UNITED STATES VIRGIN ISLANDS
Economic Development Authority

FY2011 ANNUAL REPORT


1830

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HOME DEPOT PHOTO: Photo submitted by The Office of the Governor of the USVI

COVER PHOTO: St. John, USVI   BACK COVER PHOTO: St. Croix, USVI

MISSION STATEMENT

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

THE VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

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

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

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

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THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE
Charlotte Amalie, V.I. 00802
340-774-0001

MESSAGE FROM THE GOVERNOR

As we continue to embrace the challenges of transforming our local economy during this economic crisis, I applaud the leadership of the Virgin Islands Economic Development Authority in its continuing diversification strategy to ensure the Territory's competitiveness in the global marketplace.

The VIEDA utilizes a two-pronged approach in meeting its mandate to spur economic growth throughout the United States Virgin Islands of St. Thomas, St. Croix, and St. John. Through its external marketing arm, the Authority provides tax incentives to companies interested in investing in the Territory and that provide an attractive return with incremental employment and economic activity. Internally, the VIEDA encourages and facilitates small business creation and offers to the risk-taking entrepreneur the necessary technical assistance and financial vehicles to succeed. These efforts collectively provide key opportunities for businesses and encourage residents to expand their horizons, ensuring that our economic development efforts benefit our local economy with more businesses and increased job creation.

VIEDA's five-year Strategic and Marketing Plan highlights the industries with the most potential for growth in the Territory. For much of the fiscal year, emphasis was placed on target marketing, including business development in specific categories, such as financial services, light manufacturing, and call centers. The Authority engaged a global lead generation firm to identify potential multi-national clients to provide a more targeted focus in dialoguing with the industries that would be beneficial to the Territory in our diversification, especially regarding being located in the U.S. Virgin Islands. I commend the two approaches of targeting and lead-generation marketing toward ensuring the plan's success and future business expansion throughout the Virgin Islands.

A tremendous amount of focus has also been placed on assisting local businesses with exporting needs, so they may better compete in the global economy of the 21st century. As part of this approach, the U.S. Virgin Islands applied for and received a federal grant from the U.S. Small Business Administration's State Trade and Export Promotion Program (STEP) to help the VIEDA prepare participants for the global market through a three-year, pilot trade and export initiative. The Authority applied to the U.S. Department of Treasury and was awarded a grant under the State Small Business Credit Initiative (SSBCI) to provide financial assistance through partnerships with local financial institutions. Through this effort, the Authority will loan one dollar for every ten dollars loaned to small businesses by local banks, another powerful incentive for Virgin Islands business development and expansion. Funding from the SSBCI will enable an additional $131 million being circulated throughout the Territory.

Similar aggressive efforts are being utilized to promote the VIEDA's entrepreneurship initiative, encouraging even more Virgin Islanders to participate in our economic revitalization. Thanks to the infusion of federal funds during the latter part of the fiscal year, the Territory is now in a better position to help local entrepreneurs with start-up and expansion capital for their business needs.

The small businesses of a local economy are the drivers of the innovation, job creation and the risk-taking culture so important to economic growth. This is just as true and probably more so in the U.S. Virgin Islands, and we should all salute our local entrepreneurs and their dedicated employees who contribute greatly to the Territory's quality of life and economic viability.

We anticipate a vibrant future for the U.S. Virgin Islands and will continue to put the building blocks in place and both strengthen our foundation and improve upon the financial and economic infrastructure already in place to ensure a brighter tomorrow for residents and visitors, alike.

John P. de Jongh, Jr.

John P. de Jongh, Jr.

The United States Virgin Islands
OFFICE OF THE LIEUTENANT GOVERNOR
1105 King Street
Christiansted, Virgin Islands 00820

MESSAGE FROM THE LIEUTENANT GOVERNOR

It gives me great pleasure to extend my congratulations to the Virgin Islands Economic Development Authority (EDA) and the Board of Governors for the EDA's FY 2011 Annual Report, as they steadfastly pursue their mission to create and support economic opportunities for the territory.

In these challenging economic times, we must all agree that returning the territory to a state of financial wellness requires the continued partnership of all stakeholders within the Virgin Islands. Overcoming challenges and exhibiting perseverance and skills to compete within the global marketplace takes dedication, focus, and confidence in what can be accomplished when we work together as a community.

The EDA's initiatives, goals and creativity in identifying areas of opportunity, and in building collaborative groups among the community stakeholders and organizations are extremely critical to our economic future and success. I pledge to remain as one of your committed partners in this endeavor to rebuild our economy, which thereby results in a better future for the people and the businesses of the entire Virgin Islands.

Sincerely,

Gregory R. Francis

Message from the Chairman of the Board

At the end of each fiscal year, it is customary to look back, to reflect upon what we could have done, should have done, and, if we are fortunate, what we have accomplished. We are indeed fortunate to recall the accomplishments of FY 2011, a year that was rife with challenges. We are proud to have been able to expand our capabilities by using both our imagination and the collective tools of the Virgin Islands Economic Development Authority (VIEDA) to continue to build the Territory's economy.

As business attraction decelerated, we focused on recapturing dollars that were moving out of the Territory and on retaining our current businesses. We are especially proud of our lending programs, owing to the strides made by the Government Development Bank (GDB) to create funding resources that provide flexible financing options for our small businesses. The GBA has made it is now possible for new entrepreneurs to enter the market, while it has assisted seasoned small business owners in keeping their doors open.

The third quarter of FY 2011 heralded the return of viable prospects for the tax-incentive program administered by the Economic Development Commission (EDC), as we saw new companies begin to submit applications for tax benefits. This is in stark contrast to FY 2010, a period when the total number of EDC beneficiaries remained at a standstill. We are confident that this positive trend will continue in FY 2012 as the labors of our marketing efforts and the confidence in our program begin to take root.

Our challenge in FY 2012 will be to weave an even tighter economic development blanket and use all of the VIEDA's resources and tools to bring prosperity to the Territory. While we recognize that our success depends on collaboration with many agencies and institutions from both the public and private sectors, we will continue to lead the charge to facilitate new revenue and opportunities to the Territory.

Sincerely,

Albert Bryan Jr.
Chairman of the Board

Message from the Chief Executive Officer

As we continue to confront the economic challenges which are a global reality, the Virgin Islands Economic Development Authority is taking several important initiatives in two very critical areas--combating job losses and devising strategies to address budget deficits. These are areas of significance, identified for their particular impact on the local economy. With our goals in sight, we are engaging in aggressive marketing initiatives nationally and internationally with the intent of luring manufacturing entities, call centers, and financial service industries to our shores.

We also recognize the singular importance of keeping the doors of our current businesses open and supporting them in every way possible. Thus, with regard to our Government Development Bank, we continue to pursue the refunding of our programs through the federal government with the objective of making financial and technical resources available to our small business community.

The Authority's Fiscal Year 2011 goal and objectives were developed consistently with our mission and mandate. As we embark on FY 2012, we remain cognizant of our mission to be a customer service-based organization which creates positive public and private sector partnerships for the enhancement of economic growth and development while meeting the challenges of our economy in general and serving the needs of our business community in particular.

Sincerely,

Percival E. Clouden
Chief Executive Officer

THE ECONOMIC DEVELOPMENT COMMISSION

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

APPLICATIONS DIVISION

The mission of the Applications Division, consistent with the Economic Development Commission (EDC) Program, is to facilitate the promotion of the growth, development, and diversification of the economy of the United States Virgin Islands by processing (evaluating, analyzing and preparing) application packages for submission to the V.I. Economic Development Authority's (VIEDA) Governing Board of Directors (hereafter referred to as "The Board") for consideration of a recommendation for the granting of economic development benefits.

VISION

The Applications Division is a functioning entity of the VIEDA that facilitates the mandate of enhanced economic sustainability and diversity in the U.S. Virgin Islands by processing applications expeditiously to ensure the program's integrity.

SHORT-TERM GOALS

In FY 2011, the Applications Division

- assisted the Marketing Division with increasing awareness about the EDC program
- continued its efforts to process all applications in a timely manner
- focused on enhancing the cost-benefit analysis tools used in the application evaluation process to ensure that all qualitative and quantitative data are appropriately collected to comprehensively ascertain fiscal and economic implications.
- focused on aggressively expediting all pending applications while addressing the issues that affect the timely issuance of approved certificates.

LONG-TERM GOALS

The Applications Division plans to

- continue its working relationship with the Marketing Division to actively recruit new applicants through trade shows, conferences, and target meetings
- periodically revisit strategic work-unit plans in the event that major shifts may occur in the national and international economic markets
- host mini-workshops with potential beneficiaries on the proper procedures for completing EDC applications to enhance stakeholders' understanding of applicable procedures and the timely processing of applications. This can ultimately lead to achieving the targeted 80-day timeline of processing applications.

HIGHLIGHTS AND ACTIVITIES

In FY 2011, the EDC received 17 applications. Fourteen (14) were new applications and three were received for extension or modification of tax benefits. Of the 17 applications received, 12 were approved by the Board for benefits; seven (7) are pending a decision by the Board, and one was tabled for additional information. The 14 new applications that were received represented 233 potential full-time jobs, a payroll of $6,797,409, and capital investments in the amount of $25,676,000.

NEW POLICIES AND PROCEDURES

To streamline the application process, the Applications Division completed a comprehensive revision of the current application adopted by the EDC. Additionally, a policy change was made by a resolution to reduce the period for an application to remain incomplete from the time it is submitted to the EDC to being scheduled for a public hearing. The resolution also reduces the period from the date of the public hearing to the completion date of the application, which is now six months from the filing date of the application.

ONLINE APPLICATIONS

The strategic initiative to implement the EDC online application has been completed. This added component to the EDC program provides the applicant with another method of filing EDC applications. The online version of the EDC application enhances and expedites the completion of the application process.

In FY 2011, the EDC received 14 applications compared to 11 that were received in FY 2010, a 22 percent increase that represents three (3) applications. Both payroll and investments increased by 72 percent and 60 percent , respectively, as depicted in Table 1 below. This is partly due to an increased interest in the EDC program resulting from the EDC online application, the website, and the work of the EDC's economic development practitioners. However, in addition to the impact of the global economic recession on our Territory, the 2004 American Jobs Creation Act continues to have an unfavorable impact on the EDC Program.

Below, Table 1 represents the quantitative analysis of the fluctuations in new applications received during the past six years.

TABLE 1-GRAPH 1: Economic Development Commission–FY Historical Application Information

Table 1: Economic Development Commission - FY Historical Application Information

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
# of Apps Received	28	24	26	24	11	14
# of Apps Approved	25	20	20	10	3	10
# of Apps Tabled or Denied	1	0	1	1	1	1
Apps Pending	2	4	6	13	7	6
Job Opportunities	743	1,218	213	282	60	233
Approx. Wages of New Apps	20,705,713	37,708,081	6,629,473	13,507,347	1,888,379	6,797,409
Minimum Potential Investment of New Apps	312,814,477	613,966,946	19,836,030	67,391,888	10,393,300	25,676,000

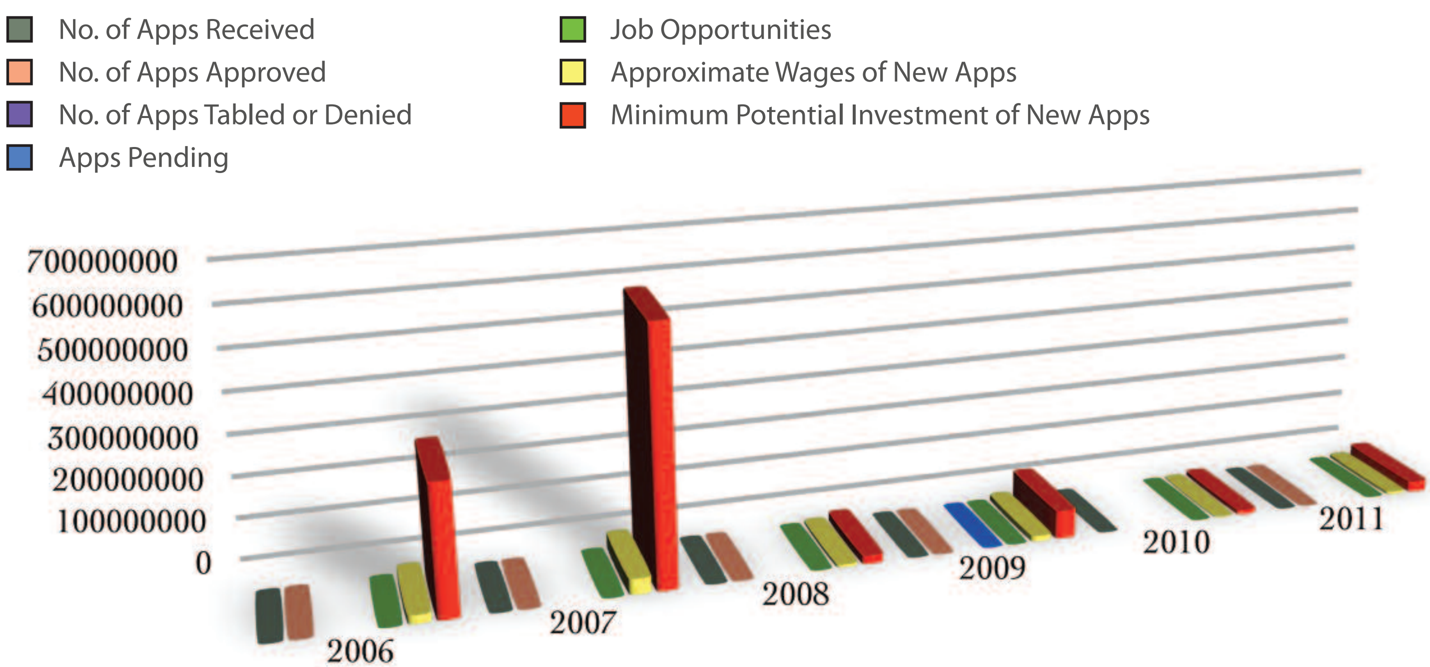
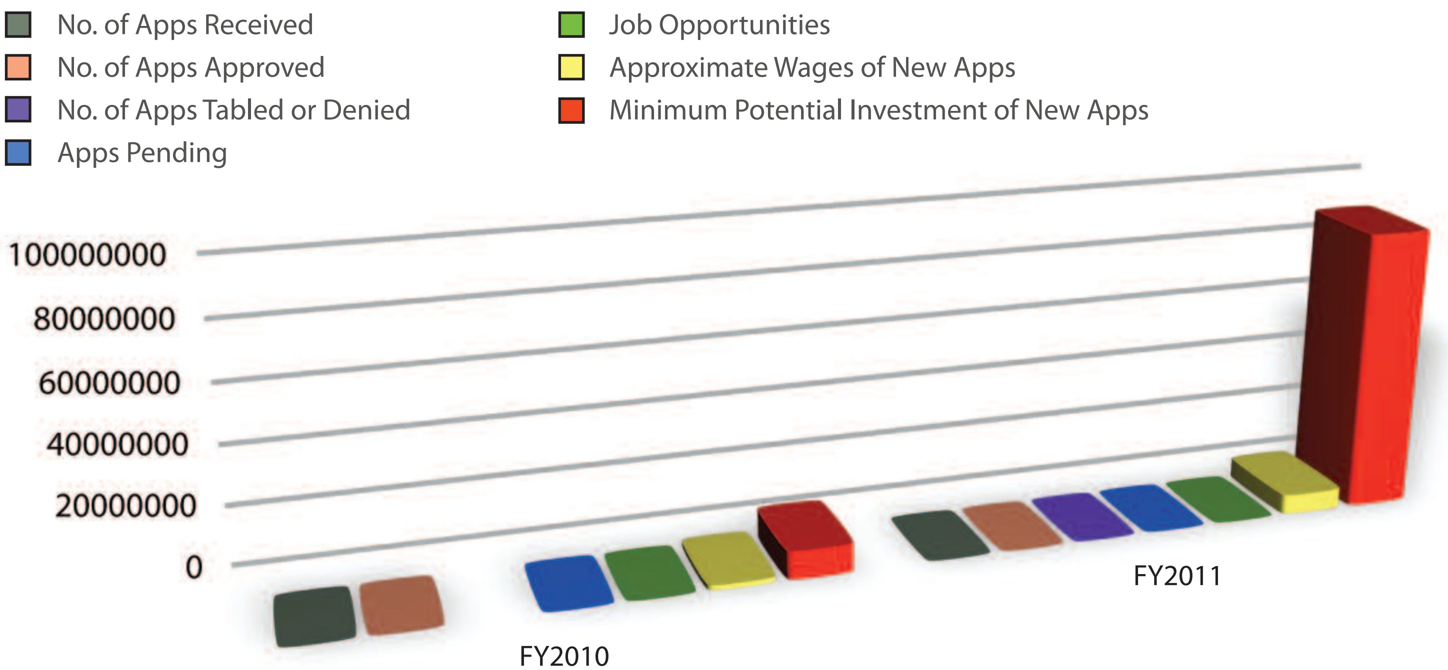


TABLE 2-GRAPH 2: Economic Development Commission–FY Historical Application Comparison

TABLE 2: APPLICATION - COMPARISON TO PRIOR YEAR STATISTICS	FY2010	FY2011
Applications Received	9	20
Applications Approved	2	11
Applications Tabled/Denied	0	2
Applications Pending	6	7
Job Opportunities	48	236
Approximate Wages of New Applications	$1,576,379	$6,517,410
Minimal Potential Investment of New Applications	$9,325,000	$93,076,000



Despite the effects the economic downturn has had on the EDC Program, there was a moderate increase in the number of inquires made and applications submitted during the last fiscal year. Our strategic approach in FY 2011 was to focus on retaining the current EDC beneficiaries. However, the Applications Division continued to seek opportunities to attract new investors to the Territory, recognizing that both business retention and attraction contribute to the sustainability and growth of the economy. To achieve these objectives, members of the Board responded favorably to the requests of beneficiaries for modifications, extensions and requirement waivers.

COMPLIANCE DIVISION

The Compliance Division ensures the integrity of the Economic Development Commission Program and assists the beneficiaries in meeting the requirements outlined in their certificates of benefits. The certificates are usually provided for new applicants, for extension or transfer of benefits, or for waivers of standard requirements. The Compliance Division reports its findings to the Commission, which has the legal authority to assess fines for non-compliance. Funds derived from such penalties may be used to support education, workforce development, and training programs within the Territory.

HIGHLIGHTS AND ACTIVITIES

ORIENTATIONS

During FY 2011, 14 certificates of benefits for beneficiaries were executed. Of these certificates, seven(7) were issued to new beneficiaries in these respective industries: five(5) Designated Service Businesses, one(1) in the SBP/Marine Industry, and one(1) Manufacturer. One of these businesses was granted benefits under the EDC's Small Business Program.

Of the 14 certificates, these remaining five(5) beneficiaries received extensions: four(4) hotels and one(1) Marine Industry business. Two(2) Designated Service Businesses received a transfer of benefits. Two(2) transfer certificates were issued and 10 orientations were performed which included one contract that was executed in the previous fiscal year.

The certificates issued to beneficiaries during FY 2011 contributed to the employment of 1,033 full-time employees, annual wages of approximately $18,363,339, investments of approximately $30,658,000, annual contributions of $727,500, and annual scholarships of $33,000.

TABLE 1: Certificates of Benefits Issued in FY 2011

BENEFICIARIES		INDUSTRY
Cane Bay Partners VI, LLLP	(New)	DSB - Investment Management
Caribbean Inflatable Boats & Liferafts	(New)	SB - Marine Facility
Celtic Therapeutic Management	(New)	DSB - Investment Management & Advisory Services
Diamond Rock Frenchman's Owner	(Ext)	Hotel
Emerald Beach Corporation	(Ext)	Hotel
Financial Trust Company	(Ext)	DSB - Investment Management
IGY-AYH St. Thomas Holdings	(Transfer)	SB - Marine Facility
Kazi Management St. Croix	(New)	DSB - Investment Management
Kazi Management VI, LLC	(Transfer)	DBS - Investment Management
Lexington Management, LLC	(New)	DSB - Investment Management
Oson VI	(New)	DSB - Investment Management
Sugar Bay Club & Resort Corp.	(Ext)	Hotel
The Buccaneer, Inc.	(Ext)	Hotel
Tropical Plastic Corporation	(New)	Manufacturer - Plastic Bottles
White Bay Group USVI, LLLP	(New)	DSB - Investment Management

As of September 30, 2011, there were 93 active companies in the EDC Program.

PETITIONS TO THE BOARD

A total of 21 petitions submitted by beneficiaries were presented before the Board for deliberation. Nine (9) beneficiaries requested Extensions or Waivers of Employment, two (2) requested Procurement Waivers, two (2) requested Suspension of Benefits, four (4) requested Termination of Benefits, one (1) petitioned for a Procurement Waiver, one (1) requested a waiver of Life Insurance, one (1) petitioned for a Contribution Waiver, and one (1) petitioned for an Extension of Investment Deadline:

TABLE 2: Beneficiaries and Petitions in FY 2011

BENEFICIARY	PETITION
567 SGB, LLC	Employment Extension
Alliance Management Partners, LLC	Employment Waiver
Alpha Value Worldwide, Inc.	Termination
Atlantic Industries, Inc.	Employment Extension
American Management Solutions	Suspension of Benefits
AVisco, LP	Extension of Deadline
Diamond Rock Frenchman's Owner	Employment Waiver
Diamond Rock Frenchman's Owner	Procurement Waiver
Feddersen Designs, LLC	Extension of Investment Deadline
Grapetree Shores d/b/a Divi Carina Bay	Procurement Waiver
Golden Eagle Financial, LLLP	Employment Waiver
Heavy Materials, LLC	Contribution Waiver
Intrepid Investments, LLC	Employment Deadline Extension
Patriot Lift Company, LLC	Employment/Internship Waiver
Professional Holding Company VI, LLC	Waiver Life Insurance
Standard Pacific Capital Holdings, LLLP	Termination
TAG Virgin Islands, Inc.	Extension Employment Waiver
Tropico Management LP	Termination
Windward Capital LLC	Employment Waiver

COMPLIANCE REVIEWS

REPORTS As of September 30, 2011, 14 compliance reports were completed as reflected below. Of the completed reports, six (6) beneficiaries were found to be in full compliance with their certificates of benefits. Additionally, eight (8) reviews were being finalized with draft reports submitted for the Directors' review.

COMPLIANCE REPORTS COMPLETED AS OF September 30, 2011	
Bates Trucking & Trash Removal	Non-Compliance Scholarship
CBI Acquisitions, LLC	Non-Compliance Procurement
Clearwater Consulting Concept, LLLP	Non-Compliance - Show Cause
Denali Asset Management, LLLP	Full Compliance
Drury Capital, Inc.	Non-Compliance Residency
GeoNet BioFuels, Inc.	Full Compliance
Lizard Management, VI LLLP	Non-Compliance Procurement & Special Conditions
Marmarus Management Company, LLC	Full Compliance
Odyssey VI, LLLP	Non-Compliance Procurement & Special Conditions
Sparco Management, LLLP	Non-Compliance Procurement & Special Conditions
TAG Virgin Islands, Inc.	Non-Compliance Procurement & Special Conditions
Tutu Park LTD	Full Compliance
US Viking, LLC	Full Compliance
Windward Capital, LLC	Full Compliance

COMPLIANCE REPORTS IN PROGRESS AS OF September 30, 2011	
Bellavista Properties, Inc.	St. Thomas Plastic Bottle Manufacturer, Inc.
BD Specialties d/b/a Billy Dees Special Tees	The March Group
Communications Technologies, Inc.	Tropico Management, LP
Four Winds Plaza Corp.	Valance Company, Inc.
Gemini Design, Inc.	Yacht Haven USVI, LLC
Global Capital Advisors, LLC	Plantation View, Inc.
HAI-2	Palms Court Harborview
Kazi Management	Secret Harbor Beach Resort

RESOLUTIONS

RESOLUTIONS Twelve (12) compliance cases were presented to the Board for deliberation on non-compliance matters. Two (2) beneficiaries were granted reprieves, one (1) was found in compliance, one (1) was settled, one (1) was granted an extension to comply, two (2) were deemed in compliance, one (1) was suspended, one (1) was ordered to show cause, and one (1) was assessed a penalty of $5,000. See findings and resolution details below.

COMPLIANCE REPORTS RESOLUTIONS AS OF September 30, 2011		
Bates Trucking & Trash Removal	Scholarship Requirement	Accepted $7,000 in contributions made in lieu of scholarships.
Caribbean Reservations	Charitable Contribution	Extensions granted to fulfill shortfall of $60,570.
Clearwater Consulting Concepts	Ordered to show cause - Employment; Reporting Requirement; Falsify information	Accepted settlement offer made to Board pending final terms of agreement.
Drury Capital, Inc.	Residency Requirement	$2,500 to EDC Industrial Promotion Fund
Globalvest Management Company, LP	Internship Requirement	Approved to make a contribution of $20,000 to UVI-CELL to satisfy the shortfal and deem in compliance.
Mario Virgin Crystal	Charitable Contribution & Medical Insurance	Granted a reprieve
MIFR (Virgin Islands) n/k/a Diamond Rock Frenchman's Owner	Procurement Requirements	Assessed a $5,000 fine (10 violations @ $500)
Redhead Management, Inc.	Charitable Contribution & Retirement Plan	Granted a reprieve w/proviso if certificate is reactivated.
South Bay Partners, LLLP	Procurement Requirements	Rescind findings and deem in compliance
Sparco Management, LLLP	Residency, Reporting & Contribution Requirements	$2,500 to the EDC Industrial Promotion Fund $2,500 to the Territorial Scholarship Fund $2,500 to the University of the Virgin Islands
TAG Virgin Islands,LLC	Employment & Educational Assistance	$14,727.32 (employment) and $40,280 (educational assistance to be paid to the EDC Industrial Promotion Fund
Tropex, Inc.	Educational Assistance	$2,200 to University of the VI

ELIGIBLE SUPPLIERS

Forty-one (41) applications were filed in FY 2011. Thirty-four (34) applications were approved and four (4) were denied. See the following table.

ELIGIBLE VIRGIN ISLANDS SUPPLIERS CERTIFIED in FY 2011	
APPLICANTS	TYPE OF BUSINESS
3RC	Gasoline, Propane & Diesel
Anthony Miller d/b/a Island Digital	IT Services
Billy D's	Screen Printing, Clothing Manufactory
Budget Rent a Car	Car Rental Services
Caribbean Industrial Products, LLC	Sanitation & Cleaning Products
C&C Painting	Painting Contractors
Electricity Wise Strategies	Energy Saving Solar Systems Conservation
Enviro Tech Solutions	Environmental Consulting & Field Management
Fibernet	Computer Network & Fiber Optics Installation
Follman Construction	Construction Contractor
Frank Hazel Landscaping	Masonry & Tile
Harrigan's Asphalt Paving & Seal Coating	Asphalt Paving
Hera Psaros d/b/a Design Lab	Interior Decorating
Holiday Construction	Construction Contractor
Hospitality Management Goods & Services	Masonry & Carpentry
Instrument and Control Systems	Electrical Construction & Maintenance
Island Cash	Cash Processing & ATM Services
Itiba	Skin Care Products
JRS Voice & Data Independent Contractor	Data Wiring Installation
John Lewis d/b/a Lewis Consulting	Business & Management Consulting

Eligible Suppliers table (continued)

Jeremy Francabandero	Carpentry
Kilroy	Dry Cleaning
LA View, LLC	Masonry & Carpentry
Leon A. Monsanto d/b/a Monsanto Electric, Inc.	Electrician
M-Squared, LLC	Interior Design
March-Chelle d/b/a #1 Steam Carpet Upholstery	Cleaning & Janitorial
Ramesh Williams d/b/a Light & Bulbs	Lights & Bulbs
Reef Transportation	Ferry Transportation
Resort Adventure Centers, Inc.	Recreational, Excursions and Tours
Serenity Builders	Construction Contractors
St. Thomas-St. John Underground Utilities	Electrician
SK Tile & Plaster	Masonry & Tile
St. John Projects, Inc.	Management & Consulting
Xecutive Waste Management & Rentals	Septic Tank Waste

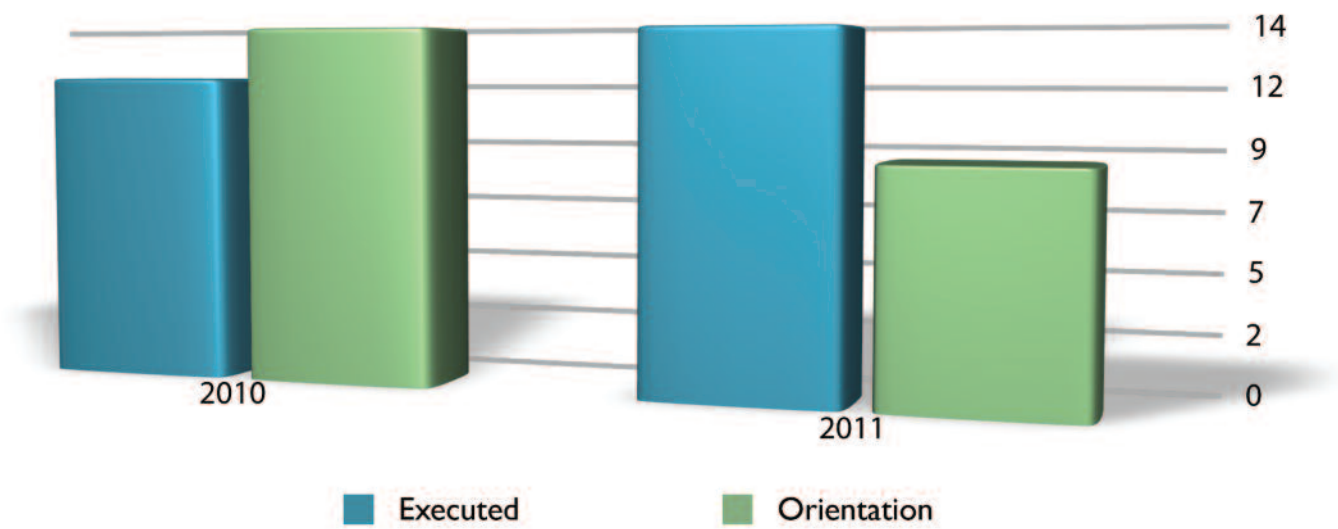
The Compliance Division completed a review of all Eligible Virgin Islands Suppliers in this program and a total of 150 were removed from the listing due to their failure to comply with annual reporting requirements to update their certification. At the end of the fiscal year, 10 businesses were recertified as Eligible Virgin Islands Suppliers and were re-added to the supplier listing.

As of September 30, 2011, a total of 293 businesses are certified as Eligible Virgin Islands Suppliers.

STATISTICAL COMPARISONS
FY 2009 through FY 2011

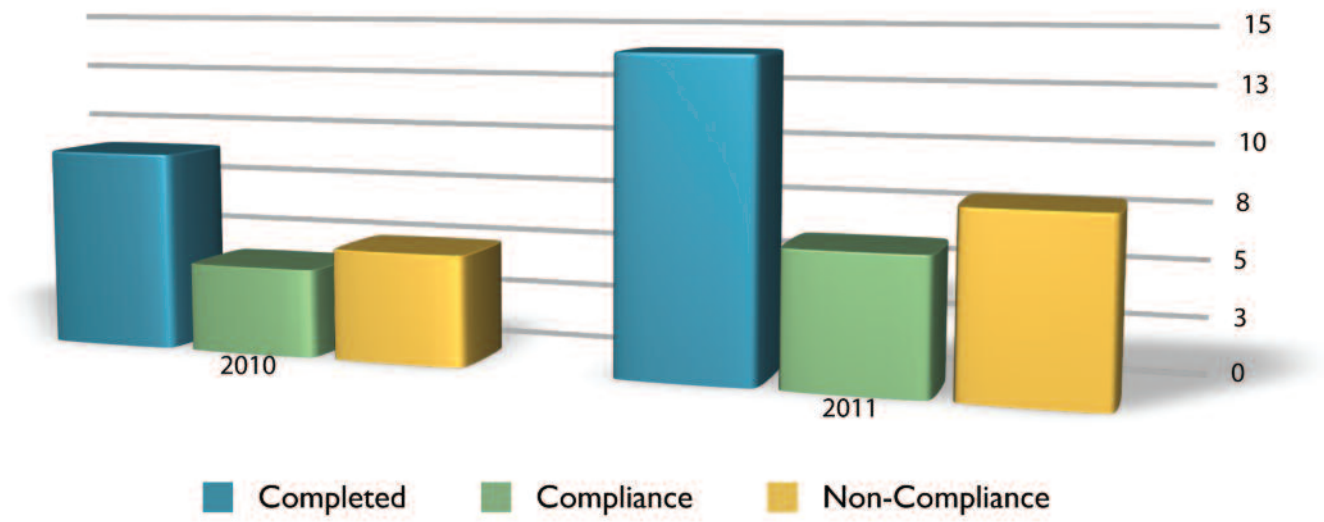
EDC CERTIFICATES

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Executed	27	16	18	15	14	12	14
Orientation	26	19	16	11	9	14	9



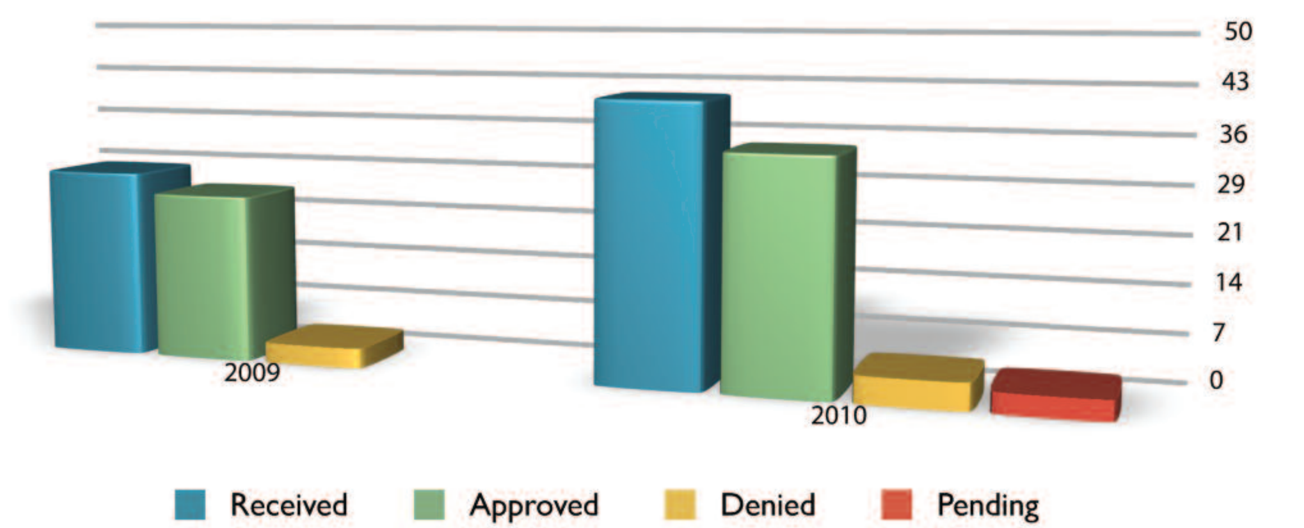
COMPLIANCE REPORTS

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Completed	17	26	14	14	25	9	14
Compliance	8	12	7	9	13	4	6
Non-Compliance	9	14	7	5	12	5	8



ELIGIBLE SUPPLIERS

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Received	30	28	36	47	46	28	41
Approved	32	23	23	43	29	25	34
Denied		2	0	3	7	3	4
Pending		3	13	4	13	0	3



INDUSTRIAL PARK DEVELOPMENT CORPORATION

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

The **William D. Roebuck Industrial Park**, located between the historic towns of Christiansted and Frederiksted on the island of St. Croix, is the larger of the two industrial parks. Situated within four (4) adjoining buildings, this park consists of 148,160 square feet of commercial space of which 75,176 square feet is currently occupied by three (3) beneficiaries of the Economic Development Commission's tax incentive program, or the EDC Program, along with AEG Services/Virgin Islands New Generation Network (viNGN). At the end of FY 2011, 51 percent (51%) of the space was occupied, a five percent (5%) increase in occupancy from the previous year.

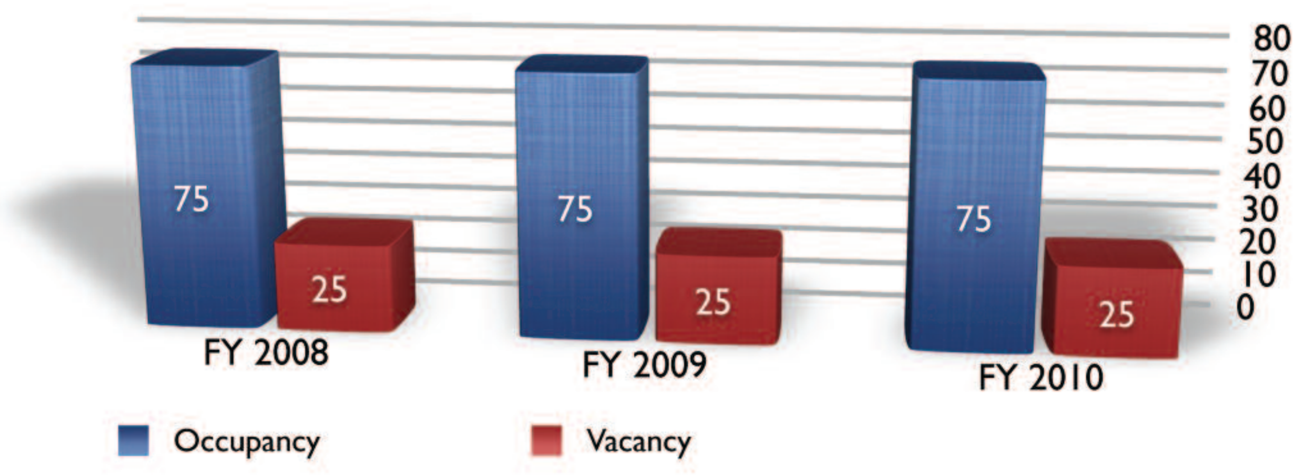
Consisting of 20,000 square feet of commercial space, the St. Thomas Industrial Park, which is also occupied by three (3) EDC companies, has experienced an occupancy level of 75 percent (75%) for the past four (4) fiscal years. The IPDC is solely funded by rental income.

The occupancy levels in both parks are expected to increase since the U.S. Department of Commerce has lifted occupancy restrictions that limited the leasing of park space to only EDC companies. Now that the space can be leased on the open market, the VIEDA is likely to receive an onslaught of inquiries from prospective clients.

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

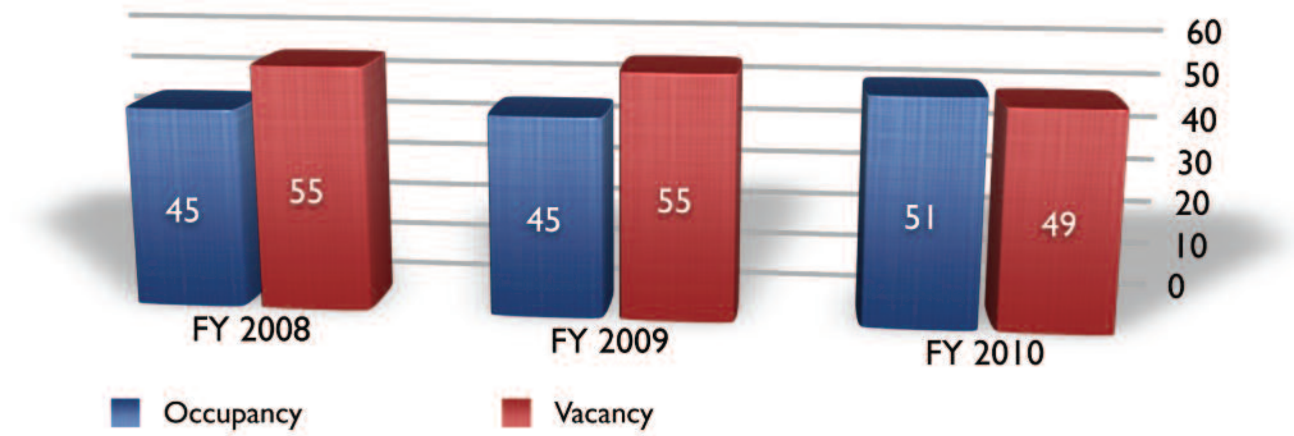
VI INDUSTRIAL PARK DEVELOPMENT CORPORATION - OCCUPANCY / VACANCY (%)

ST. THOMAS



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

WILLIAM D. ROEBUCK



EDA LENDING DIVISION (GOVERNMENT DEVELOPMENT BANK)

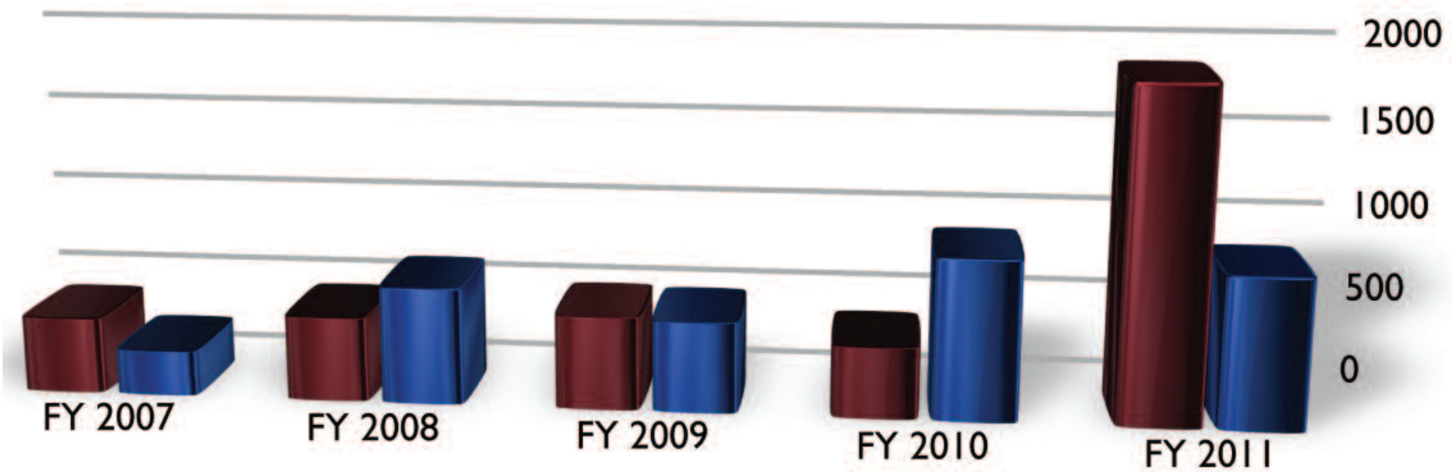
The Government Development Bank (GDB) of the U.S. Virgin Islands was created by legislation in 1978 "to aid the insular government in the performance of its duties to develop the economies of the United States Virgin Islands," but it was not until 1997 that the GDB was actually funded, staffed and began its operations. Since that year, the GDB has provided access to capital for small and medium-sized businesses in the Territory.

The overall picture for the GDB, one of two entities in the Lending Division of the VIEDA, was positive throughout the fiscal year, with a 107% increase in the dollar value of the loans approved, a 13 percent (13%) increase in collections and the addition of two (2) new loan programs.

LOAN FINANCING

During FY 2011, the Lending Division processed 36 loan packages for financing under the GDB/SBDA loan programs. Of that amount, 27 loans were approved and five (5) were declined. By the end of the fiscal year, the total loans processed were valued at $2,758,958, which represents an increase of $1,429,458, or 107% over the previous fiscal year. This increase may be attributed to the increase in the dollar amounts of the loans processed. The St. Croix district received $1,944,347 to support 15 loans, and the St. Thomas-St. John district received the remaining $814,611 for 12 loans. Four (4) loans were declined in the St. Croix district and one (1) in the St. Thomas-St. John district.

LOANS APPROVED FOR STX vs STT/STJ					
LOANS APPROVED FOR:	FY2007	FY2008	FY2009	FY2010	FY2011
STX (RED)	$435.0	$484.3	$535.0	$409.0	$1,898.3
STT/STJ (BLUE)	$259.0	$668.0	$512.5	$920.5	$860.6



The GDB continues to administer and monitor the Intermediary Relending Program (or IRP Loan), a component of the U.S. Department of Agriculture; the Micro-Credit Loan Program (or MICRO Loan); the Farmers and Fishermen Loan Program; the Transportation Loan Program; and the Economic Development Loan Program. The current IRP loan portfolio consists of 12 loans valued at approximately $528,388 and the Micro-Credit loan portfolio consists of 148 loans valued at approximately $2,677,063. The Farmers and Fishermen loan portfolio consists of 74 loans valued at approximately $268,676, and the Economic Development Loan Program consists of 14 loans valued at approximately $1,804,380.

In FY 2011, in response to the VIEDA's federal grant application, the U.S. Department of Treasury awarded the Territory $13.1 million as a participating state in the State Small Business Credit Initiative Program (SSBCI). This program was established by the 2010 Small Business Jobs Act which led to the development of a new and innovative loan program that was designed to help small businesses expand and create jobs in the Territory. Designated by Governor John P. deJongh, Jr. as the entity to implement the SSBCI for the U.S. Virgin Islands, the VIEDA's GDB will use SSBCI funds to support a Collateral Support Program ($3,601,424); a Credit Guarantee Program ($4,084,176); and a Payment, Surety, and Performance Bonding Program ($5,000,000). The SSBCI program will provide one dollar to every $10 loaned to small businesses through approved local banks which have the potential to circulate $131 million in loans throughout the Territory.


Tufline

COLLECTIONS

The Lending Division has shown a steady increase in collections. In FY 2011, collections were recorded at $176,596 representing a 23 percent (23%) increase over the previous fiscal year. This increase was due primarily to the assistance of two independent collection agencies - one in each district - that have been assigned to accounts that have been delinquent for 151 days or more.

OTHER LOAN PROGRAMS

The **Tour Bus Leasing Program**, established three years ago to enhance St. Croix as a competitive cruise ship destination, is currently being utilized by two tour bus operators. At the end of the fiscal year, a total of 26 buses were being leased by the two operators. The Tour Bus Leasing Program will be reviewed for continuity purposes in FY 2012.

The **Bonding Surety Program**, which is designed to assist small and medium-sized contractors in obtaining performance and payment bonds is now in its second year. During FY 2011, the Lending Division reported a total of six (6) bonds that were valued at $807,097.

The **Virgin Islands Energy Loan Rebate Program**, in the second quarter of FY 2011, issued a total of 410 loans valued at $1,024,782 compared to 175 loans valued at $1,024,782 at the end of FY 2011 in comparison to 175 loans valued at $406,637 during the previous fiscal year. This **Energy Loan Rebate Program** was created to provide homeowners and small business owners with opportunities to finance the purchase and installation of Solar Water Heaters.

AWARD MAY 2011

In FY 2011, the GDB received the Financial Advocate of the Year Award from the U.S. Virgin Islands Small Business Development Agency (SBDC) during Small Business Week in the Territory.

EDA LENDING DIVISION (SMALL BUSINESS DEVELOPMENT AGENCY)

The Small Business Development Agency (SBDA) was originally created by legislation in 1969. Since its inception, the SBDA has been one of the catalysts in developing the economy of the U.S. Virgin Islands through its lending programs. This agency currently has the following six (6) loan programs in its lending portfolio: the Small Business Development Agency Direct Loan Program; the Farmers and Fishermen Loan Program; the Frederiksted Loan Program; the Economic Development Administration Loan Programs 3801 and 3804, which are components of the U.S. Economic Development Administration (U.S. EDA); and the Transportation Loan Program, which was introduced in FY 2010.

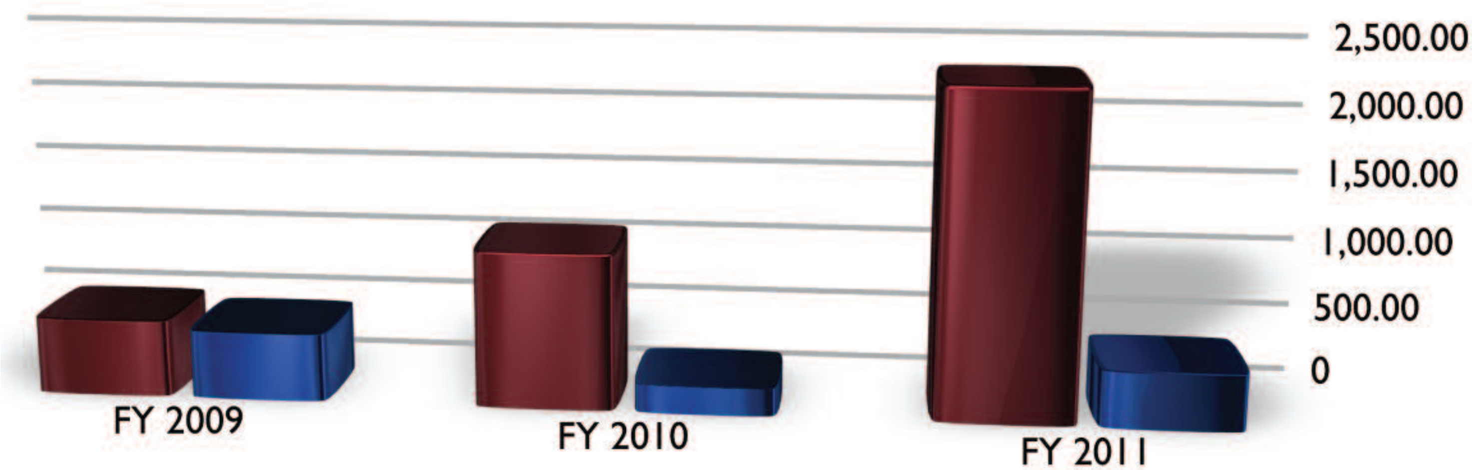
HIGHLIGHTS AND ACTIVITIES

A new loan initiative that was added to the SBDA's loan portfolio is the State Trade and Export Promotion Program, or STEP. During the fourth quarter of FY 2011, a federal grant in the amount of $489,646 was awarded to the Territory by the U.S. Small Business Administration for this program. This three-year pilot trade and export initiative authorized by the Small Business Jobs Act of 2010 is designed to help the small business sector of states and territories grow, create jobs, increase their exporting activities, and raise the value of exports for those small businesses that are currently exporting goods and services.

Presently, the SBDA loan portfolio has a total of 226 loans valued at approximately $5,837,224. The SBDA Direct Loan portfolio has 202 loans valued at approximately $5,275,941. The Frederiksted Loan portfolio comprises 10 loans valued at approximately $117,311; the EDAS 3801 loan portfolio consists of five (5) loans valued at approximately $249,785; and the U.S. EDA loan portfolio consists of nine (9) loans valued at approximately $194,207.

The graph below depicts loans approved under the GDB and SBDA Loan Programs for both the St. Croix and the St. Thomas/St. John districts for FY 2009 through FY 2011.

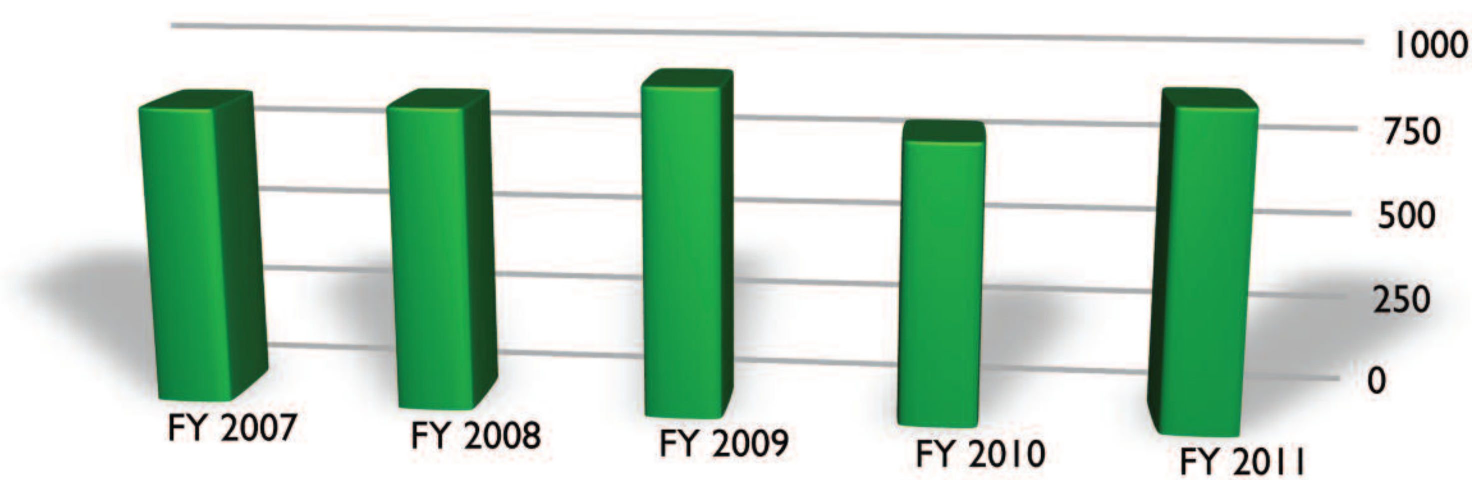
LOANS APPROVED FOR GDB vs SBDA			
LOANS APPROVED FOR:	2009	2010	2011
GDB (RED)	$555.0	$1,128.5	$2,325.9
SBDA (BLUE)	$492.5	$201.0	$406.0



COLLECTIONS

As previously stated, collections have continued to improve over the past six consecutive years and more recently with the assistance of two independent collection agencies. In FY 2011, the SBDA collected a total of $932,429, a 23 percent (23%) increase compared to $756,833 in FY 2010. The chart below depicts the total collections received for the GDB and SBDA loan programs combined:

TOTAL COLLECTIONS					
	FY2007	FY2008	FY2009	FY2010	FY2011
TOTAL COLLECTIONS	$844.4	$859.1	$928.2	$793.7	$897.6



ENTERPRISE ZONE COMMISSION

The Enterprise Zone Commission (EZC) was created by the Virgin Islands Legislature with the passage of Act. No. 6294 to revitalize blighted and distressed communities which once were socially and economically vibrant. The authorizing act provides for tax incentives and economic development benefits free from regulatory barriers which inhibit economic growth. The act also encourages collaboration among public, private and non-profit entities in order to accomplish the desired objectives.

For the last five years, the Enterprise Zone Commission has been dedicated to the revitalization of depressed and distressed neighborhoods and communities within the Virgin Islands. Applicable zones have been identified within the towns of Christiansted and Frederiksted on the island of St. Croix and the historic neighborhood of Savanne on St. Thomas.

Despite the challenges of revitalizing mixed-use neighborhoods with limited funding, the Enterprise Zone Commission continues to be performance and results-driven. Over the last five (5) years, expenditures by the EZC's beneficiaries have averaged $1.1 million annually. In FY 2011 there were approximately 35 businesses which were either created as a result of the Enterprise Zone Program or which were able to expand their scope as a result of its benefits. In Fiscal Year 2011, the EZC Program expanded by 77%, which represented a commitment of $881,000 in investment and direct employment estimated at 70 jobs. A FY 2011 cost-benefit analysis of the program shows that for every $1 forgone in taxes, $7.19 has been expended in the community by EZC beneficiaries. This accounts for direct expenditures only.

COST: BENEFIT	CUMULATIVE	FY2010
Rehabiltation Investment	$2,612,905	$293,054
Machinery	$89,553	$12,189
Total Capital Investment	**$2,702,458**	**$305,243**
Salary	$2,766,611	$251,719
TOTAL BENEFIT	**$5,469,069**	**$556,962**
Capital Investment (towards income/gross)	$653,227	$73,264
Employee Allowance (towards income/gross)	$9,000	$3,000
Machinery Allowance (towards income/gross)	$8,955	$1,219
Property Tax Differential	$0	$0**
TOTAL COST	**$671,182**	**$77,483**
COST: BENEFIT	**1 to 8.15**	**1 to 7.19**

The success of the Enterprise Zone Commission is due to ongoing collaborations with public, private and non-profit organizations within the Territory and to the programs developed by the Commission.

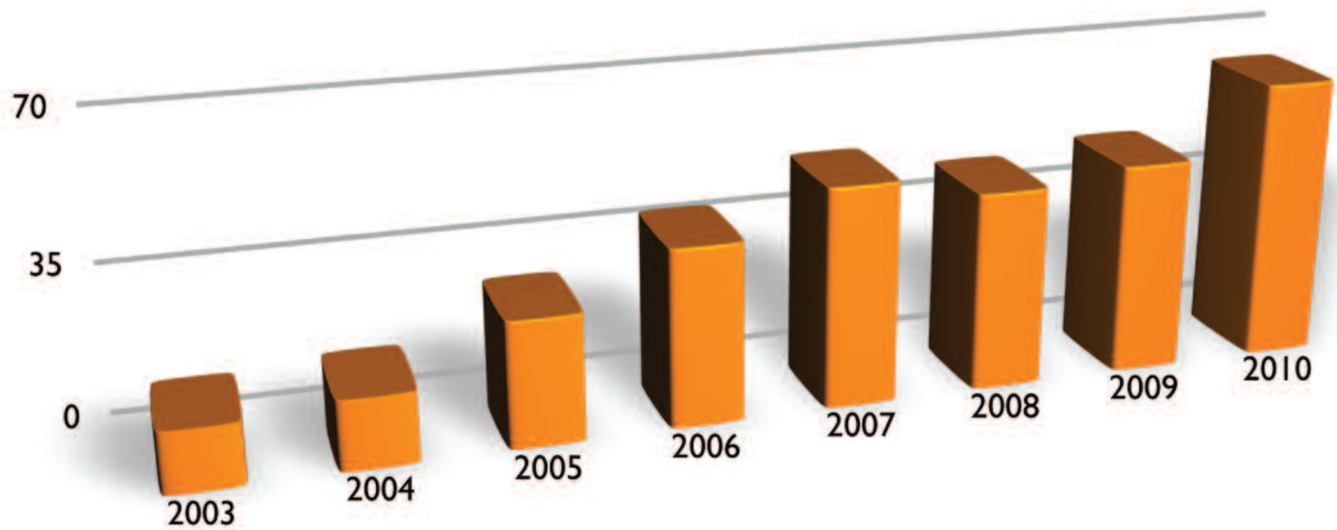
PUBLIC SAFETY & CRIME PREVENTION

Public Safety and Crime Prevention continues to be a challenge for the Enterprise Zone Commission, as crime continues to rise within the neighborhoods. However, there has been some positive activity. In 2009, for example, the Enterprise Zone Commission applied for an Edward Byrne Grant to board up abandoned buildings which were identified by the Police Department, Fire Services, and the Department of Health as being public nuisances within the zones. A major concern was that some buildings were being used for illicit activities.

The board-up process included contacting property owners for permission to enter their buildings, requesting the approval of the Historic Preservation Committee, purchasing materials, and working with the Department of Public Works to secure each building. With a grant of $40,000 from the Law Enforcement Planning Commission (LEPC), two phases of board-ups were completed in FY 2011.

Perhaps the EZC's most significant achievement for the year was a summer program which engaged the youth of one EZC community. Due to cost-saving measures implemented by the Enterprise Zone Commission, the agency was able to conduct the summer program which involved neighborhood youth in the painting of renderings on the boarded-up buildings. This program will be expanded and duplicated in all three enterprise zones during FY 2012.

JOBS CREATED - ENTERPRISE ZONE TAX CREDIT PROGRAM							
FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
14	16	29	41	51	46	49	65



INFRASTRUCTURE, HOUSING AND NEIGHBORHOOD DEVELOPMENT

Infrastructure, Housing and Neighborhood Development is the key to achieving the Enterprise Zone Commission's mandate of revitalization. The challenge in accomplishing the mandate is primarily due to the lack of funding and to the issue of multiple ownership (ownership of a single property by several persons). For the last three years, the Enterprise Zone Commission has undertaken an educational campaign focused on educating property owners about the challenges of multiple ownership during its very successful Estate Planning Conferences. The attendance at these conferences has grown each year, and to date almost 400 residents have attended.

During FY 2012, funding will be sought for the introduction of two new programs. The first, entitled Save-A-Building Program, is a joint initiative between the EZC and property owners. The goal is to identify and repair valuable properties that are in disarray and to place them for rental on the open market. Upon recovery of funds expended on these properties, the EZC will return them to the respective owners. Owners will be required to utilize the time period in which their property is within the control of the EZC to establish a process by which these properties will subsequently be managed and maintained.

The second program is the Historic Walk, which will improve streetscapes and have neighborhood youth research the history of certain historic buildings with the goal of placing identifying markers on buildings that are of historic significance.

TOWN PLAN IMPLEMENTATION

The Enterprise Zone Commission began work on plans for the historic towns of Christiansted, Frederiksted and Savanne in FY 2011. This was mandated by the Enterprise Zone Strategic Plan and the passage of Act No. 7197, the latter offering tax incentives to promote the planned growth of the enterprise zones. In conjunction with its stakeholders Our Town Frederiksted and the Frederiksted Economic Development Association, the staff of the Enterprise Zone Commission has begun work on the Frederiksted Plan.

The consolidated plan for Frederiksted is the result of a collaborative effort by many stakeholders. The completion of the first draft can be attributed to this collaboration. After a review by the stakeholders, a public meeting will be scheduled to encourage further input. It is expected that the Frederiksted Plan will be completed by Spring 2012.

However, the fiscal year will be dominated by the activities of the Christiansted and Savanne charrettes, which will run concurrently. Nonetheless, plans for both of these areas are expected to be completed by December 2012.

BUSINESS DEVELOPMENT

During FY 2011, the Governing Board of the Enterprise Zone Commission granted tax benefits to the following five (5) businesses: Chelsnia II, Blackbird Properties, Inc., Diane Russell, Juanita Fergus, and Samuel & Rosemary Grey. These entities have proposed to invest more than $881,000.

ENTERPRISE ZONE BENEFICIARY CARE PROGRAM

COMPANY NAME	LOCATION
A&N Holdings II, LLC	20-20A Market Street, Frederiksted St. Croix, VI
Kalima Center, Inc.	#54 King Street, Christiansted St. Croix, VI
Larry R. WitKop	No. 21 Regjerrings Gade, Savan St. Thomas, VI
Orneth La Corbiniere d/b/a Kings Court	16 & 17 King Street, Christiansted St. Croix, VI
Bhawandeen Persad, Inc.	22 Gamle Gade, Savan St. Thomas, VI 00802
Morymac, LLC	9B Prince Street, Christiansted St. Croix, VI
Chelsnia Rental, LLP	20-20A Market Street, Christiansted St. Croix, VI
Tropical Cleaners & Launderers, Inc.	16 & 17 King Street, Christiansted St. Croix, VI
Gary Thomas d/b/a Flower Dan, Inc.	33C King Street, Christiansted St. Croix, VI
BLBJ Property Management, LLC	#10A East Street, Christiansted St. Croix, VI
Michael and Kimberly Sanford	14ABA Church Street, Christiansted St. Croix, VI
Andrew Simpson, P.C.	14-AB Church Street, Christiansted St. Croix, VI
Laundry Time, LLC	1AB & 1 BB Estate Mount Welcome, Plot #2
Bryan's Marine Service, LLC	5AB Hospital Street, Christiansted St. Croix, VI
Joseph Baker	42AB Company Street, Christiansted St. Croix, VI
USVI Management Corp.	44A Queen Cross Street, Christiansted St. Croix, VI
Olivia H. Henry	23B Hospital Street, Frederiksted St. Croix, VI
Samuel T. & Rosemary Grey	19A East Street, Christiansted St. Croix, VI
Chelsnia Rental, LLP	21B Queen Street, Christiansted St. Croix, VI
Diane M. Russell	49 Hospital Street, Frederiksted, St. Croix, VI
Juanita Fergus	19B-20 Strand Street, Christiansted St. Croix, VI
Blackbird Properties, LLC	14A-14C Strand Street, Frederiksted, St. Croix, VI

Approved by the EZC Board

MARKETING INITIATIVES

The Marketing and Public Relations Unit promotes the five (5) entities of the V.I. Economic Development Authority (VIEDA) and the activities and events that contribute to the enhancement of economic development in the U.S. Virgin Islands. This unit is also responsible for assisting the VIEDA in educating local residents and investors about the economic development programs available through the Authority to spur economic growth.

In FY 2011, despite the challenges of the current global economic crisis, the VIEDA continued to move forward in its responsibility as the leader of economic expansion in the U.S. Virgin Islands. Guided by the VIEDA's Marketing plan, the VIEDA implemented marketing and public relations strategies geared at assisting its internal audiences not only with business retention and expansion, but by also assisting in the creation of new opportunities for entrepreneurs. External audiences were also targeted with strategies to attract new investors while the VIEDA still focused on target industries that will sustain the economy of the U.S. Virgin Islands.

HIGHLIGHTS AND ACTIVITIES

EXTERNAL MARKETING INITIATIVES

To remain competitive in attracting new businesses to the Territory, the VIEDA entered into a contractual agreement with a global lead generation firm to assist with identifying at least 30 pre-qualified potential beneficiaries in the near term.

INTERNAL MARKETING INITIATIVES

Locally, the Marketing Division continued to assist the Authority's entities and divisions in disseminating key information to the public about the VIEDA's initiatives and programs through press releases, print and radio advertisements, periodicals, brochures, and radio interviews. This is an effort made by the Authority to encourage more local residents to participate in the economic development of the Territory by becoming entrepreneurs.

The VIEDA also supports other local government agencies that host community events that highlight the educational achievements of young people in the Virgin Islands as a means of recognizing the value of investing in the Territory's future leaders.

GLOBAL PRESENCE AND TECHNOLOGY

As recommended in the Marketing Plan during FY 2011, the VIEDA also took steps to improve its global visibility through a series of Search Engine Optimization (SEO) strategies with the assistance of BizVI Group LLC, a local website developer and technical consulting firm. These strategies are still being implemented as the VIEDA firmly believes that technology offers tremendous opportunities for attracting outside investors while maintaining its connection with local residents. Hence, the Authority continues to focus on updating its website with information of public interest.

The VIEDA will continue to utilize its Marketing Plan and will consider recommendations for adjustments to this plan that will meet the current challenges of our economic conditions. This can help ensure that the best and most updated strategies are utilized to help the U.S. Virgin Islands remain competitive in this global economy.

In spite of the current economic climate, the VIEDA acknowledges that marketing and public relations are still essential for any business to remain competitive, attract new customers and increase profits. As an economic development organization, the VIEDA is also cognizant of the fact that continued marketing of the U.S. Virgin Islands – and its tax incentive programs - is extremely important in fostering activities that can help sustain our economy to ensure the vibrance and quality of life of our Territory.

TAX INCREMENT FINANCING (TIF)

Enacted by the Government of the Virgin Islands in June 2007, the Tax Increment Financing (TIF) Program serves as a means of promoting growth and development in financing the cost of housing; retaining and attracting industries and commerce; increasing transportation and public services; improving public utilities; and enhancing educational, recreational, medical, cultural and other facilities to benefit the people of the Virgin Islands.

The Board of the V.I. Economic Development Authority (VIEDA) is committed to being proactive in utilizing Project Finance and its many tools to expand the economy of the Virgin Islands. Through the creation of its Project Finance Subcommittee (hereafter referred to as "The Subcommittee), the VIEDA is working proactively to provide incentives for development throughout the Territory.

HIGHLIGHTS AND ACTIVITIES

In September 2011, the Island Crossing Shopping Center opened the doors of its anchor tenant, Home Depot. Officials, including Governor John P. deJongh, Jr., pictured in the photograph on the following page, addressed an enthusiastic crowd at the store's grand opening and participated in the board-cutting ceremony to welcome Home Depot and at least 150 new full-time jobs on St. Croix. Lt. Governor Gregory R. Francis, not pictured, also participated in this event and provided remarks on this milestone in our Territory. During the construction of the pad and vertical for the tenant, more than 100 construction jobs were created. This shopping center, the Territory's first TIF project, is a 44-acre mixed-use development built by a Virgin Islands company, Caribbean Development Partners, LLC.

In 2009, the Government of the Virgin Islands, through the work of the VIEDA, issued its first series of TIF Bond Anticipation Notes. In 2008, legislation which implements tax increment financing in the U.S. Virgin Islands was approved. The Administration's proposal of this legislation creates another economic development option for those interested in making significant investment in the Territory.

The Subcommittee is currently reviewing federal grants to develop the necessary feasibility studies for the creation of TIF areas, more commonly called District-Wide TIFs. The district-wide approach is applied in a speculative manner after careful and meticulous development studies for large areas or districts (in our case, territory). The approach encompasses a mix of land uses over wide areas or pockets with the intent of changing the character or nature of the community by reversing decline and encouraging redevelopment. The Board expects to present these proposed areas by the middle of 2013 for ratification by the Virgin Islands' Government.

NEW MARKET TAX CREDITS (NMTC)

The VIEDA has entered into a Memoranda of Understanding (MOUs) for the development of the application for New Market Tax Credits (NMTC). The NMTC Program was enacted on December 21, 2000 to create and provide tax credit incentives for investors for equity investments in certified Community Development Entities (CDEs). Since 2001, this federal program has allocated $26 billion dollars for this purpose. The demographics of the U.S. Virgin Islands make this Territory an ideal location with appropriate projects to utilize NMTC by investors.

HOTEL DEVELOPMENT FINANCE

In 2011, the Legislature of the Virgin Islands enacted the Hotel Development Finance Act to promote tourism, through financial assistance, to developers of hotel and resorts, particularly on the island of St. Croix. The VIEDA approved a Project Development Plan that will enable developers to pledge portions of future hotel and casino tax revenues to finance the development of new hotels and the rehabilitation of existing ones in the Territory. The VIEDA looks forward to receiving applications for this economic development tool.

THE HOME DEPOT

Marriott
HOTELS • RESORTS • SUITES

RENAISSANCE
HOTELS • RESORTS • SUITES

STARWOOD
HOTELS & RESORTS WORLDWIDE, INC.

THE RITZ-CARLTON


SERENADE OF THE SEAS

UNITED STATES VIRGIN ISLANDS
Economic Development Authority

FINANCIALS

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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BERTSMITH &Co.

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 an 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

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.

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.

IV. CONDENSED FINANCIAL INFORMATION

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

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

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.

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.

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

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

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.

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

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

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.

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

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

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.

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

PROGRAMS

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

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

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

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

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

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

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

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

	2011	2010
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	5,112,042	4,503,154
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	11,522,990	10,174,264
Capital Assets, net	2,915,699	3,302,096
Total Assets	$19,550,731	$17,979,514
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	727,272	600,443
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	1,666,595	1,602,573
Total Liabilities	2,393,867	2,203,016
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	$17,156,864	$15,776,498

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

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

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
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
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.

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:

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

	Unrestricted	Restricted	Total 2010
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:

	2011	2010
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
	$4,061,982	$3,447,237

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:

	2011	2010
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
	$ 10,522,990	$ 9,714,631

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:

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

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.

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

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

The receivable balances as of September 30, 2010.

	Receivables	Allowance	Receivables, net
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	$ 1,240,730	$ (280,141)	$ 960,589

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:

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

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

	Beginning Balance	Additions	2010 Ending Balance
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
494niture and Fixtures	212,844	2,173	215,017
Vehicles	1,135,018	-	1,135,018
Leasehold Equipment	20,585	-	20,585
Total Capital Assets	11,656,175	78,797	11,734,972
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	(7,916,025)	(516,851)	(8,432,876)
Capital Assets, net	$ 3,740,150	$ (438,054)	$ 3,302,096

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:

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

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

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

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	$473,028

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	112,770
Total	$300,083

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	25,724
Total	$ 64,310

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 Relending Program
EZC - Enterprise Zone Commission
EDA - Economic Development Authority
TIF - Tax Increment Financing

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

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

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UNITED STATES VIRGIN ISLANDS
Economic Development Authority

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