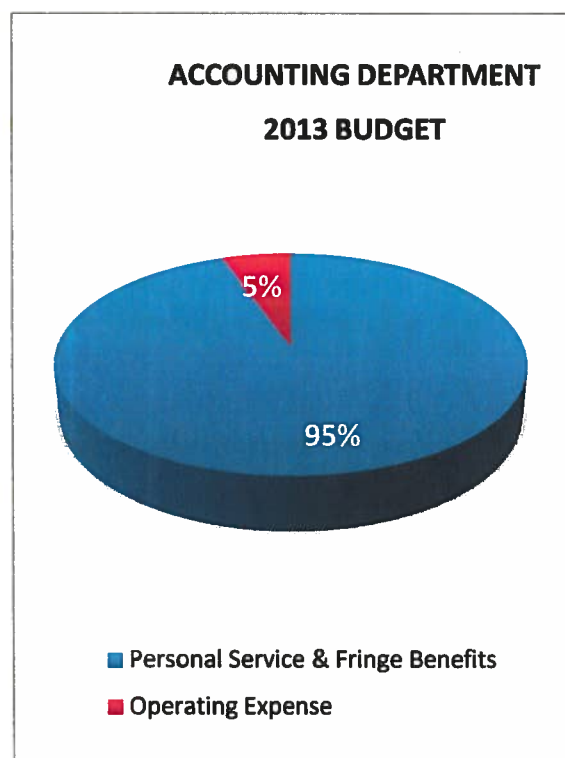
FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Fiscal Year 2011 financial audit completed
- Fiscal Year 2013 budget preparation completed
- Opened checking accounts for the receipt and disbursement of several grant funds
- Implemented an electronic time and attendance system to accurately record employee hours of paid time
- Presented quarterly financial results to VIEDA Finance Committee
- Continued identifying cost cutting and instituting cost savings measures
- Continued to upgrade accounting and financial systems to improve management reporting

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

ACCOUNTING DEPARTMENT BUDGET 2013	
PERSONAL SERVICES	
SALARIES	\$ 286,690
FRINGE BENEFITS	\$ 92,894
SALARY EXPENSE	\$ 379,584
DUES AND SUBSCRIPTIONS	500
EMPLOYEE RELATIONS	500
POSTAGE & DELIVERY	600
TUITION REIMBURSEMENT	7,200
PROFESSIONAL DEVELOPMENT	6,000
PROFESSIONAL SERVICES	6,000
TRAVEL - INTER-ISLAND	1,000
OPERATING EXPENSES	\$ 21,800
TOTAL OPERATING EXPENSES	\$ 401,384



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 2012 OBJECTIVES

- Develop and implement a compensation program for the VIEDA
- Negotiate a three-year collective bargaining agreement
- Implement an employee recognition and employee relations program
- Prepare a training and succession plan for Board approval

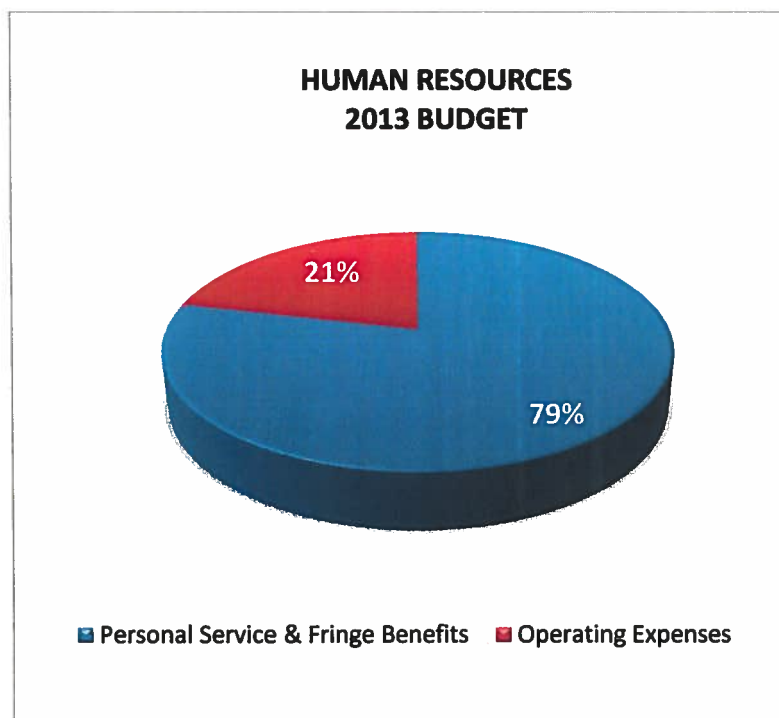
FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Submitted for review new compensation program for the VIEDA.
- Developed and implemented a performance management program.
- Began negotiating a three-year collective bargaining agreement for unionized employees.
- Implemented an employee recognition and employee relations program.

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.

HUMAN RESOURCES DEPARTMENT 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 141,395
FRINGE BENEFITS	45,815
SALARY EXPENSE	\$ 187,210
ADVERTISING & PROMOTION	4,000
DUES AND SUBSCRIPTION	500
EMPLOYEE RELATIONS	15,000
POSTAGE & DELIVERY	100
PROFESSIONAL DEVELOPMENT	26,250
INTER-ISLAND TRAVEL	3,775
UTILITIES	1,200
OPERATING EXPENSES	\$ 50,825
TOTAL (DIRECT COST ONLY)	\$ 238,035



1.5 LEGAL DEPARTMENT

FUNCTIONAL STATEMENT

The legal department is responsible for providing legal services and advice to the VIEDA and its divisions that include prosecution of cases in courts, litigation management, documentation preparation and drafting of rules and regulations. This unit is headed by a General Counsel (GC), who serves as Chief Legal Officer of the VIEDA and adviser to the Board of Directors.

OPERATIONAL GOAL(S)

Institute measures to prevent litigation, monitor the activities of the VIEDA to ensure compliance with applicable laws and to protect the legal rights of the organization from abuse.

FISCAL YEAR 2012 OBJECTIVES

- Prepare white papers outlining benefits, legal issues, etc for several industries to be used by marketing
- Finalize EDC law changes
- Finalize the merger of GDB and SBDA
- Litigate or settle a substantial number of delinquent loans being carried by the GDB and the SBDA
- Monitor and evaluate the integration of the Compliance Unit into the Legal Department
- Develop and implement a protocol for the review and approval of legal documents required by VIEDA divisions.

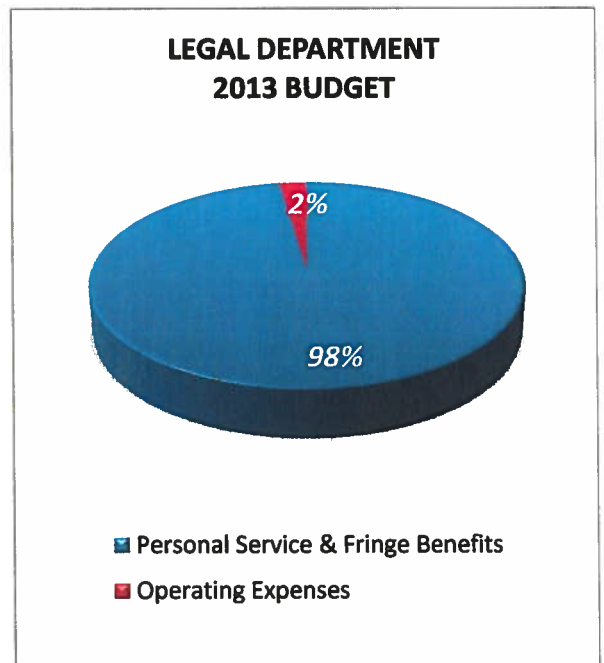
FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Litigated a substantial number of delinquent loans carried by the GDB and SBDA
- Finalization of EDC law changes ongoing
- Finalization of merger of GDB and SBDA
- Continue to litigate delinquent loans carried by the GDB and SBDA
- Drafted rules and regulations for the Hotel Development Act
- Proposed STARS Act amendment
- Drafted rules and regulations for the Contractor's Incentive Program
- Engaged in the preparation of Public and Legislative hearings

FISCAL YEAR 2013 OBJECTIVES

- Prepare rules and regulations for various legislations which directly impact the VIEDA
- Track proposed and approved legislations that have a direct impact on the VIEDA
- Work with Government House towards approval of proposed EDC law changes
- Work with Government House towards approval merger of GDB and SBDA
- Litigate or settle 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 legal 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

LEGAL DEPARTMENT 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 282,100
FRINGE BENEFITS	91,407
SALARY EXPENSE	\$ 373,507
DUES AND SUBSCRIPTION	1,000
EMPLOYEE RELATIONS	500
POSTAGE & DELIVERY	250
PROFESSIONAL DEVELOPMENT	3,350
INTER-ISLAND TRAVEL	2,500
UTILITIES	1,200
OPERATING EXPENSES	\$ 8,800
TOTAL (DIRECT COST ONLY)	\$ 382,307



1.6 MARKETING DIVISION

FUNCTIONAL STATEMENT

The marketing department 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, it develops a list of tactical 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 2012 OBJECTIVES

- Re-evaluate the VIEDA's marketing plan and adjust implementation strategies
- Identify and conduct comprehensive marketing outreach to emerging industry sectors to increase the pool of EDC applicants
- Continue to diversify EDC advertisement outlets and rebranding mechanisms to attract new industries
- Increase awareness of the various services and benefits offered by VIEDA in order to reach a larger clientele

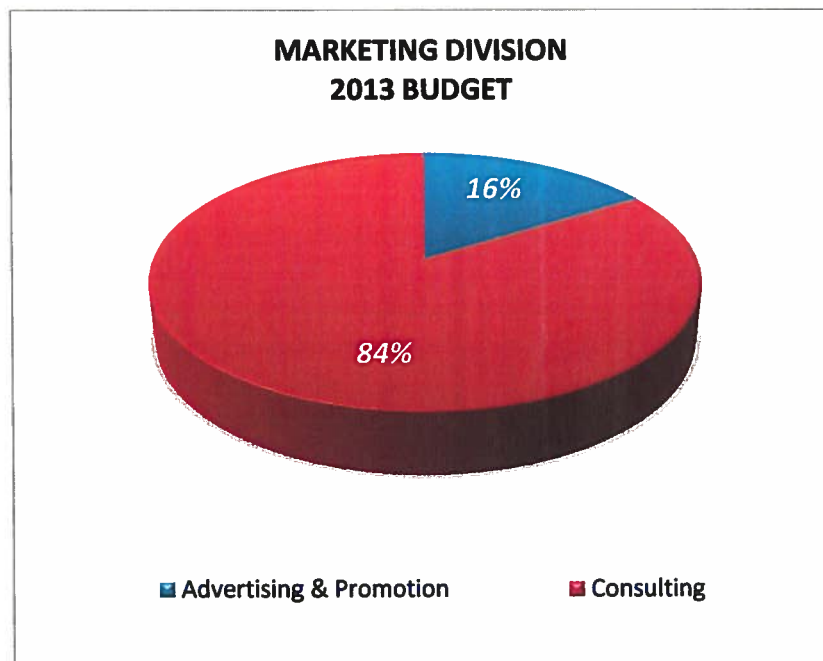
FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Completed VIEDA 2011 annual report
- Facilitated website updates, monitored web contents and posting of press releases
- Reviewed Search Engine Optimization implementation strategies
- Conducted potential investor research
- Developed and implemented VIEDA's "Focus on the Virgin Islands Market Places" television show
- Conducted "Boots on the Ground" local, educational and promotional activities
- Presented sales presentations at various summits and conferences
- Developed and conducted a targeted marketing approach for potential EDC applicants

FISCAL YEAR 2013 OBJECTIVES

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

MARKETING UNIT 2013 BUDGET	
ADVERTISING & PROMOTION	65,000
CONSULTING	335,000
OPERATING EXPENSES	400,000



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.

APPLICATION UNIT

OPERATIONAL GOAL(S)

Promote capital investment opportunities to support economic development.

FISCAL YEAR 2012 OBJECTIVES

- Facilitate the timely processing of complete applications submitted
- Provide specialized training for staff
- Actively interact with clients and potential applicants
- Continue to collaborate with Government entities to reduce the application process
- Continue to work closely with the Marketing Division to actively recruit new applicants

FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Processed a total of thirteen (13) applications, including eleven (11) new applications and two (2) applications for extension of benefits
- Streamlined the application process from 120 days to 90 days
- Collaborated with other units to put in place a new version of the EDC on-line application
- Provided application staff with training on the on-line application processes

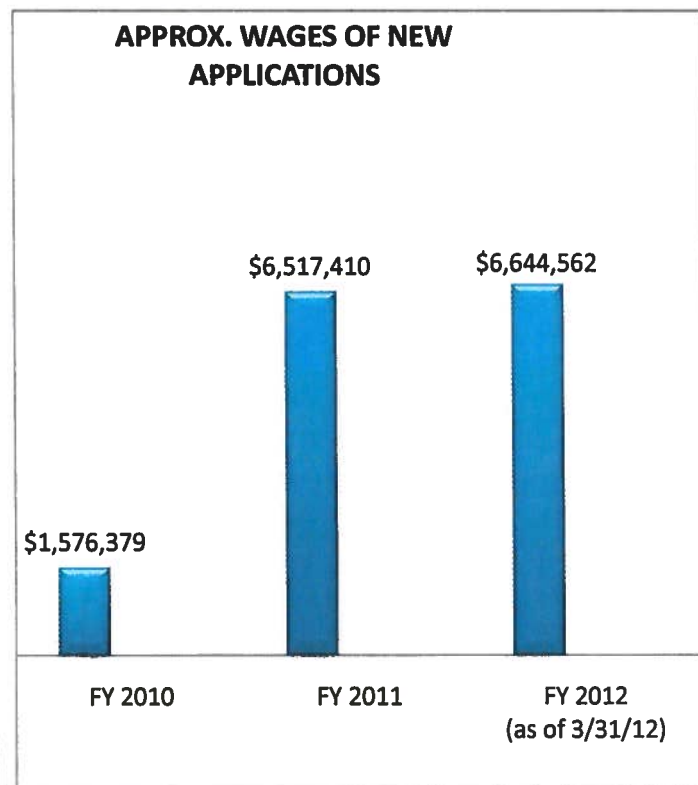
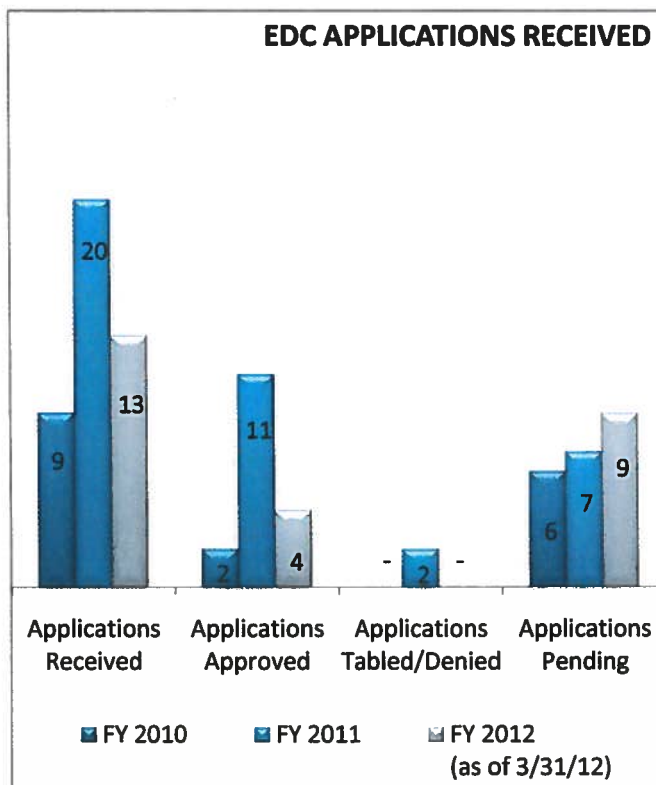
FISCAL YEAR 2013 OBJECTIVES

- 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

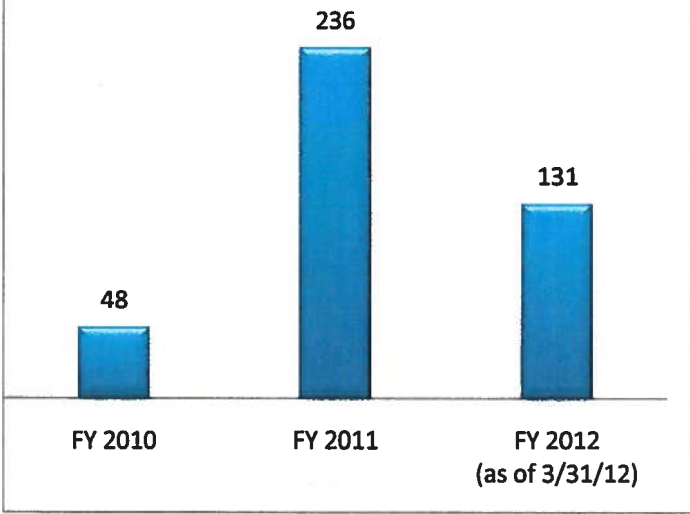
- Continue to facilitate timely processing of “complete” applications for consideration reducing the number of pending applications
- Continue to actively interact with clients and potential applicants
- Continue to work with the legal department to finalize amendments to certificates, and the creation/implementation of rules & regulations
- Continue to collaborate with other Government agencies “EDC Task Force” to facilitate the application process
- Continue to work closely with the Marketing Division to actively recruit new applicants
- Collaborate with Marketing Division and Compliance Division to provide educational forum on the Economic Development Program
- Provide specialized training for staff

EDC Table 1: Application Statistics – Current and Prior Years Comparisons (2010-2012)

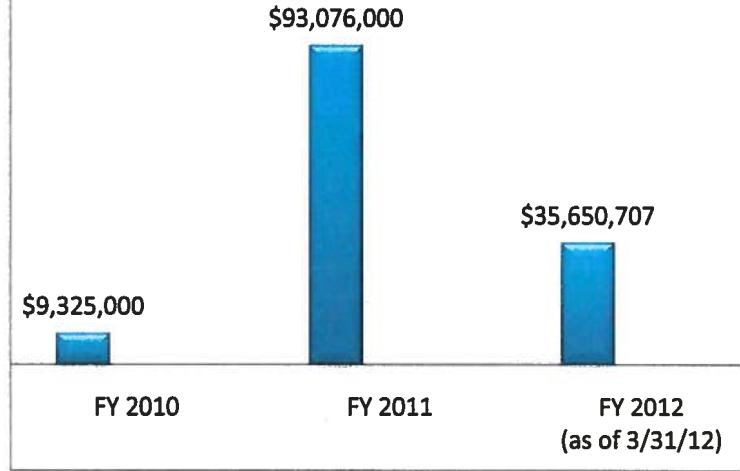
Category	FY 2010	FY 2011	FY 2012 (as of 3/31/12)
Applications Received	9	20	13
Applications Approved	2	11	4
Applications Tabled/Denied	0	2	0
Applications Pending	6	7	9
Job Opportunities	48	236	131
Approx. Wages of New Applications	\$1,576,379	\$6,517,410	\$6,644,562
Min. Potential Investment of New Applications	\$9,325,000	\$93,076,000	\$35,650,707



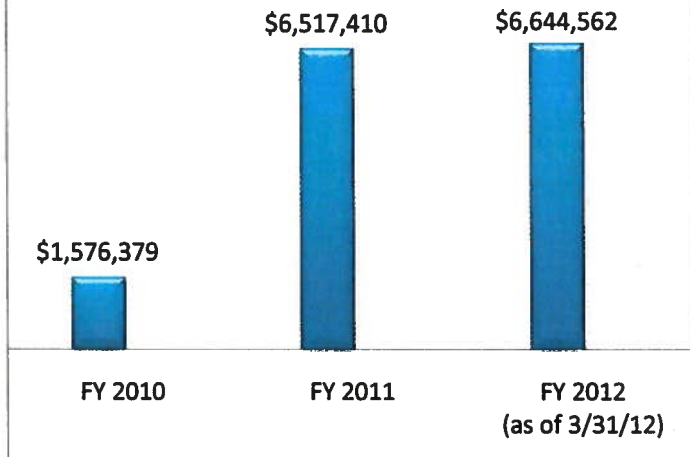
POTENTIAL JOB OPPORTUNITIES BASED ON EDC APPLICATIONS



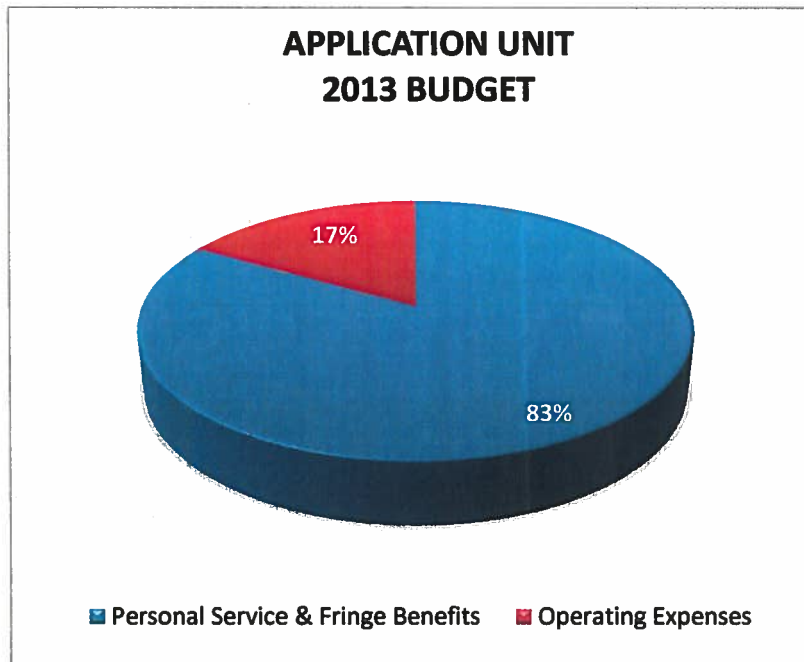
MIN. POTENTIAL INVESTMENT OF EDC APPLICATIONS



APPROX. POTENTIAL WAGES OF EDC APPLICATIONS



APPLICATION UNIT BUDGET 2013	
PERSONAL SERVICES	
SALARIES	\$ 165,023
FRINGE BENEFITS	\$ 53,471
SALARY EXPENSE	\$ 218,495
ADVERTISING & PROMOTION	6,000
DUES AND SUBSCRIPTIONS	400
EMPLOYEE RELATIONS	500
INTER-ISLAND TRAVEL	7,500
POSTAGE & DELIVERY	500
PROFESSIONAL DEVELOPMENT	6,000
PROFESSIONAL SERVICES	18,000
TUITION REIMBURSEMENT	4,800
OPERATING EXPENSES	\$ 43,700
TOTAL (Direct Cost Only)	\$ 262,195



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 2012 OBJECTIVES

- Complete next phase of the software program to enhance the cost benefit model for electronic module w/ macro data
- Increase compliance reviews and site visits by 20%
- Develop internal electronic compliance case management system
- Reinstitute the Annual Compliance, Eligible Supplier, and Consultant Conferences
- Update Website to include certificates and other program information

FISCAL YEAR 2012 ACCOMPLISHMENT TO DATE

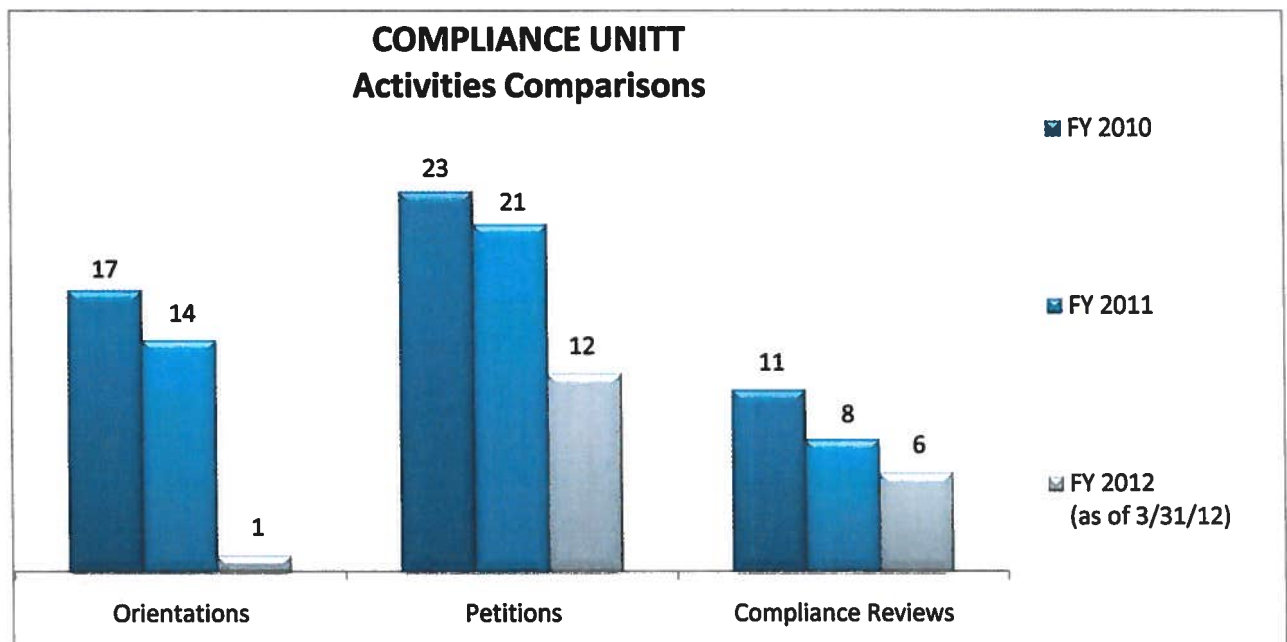
- Managed Compliance Review Process
- Conducted the Annual Compliance Conference for EDC beneficiaries
- Participated in Council for Information and Planning Alternatives, Inc. (CIPA) training on updated Cost Benefit Analysis model
- Completed preliminary work with consultants (BizVI) regarding online reporting system
- Researched case management system and participated in demo with iSight management
- Discussed with consultants (BizVI & CIPA) regarding development of user required report for integration of Cost Benefit Analysis model and Impact Analysis Report model

FISCAL YEAR 2013 OBJECTIVES

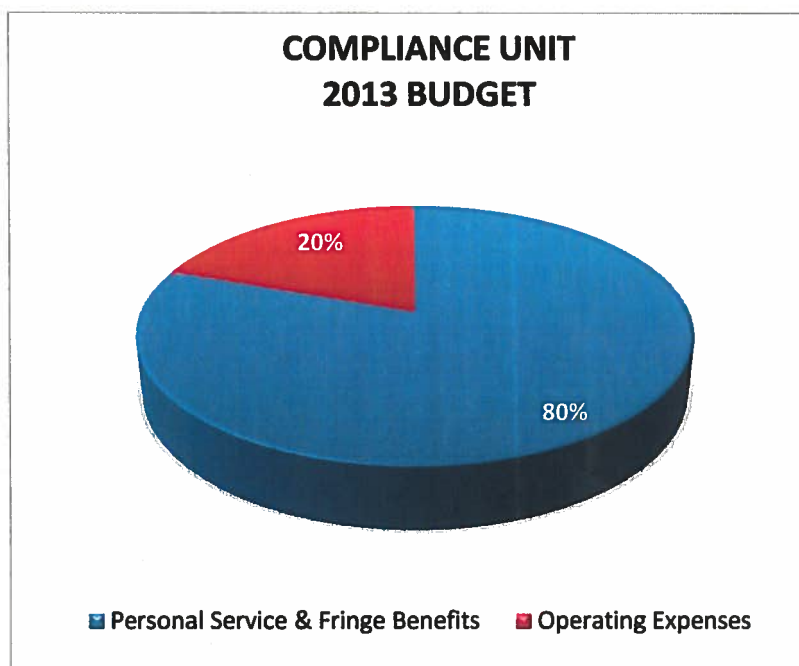
- Finalize enhancement of electronic Cost Benefit Analysis application and internal reporting on Impact Analysis
- Implementation of electronic compliance case management system
- Implement On-line Compliance reporting System
- Increase compliance review audits and site visits to an acceptable level
- 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

EDC Table 2: Compliance Statistics - Current and Prior Years Statistics Comparisons (2010-2011)

Compliance Activity	FY 2010	FY 2011	FY 2012 (as of 3/31/12)
Orientations	17	14	1
Petitions	23	21	12
Compliance Reviews	11	8	6



COMPLIANCE DIVISION 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 320,908
FRINGE BENEFITS	103,982
SALARY EXPENSE	\$ 424,890
ADVERTISING & PROMOTION	28,000
DUES AND SUBSCRIPTION	3,600
CONTRACTUAL LABOR	20,000
EMPLOYEE RELATIONS	500
POSTAGE & DELIVERY	500
PRINTING & PUBLICATION	3,000
TUITION REIMBURSEMENT	7,200
PROFESSIONAL DEVELOPMENT	9,000
PROFESSIONAL SERVICES	19,000
INTER-ISLAND TRAVEL	6,500
OPERATING EXPENSES	\$ 97,300
TOTAL (Direct Cost Only)	\$ 522,190



2.2 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 2012 OBJECTIVES

- Secure funds from U.S Economic Development Administration to finance loans for small business start-up or expansion
- Reduce delinquency rate by 20% through aggressive collection processes
- Visit loan customers on a bi-weekly basis and offer guidance in the operation of their business(s)
- Make field visits to delinquent clients weekly, offer recommendations to keep delinquency at bay and for businesses to remain in operation
- Participate in media programs to provide awareness of the various Loan Programs
- Maintain satellite office (within the St John Administrator’s Office) on St. John with weekly visits

FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Successfully applied for and received a \$13.1 million grant from the State Small Business Credit Initiative (SSBCI) program to assist small businesses in the Territory
- Maintained satellite office (within the St. John Administrator's Office) on St. John with weekly visits by Lending personnel
- Responded to Inspector General's inquiries and requests relative to audit of the Lending division
- Attended SSBCI training seminars both on and off-island
- Familiarized local banks about the SSBCI program in an effort to form partnership relationships in granting loans to bank customers.
- Presented lending procedural manual to GDB and SBDA Boards for approval
- Instituted several actions to improve collections such as providing customers with payment books, and sending monthly loan statements to delinquent customers
- Marketed the Lending Division and its products through a series of radio and television appearances, workshops and other outlets
- Initiated an amnesty program for delinquent borrowers

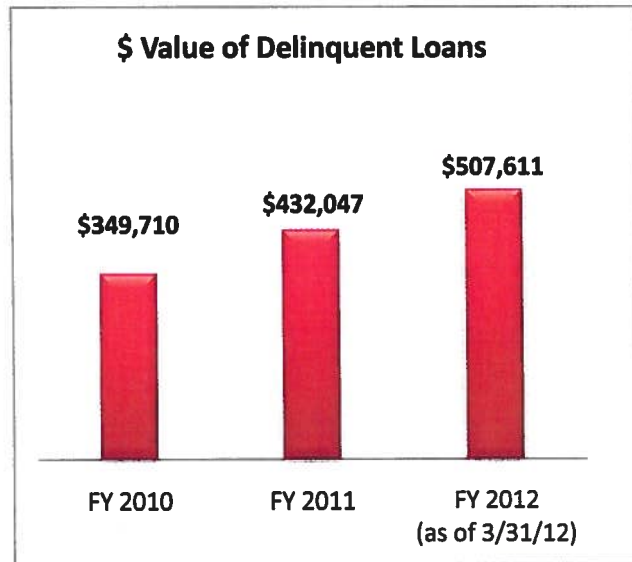
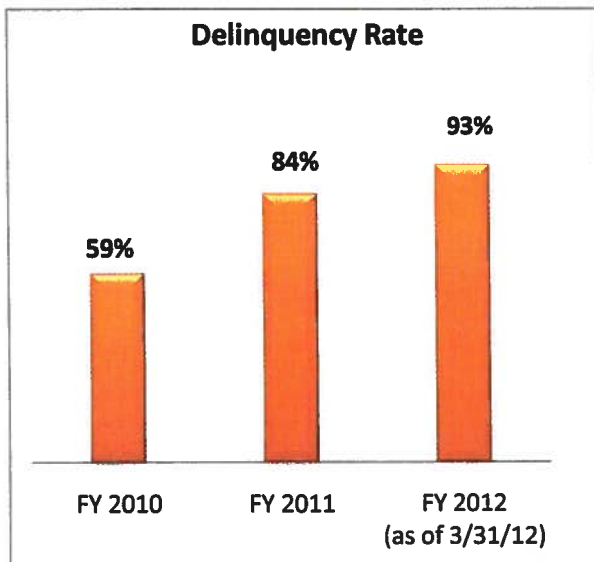
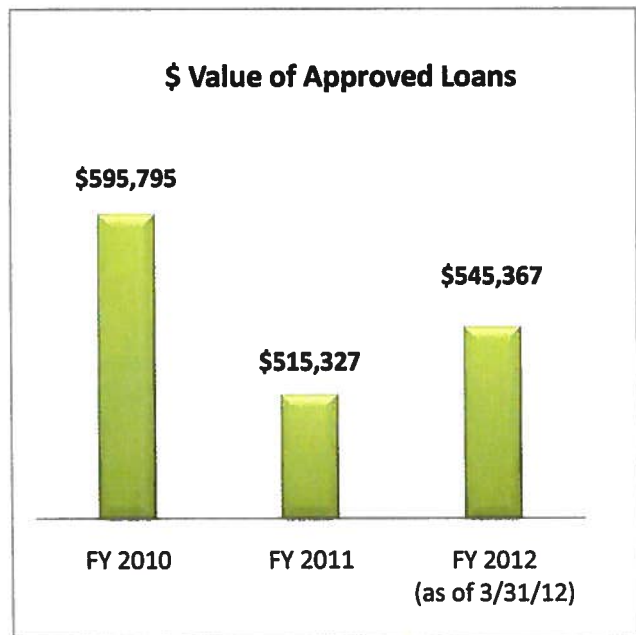
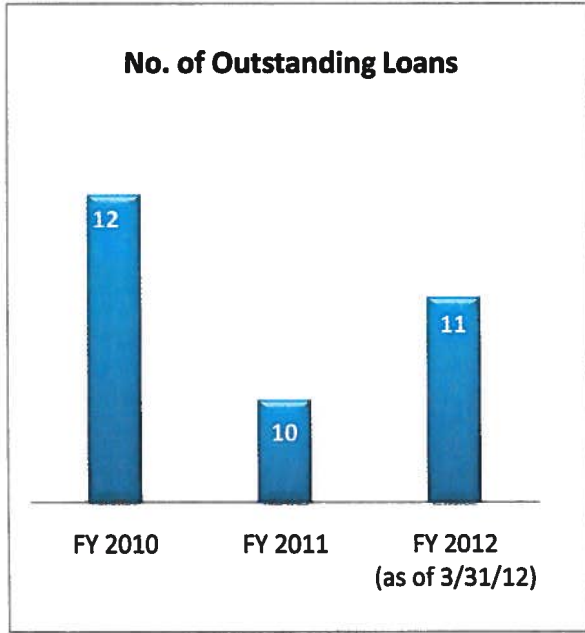
FISCAL YEAR 2013 OBJECTIVES

- 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, 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
- Update web page timely 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

GOVERNMENT DEVELOPMENT BANK

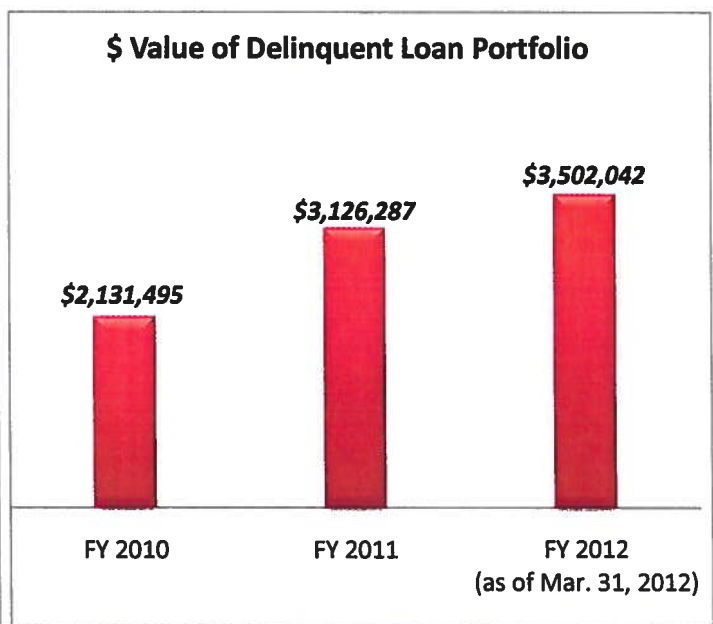
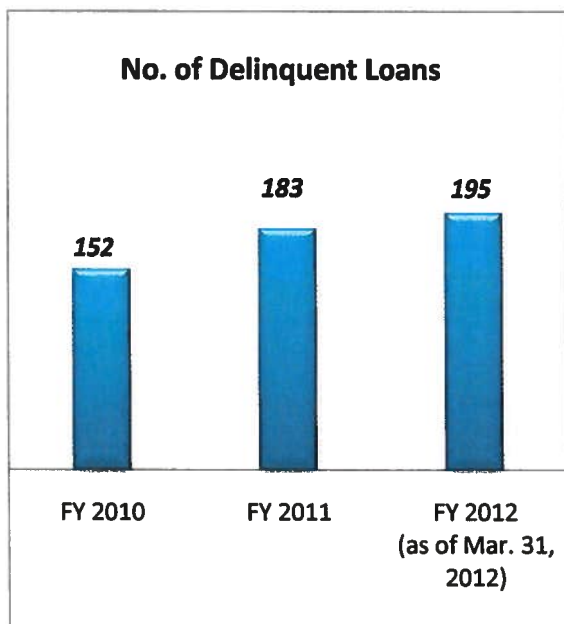
GDB Table 1: Delinquency Rate of the Intermediary Relending Program (IRP)

Fiscal Year	Outstanding Loans (#)	Approved Loans (\$ Value)	Delinquent Loans (\$ Value)	Delinquency Rate (%)
FY 2010	2	\$ 595,795	\$349,710	59%
FY 2011	10	\$515,327	\$432,047	84%
FY 2012 (3/31/12)	11	\$545,367	\$507,611	93%



GDB Table 2: Outstanding Delinquent Portfolio Principal Balance (GDB)

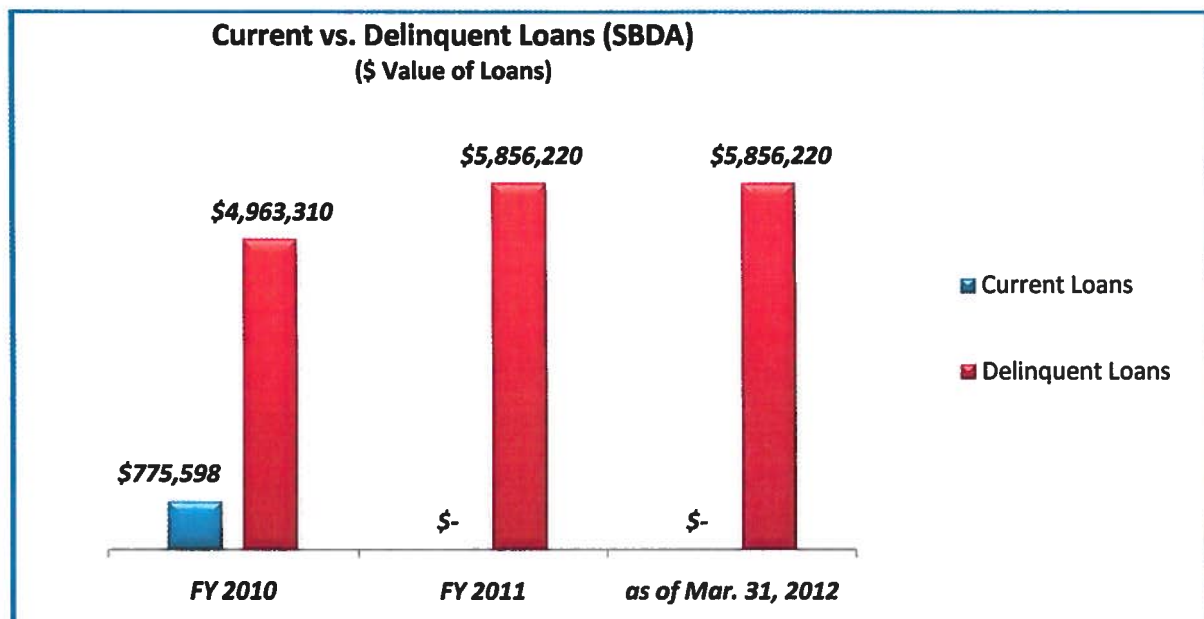
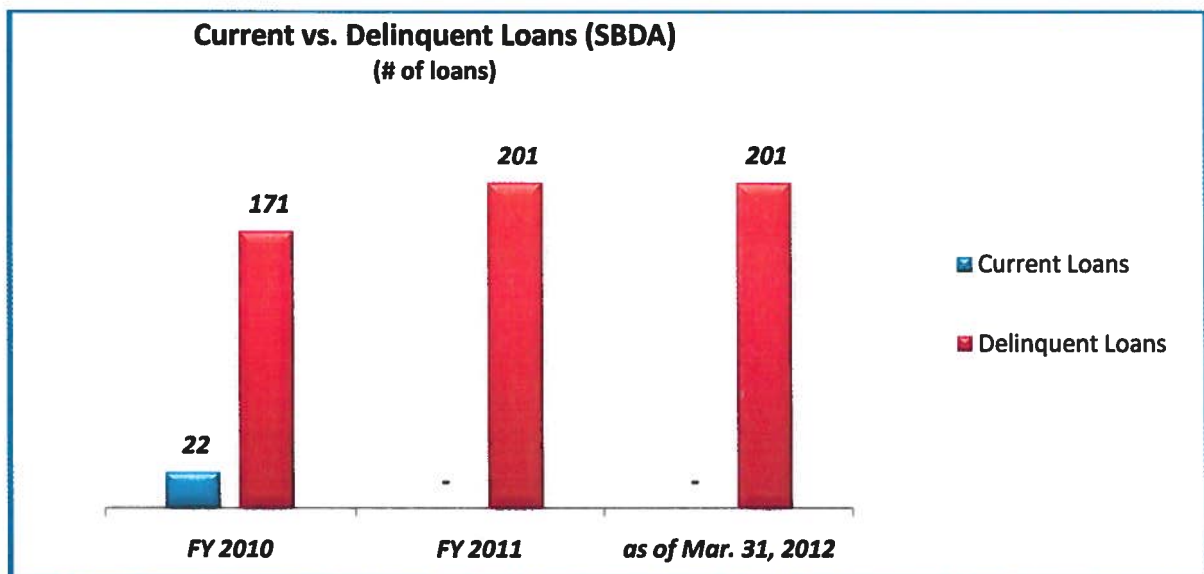
Fiscal Year	No. Of Delinquent Loans	Delinquent Loan Portfolio (Principal Balance)
FY 2010	152	\$ 2,131,495
FY 2011	183	\$ 3,126,287
FY 2012 (as of Mar. 31, 2012)	195	\$ 3,502,042



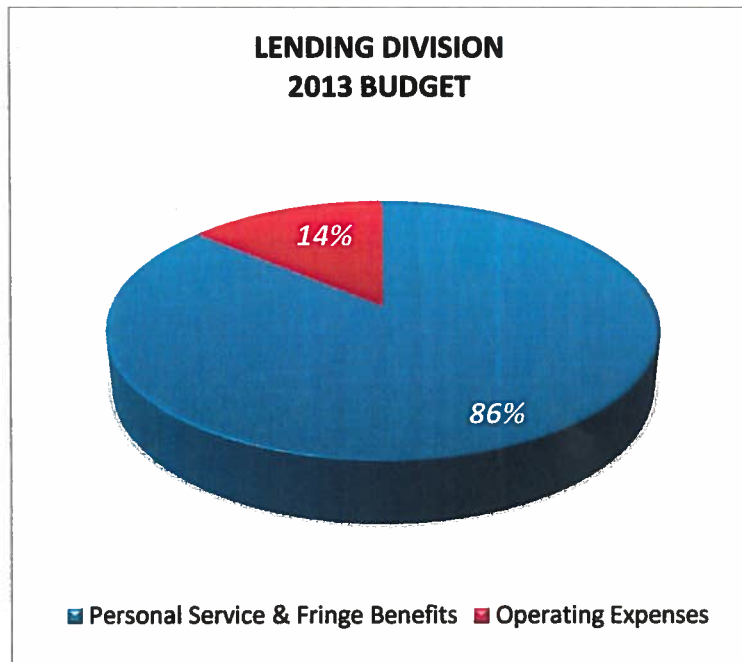
SMALL BUSINESS DEVELOPMENT AGENCY

SBDA Table 1: Number and \$ Value of SBDA Loan Portfolio

FISCAL YEAR	CURRENT LOAN PORTFOLIO (# of Loans)	CURRENT LOAN PORTFOLIO (\$ Value)	DELINQUENT LOAN PORTFOLIO (# of Loans)	DELINQUENT LOAN PORTFOLIO (\$ Value)
FY 2010	22	\$777,598	171	\$4,963,310
FY 2011	0	\$0	201	\$5,856,220
FY 2012 (as of 3/31/12)	0	\$0	201	\$5,856,220



LENDING DIVISION 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 405,192
FRINGE BENEFITS	131,292
TOTAL SALARY EXPENSE	\$ 536,484
ADVERTISING & PROMOTION	11,000
COURIER SERVICES	8,400
EMPLOYEE RELATIONS	500
POSTAGE & DELIVERY	2,000
PRINTING & PUBLICATION	2,000
PROFESSIONAL DEVELOPMENT	6,000
PROFESSIONAL SERVICES	41,000
SOFTWARE AGREEMENT	5,300
SUPPLIES	500
TRAVEL - INTER-ISLAND	4,800
TUITION REIMBURSEMENT	4,800
OPERATING EXPENSES	\$ 86,300
TOTAL (DIRECT COST ONLY)	\$ 622,784



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 2012 OBJECTIVES

- Implement Enterprise Zone Loan Program
- Implement Frederiksted Town Plan and assist in the development of Christiansted and Savanne Town Plans
- Establish the Save a Building program
- Begin Walking tour rehabilitation program
- Implement the new EZ legislation
- Continue programs (Estate Planning conference, expansion of beneficiary credit program, beneficiary conference, grant close out)
- Raise the image of the unit by creating collateral material which includes the EZ application
- Provide staff enrichment and training opportunities
- Develop legislation for designated Virgin Island Commercial Zones

FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

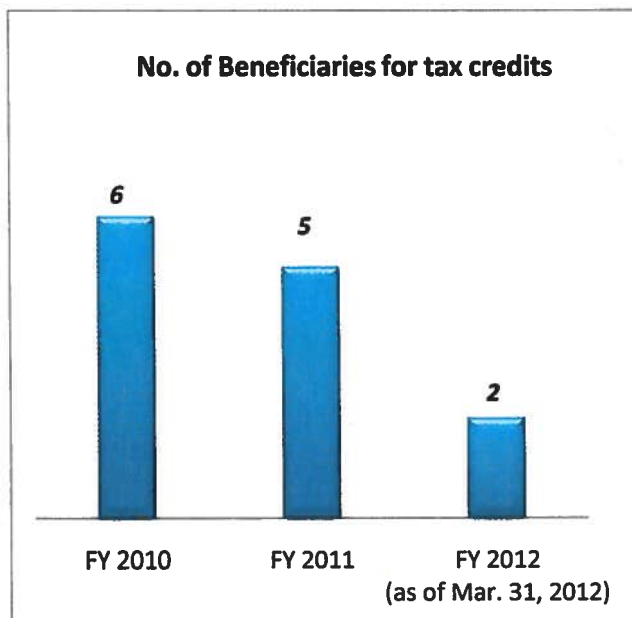
- Established new zones and began program activities with stakeholders of the Enterprise Zone
- Completed eleven compliance reports of beneficiaries seeking enterprise zone tax credits.
- Received four (4) applications (2 approved & 2 pending) for enterprise zone tax credits
- Complied with Community Development Block Grant financial and programmatic requirements based on independent audit report.
- Continued to execute the pragmatic operations of the Scrape, Paint & Rejuvenate, Board up and Youth to Work programs

FISCAL YEAR 2013 OBJECTIVES

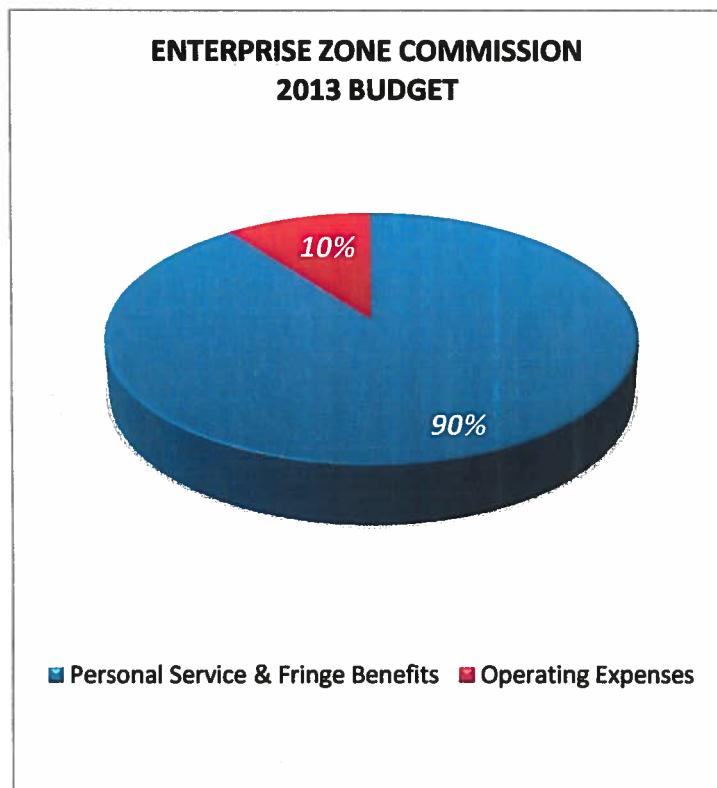
- Pursue larger financial assistance (i.e. grants, new market tax credits, etc.) to rehabilitate the Zones
- Service approximately 50 residents and be in compliance with grant donor requirements
- Close out the following existing grants: Scrape, Paint & Rejuvenate, Board up, Youth to Work, Safety, and 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 15 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 programs.
- 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

EZ Table 1: Number of Beneficiaries and \$ Value of Committed Investments

Fiscal Year	# of Beneficiaries	\$ Value of Committed Investments
FY 2010	6	\$1,828,150
FY 2011	5	\$431,000
FY 2012 (as of Mar. 31, 2012)	2	\$431,000



ENTERPRISE ZONE COMMISSION 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 210,462
FRINGE BENEFITS	68,195
TOTAL SALARY EXPENSE	\$ 278,657
ADVERTISING & PROMOTION	2,000
CATERING SERVICES	3,500
EMPLOYEE RELATIONS	400
MISCELLANEOUS	101
PRINTING & PUBLICATION	2,500
PROFESSIONAL DEVELOPMENT	6,000
PROFESSIONAL SERVICES	7,000
TRAVEL - INTER-ISLAND	2,500
OPERATING EXPENSES	\$ 24,001
TOTAL (DIRECT COST ONLY)	\$ 302,658



2.4 BUSINESS INCUBATOR PROGRAM

FUNCTIONAL STATEMENT

The Small Business Incubator Enterprise Act (Title 11 VIC, Chapter 23), provides for the establishment of Small Business Incubators Program (SBIP) under the direction of the Small Business Development Agency (SBDA) to further facilitate economic development. The Incubator is designed as an economic catalyst with the aim of bringing together policies, programs and resources from the public and private sectors to establish the basic framework for nurturing and growing companies in one or more industries clusters. The program will further accelerate the growth and success of entrepreneurial companies through an array of business support services and resources with the primary goal of producing successful firms that will graduate from the program, move into the community and leave the program as self-sustaining companies.

OPERATIONAL GOAL(S)

Development of entrepreneurial candidates through a series of business support resources and services orchestrated by incubator management both in the incubator and through its network of contacts.

FISCAL YEAR 2012 OBJECTIVES

- Identify and create an operating foundation for the Business Incubator Program
- Develop scope of work and budget for the efficient operation of the incubator program
- Establish operating policies for the incubator program
- Promote and market the incubator program through town hall meetings and road shows

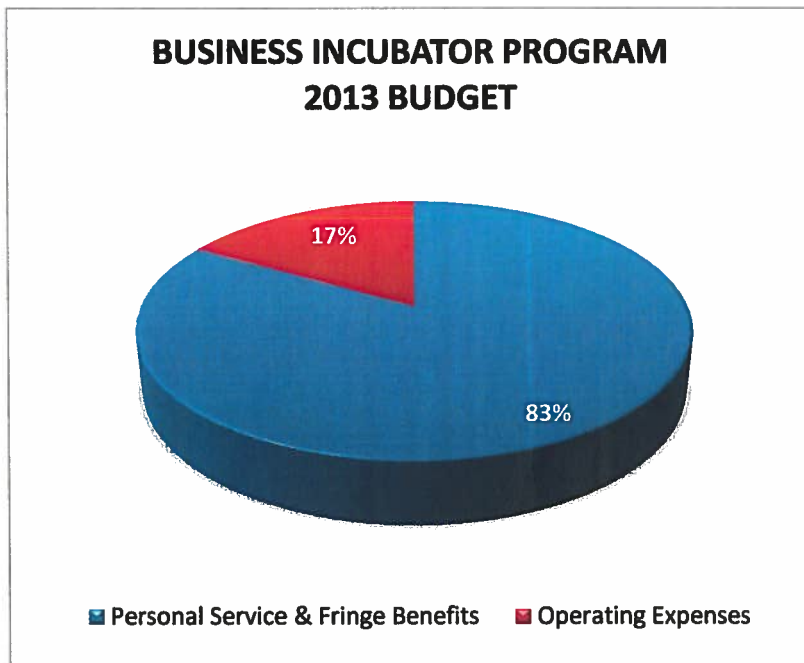
FISCAL YEAR 2012 ACCOMPLISHMENT TO DATE

- Created an operating foundation for the incubator program at the St. Croix Industrial Park
- Reviewed incubator study and prepared actionable items for management approval
- Defined scope of work and the interim budget for the initiation stage of the incubator program

FISCAL YEAR 2013 OBJECTIVES

- Help to increase industrial park occupancy by 25%
- Develop a partnership agreement with the University of the Virgin Islands' Entrepreneurial program, Small Business Development Center and other related Government agencies to enhance and support the delivery of services to incubates
- Increase incubator tenancy level to at least 75% of available space
- Coordinate town halls meeting to attract additional incubates
- Initiate an alternative energy program to reduce tenant energy consumption by at least 30%
- Complete a comprehensive action plan for the functional operation of the Incubator program

INCUBATOR PROGRAM 2013 BUDGET	
PERSONAL SERVICES	
SALARIES	\$ 65,800
FRINGE BENEFITS	21,321
SALARY EXPENSE	\$ 87,121
ADVERTISING & PROMOTION	2,700
DRINKING	300
DUES AND SUBSCRIPTION	500
POSTAGE & DELIVERY	100
PROFESSIONAL DEVELOPMENT	1,500
PROFESSIONAL SERVICES	500
INTER-ISLAND TRAVEL	750
UTILITIES	10,000
OPERATING EXPENSES	\$ 16,350
TOTAL (DIRECT COST ONLY)	\$ 103,471



2.5 PROJECT FINANCE PROGRAMS

AMERICAN RECOVERY INVESTMENT ACT (ARRA)

The V.I. Economic Development Authority (“VIEDA”) has worked to expand its offerings to stimulate the economy of the Virgin Islands and facilitate informational meetings and discussions with other agencies and developers to bring partnerships for growth. The VIEDA in collaboration with the VI Energy Office and the VI Water and Power Authority successfully utilized ARRA funds to provide solar water heater loans and rebates to residents and businesses.

TAX INCREMENT FINANCING (TIF)

Presently the first TIF project, the Island Crossing Shopping Center, is open with Home Depot as its anchor tenant. Island Crossing is financed through bond anticipation notes from First Bank valued at \$15.7 million. The approved bond anticipation note amount has been used to fund the development of the public infrastructure at Island Crossings.

Island Crossing is a popular development that has generated tremendous interest for additional tenants; from new market national retailers to new and established local businesses. As site work progresses, ground leases for the remainder of the site’s retail component will be executed and additional vertical construction will begin. The VIEDA has worked closely with the developer to ensure the best use of the TIF funds to bring this project to a success. The Legislature has recently amended the TIF law to include funding for alternative energy.

NEW MARKET TAX CREDITS

New Market Tax Credit (“NMTC”) program attempts to stimulate private investment and economic growth by offering federal tax credits for investments in low-income communities. The demographics of the U.S. Virgin Islands make it an ideal location for investors to utilize NMTCs for appropriate projects. VIEDA is presently developing parameters for engaging in, applying for and partnering with other entities for New Market Credit allocations in the coming year.

FISCAL YEAR 2012 GOALS

- Continue work-in-progress on comprehensive plan for territorial designated TIF areas.
- Seek funding to continue the operation of programs and development of Project Finance tools.
- Allow maximum input in TIF decision making from organizations and members of the public.
- Ensure greater utilization of Project Finance mechanism to bring economic development to the Territory

FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

- Created a Tax Increment Financing (“TIF”) Subcommittee Task Force
- Began the development of parameters for engagement in New Market Tax Credits

FISCAL YEAR 2013 OBJECTIVES

- Prepare a comprehensive plan on TIF areas for review
- Implement a public awareness campaign through different media
- Continue to develop parameters for the New Market Tax Credit
- Continue to seek funding for Project Finance programs
- Continue to work on a comprehensive plan on TIF areas for review

2.6 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 IPDC does not receive any funding from Government appropriation and is self-supported by revenues generated from its tenants. Two Industrial Parks fall under the auspices of the Industrial Park Development Corporation. The William D. Roebuck Industrial Park on 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 maintain property value through a systematic and long term maintenance program.

FISCAL YEAR 2012 OBJECTIVES

- Increase tenant occupancy in the industrial Parks by 90%
- Improve rent receipts and reduce receivables by at least 65%
- Review and update procedures for vehicle and building maintenance program
- Continue to reduce energy cost by utilizing energy efficient methods

FISCAL YEAR 2012 ACCOMPLISHMENTS TO DATE

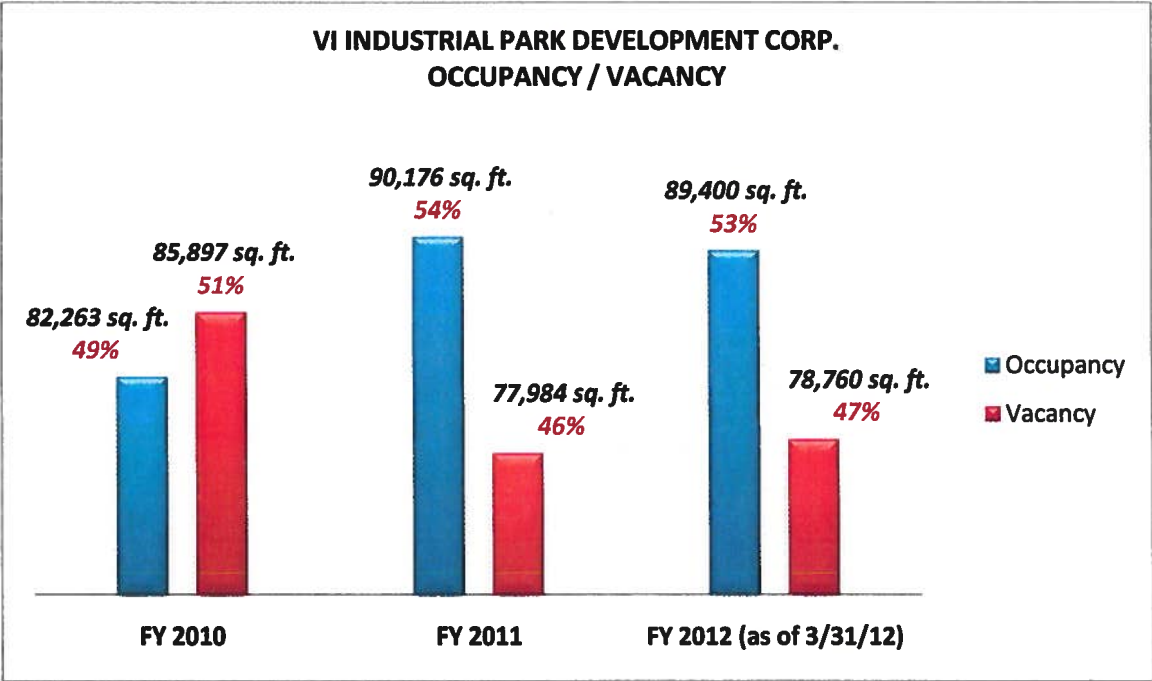
- Successfully negotiated lease agreements with 2 current and 2 new tenants on both islands
- Reduced energy consumption cost by at least 40% in the Frederiksted office building
- Initiated eviction procedures for delinquent tenants in St. Thomas
- Repaired roof of building at the St. Thomas Industrial Park
- Accompanied prospective tenants on tour of facilities on both islands
- Maintained vehicles and buildings through routine maintenance schedule
- Discussed scope of work and negotiated price with outside vendors for the repairs and maintenance of buildings.

FISCAL YEAR 2013 OBJECTIVES

- Increase tenant occupancy in the industrial Parks by 90%
- Improve rent receipts and reduce receivables by at least 45%
- Maintain reduction energy consumption in the Frederiksted office building
- Improve landscaping and general outlook of the Parks facilities
- Maintain vehicles and buildings through a systematic maintenance schedule

IP Table 1: Industrial Park (St. Thomas & St. Croix) Occupancy / Vacancy

Fiscal Year	Occupancy (sq. ft.)	Vacancy (sq. ft.)	Total (sq. ft.)
FY 2010	82,263	85,897	168,160
FY 2011	90,176	77,984	168,160
FY 2012 (as of 3/31/12)	89,400	78,760	168,160

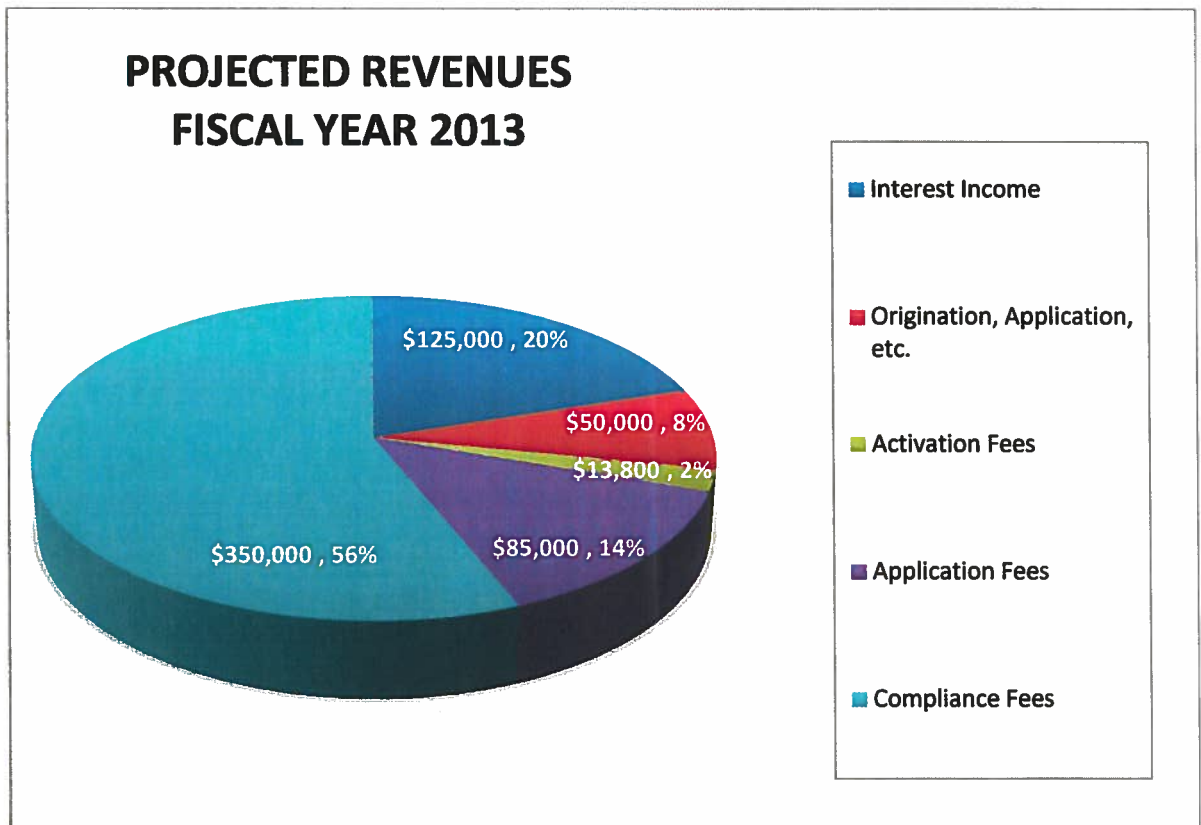


3. FINANCIAL INFORMATION

A. REVENUE

Table 1: Revenue Comparisons for Fiscal Years 2011, 2012 Projected and 2013 Budgeted

ORDINARY INCOME	Actual Revenue	Actual Revenue	Proj. Revenue	Total Proj. Revenue	PROJECTED
	FY 2011	10/01/11-3/31/12	4/1/12-9/30/12	FY 2012	Budget 2013
Interest Income					
Loan & Interest Bearing Accounts	98,105	61,568	62,432	124,000	125,000
Fees					
Application, Origination (GDB/SBDA)	125,327	27,000	15,000	42,000	50,000
Activation Fees (EDC)	10,500	3,000	6,000	9,000	13,800
Application Fees (EDC)	84,000	40,500	34,500	75,000	85,000
Compliance Fees (EDC)	305,178	225,000	125,000	350,000	350,000
Total Ordinary Income	623,110	357,068	242,932	600,000	623,800



EXPENDITURES

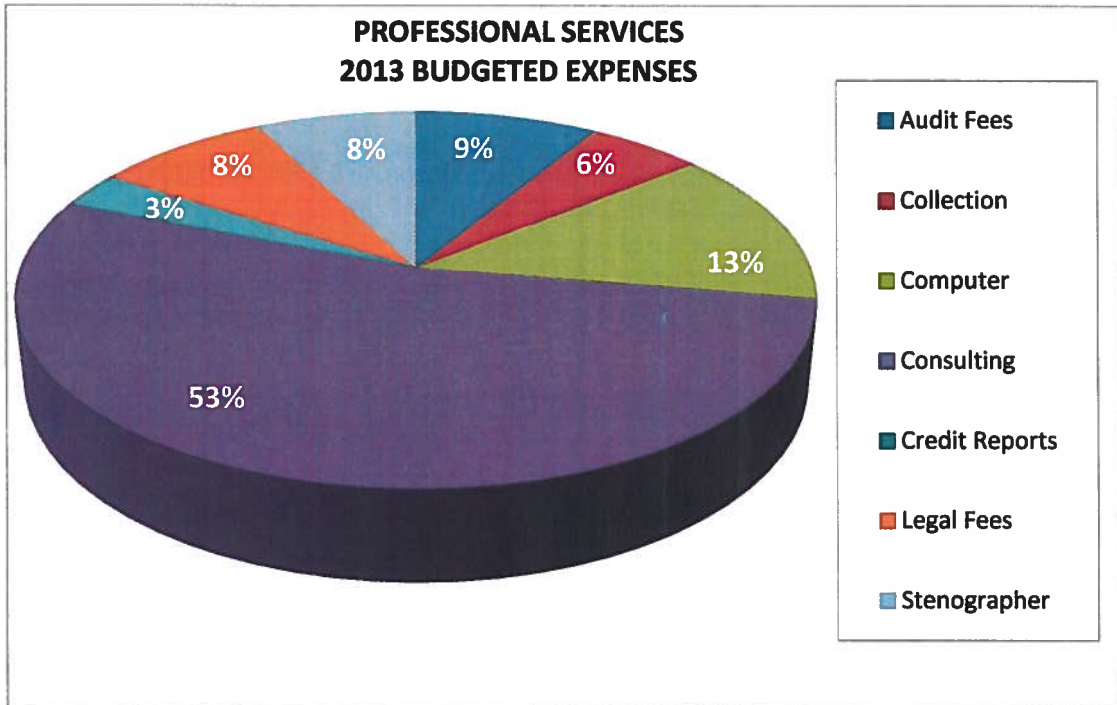
B. Expenditure Comparison for Fiscal Year 2011, 2012 Projected and 2013 Budgeted

**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 2011	Oct. 1, 2011 - Mar. 31, 2012	Apr. 1, 2012 - Sept. 30, 2012	FY 2012	Budget 2013
PERSONNEL SERVICES					
CLASSIFIED EMPLOYEE SALARIES	1,234,702	489,526	619,468	1,108,994	1,265,86
UNCLASSIFIED EMPL. SALARIES	1,094,925	434,108	541,509	975,616	1,104,82
TEMP/PART TIME SALARIES				-	
OVERTIME SALARIES	76			-	
LUMP SUM PAYMENTS				-	
NIGHT DIFFERENTIAL COMP				-	
OTHER DIFFERENTIAL COMP				-	
FEES & COMPENSATION NOC				-	
HOLIDAY PAY				-	
ALL OTHER				-	
SUB-TOTAL	2,329,702	923,633	1,160,977	2,084,610	2,370,69
CAPITAL OUTLAYS					
MACHINIERY & EQUIPMENT	33,995	-	50,000	50,000	37,36
VEHICLES				-	
ALL OTHER	-			-	
SUB-TOTAL	33,995	-	50,000	50,000	37,36
FRINGE BENEFITS					
EMPLOYER CONTR. RETIREMENT	350,400	129,623	214,146	343,769	355,60
F.I.C.A.	129,668	67,139	63,854	130,993	131,81
MEDICARE	45,559	3,469	32,639	36,108	46,22
HEALTH INSURANCE PREMIUM	226,359	85,277	113,776	199,053	232,32
WORKERS COMP. PREMIUMS	2,019	1,383		1,383	2,19
UNIFORM ALLOWANCE			60,000	60,000	
ALL OTHER	8,776	12,514	-	12,514	
SUB-TOTAL	762,781	299,406	484,414	783,820	768,16
SUPPLIES					
OFFICE SUPPLIES	53,540	37,524	45,000	82,524	55,50
OPERATING SUPPLIES				-	
SMALL TOOLS/MINOR EQUIPMENT				-	
ALL OTHER	9,799	-	11,500	11,500	10,00
SUB-TOTAL	63,339	37,524	56,500	94,024	65,50
OTHER SERVICES & CHARGES					
PROFESSIONAL SERVICES	737,056	172,462	535,538	708,000	656,20
COMMUNICATION	98,250	40,162	58,000	98,162	101,00
TRAVEL	143,584	69,941	75,000	144,941	145,00
TRANSPORTATION - NOT TRAVEL				-	
ADVERTISING AND PROMOTION	126,432	33,184	126,000	159,184	135,00
PRINTING AND BINDING	11,398	1,000	30,000	31,000	15,00
INSURANCE	61,536	-	63,000	63,000	65,00
REPAIRS AND MAINTENANCE	141,856	30,359	75,000	105,359	70,00
RENTAL- LAND/BUILDING	260,284	130,682	130,682	261,364	260,28
RENTAL - MACHINES/EQUIPMENT	-		5,000	5,000	-
TRAINING	35,701	5,596	60,000	65,596	79,10
SECURITY	-			-	
ALL OTHER	225,946	105,987	292,023	398,010	280,46
SUB-TOTAL	1,842,043	589,373	1,450,243	2,039,616	1,807,06
UTILITY SERVICES					
ELECTRICITY	204,504	71,087	130,000	201,087	205,00
WATER	(2,833)	2,435	30,000	32,435	24,00
SUB-TOTAL	201,671	73,522	160,000	233,522	229,00
TOTAL EXPENSES	5,233,532	1,923,458	3,362,134	5,285,592	5,277,80
Appropriation/Allotment	4,610,422	2,506,664	2,179,928	4,685,592	4,654,0
EDA Revenue	623,110	368,600	231,600	600,000	623,80
Total Projected (Actual) Revenues	5,233,532	2,874,164	2,411,428	5,285,592	5,277,80

C. ROFESSIONAL SERVICES – DETAIL LISTING

PROFESSIONAL SERVICES	Actual FY 2011	Projected FY 2012	Budgeted FY 2013
Audit Fees	\$ 56,500	\$ 57,000	\$ 57,000
Collection Agencies (Lending)	28,085	40,000	36,000
IT Services	140,352	125,000	88,200
Consulting (Marketing)	395,833	350,000	350,000
Credit Reports (Lending)	23,732	25,000	20,000
Legal Fees	51,687	53,000	55,000
Stenographer	39,366	55,000	50,000
Sub-total	\$ 735,555	\$ 705,000	\$ 656,200



D. OTHER SERVICES AND CHARGES – DETAIL LISTING

OTHER SERVICES & CHARGES	Actual FY 2011	Projected FY 2012	Budgeted FY 2013
Auto Expense - Gas	\$ 8,517	\$ 14,900	\$ 16,000
Auto Repair	3,050	10,000	4,500
Bank Service Charges	3,746	6,000	3,000
Catering	32,688	50,000	25,000
Contributions	29,708	35,000	25,000
Courier Service	10,525	12,000	10,900
Custodial Services	18,729	25,000	16,000
Diesel		5,000	5,000
EDA Board PerDiem	1,500	3,000	5,000
Drinking Water	1,845	4,000	4,000
Dues & Subscription	3,226	15,000	10,000
Employee Relations	31,008	50,000	18,400
Finance Charge	179	314	150
Garbage Disposal	2,338	3,500	2,500
Guarantee Fee SBA	2	500	250
Interest Expense	4,865	3,500	3,000
Contract Labor	38,279	32,000	20,000
Licenses & Permits	348	500	500
Maintenance Copy Spencely	-	7,500	7,500
Maintenance Copy Xerox	-	10,000	10,000
Meeting Space Rental	-	1,000	2,500
Miscellaneous	1,598	2,500	250
Other Expenses	560	500	500
Parking	9,098	10,500	10,000
Pay Pal Commission Fee	102	150	250
Pest Control Service	880	2,500	2,000
Post Office Box Rental	96	96	96
Postage & Delivery	15,378	26,000	13,000
Postage Meter Rental	1,659	3,000	3,000
Registration Fees	4,170	6,000	6,000
Software Agreement	-	21,000	22,000
Storage	3,202	5,000	5,000
Taxi Fare	2	350	200
Trucking Services	150	500	200
Tuition Reimbursement	-	19,200	28,800
SUB-TOTAL	\$ 225,948	\$ 386,010	\$ 280,496

E. PERSONNEL SERVICE COST BREAKDOWN BY DEPARTMENT AND CLASSIFICATION

Personnel Listing - All Positions			Position Classification				
Department	Pos#	FY 2013 Total Budget	Pos#	Unclass.	Pos#	Class.	Total
EDA	21	1,269,105	10	802,142	11	466,963	1,269,105
EDC	9	485,931	2	142,880	7	343,051	485,931
EZ	4	210,463	1	84,600	3	125,863	210,463
LENDING	8	405,192	1	75,200	7	329,992	405,192
TOTAL	42	2,370,690	14	1,104,822	28	1,265,869	2,370,690

4. OTHER INFORMATION

A. VEHICLE LISTING FOR VIEDA

VIEDA has nine (9) vehicles. Seven (7) were purchased with local funds and three (3) with Industrial Park Development Corporation funds.

YEAR	MAKE	MODEL	ACTIVITY	PURCHASE	ISLAND
2007	TOYOTA	RAV4	ADMIN – EDA	LOCAL FUNDS	ST. CROIX
2007	TOYOTA	RAV4	EXECUTIVE – VIEDA	LOCAL FUNDS	ST. THOMAS
2007	TOYOTA	RAV4	EXECUTIVE – VIEDA	LOCAL FUNDS	ST. CROIX
2007	TOYOTA	RAV4	EXECUTIVE – VIEDA	LOCAL FUNDS	ST. THOMAS
2007	FORD	ESCAPE	EXECUTIVE – VIEDA	LOCAL FUNDS	ST. THOMAS
2005	CHEVROLET	TRAIL BLAZER	EXECUTIVE – VIEDA	PARK FUNDS	ST. CROIX
2005	CHEVROLET	PICK UP	ADMIN – VIEDA	PARK FUNDS	ST. CROIX
2005	HONDA	CRV-LX	EXECUTIVE – VIEDA	PARK FUNDS	ST. THOMAS
2002	HONDA	CRV-LX	ADMIN – VIEDA	LOCAL FUNDS	ST. CROIX

B. LISTING OF REAL PROPERTY BEING RENTED OR LEASED BY ECONOMIC DEVELOPMENT AUTHORITY

Physical Address	Landlord	Square Footage	Annual Rent	Lease Terms	Use of Lease Premises
5055 Norre Gade St. Thomas	Rebob Development, Corp.	11,158.45	\$210,819	Month to Month	Office Space
116 King Street F'sted, St. Croix	VI Industrial Park Development Corp.	4,088.	\$49,464.80	Month to Month	Office Space

5. VIEDA BUDGET SUMMARY

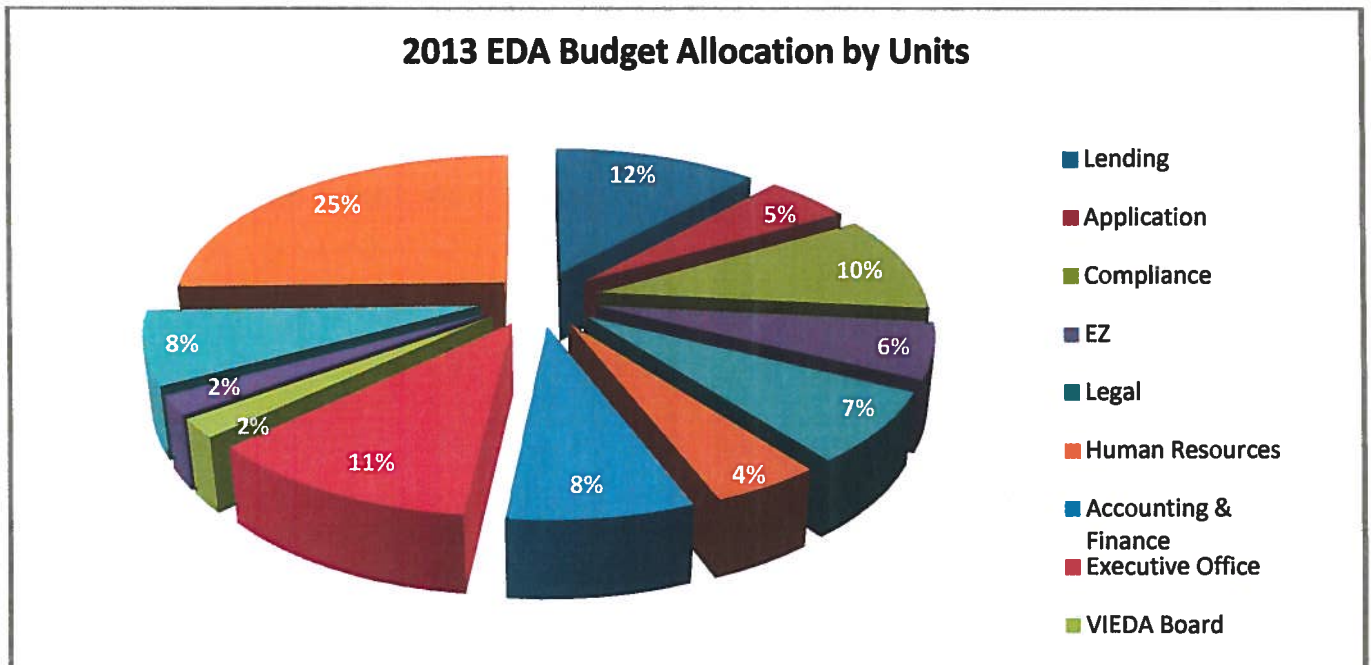
- The VIEDA 2013 Fiscal Year budgeted is \$5,277,800.
- Projected Revenues are \$623,800, which is \$23,800 or 4% more than Fiscal Year 2012.
- The requested level of appropriation for Fiscal Year 2013 is \$4,654,000.

2013 EDA BUDGET ALLOCATION BY UNITS

DIVISION/DEPARTMENT NO. OF EMPLOYEES	LENDING 8	APP 3	COMP 6	EZ 4	LEGAL 4	HR 2	ACT 6	EXECUTIVE OFFICE 7	BOARD 1	INCUBATOR PROGRAM 1	MARKETING	EDM COST	TOTAL 42
PERSONAL SERVICE	\$ 405,192	\$ 165,023	\$ 320,908	\$ 210,462	\$ 282,100	\$ 141,395	\$ 286,690	\$ 437,660	\$ 55,460	\$ 65,800		\$ -	\$ 2,370,690
FRINGE BENEFITS	\$ 131,292	\$ 53,472	\$ 103,982	\$ 68,195	\$ 91,407	\$ 45,815	\$ 92,894	\$ 141,812	\$ 17,970	\$ 21,321		\$ -	\$ 768,161
TOTAL PERSONAL /FRINGE	\$ 536,484	\$ 218,495	\$ 424,890	\$ 278,657	\$ 373,507	\$ 187,210	\$ 379,584	\$ 579,472	\$ 73,430	\$ 87,121		\$ -	\$ 3,138,851
OPERATING EXPENSES	\$ 86,300	\$ 43,700	\$ 97,300	\$ 24,001	\$ 8,800	\$ 50,825	\$ 21,800	\$ 16,650	\$ 30,000	\$ 16,350	\$ 400,000	\$ 1,343,224	\$ 2,138,949
TOTAL EXPENDITURE	\$ 622,784	\$ 262,195	\$ 522,190	\$ 302,658	\$ 382,307	\$ 238,035	\$ 401,384	\$ 596,122	\$ 103,430	\$ 103,471	\$ 400,000	\$ 1,343,224	\$ 5,277,800

REVENUES:

2013 Appropriation Request	\$ 4,654,000
2013 EDA Generated Revenues	623,800
TOTAL PROJECTED REVENUES	\$ 5,277,800



5.1 VIEDA INDIRECT COST

VI ECONOMIC DEVELOPMENT MANAGEMENT 2013 BUDGET

VIEDA MANAGEMENT EXPENSES	
Accounting	\$ 57,000
Advertising & Promotion	\$ 16,300
Auto Expense - Gas	\$ 16,000
Auto Repair	\$ 4,500
Bank Service Charges	\$ 3,000
Catering	\$ 21,500
Computer In.	\$ 73,200
Consulting	\$ 500
Capital Outlay	\$ 37,368
Contributions / Donation	\$ 25,000
Courier Service	\$ 2,500
Credit Reports	\$ 20,000
Custodial Services	\$ 16,000
Diesel	\$ 5,000
Drinking Water	\$ 3,700
Dues & Subscriptions	\$ 1,700
Finance Charge	\$ 150
Garbage Disposal	\$ 2,500
Guarantee FEE SBDA	\$ 250
Insurance	\$ 65,000
Interest Expense	\$ 3,000
Legal Fees	\$ 50,000
Licenses & Permits	\$ 500
Maintenance Copy 30 - FC	\$ 7,500
Maintenance Copy IS - 50M	\$ 10,000
Meeting Space Rental	\$ 2,500
Miscellaneous	\$ 150
Office Supplies	\$ 65,000
Other Expenses	\$ 500
Parking	\$ 10,000
Pay Pal Commission Fee	\$ 250
Pest Control Service	\$ 2,000
Post Office Box Rental	\$ 96
Postage & Delivery	\$ 8,750
Postage Meter Rental	\$ 3,000
Printing & Publication	\$ 7,500
Registration Fees	\$ 6,000
Rent	\$ 260,284
Repairs	\$ 70,000
Software Agreement	\$ 16,700
Stenographer	\$ 29,000
Storage	\$ 5,000
Taxi Fare	\$ 200
Tel. - Communication	\$ 90,000
Travel	\$ 99,925
Trucking Services	\$ 200
Utilities - Gas & Electric	\$ 200,000
Utilities - Water	\$ 24,000
TOTAL OPERATING EXPENSES	\$ 1,343,223

6. APPENDIX:

Explanation and/or Justification for Selected Budgetary Items in the Fiscal Year 2013 Budget

Personnel Service Cost covers current salaries for full-time and temporary employees. The budget includes the incremental 8% increase to restore salaries to the pre-reduction levels as authorized in Act No 7261, Section 3(f).

Fringe Benefits are budgeted at approximately 35% of gross salary and include employer contributions to the retirement system, F.I.C.A, health insurance premium and uniform allowance.

Capital Outlays represent amount expended for equipment and furnishings, computers, software programs and upgrades.

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.

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

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

Travel costs are expenditures that a employees incur while making a business journey, for example, airfare, per diem and accommodation. Off-island travel cost is mainly associated with marketing activities.

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

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

Repairs & Maintenance (Building & Equipment) involves fixing any sort of mechanical, plumbing or electrical device when it becomes out of order or broken (repairs). It also includes performing routine actions which keep the device in working order (schedule maintenance) or prevent trouble from arising (preventive maintenance).

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

Per Diem is a nightly allowance for travel expenses that includes meals and other incidentals. Stipends for board of director are also budgeted in this account.

Equipment Rental includes Xerox copiers – 2 on each island that are leased long term.

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 machine.

Estimated Interest and Expense & Principal Payment area mounts paid in interest and principal on funds borrowed through the Intermediary Relending Program (IRP) administered by the Lending division.

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

Custodial Services provide customized cleaning such as carpets which are specific and customized according to the needs of the organization

Guarantee fees are charged to protect against credit-related losses in the lending portfolio.

Auto Expense includes amounts for gasoline, repairs and maintenance of vehicles.

Professional Development includes costs for employee certifications and training throughout the organization.

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.

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.

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

7. FISCAL YEAR 2011 AUDITED FINANCIAL STATEMENTS

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2011 AND 2010
Together With Independent Auditors' Report

**BERT SMITH
& Co.**

Certified Public Accountants and Management Consultants

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 And 2010

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Virgin Islands Economic Development Authority (the Authority) as of and for the years ended September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years ended September 30, 2011 and 2010. 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 opinions on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, 2011 and 2010, and the respective changes in financial position 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 February 10, 2012, 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 audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The combining financial statements on pages 24 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Bert Smith & Co

Washington D.C.
February 10, 2012

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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, the 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, 2011 and 2010. 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 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.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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

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% lower 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.

2010

- The Authority's net assets were \$15,776,498 in Fiscal Year 2010, which represents an increase of \$1,189,076 or 8% compared to Fiscal Year 2009.
- Total assets exceeded total liabilities by \$15,776,498 in Fiscal Year 2010 compared to \$14,587,422 in Fiscal Year 2009.
- Operating revenues for the Authority were \$8,239,181 in Fiscal Year 2010, which reflects an increase of \$1,818,378 or 28% over Fiscal Year 2009.
- Operating expenses were \$7,106,892 in Fiscal Year 2010, which reflects an increase of \$1,661,291 or 31% over Fiscal Year 2009.
- Appropriations totaling \$4,780,328 received from the Government of the Virgin Islands in Fiscal Year 2010 were \$268,999 or 6% higher than in Fiscal Year 2009. In addition, the Authority received \$1,746,700 from the Virgin Islands Public Finance Authority pursuant to Act No. 7081 issued by the legislature of the Virgin Islands.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

IV. CONDENSED FINANCIAL INFORMATION

Condensed Statements of Net Assets as of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Current Assets	\$ 5,102,068	\$ 4,485,429
Noncurrent Assets	11,532,964	10,191,989
Capital Assets, net	<u>2,915,699</u>	<u>3,302,096</u>
Total Assets	<u>19,550,731</u>	<u>17,979,514</u>
Current Liabilities	727,272	600,443
Noncurrent Liabilities	<u>1,666,595</u>	<u>1,602,573</u>
Total Liabilities	<u>2,393,867</u>	<u>2,203,016</u>
Net Assets		
Invested in Capital Assets, net of related debt	2,882,725	3,222,832
Restricted	10,522,990	9,714,631
Unrestricted	<u>3,751,149</u>	<u>2,839,035</u>
Total Net Assets	<u>\$ 17,156,864</u>	<u>\$ 15,776,498</u>

Current Assets

Current assets increased by \$616,639 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 \$195,471 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 \$1,340,975 or 13% in Fiscal Year 2011 compared to Fiscal Year 2010. This was due partly to an increase of \$606,994 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 primarily to the depreciation of the Authority's vehicles and buildings.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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 represents 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.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

Condensed Statements of Revenues, Expenses and Changes in Net Assets for the Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues	\$ 8,505,370	\$ 8,239,181
Operating Expenses	<u>(7,142,556)</u>	<u>(7,106,892)</u>
Operating Income	1,362,814	1,132,289
Net Nonoperating Revenues	<u>17,552</u>	<u>56,787</u>
Change in Net Assets	1,380,366	1,189,076
Net Assets, Beginning of the Year	<u>15,776,498</u>	<u>14,587,422</u>
Net Assets, End of the Year	<u>\$ 17,156,864</u>	<u>\$ 15,776,498</u>

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, draw downs 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 nonoperating 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.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

Condensed Statements of Net Assets as of September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Current Assets	\$ 4,485,429	\$ 4,919,302
Noncurrent Assets	10,191,989	8,429,998
Capital Assets, net	<u>3,302,096</u>	<u>3,740,147</u>
Total Assets	<u>17,979,514</u>	<u>17,089,447</u>
Current Liabilities	600,443	857,630
Noncurrent Liabilities	<u>1,602,573</u>	<u>1,644,395</u>
Total Liabilities	<u>2,203,016</u>	<u>2,502,025</u>
Net Assets		
Invested in Capital Assets, net of related debt	3,222,832	3,740,147
Restricted	9,714,631	3,379,018
Unrestricted	<u>2,839,035</u>	<u>7,468,257</u>
Total Net Assets	<u>\$ 15,776,498</u>	<u>\$ 14,587,422</u>

Current Assets

Current assets decreased by \$433,873 or 9% in Fiscal Year 2010 compared to Fiscal Year 2009. This was due to a decrease in cash and cash equivalents of \$755,609 or 19%, due in part to the Authority reserving funds for its loan programs; an increase of \$11,472 or 4% in investments; and an increase in accounts receivable of \$141,782 or 52% due to compliance and penalty fees assessed to the Authority beneficiary during the year and rental payments due from IPDC lessees. In addition, there was a decrease of \$377,692 or 83% in prepaid and other assets.

Noncurrent Assets

Noncurrent assets increased by \$1,761,991 or 21% in Fiscal Year 2010 compared to Fiscal Year 2009. This was due to an increase of \$1,516,718 or 78% in restricted cash due to the net effect of an appropriation received from the Legislature to implement the Performance Bonding Program and an increase in the loan fund balance as a result of reserves made by the Authority. In addition, restricted investments increased by \$626,840 or 25%; while loans receivable increased by \$210,210 or 5% primarily due to a slightly higher demand during the fiscal year.

Capital Assets

Total capital assets, net decreased by \$438,051 or 12% in Fiscal Year 2010 due mainly to the depreciation of the Authority's vehicles and buildings.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

Current Liabilities

The Authority's current liabilities decreased in Fiscal Year 2010 by \$257,187 or 30%, compared to Fiscal Year 2009. The decrease is the net effect of the following:

- Increases in accounts payable and accrued expenses of \$86,036 or 590%, and \$140,736 or 168%, respectively, as the Authority was slower in paying its vendors in Fiscal Year 2010;
- A decrease of \$77,100 or 29% in the current portion of compensated absences;
- A total increase of \$2,167 or 12% in interest payable;
- An increase in the current portion of long term debt of \$70,028 or 100%, due to the recognition of amounts due within a year.

Noncurrent Liabilities

Noncurrent liabilities in Fiscal Year 2010 totaled \$1,602,573, a decrease of \$41,822 or 3% over Fiscal Year 2009, primarily as a result of the following:

- An increase of \$95,495 or 100% in compensated absences due to annual leave incurred during the year and the recognition of amounts due in over a year;
- A decrease of \$137,317 or 23% in long term debt, due to debt payments and the reclassification of amounts due within a year to current liabilities.

Net Assets

The Authority's total net assets for the year increased by \$1,189,076 or 8% in Fiscal Year 2010, as a result of revenues surpassing expenses. The Authority realized increased revenues of \$1,818,378 generated as a result of lease income from tour buses in St. Croix, an increase in application and processing fees, interest earned from the various loan programs, transfers in from the Virgin Islands Public Finance Authority, and an increase in allotments from the Government of the Virgin Islands. Expenses increased by \$1,661,291 mainly due to increases in personal costs of \$407,151 or 13%, and an allowance for uncollectible loans and accounts receivable set up during the year of \$1,070,198.

Condensed Statement of Revenues, Expenses and Changes in Net Assets for the Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 8,239,181	\$ 6,420,803
Operating Expenses	<u>(7,106,892)</u>	<u>(5,445,601)</u>
Operating Income	1,132,289	975,202
Nonoperating Revenues	<u>56,787</u>	<u>96,574</u>
Change in Net Assets	1,189,076	1,071,776
Net Assets, Beginning of the Year	<u>14,587,422</u>	<u>13,515,646</u>
Net Assets, End of the Year	<u>\$ 15,776,498</u>	<u>\$ 14,587,422</u>

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

Revenues

Operating revenues increased by \$1,818,378 or 28%. Operating revenues are generated principally from application and processing fees, interest generated from loans, lease income from tour buses in St. Croix and rent received from tenants located in the Industrial Parks in St. Thomas and St. Croix. Those operating revenues in Fiscal Year 2010 totaled \$1,461,532, which was \$552,058 or 61% higher than in Fiscal Year 2009. This was due to increases in the number of loans processed, local contractors taking advantage of the bid and performance bonding program, and the addition of a major tenant at the Industrial Park on St. Croix.

Operating Expenses

Total operating expenses increased by \$1,661,291 or 31% in Fiscal Year 2010, due primarily to the allowance for uncollectible loans that were reevaluated and adjusted to reflect the current risk of default; staff salary increases in compliance with the union agreement; and the filling of key vacant positions necessary to improve the delivery of service.

Nonoperating Revenues and Expenses

Total net nonoperating revenues decreased by \$32,016 or 56% in Fiscal Year 2010, due to an increase in interest income from certificates of deposit of \$62,301; a decrease in other income of \$11,279; a decrease in interest expense and finance charges of \$10,381 and the presentation of the scholarship payments as a nonoperating expense.

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.

	<u>2011</u>	<u>2010</u>
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	<u>20,585</u>	<u>20,585</u>
Total Costs	11,869,938	11,734,972
Less: Accumulated Depreciation	<u>(8,954,239)</u>	<u>(8,432,876)</u>
Net Capital Assets	<u>\$ 2,915,699</u>	<u>\$ 3,302,096</u>

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.

**VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

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 of 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.

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, 5055 Norre Gade, St. Thomas, VI 00802.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF NET ASSETS
AS OF SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 3,362,593	\$ 3,174,873
Investments	181,861	289,770
Receivable, net	1,482,418	960,589
Prepaid and Other Assets	85,170	77,922
Total Current Assets	<u>5,112,042</u>	<u>4,503,154</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	4,061,982	3,447,237
Restricted Investments	2,624,600	3,164,974
Restricted Loans Receivable, net	4,836,408	3,562,053
Total Noncurrent Assets	<u>11,522,990</u>	<u>10,174,264</u>
Capital Assets, net	<u>2,915,699</u>	<u>3,302,096</u>
Total Assets	<u>\$19,550,731</u>	<u>\$17,979,514</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 219,658	\$ 100,630
Accrued Expenses	321,397	224,482
Compensated Absences, current	110,553	184,891
Interest Payable	20,198	20,412
Loan Payable, current	55,466	70,028
Total Current Liabilities	<u>727,272</u>	<u>600,443</u>
Noncurrent Liabilities:		
Compensated Absences	200,085	95,495
Security Deposits	34,404	34,404
Deferred Revenue	1,014,544	1,000,000
Loan Payable	417,562	472,674
Total Noncurrent Liabilities	<u>1,666,595</u>	<u>1,602,573</u>
Total Liabilities	<u>2,393,867</u>	<u>2,203,016</u>
Net Assets:		
Invested in Capital Assets, net of related debt	2,882,725	3,222,832
Restricted Net Assets	10,522,990	9,714,631
Unrestricted Net Assets	3,751,149	2,839,035
Total Net Assets	<u>\$17,156,864</u>	<u>\$15,776,498</u>

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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues:		
Government Appropriation	\$4,610,423	\$4,780,328
Allocation of Bond Proceeds	2,174,310	1,746,700
Application and Processing Fees	620,952	592,616
Rental Income	492,536	535,113
Interest Income from Loans	222,103	207,742
Grant Revenue	138,497	-
Penalties	100,285	223,321
Other Operating Revenue	146,264	153,361
	<u>8,505,370</u>	<u>8,239,181</u>
Operating Expenses:		
Personnel Costs	3,416,480	3,476,635
Occupancy	298,469	308,312
Advertising	124,859	168,369
Professional Services	752,207	295,715
Travel	148,540	233,674
Other Administrative Expenses	893,764	1,037,138
Program Cost	138,497	-
Bad Debt	848,377	1,070,198
Depreciation	521,363	516,851
	<u>7,142,556</u>	<u>7,106,892</u>
Operating Income	<u>1,362,814</u>	<u>1,132,289</u>
Nonoperating Revenues (Expenses):		
Interest Income	75,764	129,038
Scholarship payments	(43,360)	(80,428)
Other Income (Expenses)	(5,319)	22,500
Interest Expenses and Finance Charges	(9,533)	(14,323)
	<u>17,552</u>	<u>56,787</u>
Change In Net Assets	1,380,366	1,189,076
Net Assets Beginning of Year	<u>15,776,498</u>	<u>14,587,422</u>
Net Assets End of Year	<u>\$17,156,864</u>	<u>\$15,776,498</u>

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Cash Received from Primary Government and Allocation of Bond Proceeds	\$ 6,784,733	\$ 6,527,028
Cash Received from Application and Processing	620,026	419,127
Cash Received from Tenants	337,247	483,381
Cash Received from Loan Repayments	512,549	761,119
Cash Received from Other Operating Income	170,768	170,806
Cash Received from Federal Government	138,497	-
Cash Paid for Grant Program	(138,497)	-
Cash Paid for Goods and Services	(2,009,357)	(1,711,922)
Cash Paid to Employee for Services	(3,386,228)	(3,458,240)
Loan Disbursements	(2,688,468)	(1,704,743)
Net Cash Provided by Operating Activities	341,270	1,486,556
Cash Flows from Noncapital Financing Activities		
Scholarship payments	(43,360)	(80,428)
Other Income	(5,319)	22,500
Interest Expense and Finance Charges	(9,533)	(14,323)
Net Cash Used in Noncapital Financing Activities	(58,212)	(72,251)
Cash Flows from Capital and Related Financing Activities		
Note Principal Payments	(69,674)	(67,289)
Acquisition of Property and Equipment	(134,966)	(78,800)
Net Cash Used in Capital and Related Financing Activities	(204,640)	(146,089)
Cash Flows from Investing Activities		
Interest Income	75,764	131,205
Net Purchase (Sale) of Investments	648,283	(638,312)
Net Cash Provided by (Used in) Investing Activities	724,047	(507,107)
Net Increase in Cash and Cash Equivalents	802,465	761,109
Cash and Cash Equivalents, Beginning of Year	6,622,110	5,861,001
Cash and Cash Equivalents, End of Year	\$ 7,424,575	\$ 6,622,110
Reconciliation of Operating Income to Net Cash Used in Operating Activities:		
Operating Income	\$ 1,362,814	\$ 1,132,289
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	521,363	516,851
Bad Debt Expense	848,377	1,070,198
Trust Fund Adjustment	-	(205,876)
Increase in Accounts Receivable	(626,359)	(225,220)
(Increase) Decrease in Prepaid Expenses	(7,248)	377,692
Increase in Loans Receivable	(2,018,203)	(1,151,367)
Increase in Accounts Payable and Accrued Expenses	215,944	226,772
Increase in Compensated Absences	30,252	18,395
Increase in Deferred Revenue	14,544	-
Decrease in Due to Other Funds	(214)	(273,178)
Net Cash Provided by Operating Activities	\$ 341,270	\$ 1,486,556

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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 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.

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, 2011 and 2010, the Authority received in appropriations totaling \$4,610,423 and \$4,780,328 from the Government of the Virgin Islands, together with \$2,174,423 and \$1,746,700 in transfers from the Virgin Islands Public Finance Authority pursuant to Act No. 7081; and \$1,664,083 and 1,598,747 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 (GAAP) as applied to government units. 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.

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, 2011 and 2010, the Authority maintained nine (9) and eight (8) major funds, respectively, or activities which constitute a major transaction of the Authority:

The following is a summary of these funds:

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

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

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.

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 and disclosures. 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, 2011 and 2010:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2011</u>
Cash and Cash Equivalents	\$3,362,593	\$4,061,982	\$7,424,575

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2010</u>
Cash and Cash Equivalents	\$3,174,873	\$3,447,237	\$6,622,110

Custodial Risk

Custodial risk is the risk that in the event of a 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, 2011 and 2010, accounts at each financial institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash in excess of this limit are \$11,443,902 and \$9,813,968 respectively, and are fully collateralized.

Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents at September 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Micro Credit Loan Program	\$1,444,859	\$1,117,330
Farmers and Fishermen Loan Fund	240,586	259,345
Frederiksted Revolving Loan Fund	260,647	259,341
Performance Bonding Loan Fund	1,388,833	1,240,887
Intermediary Relending Loan Fund	249,322	170,018
SBDA Revolving Loan Fund	342,266	214,992
SBDA Administration Loan Fund I	57,592	40,016
SBDA Administration Loan Fund II	77,836	135,308
Board Up Grant	41	10,000
	<u>\$4,061,982</u>	<u>\$3,447,237</u>

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, 2011 and 2010 were comprised of certificates of deposits and a money market fund totaling \$2,806,461 and \$3,454,744, respectively. Balances in excess of \$250,000 maintained in depository institutions are collateralized.

NOTE 4 RESTRICTED NET ASSETS

The restricted net assets at September 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Micro Credit Loan Program	\$ 2,675,389	\$ 2,736,301
GDB Funds – Start Up	2,624,600	2,597,404
Farmers and Fishermen Loan Fund	305,506	302,626
Frederiksted Revolving Loan Fund	260,625	259,319
Performance Bonding Loan Fund	2,962,524	1,749,771
Intermediary Relending Loan Fund	445,297	492,094
SBDA Revolving Loan Fund	802,796	938,341
SBDA Administration Loan Fund I	197,893	282,751
SBDA Administration Loan Fund II	248,319	351,831
Board Up Grant	41	4,193
	<u>\$ 10,522,990</u>	<u>\$ 9,714,631</u>

NOTE 5 UNRESTRICTED NET ASSETS

The Authority considers certain income as committed. These funds are set aside by management or the Board of Directors to carry out various mandates or to achieve certain objectives.

Workforce Development Fund – The fund implements a training program to assist residents in obtaining the necessary skills to enter the workforce. Receipts from fines imposed for violation of Economic Development Commission (EDC) rules and regulations are committed to this fund. The balance at year end totaled \$74,122.

Territorial Scholarship Fund – The fund provides scholarships. The balance at year totaled \$168,278.

NOTE 6 LOANS RECEIVABLE

Loans receivable at as of September 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Loan Principal	\$ 11,955,730	\$ 11,150,272
Allowance for Doubtful Accounts	(7,119,322)	(7,042,045)
Net Loans Receivable	<u>\$ 4,836,408</u>	<u>\$ 4,108,227</u>

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 2011 and 2010 were \$846,477 and \$986,759 respectively.

NOTE 7 RECEIVABLES

The receivable balances as of September 30, 2011.

	<u>Receivables</u>	<u>Allowance</u>	<u>Receivables, net</u>
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	<u>\$ 1,867,088</u>	<u>\$ (384,670)</u>	<u>\$ 1,482,418</u>

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

NOTE 7 - RECEIVABLES

(CONTINUED)

The receivable balances as of September 30, 2010.

	<u>Receivables</u>	<u>Allowance</u>	<u>Receivables, net</u>
Due from Vendor	\$ 8,636	\$ -	\$ 8,636
Interest Receivable	8,753	-	8,753
Performance Bonding Receivable	546,174	-	546,174
Rent Receivable	204,728	(111,781)	92,947
EDC Fees & Charges	442,424	(168,360)	274,064
Tax Increment Financing Fund	30,015	-	30,015
Total	<u>\$ 1,240,730</u>	<u>\$ (280,141)</u>	<u>\$ 960,589</u>

Total provision for uncollectible accounts during Fiscal Year 2010 was \$83,439.

NOTE 8 CAPITAL ASSETS

Capital assets are composed of the following at September 30, 2011 and 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>2011 Ending Balance</u>
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
Furniture and Fixtures	215,017	1,800	216,817
Vehicles	1,135,018	-	1,135,018
Leasehold Equipment	20,585	-	20,585
Total Capital Assets	<u>11,734,972</u>	<u>134,966</u>	<u>11,869,938</u>
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	<u>(8,432,876)</u>	<u>(521,363)</u>	<u>(8,954,239)</u>
Capital Assets, net	<u>\$ 3,302,096</u>	<u>\$ (386,397)</u>	<u>\$ 2,915,699</u>

Depreciation expense for the year ended September 30, 2011 totaled \$521,363.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>2010 Ending Balance</u>
Capital Assets			
Building and Building Improvements	\$ 9,148,427	\$ -	\$ 9,148,427
Leasehold Improvements	428,431	-	428,431
Equipment	710,870	76,624	787,494
Furniture and Fixtures	212,844	2,173	215,017
Vehicles	1,135,018	-	1,135,018
Leasehold Equipment	20,585	-	20,585
Total Capital Assets	<u>11,656,175</u>	<u>78,797</u>	<u>11,734,972</u>
Accumulated Depreciation			
Building and Building Improvements	(6,763,675)	(232,987)	(6,996,662)
Leasehold Improvements	(95,301)	(14,761)	(110,062)
Equipment	(597,884)	(46,406)	(644,290)
Furniture and Fixtures	(165,917)	(15,404)	(181,321)
Vehicles	(272,663)	(207,293)	(479,956)
Leasehold Equipment	(20,585)	-	(20,585)
Total Accumulated Depreciation	<u>(7,916,025)</u>	<u>(516,851)</u>	<u>(8,432,876)</u>
Capital Assets, net	<u>\$ 3,740,150</u>	<u>\$ (438,054)</u>	<u>\$ 3,302,096</u>

The related depreciation expense for the year ended September 30, 2010 totaled \$516,851.

NOTE 9 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, 2011 and 2010, the outstanding loan balance was \$440,054 and \$463,439 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, 2011 and 2010, the outstanding loan balance was \$32,974 and \$79,263 respectively.

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

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

As of September 30, 2010, the debts are composed of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loan Payable	\$ 487,986	\$ -	\$ (24,547)	\$ 463,439	\$ 23,739
Note Payable	122,005	-	(42,742)	79,263	46,289
	<u>\$ 609,991</u>	<u>\$ -</u>	<u>\$ (67,289)</u>	<u>\$ 542,702</u>	<u>\$ 70,028</u>

Future minimum payments to the U.S. Department of Agriculture and Blak Corporation are as follows:

2012	\$ 55,466
2013	22,717
2014	22,944
2014	23,173
2016	23,405
2017 - 2021	120,583
2022 - 2026	126,734
2027 - 2029	78,006
Total	<u>\$473,028</u>

NOTE 10 COMPENSATED ABSENCES

Compensated absences balance as of September 30, 2011 and 2010 were \$310,638 and \$280,386, of which \$110,553 and \$184,891 respectively are due within a year.

NOTE 11 LEASES

Lessor

The Authority leased a total of 26 buses to two tour bus operators on the island of St. Croix during the year. 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 less than four cruise ships dock at the Frederiksted Pier and 30% when more than four cruise ships dock.

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:

2012	\$187,313
2013	<u>112,770</u>
Total	<u>\$300,083</u>

Lessee

The Authority leases office space on a month to month basis for \$17,568 per month. In addition, the Industrial Park buildings are located on parcels of leased 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, 2011 and 2010 were \$298,470 and \$308,312 respectively. Minimum land lease payments as September 30, for each of the remaining two succeeding fiscal years of the original term of the lease are as follows:

2012	\$ 38,586
2013	<u>25,724</u>
Total	<u>\$ 64,310</u>

NOTE 12 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 such loans are issued. Deferred revenue represents advanced funds received from VIPFA in fiscal year 2009. The Authority plan to sell the buses and apply the funds to issues additional loans. The deferred revenue will be relieved as additional loans are made in the future.

NOTE 13 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 \$386,303, \$439,444 and \$351,302 for fiscal years 2011, 2010 and 2009, 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 14 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority has various outstanding commitments at September 30, 2011 and 2010 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 15 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 16 SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through February 10, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

	GDB	EDM	EDC	SBDA	IPDC	IRP	EZC	EDA	TIF	Eliminations	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 Refunding 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	492,536	-	-	200	-	620,952
Rental Income	-	-	-	-	-	-	-	-	-	492,536
Interest from Loans	122,877	-	-	46,572	-	25,224	-	27,430	-	222,103
Grant Revenue	-	-	-	-	-	-	-	-	-	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