VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Together With Independent Auditor's Report

BSC
BERT SMITH & CO.
CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

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(A Component Unit of the Virgin Islands Government)

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SEPTEMBER 30, 2023

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Virgin Islands Economic Development Authority (the "Authority"), a component unit of the Government of the United States Virgin Islands, which comprise the consolidated statement of net position as of and for the year ended September 30, 2023, and the related consolidated statement of revenues, expenses and changes in net position, and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the Authority's basic consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the consolidated financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, the schedule of the Authority's proportionate share of the net pension liability on page 29 and the Authority's schedule of contributions on page 30 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Authority's basic consolidated financial statements. The combining schedule of net position, the combining schedule of changes in revenues, expenses and changes in net position on pages 44 and 45, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on page 36 are presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedule of net position and the combining schedule of revenue, expense and changes in net position is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the consolidated financial statements present only the Virgin Island's Economic Development Authority's financial position and the changes in financial position and cash flows and do not purport to, and do not, present fairly the financial position of the Government of the U.S. Virgin Islands as of September 30, 2023, and changes in the financial position of the Government of the U.S. Virgin Islands for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Authority's September 30, 2022, consolidated financial statements, and our report dated July 22, 2024, expressed an unqualified opinion thereon. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2025, 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Bert Smith & Co.

Washington, D.C.
September 12, 2025

INTRODUCTION

The Virgin Islands Economic Development Authority (the "Authority") is a semi-autonomous government instrumentality responsible for the promotion and enhancement of economic development in the U.S. Virgin Islands.

The Authority is the umbrella organization that assumes, integrates, and unifies the functions of the following subsidiary entities: the Economic Development Bank ("EDB"), the Economic Development Commission ("EDC"), the Economic Development Park Corporation ("EDPC"), and the Enterprise Zone Commission ("EZC").

The Authority operates under one Governing Board ("Board") in order to achieve maximum efficiency of operation to avoid duplication of services, positions, and responsibilities; to reduce expenses of personnel, physical plant, and operations; and to develop comprehensive programs for the economic development of the U.S. Virgin Islands. The Authority is funded primarily by allotments through 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 consolidated financial statements this narrative overview and analysis of the Authority's financial activities of the Authority for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's consolidated financial statements. This overview and analysis are required by accounting principles generally accepted in the United States of America ("GAAP"), and the Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Government.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- ***The Consolidated 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.

- ***Notes to the Financial Statements:*** The notes to the consolidated financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements.

- ***Supplementary Information:*** The supplementary information represents the combining financial activities of the major fund groups.

2023 FINANCIAL HIGHLIGHTS

- The Authority's net position increased by $4,688,538. The Authority reported an excess of $703,278 in fiscal year 2022.

- The Authority's total assets and deferred outflow of resources increased by $40,791,738 or 87%. Total liabilities and deferred inflows of resources increased by $36,169,342, a 63% rise compared to fiscal year 2022.

- The Authority's operating revenues increased by $4,991,465 or 250%, and operating expenses increased by $936,492 or 13% compared to fiscal year 2022.

- Government appropriations decreased by $64,780 or 1% compared to fiscal year 2022.

Condensed Consolidated Statements of Net Position as of September 30, 2023 and 2022

	2023	2022	Variance	% Variance
Assets				
Current Assets	$ 25,465,701	$ 23,128,520	$ 2,337,181	10%
Noncurrent Assets	57,687,215	17,839,795	39,847,420	223%
Capital Assets, net	430,792	628,442	(197,650)	-31%
Leased Assets	564,108	29,321	534,787	1824%
Total Assets	84,147,816	41,626,078	42,521,738	102%
Deferred Outflows of Resources	3,630,015	5,360,295	(1,730,280)	-32%
Total Assets and Deferred Outflows of Resources	$ 87,777,831	$ 46,986,373	$ 40,791,458	87%
Liabilities				
Current Liabilities	$ 1,731,983	$ 976,800	$ 755,183	77%
Noncurrent Liabilities	81,451,205	48,333,484	33,117,721	69%
Total Liabilities	83,183,188	49,310,284	33,872,904	69%
Deferred Inflows of Resources - Leases	482,795	2,263,284	(1,780,489)	-79%
Deferred Inflows of Resources – Pension	9,795,674	5,718,747	4,076,927	71%
Total Liabilities and Deferred Inflows of Resources	$ 93,461,657	$ 57,292,315	$ 36,169,342	63%
Net Position				
Net Investment in Capital Assets	$ 430,792	$ 628,442	$ (197,650)	-31%
Restricted	16,983,646	16,648,812	334,834	2%
Unrestricted	(23,098,264)	(27,583,196)	4,484,932	16%
Total Net Position	$ (5,683,826)	$ (10,305,942)	$ 4,622,116	45%

CURRENT ASSETS

Current assets support the Authority's operations and include cash and cash equivalents, net accounts receivable (primarily receivables from rentals and beneficiaries, accrued interest, short-term investments, and prepaid expenses).

As of September 30, 2023, current assets totaled $25,465,701, reflecting an increase of $2,337,181 or 10% compared to $23,128,520 in Fiscal Year 2022. This growth was primarily attributable to an increase in cash and cash equivalents, which rose by $2,293,649 or 13%. The increase was largely driven by a legislative appropriation to support the marketing and promotion of the South Shore Trade Zone, which significantly boosted cash balances. Additional increases in cash were supported by stronger operational performance from the Economic Development Park Corporation (EDPC) and the Economic Development Commission (EDC), as well as repayments of collateral and guarantees under the State Small Business Credit Initiative (SSBCI) program. Other receivables, net, rose by approximately $263,860 or 15%, driven by the onboarding of new EDC beneficiaries, who are subject to activation and annual compliance fees, and by increased amounts due from tenants under active lease agreements. Prepaid and other assets decreased by $46,107 or 34%, primarily due to timing differences in the payment of insurance premiums. Lease receivables decreased by $176,565 or 8% reflective of the continued application of GASB 87. Collectively, these changes reflect a solid short-term financial position, supported by reliable revenue from programmatic operations proactive tenant management, and beneficiary engagement.

NONCURRENT RESTRICTED ASSETS

As of September 30, 2023, non-current assets increased significantly, rising from approximately $17,839,795 in Fiscal Year 2022 to $57,687,215, an increase of 223%. The primary driver of this change was a $39,099,914 or 416% increase in restricted cash and cash equivalents, which grew from $9,394,597 to $48,494,511. This increase reflects funding received for the VI Slice Moderate-Income Homeownership Program—a Territory-wide initiative that helps eligible residents achieve homeownership—administered by the Virgin Islands Economic Development Authority (VIEDA) and funded through a grant from the Office of Management and Budget under the American Rescue Plan Act (ARPA). Restricted cash further increased with the receipt of the initial tranche of a $57 million federal grant under the State Small Business Credit Initiative (SSBCI) 2.0 Program. This multi-year grant, issued by the U.S. Department of the Treasury, is designed to expand access to capital for small businesses throughout the Territory. Additionally, contributions came from borrower repayments across various federal and local lending programs. Restricted investments increased by $20,739 or 0.38%, primarily from interest earned on certificates of deposit (CDs) held at local financial institutions. Restricted loan receivables, net, increased by $726,767 or 24%, reflecting gap financing disbursements under the VI Slice Program and new loans booked through the Economic Development Bank's (EDB) direct lending portfolio. Overall, these shifts demonstrate a significantly strengthened long-term asset position and reinforce the Authority's ongoing role in deploying and managing resources to drive economic development throughout the Territory.

CURRENT LIABILITIES

In Fiscal Year 2023, current liabilities increased by $755,183 or 77% compared to the previous fiscal year. This change was primarily the result of obligations incurred for payroll and program expenditures that remained outstanding at year-end. Accrued expenses rose by $58,810 or 53%, mainly due to higher payroll-related obligations, such as salaries and employee benefits owed as of September 30, 2023. Accounts payable also increased by $587,003 or 99%, reflecting the timing of vendor invoices and payments for goods and services received during the final quarter of the fiscal year. These increases were partially offset by a $3,272 or 2% decline in compensated absences, which reflects leave payouts to employees who separated from the Authority during the year. Taken together, these changes are indicative of normal year-end financial activity and are consistent with the Authority's continued operational and programmatic responsibilities. Lease Liability increased by $108,673 or 585% due to recognition of new lease for the Nisky Center.

NONCURRENT LIABILITIES

As of September 30, 2023, non-current liabilities totaled $81,451,205, representing an increase of $33,117,721 or 69%, compared to $48,333,484 in the prior fiscal year. The primary factor behind this increase was a $40,501,032 or 215% rise in unearned revenue, which grew from $18,829,656 to $59,330,688. This reflects funding received in advance for specific programs that had not yet been used by the end of the fiscal year, including allocations for the VI Slice Moderate-Income Homeownership Program, the State Small Business Credit Initiative (SSBCI) 2.0 Program, and legislative appropriation to support marketing and promotion of the South Shore Trade Zone. The change also included a reclassification of unearned revenue from current to non-current.

In addition to the increase in unearned revenue, other notable changes to non-current liabilities included:

- A $5,362 or 8% increase in security deposits, attributed to new tenant lease activity at the William D. Roebuck Industrial Park;
- A reduction in loan payables of $26,812 or 20% reflecting payments made on the Authority's debt obligation;
- A $67,789 or 23% decrease in compensated absences, due to lower accrued leave balances at year-end.

In total, these changes highlight the Authority's expanded role in administering federally funded initiatives and the delayed recognition of related revenues across multi-year program cycles. While total liabilities increased, the nature of the change—driven primarily by deferred revenue—signals a strong pipeline of secured funding to support future program delivery and economic development efforts.

NET POSITION

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted for reporting purposes and are divided into three major components:

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

The Authority's 2023 change in net position was $4,622,116 versus $703,278 in 2022. This was largely attributed to reduced retirement expenses resulting from a decrease in net pension liability.

Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2023 and 2022

	2023	2022	Variance	% Variance
Operating Revenues	$ 6,988,814	$ 1,997,349	$ 4,991,465	250%
Operating Expenses	(8,319,467)	(7,382,975)	(936,492)	13%
Operating Loss before Depreciation	(1,330,653)	(5,385,626)	4,054,973	-75%
Depreciation	(229,178)	(320,342)	91,164	-28%
Right-of-Use Amortization	(116,161)	(18,519)	(97,642)	527%
Operating Loss	(1,675,992)	(5,724,487)	4,048,495	-71%
Net Non-operating Revenues	6,298,108	6,427,765	(129,657)	-2%
Changes in Net Position	4,622,116	703,278	3,918,838	557%
Net Position, Beginning of Year	(10,305,942)	(11,009,220)	703,278	6%
Net Position, End of Year	$(5,683,826)	$(10,305,942)	$ 4,622,116	45%

OPERATING REVENUES

Operating revenues increased by $4,991,465 or 250% compared to the prior fiscal year. This growth was primarily driven by new federal grant activity, along with increases in loan interest income, application and processing fees, and other operating revenue. The most substantial driver of this increase was federal grant revenue, which rose by a combined $5,022,873 or 4,640%. Of this amount, $4,155,540 was awarded to administer the Small Business Innovative Grant, an initiative funded through the American Rescue Plan Act (ARPA). This program was designed to help local businesses recover from the economic impacts of the COVID-19 pandemic and strengthen long-term resilience. In addition, the Economic Development Park Corporation (EDPC) received $849,018 in FEMA grant funding to support hurricane-related repairs at the Virgin Islands Industrial Park. Together, these grants represent a major infusion of federal resources during the fiscal year. Beyond grant funding, other key revenue streams also showed positive movement. Interest income from loans rose by $17,008 or 11%, reflecting improved borrower payment activity within the Economic Development Bank (EDB) loan portfolio. This indicates continued strength in the Authority's lending operations and solid loan servicing performance. Similarly, application and processing fees increased by $58,530 or 9%, driven by a higher volume of approved applicants activating their Virgin Islands Economic Development Commission (VIEDC) tax incentive benefits, signaling strong program engagement. On the other hand, fees and fines revenue declined by $115,165 or 100%, as no fees and fines were assessed during the fiscal year. Meanwhile, other operating income climbed by $59,723 or 53%, largely due to a one-time debt recovery payment. Rental income remained stable, declining slightly by $45,378, or approximately 6%, due to routine fluctuations in lease activity and the timing of revenue recognition. Altogether, these results reflect the Authority's broadened capacity to manage federally funded programs, a rising demand for its economic development services, and continued strength in financial operations.

OPERATING EXPENSES

Operating expenses increased by $936,492 or 13% compared to the prior fiscal year. This was primarily attributed to increased expenditures tied to federally funded programs, with the most significant cost drivers being the Small Business Innovative Grant and Federally Emergency Management Agency-funded hurricane-related repairs at the Virgin Islands Industrial Park. The State Trade and Export Promotion (STEP) Program and the Technical Assistance Program (TAP) also contributed to the increase. These programs drove a $5,022,873 or 4,640% increase in federal grant expenditures. Professional services rose by $139,744 or 19%, reflecting the engagement of external consultants to support the submission of an SSBCI Technical Assistance Grant, provide compliance oversight for VIEDC's tax incentive programs, and initiate a global investment and marketing strategy. These increases were partially offset by a $4,186,704 or 87% reduction in personnel costs, primarily due to lower pension obligations, employee separations, and retirements. Travel expenses increased by $28,426 or 86%, tied to staff participation in VIEDA-hosted events, conferences, and the reinstatement of quarterly in-person board meetings. General and administrative costs rose by $120,447 or 12%, largely due to higher insurance premiums, increased dues and subscriptions, and other operating expenses. Advertising and promotion expenses declined by $105,369 or 24% compared to the prior year. While targeted outreach continued across multiple program areas, VIEDA prioritized the development of a cohesive, Authority-wide promotional and investment strategy to enhance long-term visibility and impact. Occupancy costs decreased by $118,945 or 39%, due to recognition of lease amortization.

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues are expenses received from activities not related directly to a business core operation. For example, appropriations from the Government of the Virgin Islands are non-operating revenues because appropriated funds are those controlled by Legislature through the general or special appropriation process and are designated for specific purposes. Without non-operating revenues, the Authority would not be able to cover its costs of operations. This funding is critical to the Authority's financial stability and directly impacts the quality of its programs.

In Fiscal Year 2023, total non-operating revenues decreased by $129,657 or 2% compared to FY2022. Government appropriations totaled $6,014,709, reflecting a modest net decline of $64,780 or 1% primarily due to the absence of a one-time legislative appropriation recorded in FY2022. This decline was partially offset by the recognition of deferred revenue from prior supplemental appropriations earmarked for marketing activities, including the development of a global investment and marketing strategy and program-specific promotional initiatives aimed at promoting the U.S. Virgin Islands and USVIEDA products and services. Interest income rose by $26,337 or 82%, driven by increased borrower loan payments, where the interest portion is available for operational use, and interest earned on SSBCI guarantee/collateral deposits placed with local financial institutions. Other income declined by $91,072 or 29%, largely attributable to reduced administrative fees received for the Authority's role in managing federal grants. In FY2022, the Authority earned administrative fees for managing the Department of Planning and Natural Resources CARES Act Phases I and II, whereas in FY2023, it received a reduced fee associated with managing the Small Business Innovative Grant.

CAPITAL ASSETS

As of September 30, 2023, the Authority had $430,792 invested in capital assets. Total asset acquisition during the fiscal year was $31,530 compared to $86,337 in 2022, a reduction of $54,807 or 63%. The net effect of these additions in the capital asset account and this year's total depreciation expense of $229,178 results in an overall decrease in net capital assets of $197,650 or 31% compared to last year.

Capital Assets at Year-end
Net of Accumulated Depreciation

	2023	2022
Building & Building Improvements	$ 9,509,937	$ 9,509,937
Leasehold Improvements	867,890	867,890
Equipment	1,580,873	1,549,343
Furniture & Fixtures	513,973	513,973
Vehicles	469,145	469,145
Leasehold Equipment	20,585	20,586
Total Costs	12,962,403	12,930,873
Less: Accumulated Depreciation	(12,531,611)	(12,302,431)
Net Capital Assets	$ 430,792	$ 628,442

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

CONSOLIDATED STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	$ 20,265,842	$ 17,972,193
Investments	957,562	955,218
Other Receivables, net	2,050,713	1,786,853
Prepaid and Other Assets	87,998	134,105
Lease Receivables	2,103,586	2,280,151
Total Current Assets	25,465,701	23,128,520
Noncurrent Restricted Assets:		
Restricted Cash and Cash Equivalents	48,494,511	9,394,597
Restricted Investments	5,467,622	5,446,883
Restricted Loans Receivable, net	3,725,082	2,998,315
Total Noncurrent Restricted Assets	57,687,215	17,839,795
Capital Assets, net	430,792	628,442
Right-of-Use Asset, net	564,108	29,321
Total Assets	84,147,816	41,626,078
Deferred Outflows of Resources	3,630,015	5,360,295
Total Assets and Deferred Outflows of Resources	$ 87,777,831	$ 46,986,373
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities:		
Accounts Payable	$ 1,180,640	$ 593,637
Accrued Expenses	169,907	111,097
Compensated Absences	205,206	208,478
Interest Payable	22,054	18,352
Loan Payable – Current	26,940	26,673
Lease Liability – Current	127,236	18,563
Total Current Liabilities	1,731,983	976,800
Noncurrent Liabilities:		
Compensated Absences	222,599	290,388
Security Deposits	74,487	69,125
Unearned Revenue	59,330,688	18,829,656
Relief Revolving Funds	400,000	400,000
Loan Payable – Noncurrent	108,332	135,144
Net Pension Liability	20,864,475	28,597,391
Lease Liability – Noncurrent	450,624	11,780
Total Noncurrent Liabilities	81,451,205	48,333,484
Total Liabilities	83,183,188	49,310,284
Deferred Inflows – Leases	482,795	2,263,284
Deferred Inflows – Pensions	9,795,674	5,718,747
Total Liabilities and Deferred Inflows of Resources	$ 93,461,657	$ 57,292,315
NET POSITION		
Net Position:		
Net Investment in Capital Assets	$ 430,792	$ 628,442
Restricted Net Position	16,983,646	16,648,812
Unrestricted Net Position	(23,098,264)	(27,583,196)
Total Net Position	$ (5,683,826)	$ (10,305,942)

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Operating Revenues:		
Application and Processing Fees	$ 699,950	$ 641,420
Lease Revenue	755,295	800,673
Interest Income from Loans	170,183	153,175
Grant Revenue – Federal	5,131,133	108,260
Fees and Fines	-	115,165
Other Operating Revenue	171,957	112,234
Lease Interest Income	60,296	66,422
Total Operating Revenues	6,988,814	1,997,349
Operating Expenses:		
Personnel Costs	612,458	4,799,162
General and Administrative	1,095,733	975,286
Occupancy	185,320	304,265
Advertising	335,547	440,916
Professional Services	858,363	718,619
Travel	61,663	33,237
Grant Expenditures – Federal	5,131,133	108,260
Grant Expenditures – Non-Federal	-	1,600
Lease Interest Expense	39,250	1,630
Total Operating Expenses	8,319,467	7,382,975
Operating Loss Before Depreciation	(1,330,653)	(5,385,626)
Depreciation	(229,178)	(320,342)
Right-of-Use Amortization	(116,161)	(18,519)
Operating Loss	(1,675,992)	(5,724,487)
Nonoperating Revenues (Expenses):		
Government Appropriations	6,014,709	6,079,489
Interest Income	58,531	32,194
Other Income	226,788	317,860
Interest Expenses and Finance Charges	(1,920)	(1,778)
Total Nonoperating Revenues	6,298,108	6,427,765
Changes in Net Position	4,622,116	703,278
Net Position, Beginning of the Year	(10,305,942)	(11,009,220)
Net Position, End of Year	$ (5,683,826)	$ (10,305,942)

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash Flows from Operating Activities		
Cash Received from Application and Processing Fees	$ 587,246	$ 615,058
Cash Received from Tenants	817,133	815,729
Cash Received from Fees and Fines & Other Operating Income	366,007	985,926
Cash Received from Grant – Federal and Non-Federal	5,131,133	108,260
Cash Paid for Program Expenditure	(5,131,133)	(109,860)
Cash Paid for Goods and Services	(3,655,381)	(2,762,359)
Cash Paid to Employee for Services	(2,609,228)	(4,501,828)
Net Cash Provided by (Used in) Operating Activities	(4,494,223)	(4,849,074)
Cash Flows from Noncapital Financing Activities		
Cash Received from Primary Government	6,014,709	6,079,489
Increase in Unearned Revenue	40,501,032	1,936,481
Other Receipts	224,871	1,134,378
Net Cash Provided by Noncapital Financing Activities	46,740,612	9,150,348
Cash Flows from Capital and Related Financing Activities		
Net Principal Payments	(26,545)	(26,533)
Acquisition of Property and Equipment	(31,530)	(86,337)
Principal Portion of Lease Payments	(103,430)	(17,497)
Net Cash Used in Capital and Related Financing Activities	(161,505)	(130,367)
Cash Flows from Investing Activities		
Loans Issued/Collections Restricted Loan Receivable (Net)	(726,767)	95,356
Purchases of Investment Securities	(23,083)	(15,489)
Interest and Dividends on Investments	58,529	32,194
Net Cash Used in Investing Activities	(691,321)	112,061
Net Increase in Cash and Cash Equivalents	41,393,563	4,282,968
Cash and Cash Equivalents, Beginning of Year	27,366,790	23,083,822
Cash and Cash Equivalents, End of Year	$ 68,760,353	$ 27,366,790
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Income (Loss)	$ (1,675,992)	$ (5,724,487)
Adjustments to Reconcile Operating Loss to Net Cash used in Operating Activities		
Depreciation	229,178	320,342
Amortization	116,161	18,519
Changes in Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(263,860)	37,116
Prepaid Expenses	46,107	65,557
Lease Receivable	176,565	(2,280,151)
Deferred Outflows of Resources - Pensions	1,730,280	1,315,319
(Decrease) Increase in Liabilities:		
Accounts Payable and Accrued Expenses	645,813	153,305
Compensated Absences	(71,061)	(13,249)
Net Pension Liability	(7,732,916)	(3,172,130)
Deferred Inflows of Resources - Pension	4,076,927	2,167,394
Deferred Inflows of Resources - Leases	(1,780,489)	2,263,284
Security Deposit	5,362	-
Interest Payable	3,702	107
	$ (4,494,223)	$ (4,849,074)

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Governance:*** The Virgin Islands Economic Development Authority (the "Authority"), was created on December 21, 2000, as an umbrella authority to assume, integrate and unify the functions of the Government Development Bank, the Economic Development Commission, the Economic Development Park Corporation (formerly known as the Industrial Development Park 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 United States Virgin Islands. The general purposes and functions of the Authority were previously carried out by the Government Development Bank for the United States Virgin Islands which was created originally in 1978 by Act No. 902, and subsequently amended in 1995 and 1996.

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

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

- ***Economic Dependency:*** The Authority's sustainability depends primarily on appropriations from the Government of the Virgin Islands. In addition, it earns income from application fees, processing fees, compliance fees, and rental income from its Economic Development Park facilities. During fiscal year ended September 30, 2023, the Authority received appropriations totaling $6,014,709 from the Government of the Virgin Islands, which approximates 95% of its nonoperating revenue.

- ***Basis of Presentation:*** Net Position – Generally accepted accounting principles for state and local governments require that resources be classified for accounting and reporting purposes into the following three net position categories:

  - Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and cost of construction or improvement of those assets.
  - Restricted Net Position – Net position subject to externally imposed stipulations.
  - Unrestricted Net Position – Net position that is not subject to imposed stipulations. Unrestricted net position may be designed for specific purposes by the action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

  The Authority first considers restricted amounts to having been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available.

  The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board. The Authority uses the economic resources measurement focus and follows the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when incurred.

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 government appropriations, interest generated from restricted and unrestricted investments in short-term investment instruments, other income, and lease interest income. Nonoperating expenses consist of interest expense and finance charges.

- ***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 year ended September 30, 2023, the Authority maintained twelve (12) accounting divisions and ten (10) major funds which constitute major transactions 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 certificates of deposits, 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 SBDA 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.

  - **Economic Development Park Corporation (EDPC)** accounts for the activities conducted by the EDPC. The EDPC 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 EDPC accounts for rental and investment income, and administrative costs associated with its operation. The EDPC does not receive any appropriations from the local government.

  - **Intermediary Relending Program (IRP)** accounts for loans that are funded by the United States Department of Agriculture Rural Development Program. The interest income earned from these loans is applied to the program's administrative costs.

  - **Enterprise Zone Commission (EZC)** accounts for funds committed to the task of offering incentives to businesses that invest in severely economically depressed designated areas of St. Thomas and St. Croix. As a result, employment opportunities are provided to residents of the areas so designated.

- **Economic Development Authority (Authority)** accounts for loans that are funded through U.S. Department of Agriculture.

- **Tax Increment Financing (TIF)** this fund allows projects to be financed by pledging the increases in tax revenues that can be reasonably anticipated to be collected by the government once the financed project or activity is completed.

- **Economic Development Management (EDM)** this account was established to record all administrative costs associated with the day-to-day operations of the Authority.

- **State Small Business Credit Initiative (SSBCI)** this fund was established by the Small Business Jobs Act of 2010 by the Federal Government to Collateral Support Program, the Credit Guarantee Program, and the Payment, Surety and Performance Bond Program.

- **State Trade and Export Promotion Grant Program (STEP)** this program is funded by a federal grant from U.S. Small Business Administration. The program authorized by the Small Business Jobs Act of 2010 is a 3-year trade and export promotion pilot initiative to make matching-fund grants for states to assist 'eligible small business concerns.' The program objectives are to increase the number of small businesses that are exporting, and to increase the value of exports for those small businesses.

- **Disaster Small-Midsized Enterprises Incubator Program –** The Authority was awarded a Federal grant in the amount of $1,000,000 that is matched with $200,000 of local funding for the establishment of an incubator program on the island of St. Croix. The program promotes resource collaborations between the local government and other community-based institutions to create an avenue to spark economic viability and sustainability.

- ***Cash and Cash Equivalents:*** Cash flows, cash and cash equivalents are defined as cash on hand, demand deposits, certificate of deposits with financial institutions and all highly liquid investments available for current use with an initial maturity of three months or less.

- ***Revenue Recognition:*** The Authority incurs expenditures on various grants and contracts from the Federal government. The Authority is reimbursed for qualifying and allowable expenditures incurred, consistent with the terms of the grants. Revenue is recognized in the year in which the revenue is charged. The Authority's revenue consists of application fees, fees and fines and revenue from leases.

- ***Unearned Revenue:*** The Authority's unearned revenue is reported as a long-term liability and represents obligations for federal and other grant funds for which we have received cash in advance of providing services. The Authority satisfies performance obligations as services are rendered.

- ***Deferred Outflows/Inflows of Resources:*** In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of the net position that applies to future period (s) and is not recognized as an outflow of resources (expense/expenditure) until the future date occurs.

  In addition to assets, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and will not be recognized as an inflow of resources (revenue) until that time.

- ***Investments:*** Investments in marketable securities or other short-term investments of cash with readily determinable fair values are reported at their fair values in the Authority's statement of net position.

- ***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.

- ***Accounts Receivables:*** Accounts Receivables are reported net of estimated allowances for uncollectible amounts. The Authority provides for uncollectible amounts when a specific need for an allowance is indicated. Provision for uncollectible amounts charged to operating expenses is the amount necessary to report the net amount at its estimated realizable value. In determining the adequacy of the allowance, management considers the composition of the various factors including economic factors, historical loss experience, and value and sufficiency of collateral in the current level of the allowance.

- ***Capital Assets:*** The Authority capitalizes all capital assets that have a unit cost of more than $500. 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 assets or materially extends the life of the assets are not capitalized.

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

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

- ***Leases:*** GASB Statement No. 87, *Leases*, defines a lease as a legally binding contract that conveys control of the right-to-use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time. This contractual arrangement requires the lessee (the party who is renting or leasing the asset) to pay the lessor (the party who owns or controls the asset) for use of the asset over a specified period of time. The Authority engages in contractual arrangements both as a lessee and lessor.

  Lessee
  As a lessee, the Authority recognizes a lease liability and an intangible right-to-use asset. The lease liability is measured at the present value of future payments expected to be paid during the lease term. Lease liabilities are subsequently reduced by the principal portion of lease payments made. The lease asset is measured as the initial lease liability. The right-to-use leased asset is amortized over the shorter of the lease term of the useful life of the underlying asset. The Authority utilizes the interest rate that is implicitly defined within the lease agreement as the discount rate. If one is not readily determinable, the Authority utilizes the incremental borrowing rate as an alternative. The Authority monitors changes in circumstances that would require remeasurement of its lease liability and will remeasure the lease liability and the right-to-use asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

  Lessor
  As a lessor, the Authority recognizes a lease receivable and deferred inflows of resources. The lease receivable is measured at lease commencement, based on the present value of future lease payments expected to be collected during the lease term. Lease receivables are subsequently reduced by the principal portion of lease payments received. The deferred inflows of resources are measured at the initial amount of the lease receivable. Deferred inflows of resources are recognized as revenue over the life of the lease term. The Authority utilizes the interest rate that is implicitly defined within the lease agreement as the discount rate. If one is not readily determinable, the Authority utilizes the incremental borrowing rate as an alternative. The Authority monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

- ***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 liability for the balances exists in the event an employee transfers to another government agency; such liability is recognized at the time of the transfer. The liability for both amounts is calculated based on the Authority's salary rates in effect at the statement of net position date.

- ***Use of Estimates:*** The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

- ***Comparative Information:*** The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail or reclassifications to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended September 30, 2022 from which the summarized information was derived.

- ***Reclassifications:*** Certain prior year amounts may have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at September 30, 2023:

	Unrestricted	Restricted	Total
Cash and Cash Equivalents	$20,265,842	$48,494,511	$68,760,353

Custodial Risk is the risk that in the event of bank failure the Authority's deposits may not be returned to it. Cash consists of cash on hand held by depository institutions and trustees in the Authority's name. During the fiscal year, including the final date of the period, September 30, 2023, accounts at each financial institution were insured by the Federal Deposit Insurance Corporation up to $250,000. Cash in excess of this limit are $67,041,888 and are fully collateralized.

Restricted Cash and Cash Equivalents: The restricted cash and cash equivalents at September 30, 2023 consisted of the following:

Micro Credit Loan Program	$ 1,940,822
Farmers and Fishermen Loan Fund	293,849
Frederiksted Revolving Loan Fund	262,098
Performance Bonding Loan Fund	1,911,055
Intermediary Relending Loan Fund	143,409
SBDA Revolving Loan Fund	1,002,120
SBDA Administration Loan Fund I	147,446
SBDA Administration Loan Fund II	285,880
SSBCI Grant	21,406,056
TAP Grant	500,000
VI Slice Moderate - Income Homeownership Program	20,601,776
	$48,494,511

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

The Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are based on inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly; Level 3 inputs are based unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets. At September 30, 2023, the Authority's investments consisted of certificate of deposits which had a recurring fair value of $6,425,184 at year-end. The certificates of deposits are classified as Level 2 in the fair value hierarchy and are valued at amortized cost-plus accrued interest.

		Investment Maturities	
Investment Type	Fair Value	Less than 1 Year	1-5 Years
Certificates of Deposits	$ 6,425,184	$ 957,562	$5,467,622

NOTE 4 RESTRICTED NET POSITION FOR LOAN PROGRAMS AND OTHER FUNDS

The restricted net position at September 30, 2023, consists of the following:

Micro Credit Loan Program	$ 3,940,312
Farmers and Fishermen Loan Fund	318,415
Frederiksted Revolving Loan Fund	262,098
Performance Bonding Loan Fund	4,250,929
Intermediary Relending Loan Fund	8,137
SBDA Revolving Loan Fund	1,421,358
SBDA Administration Loan Fund I	195,204
SBDA Administration Loan Fund II	524,954
TAP Grant	500,000
SSBCI Grant	5,211,913
VI Slice Moderate - Income Homeownership Program	350,326
	$16,983,646

NOTE 5 LOANS RECEIVABLE

Restricted Loans receivable as of September 30, 2023 was as follows:

Loan Principal	$ 4,195,934
Less Allowance for Doubtful Accounts	(470,852)
Net Loans Receivable	$ 3,725,082

The loans bear interest rates ranging from 4% to 12%. The majority of the allowance for doubtful accounts is attributed to SBDA & GDB loans which were assumed by the Authority at its inception.

NOTE 6 OTHER RECEIVABLE

The other receivables balance as of September 30, 2023:

	Other Receivables	Allowance	Other Receivables, net
SSBCI Receivable	$ 876,923	$ -	$ 876,923
Interest Receivable	2,359	-	2,359
GDB Receivable	16,035	-	16,035
EDC Fees & Charges	340,415	(70,730)	269,685
Rent Receivable	236,377	-	236,377
Grant Receivable-Board Up & Scrape and Paint Program	40	-	40
Tax Increment Financing Fund	30,015	(30,015)	-
Economic Development Management	681,115	(31,611)	649,504
Receivable - Taxi-Tour Bus	(210)	-	(210)
Total	$ 2,183,069	$ (132,356)	$ 2,050,713

Provision for uncollectible accounts was $132,356 in fiscal year 2023.

NOTE 7 CAPITAL ASSETS

Capital assets are composed of the following at September 30, 2023:

	Beginning Balance	Additions	Retirement	Ending Balance
Capital Assets				
Building and Building Improvements	$ 9,509,937	$ -	$ -	$ 9,509,937
Leasehold Improvements	867,890	-	-	867,890
Equipment	1,549,343	31,530	-	1,580,873
Furniture and Fixtures	513,973	-	-	513,973
Vehicles	469,145	-	-	469,145
Leasehold Equipment	20,585	-	-	20,585
Total Capital Assets	12,930,873	31,530	-	12,962,403
Accumulated Depreciation				
Building and Building Improvements	(9,206,379)	(90,533)	-	(9,296,912)
Leasehold Improvements	(759,716)	(49,394)	-	(809,110)
Equipment	(1,337,687)	(85,405)	1,206	(1,421,886)
Furniture and Fixtures	(513,972)	-	-	(513,972)
Vehicles	(464,093)	(5,054)	-	(469,147)
Leasehold Equipment	(20,584)	-	-	(20,584)
Total Accumulated Depreciation	(12,302,431)	(230,386)	1,206	(12,531,611)
Capital Assets, net	$ 628,442	$ (198,856)	$ 1,206	$ 430,792

Depreciation expense for the year ended September 30, 2023 totaled $229,178.

NOTE 8 LOANS PAYABLE

The Authority entered into an Intermediary Relending Program loan agreement (IRP) with the United States Department of Agriculture Rural Business Cooperative Services on April 21, 1998. This agreement requires the repayment of the approved loan principal of $670,530 to begin after three (3) years in twenty-seven (27) equal annual installments. An interest rate of 1% accrues on the outstanding balance. As of September 30, 2023, the outstanding loan balance was $135,272.

As of September 30, 2023, the outstanding loan balance is comprised of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Loan Payable	$ 161,817	$ -	$ 26,545	$ 135,272	$ 26,940

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

2024	$ 26,940
2025	27,209
2026	27,482
2027	25,887
Thereafter	27,754
Total	$ 135,272

NOTE 9 COMPENSATED ABSENCES

Compensated absences balance as of September 30, 2023 was $427,805 of which $205,206 is due within a year.

NOTE 10 LEASES

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

The leases require monthly payments for varying terms. The Authority recognized $755,295 and $60,296 in lease revenue and interest income, respectively, during the fiscal year ended September 30, 2023. As of September 30, 2023, lease receivables totaled $2,103,586 and deferred inflows of resources totaled $791,490.

Lease Liability

The Authority entered into contractual arrangements as a lessee for an office building. The Authority leases office space, under a five-year lease term for office and common area spaces with increases in rent on the 2nd and 4th anniversaries equal to the percentage of the cost-of-living increase for the preceding year, based upon the Consumer Price Index (CPI-U) as published by the U.S. Department of Labor Bureau of Labor Statistics. Lease expense for the year ending September 30, 2023 was $203,839. As of September 30, 2023, the statement of net position includes the following amounts related to leases:

Leased Assets:	
Building	$698,788
Less Accumulated Amortization	134,680
Leased Assets, Net of Amortization	$564,108
Lease Liability:	
Current	$127,236
Non-Current	450,624
Total Lease Liability	$577,860

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of September 30, 2023, and a reconciliation to operating lease liabilities reported on the statement of financial position:

Date	Principal	Interest	Total
September 30, 2024	$ 127,236	$ 43,678	$ 170,914
September 30, 2025	125,662	33,473	159,135
September 30, 2026	136,769	136,769	273,538
September 30, 2027	148,858	10,277	159,135
September 30, 2028	39,335	557	39,892
	$ 577,860	$ 224,754	$ 802,614

NOTE 11 UNEARNED REVENUE

The $59,330,688 unearned revenue reflected in the financial statements includes unexpended funds for various programs. Included in unearned revenue is $939,405 which represents advance funds received from VIPFA in fiscal year 2009. The unearned revenue will be reduced as additional loans are made in the future. Additional funds of $8,143 represent unexpended funds for the EZC STEP grant program and $509,075 relates to the energy efficient program which EDA administers on behalf of the Virgin Islands energy office.

Also included in unearned revenue is $12,920,121 which was not expended as of September 30, 2023, from the grant funds received in fiscal year 2012 from the United States Department of Treasury for the State Small Business Credit Initiative, $2,000,000 in increased funding from the Government of the Virgin Islands for the construction of a state of the art, certified, clean kitchen facility on St. Croix and $3,137,777 which represents amounts not expended for grants. The Authority also has unearned amounts of 20,952,102 for the VI Slice Moderate-Income Homeownership Program—a Territory-wide initiative that helps eligible residents achieve homeownership. This grant is funded through the Office of Management and Budget under the American Rescue Plan Act (ARPA) and $18,864,065 for the State Small Business Credit Initiative (SSBCI) 2.0 Program. This multi-year grant, issued by the U.S. Department of the Treasury, is designed to expand access to capital for small businesses throughout the Territory.

NOTE 12 FEDERAL GRANT EXPENDITURES

Federal grant expenditures for the year ended September 30, 2023, totaled $5,057,613. Additionally, FEMA grants were awarded to repair buildings affected by hurricanes Maria and Irma in 2017. Those grants are administered by the Virgin Islands Office of Disaster Recovery (VI DOR) and the Virgin Islands Territorial Emergency Management Agency (VITEMA) on behalf of the Authority and are recorded by VITEMA. Expenditures for these grants are not included in the Authority's financial statements.

NOTE 13 PENSION PLAN

The Authority follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes financial reporting standards for state and local governments for pensions.

Plan Description

The Authority's employees are members of the Employees' Retirement System of the Government of the U.S. Virgin Islands ("GERS"), cost sharing multiple employer defined benefit, public employee retirement system as defined by GASB 68. The system was established by the Government to provide retirement, death and disability benefits to its employees. All of the Authority's full-time regular employees are mandated to participate in the retirement plan administered by GERS.

The Authority's part-time employees who regularly work more than 50% of the normal work period, and full-time regular 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. Effective January 1, 2015, the Authority's required contribution was 20.5% of the member's annual salary. Prior to that date, the percentage was 17.5%. Effective January 1, 2017, member contributions were 11 and 11.5% for Tier I and Tier II employees. Prior to that, member contributions were 10 and 10.5% for Tier I and Tier II employees, respectively. Total amount of the Authority's covered payroll for the year ended September 30, 2023 was $2,207,490.

Plan descriptions, funding policies, and a schedule of employee required and paid contributions for the defined benefit plans are presented in the Virgin Islands Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. The ACFR also provides detailed historical trend information showing the progress in accumulating sufficient assets to pay benefits when due. In addition, GERS issues a publicly available report that includes financial statements and required supplementary information.

This report may be obtained from the Employees Retirement System of the Government of the Virgin Islands, GERS Complex, 3438 Kronprindsens Gade, St. Thomas, VI 00802.

NOTE 14 NET PENSION LIABILITY

Net Pension Liability

Effective July 1, 2014, the Entity implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Following is a description of the pension plan and accounting for pension expense, liabilities, and deferred outflows/inflows of resources.

Plan Description and Benefits

Full time employees of the Authority are members of the Government Employees' Retirement System of the Virgin Islands (GERS), a cost sharing multiple-employer, defined benefit pension plan (the plan) established as of October1,1959 in accordance with Title 3, Chapter 27 of the Virgin Islands Code to provide retirement, death, and disability benefits. Benefits may be extended to beneficiaries of plan members. The plan covers all employees of the Government, including the Entity, except employees compensated on a contract fee basis, casual, per diem or provisional and part time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after 10 years of service. Benefits may be extended to beneficiaries of plan members.

There are two tiers within the plan:

Tier I: Employees hired prior to September 30, 2005
Tier II: Employees hired on or after October 1, 2005

Regular employees who have completed 30 years of credited service or have attained age 60 with at least 10 years of credited service are eligible for a full-service retirement annuity. Members who are considered "safety employees" as defined in the Code are eligible for full retirement benefits when they have earned at least 20 years of service or have reached the age of 55 with at least 10 years of credited service. Regular and safety employees who have attained age 50 with at least 10 years of credited service may elect to retire early with a reduced benefit.

The semi-monthly annuity benefit payment is determined by applying a stipulated benefit ratio to the member's average compensation. Average compensation for Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service.

Average compensation for Tier II members is determined by averaging the most recent five years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation is $65,000, except for senators and judges, whose annual salary is used.

Funding and Contribution Policy

Contributions to GERS are established by the Board of Trustees of GERS. The Government's required employer contribution for Tier I and Tier II members was 23.5% of the member's annual salary.

Effective January 1, 2017, Tier I member contributions increased by 1% to 11% of annual salary for regular employees.

Effective January 1, 2017, Tier II member contributions increased by 1% to 11.5% of annual salary for regular employees.

Prior to June 29, 2000, member contributions were refundable without interest upon withdrawal from employment before retirement. Effective July 1, 2009, GERS' Board of Trustees approved an effective annual interest rate on refunded contributions of 2% per annum.

Both the Plan and the Authority have a September fiscal year end. GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date:	September 30, 2022
Measurement Date:	September 30, 2022
Measurement Period:	October 1, 2021 – September 30, 2022

The Authority's proportionate share of employer contributions recognized by GERS was $526,296 for the Plan's fiscal year ended September 30, 2022.

Pension Liabilities and Expense and Deferred Outflows/Inflows of Resources

The actuarial calculated net pension liability is calculated for Economic Development Authority (EDA) and Economic Development Park Corporation (EDPC) separately. As of September 30, 2023, the actuarial calculated net pension liability for EDA's and EDPC's proportionate share of the net pension liability of the Plan was $19,637,153 and $1,227,322, respectively. The net pension liability of the Plan is measured as of September 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. Actuarially determined proportionate share information from GERS was estimated by management based on an average five-year respective share of the Authority's contributions to the Plan relative to all contributions to the Plan.

At September 30, 2022, EDA's and EDPC's proportion was 0.4779% and 0.0317% percent respectively, which was a decrease of 0.0127% and 0.0036%, respectively, from its proportion measured as of September 30, 2021.

For the year ended September 30, 2022, the Authority recognized a net pension expense of $(2,785,683) and $(728,190). The negative expense reflects the overall impact of favorable changes in the plan's assumptions, investment performance or employer proportion as required by GASB 68.

Following is a schedule of deferred outflows/inflows of resources allocated to EDA in the computation of net pension liability:

	Deferred Outflows by Resources	Deferred Inflows of Resources
Change in assumptions	$ 2,635,752	$6,225,145
Difference between expected and actual experience	69,298	1,499,570
Net difference between projected and actual earnings on pension plan investments	189,523	-
Contributions made subsequent to measurement date	510,585	-
	$ 3,405,158	$ 7,724,715

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows:

Year ending September 30,	
2024	$ 711,212
2025	$ 490,078
2026	$ 1,101,319
2027	$ 1,101,798
2028	$ 1,404,603

Following is a schedule of deferred outflows/inflows of resources allocated to EDPC in the computation of net pension liability:

	Deferred Outflows by Resources	Deferred Inflows of Resources
Change in assumptions	$ 164,734	$ 389,072
Difference between expected and actual experience	4,331	93,723
Net difference between projected and actual earnings on pension plan investments	11,845	-
Contributions made subsequent to measurement date	44,576	-
	$ 225,486	$ 482,795

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows:

Year ending September 30,	
2024	$ 47,176
2025	$ 32,508
2026	$ 73,053
2027	$ 73,084
2028	$ 93,170

Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of September 30, 2022, is provided below. Refer to September 30, 2022 actuarial valuation report for a complete description of all other assumptions, which can be found on GERS' website.

Inflation Rate:	2.50%
Salary Increases:	5.00% including inflation
Actuarial Cost Method:	Entry Age Normal
Expected Rate of Return:	6.00%
Municipal Bond Yield:	4.02%
Discount Rate:	4.77%
Mortality Table:	RP-2014 Blue Collar

Investment Rate of Return

The expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2022, are summarized as follows:

Asset Class	Target Allocation	[1] Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.66%
Developed Markets	14%	6.96%
Emerging Markets	6%	8.46%
Core Fixed Income	20%	1.36%
High Yield Fixed Income	10%	3.46%
Cash	5%	0.46%
Total	100%	

[1] Real rates of return are net of inflation.

Discount Rate

The discount rate used to measure the total pension liability was 4.77% as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the expected rate of return on plan investments of 6.0% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond index was applied. As of September 30, 2022, that rate was 4.02%.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's allocated proportionate share of the net pension liability (NPL) for the plan, calculated using the discount rate of 4.77% as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (3.77%) or 1% higher (5.77%) than the current rate.

EDA Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

1% Decrease Share of NPL @ 3.77%	Share of NPL @ 4.77%	1% Increase Share of NPL @ 5.77%
$22,069,836	$19,637,153	$17,443,812

EDPC Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

1% Decrease Share of NPL @ 3.77%	Share of NPL @ 4.77%	1% Increase Share of NPL @ 5.77%
$1,463,933	$1,227,322	$1,157,081

Detailed information about pension plan's fiduciary net position is available in the separately issued GERS financial report.

NOTE 15 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority has various outstanding commitments at September 30, 2023, 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 16 RISK MANAGEMENT

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

NOTE 17 INSURANCE RECOVERIES

Certain properties of the Authority sustained damage as a result of hurricanes Irma and Maria. The Authority's properties are insured under an umbrella policy owned by the Government of the U.S. Virgin Islands. The Authority has expended certain sums on repairs and expects to incur substantial costs in future periods. The allocated insurance recovery from the Government-wide insurance policy has not been received as of the date of this report.

NOTE 18 SUBSEQUENT EVENTS

The Authority's management has evaluated subsequent events through September 12, 2025, the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that exist at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

SCHEDULE OF THE AUTHORITY'S PRORPORTIONATE SHARE OF NET PENSION LIABILITIY

LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion Share of the Net Pension Liability	0.5096%	0.5337%	0.5500%	0.5600%	0.5935%	0.5994%	0.5868%	0.6044%	0.05569%
Proportionate Share of the Net Pension Liability	$20,864,475	$28,597,391	$31,769,521	$29,762,028	$24,765,971	$26,256,361	$27,147,208	$24,609,495	$18,803,107
Covered-Employee Payroll	$2,188,619	$2,197,549	$ 2,264,666	$ 2,236,567	$ 2,402,395	$ 2,404,022	$ 2,130,222	$ 2,149,268	$ 2,106,050
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	953%	1301%	1403%	1331%	1031%	1092%	1274%	1145%	892%
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	8.91%	8.23%	8.23%	9.16%	11.32%	16.18%	16.54%	19.58%	27.02%

**The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year.)*

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS

LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$1,843,590	$1,930,777	$2,055,618	$2,048,499	$1,647,137	$1,604,852	$1,450,324	$1,209,343	$1,056,524
Contributions in Relation to the Contractually Required Contribution	526,296	528,113	517,748	509,651	484,158	450,946	528,992	437,513	388,619
Annual Contribution Deficiency (Excess)	$1,317,294	$1,402,664	$1,537,870	$1,545,848	$1,162,979	$1,153,906	$ 921,332	$ 771,830	$ 677,905
Covered Employee Payroll	$2,188,619	$2,293,724	$2,264,666	$2,236,567	$2,402,395	$2,404,022	$2,130,222	$2,149,268	$2,106,050
Contributions as a Percentage of Covered Employee Payroll	24.05%	23.02%	22.86%	22.47%	20.15%	18.76%	24.83%	20.36%	18.45%

**The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the latest fiscal year.*

REPORTS REQUIRED BY THE UNIFORM GUIDANCE

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the Virgin Islands Economic Development Authority (the "Authority"), which comprise the statement of net position as of September 30, 2023, and the related statements of revenues, expenses and, changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bert Smith & Co.

Washington, D.C.
September 12, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Virgin Islands Economic Development Authority (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bert Smith & Co.

Washington, D.C.
September 12, 2025

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass Through Grantor/Program or Cluster	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Commerce		
Economic Adjustment Assistance - Revolving Loan Fund	11.307	$ 734,883
Total U.S. Department of Commerce		**$ 734,883**
U.S. Department of Interior		
Economic, Social, and Political Development of the Territories	15.875	$ 31,708
Total U.S. Department of Interior		**$ 31,708**
U.S. Department of Treasury		
Pass-Through from the US Virgin Islands Office of Management and Budget		
Coronavirus State and Local Fiscal Recovery Funds	21.027	$ 4,003,438
State Small Business Credit Initiative Technical Assistance Grant	21.031	43,236
Total U.S. Department of Treasury		**$ 4,046,674**
U.S. Small Business Administration		
State Trade Export and Promotion Program (STEP)	59.061	$ 3,733
Total U.S. Small Business Administration		**$ 3,733**
Department of Homeland Security		
Disaster Grants Public Assistance (Presidentially Declared Disaster)	97.036	$ 1,358,955
Total Department of Homeland Security		**$ 1,358,955**
Total Expenditures of Federal Awards		**$ 6,175,953**

The accompanying notes are an integral part of this schedule.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Virgin Islands Economic Development Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Virgin Islands Economic Development Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Virgin Islands Economic Development Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 FEDERAL INDIRECT RATE

The Authority uses an approved cost allocation program for federal programs.

NOTE 4 DISASTER GRANTS – PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. FEMA expenditures are included in the Schedule when eligible expenditures are incurred, and the project worksheets (PWs) are approved.

NOTE 5 NOTES RECEIVABLE OUTSTANDING

The Authority had the following note receivable balances outstanding at September 30, 2023:

Program Title	Federal CFDA Number	Amount Outstanding
Revolving Loan Fund	11.307	$343,321

NOTE 6 EDA RLF EXPENDITURE CALCULATION

The calculation of amount included as expenditures of federal funds for the EDA RLF grant funds is as follows:

	RLF 1	RLF 2
Balance of RLF principal outstanding on loans as of September 30, 2023	$104,248	$239,073
Cash and investments balance as of September 30, 2023	160,784	297,036
	265,032	536,109
Federal Participation Rate	75%	100%
EDA RLF Expenditures of Federal Awards	$198,774	$536,109

NOTE 7 FEMA GRANT EXPENDITURES

The Authority received federal funding from the Federal Emergency Management Agency. The funding is being used for restoration of buildings destroyed during hurricanes Irma and Maria. The grants are administered by the Virgin Islands Disaster Recovery Office (VI DOR) and the Virgin Islands Territorial Emergency Management Agency (VITEMA) on behalf of the Authority and are recorded by VITEMA. Expenditures for these grants are not included in the Authority's financial statements.

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material Weakness(es) identified?	No
• Significant Deficiency(ides) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material Weakness(es) identified?	No
• Significant Deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major federal programs.	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	Yes

Identification of Major Federal Programs:

Assistance Listing Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

NONE

Section III – Federal Award Findings

Finding Number:	2023-001
Prior Year Finding Number:	2022-001
Compliance Requirement:	Data Collection Form and Single Audit Reporting Package
Program:	Economic Adjustment Assistance
CFDA #:	21.027
Award #:	SLFRP 3818
Award Years:	05/01/2022 – 12/31/2023 10/01/2022 – 12/31/2026
Criteria:	2 CFR 200.512 requires that an entity's single audit is to be submitted the earlier of thirty days after the receipt of the auditor's report or nine months after the end of the audit period to the Federal Audit Clearinghouse (FAC).
Condition:	The Economic Development Authority (the Authority) audited financial statements for the September 30, 2023, year-end was not submitted to the Federal Audit Clearinghouse within the stipulated nine months after year-end.
Questioned Costs:	$-0-
Context:	This is a condition identified based on review of Uniform Guidance requirements and the grant agreements.
Effect:	The project is not in compliance with the reporting compliance of the Office of Management and Budget for non-profit, state and local government entities.
Cause:	There were transitions in financial personnel which resulted in delays in the audit process.
Recommendation:	We recommend that the Authority meets the reporting deadline by establishing an audit timeline to ensure that the reporting package is submitted to the FAC annually within the required timeframe.
Views of Responsible Management Official and Corrective Action Plan:	Management concurs with finding. See Current Year Corrective Action Plan

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

2023-001:	Data Collection Form and Single Audit Reporting Package
VIEDA Response:	The Authority recognizes the importance of timely Single Audit submissions to maintain compliance and low-risk auditee status. Delays in completing the audit process affected the FY2022, FY2023, and FY2024 cycles, and residual timing challenges may impact the FY2025 deadline. However, process improvements including a formal Single Audit calendar, monthly progress monitoring, and cross-training of staff are now in place and are expected to ensure full compliance beginning with the FY2026 audit cycle.
Estimated Completion Date:	Ongoing
Contact:	Kelly Thompson Webbe, Chief Financial Officer

Section II – Federal Award Findings (By Program)

Finding #:	2022-001
Federal Program Name:	Economic Adjustment Assistance Disaster Grants – Public Assistance – (Presidentially Declared Disasters)
CFDA #:	11.307 and 97.306
Compliance Requirement:	Data Collection Form and Single Audit Reporting Package
Current Status:	On-Going

OTHER SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

(A Component Unit of the Virgin Islands Government)

COMBINING SCHEDULE OF NET POSITION
AS OF SEPTEMBER 30, 2023
(With Comparative Total for 2022)

	EDB	EDC	EDM	EDPC	EZC	IRP	SSBCI	STEP	USE	Eliminations	2023	2022
ASSETS												
Current Assets:												
Cash and Cash Equivalents	$ 28,015	$ 1,620,536	$ 7,710,881	$ 1,580,537	$2,119,374	$ -	$ 7,203,924	$ 2,575	$ -	$ -	$ 20,265,842	$ 17,972,193
Investments	-	-	957,562	-	-	-	-	-	-	-	957,562	955,218
Receivable, net	(13,427)	269,685	681,115	236,377	40	-	876,923	-	-	-	2,050,713	1,786,853
Due from Other Fund	2,577,345	2,565,088	842,918	1,302	-	-	-	21,797	-	6,008,450	-	-
Prepaid & Other Assets	-	-	74,630	13,368	-	-	-	-	-	-	87,998	134,105
Lease Receivables	-	-	-	2,103,586	-	-	-	-	-	-	2,103,586	2,280,151
Total Current Assets	2,591,933	4,455,309	10,267,106	3,935,170	2,119,414	-	8,080,847	24,372	-	6,008,450	25,465,701	23,128,520
Non-Current Assets:												
Restricted Cash & Cash Equivalents	26,011,719	-	-	500,000	-	143,409	21,406,056	-	433,327	-	48,494,511	9,394,597
Restricted Investments	2,766,705	-	-	-	-	-	2,700,917	-	-	-	5,467,622	5,446,883
Restricted Loan Receivable, net	3,451,917	-	(63,634)	-	-	77,514		-	259,285	-	3,725,082	2,998,315
Total Non-Current Assets	32,230,341	-	(63,634)	500,000	-	220,923	24,106,973	-	692,612	-	57,687,215	17,839,795
Capital Assets, net	84,352	-	81,635	264,805	-	-	-	-	-	-	430,792	628,442
Right of Use Asset, net	-	-	564,108	-	-	-	-	-	-	-	564,108	29,321
Total Assets	34,906,626	4,455,309	10,849,215	4,699,975	2,119,414	220,923	32,187,820	24,372	692,612	6,008,450	84,147,816	41,626,078
Deferred Outflows of Resources	-	-	3,405,158	224,857	-	-	-	-	-	-	3,630,015	5,360,295
Total Assets and Deferred Outflows of Resources	$34,906,626	$ 4,455,309	$ 14,254,373	$ 4,924,832	$2,119,414	$220,923	$32,187,820	$ 24,372	$692,612	$ 6,008,450	$ 87,777,831	$ 46,986,373
LIABILITIES												
Current Liabilities:												
Accounts Payable	$ 5,677	$ 547,498	$ 562,950	$ 34,778	$ 4,450	$ 1,501	$ 23,236	$ -	$ 550	$ -	$ 1,180,640	$ 593,637
Accrued Expenses	-	-	169,907	-	-	-	-	-	-	-	169,907	111,097
Compensated Absences - Current	-	-	192,384	12,822	-	-	-	-	-	-	205,206	208,478
Interest Payable	18,245	-	3,809	-	-	-	-	-	-	-	22,054	18,352
Due to Other Fund	458,973	10	5,090,884	440,840	-	-	17,743	-	-	6,008,450	-	-
Note Payable - Current	-	-	-	-	-	26,940	-	-	-	-	26,940	26,673
Lease Liability - Current	-	-	127,236	-	-	-	-	-	-	-	127,236	18,563
Total Current Liabilities	482,895	547,508	6,147,170	488,440	4,450	28,441	40,979	-	550	6,008,450	1,731,983	18,237,397
Non-Current Liabilities:												
Compensated Absences	-	-	216,341	6,258	-	-	-	-	-	-	222,599	290,388
Security Deposit	-	-	-	74,487	-	-	-	-	-	-	74,487	69,125
Deferred Revenue	21,891,507	-	2,983,227	509,075	2,154,550	-	31,784,186	8,143	-	-	59,330,688	1,569,059
Relief Revolving Funds	400,000	-	-	-	-	-	-	-	-	-	400,000	400,000
Loan Payable	-	-	-	-	-	108,332	-	-	-	-	108,332	135,144
Net Pension Liability	-	-	19,637,153	1,227,322	-	-	-	-	-	-	20,864,475	28,597,391
Lease Liability - Non-Current	-	-	450,624	-	-	-	-	-	-	-	450,624	11,780
Total Non-Current Liabilities	22,291,507	-	23,287,345	1,817,142	2,154,550	108,332	31,784,186	8,143	-	-	81,451,205	31,072,887
Total Liabilities	22,774,402	547,508	29,434,515	2,305,582	2,159,000	136,773	31,825,165	8,143	550	6,008,450	83,183,188	49,310,284
Deferred Inflows – Leases	-	-	-	482,795	-	-	-	-	-	-	482,795	2,263,284
Deferred Inflows of Resources	-	-	7,724,715	2,070,959	-	-	-	-	-	-	9,795,674	5,718,747
Total Liabilities and Deferred Inflows of Resources	$22,774,402	$ 547,508	$ 37,159,230	$ 4,859,336	$2,159,000	$136,773	$31,825,165	$ 8,143	$ 550	$ 6,008,450	$ 93,461,657	$ 57,292,315
NET POSITION												
Invested in Capital Assets, net of related debt	$ 84,352	$ -	$ 81,635	$ 264,805	$ -	$ -	$ -	$ -	$ -	$ -	$ 430,792	$ 628,442
Restricted Net Position	10,607,072	-	(63,634)	500,000	-	8,137	5,211,913	-	720,158	-	16,983,646	16,648,812
Unrestricted Net Position	1,440,800	3,907,801	(22,922,858)	(699,309)	(39,586)	76,013	(4,849,258)	16,229	(28,096)	-	(23,098,264)	(27,583,196)
Total Net Position	$12,132,224	$ 3,907,801	$ (22,904,857)	$ 65,496	$ (39,586)	$ 84,150	$ 362,655	$ 16,229	$692,062	$ -	$ (5,683,826)	$(10,305,942)

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
(A Component Unit of the Virgin Islands Government)

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Total for 2022)

	EDB	EDC	EDM	EDPC	EZC	IRP	SSBCI	STEP	USE	2023	2022
Operating Revenues											
Application and Processing Fees	$ -	$ 699,500	$ 450	$ -	$ -	$ -	$ -	$ -	$ -	$ 699,950	$ 641,420
Rental Income	-	-	-	755,295	-	-	-	-	-	755,295	800,673
Interest Income from Loans	169,548	-	-	-	-	635	-	-	-	170,183	153,175
Grant Revenue - Federal	47,898	-	4,155,540	849,018	35,441	-	43,236	-	-	5,131,133	108,260
Grant Revenue - Non-Federal	-	-	-	-	-	-	-	-	-	-	-
Penalties	-		-	-	-	-	-	-	-	-	115,165
Bad Debt Recovery	-	-	-	-	-	-	-	-	-	-	-
Other Operating Income	81,289	-	-	78,093	-	-	-	-	12,575	171,957	112,234
Lease Interest Income	-	-	-	60,296	-	-	-	-	-	60,296	66,422
Total Revenue	298,735	699,500	4,155,990	1,742,702	35,441	635	43,236	-	12,575	6,988,814	1,997,349
Operating Expenses											
Personnel Costs	-	-	1,040,961	(428,503)	-	-	-	-	-	612,458	4,799,162
General and Administrative	-	-	824,649	267,090	3,969	-	25	-		1,095,733	975,286
Occupancy	-	-	142,769	42,551	-	-	-	-	-	185,320	304,265
Advertising	-	-	330,883	4,664	-	-	-	-	-	335,547	440,916
Professional Services	-	-	801,621	734	56,008	-	-	-	-	858,363	718,619
Travel	-	-	56,115	5,548	-	-	-	-	-	61,663	33,237
Grant Expenditure - Federal	47,898	-	4,155,540	849,018	35,441	-	43,236		-	5,131,133	108,260
Grant Expenditure - Non-Federal	-	-	-	-	-	-	-	-	-	-	1,600
Lease Interest Expense	-	-	39,250	-	-	-	-	-	-	39,250	1,630
Uncollectible Receivables	-	-	-	-	-	-	-	-		-	-
Total Operating Expenses	47,898	-	7,391,788	741,102	95,418	-	43,261	-	-	8,319,467	7,382,975
Excess (Deficiency) of Revenues from Operations Before Depreciation and Other Assets	250,837	699,500	(3,235,798)	1,001,600	(59,977)	635	(25)	-	12,575	(1,330,653)	(5,385,626)
Depreciation	12,892	-	96,135	120,151	-	-	-	-	-	229,178	320,342
ROU Amortization	-	-	116,161	-	-	-	-	-	-	116,161	18,519
Operating Income (Loss)	237,945	699,500	(3,448,094)	881,449	(59,977)	635	(25)	-	12,575	(1,675,992)	(5,724,487)
Non-Operating Revenues (Expenses)											
Government Appropriation	-	-	6,014,709	-	-	-	-	-	-	6,014,709	6,079,489
Interest Income	16,468	-	2,842	3,680	-	-	35,541	-	-	58,531	32,194
Other Income	3,589	(500,000)	702,439	-	-	3,468	-	-	17,292	226,788	317,860
Interest Expense & Finance Charges	-	-	-	-	-	(1,920)	-	-	-	(1,920)	(1,778)
Total Non-Operating Revenues (Expenses)	20,057	(500,000)	6,719,990	3,680	-	1,548	35,541	-	17,292	6,298,108	6,427,765
Change in Net Position	258,002	199,500	3,271,896	885,129	(59,977)	2,183	35,516	-	29,867	4,622,116	703,278
Net Position, Beginning of Year	11,874,222	3,708,301	(26,176,753)	(819,633)	20,391	81,967	327,139	16,229	662,195	(10,305,942)	(11,009,220)
Net Position, End of Year	$12,132,224	$3,907,801	$ (22,904,857)	$ 65,496	$ (39,586)	$84,150	$362,655	$16,229	$692,062	$ (5,683,826)	$ (10,305,942)