VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS

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

BERT SMITH & Co.

Certified Public Accountants and Management Consultants

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
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SEPTEMBER 30, 2011 And 2010

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BERTSMITH &Co.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Virgin Islands Economic Development Authority (the Authority) as of and for the years ended September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years ended September 30, 2011 an 2010. The Virgin Islands Economic Development Authority is a discreetly presented component unit of the Government of the U.S. Virgin Islands. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Authority as of September 30, 2011 and 2010, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

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

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

Bert Smith & Co

Washington D.C.
February 10, 2012

I. INTRODUCTION

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

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

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

As management of the Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended September 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements. This overview and analysis is required by accounting principles generally accepted in the United States of America ("GAAP"), and Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Government.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Statement of Cash Flows: The primary purpose of this statement is to provide information about the Authority's net cash used in operating activities, capital and related financing activities, and provide information regarding the sources and uses of cash and the changes in the cash balance during the reporting period. The notes to the financial statements provide additional information essential to the full understanding of the Authority's financial statements.

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

Supplementary Schedules: The Authority's fund financial statements are presented as supplementary schedules. These schedules separate the financial statements and operations for each of the major funds.

III. FINANCIAL HIGHLIGHTS

2011

- The Authority's net assets were $17,156,864 in Fiscal Year 2011, which represents an increase of $1,380,366 or 9% compared to Fiscal Year 2010.
- Total assets exceeded total liabilities by $17,156,864 in Fiscal Year 2011 compared to $15,776,498 in Fiscal Year 2010.
- Operating revenues for the Authority were $8,505,370 in Fiscal Year 2011, which reflects an increase of $266,189 or 3% over Fiscal Year 2010.
- Operating expenses were $7,142,556 in Fiscal Year 2011, which reflects an increase of $35,664 over Fiscal Year 2010.
- Appropriations totaling $4,610,423 received from the Government of the Virgin Islands in Fiscal Year 2011 was $169,905 or 4% lower than in Fiscal Year 2010. In addition, the Authority received $2,174,310 from the Virgin Islands Public Finance Authority pursuant to Act No. 7081 issued by the legislature of the Virgin Islands.

2010

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

IV. Condensed Financial Information

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

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

Current Assets

Current assets increased by $616,639 or 14% in Fiscal Year 2011 compared to Fiscal Year 2010. The cumulative effect included the conversion of a certificate of deposit to cash thereby reducing investments by $107,909 or 37% which contributed to an increase in unrestricted cash of $195,471 or 6%. Accounts Receivables consist mainly of compliance, penalty and late reporting fees that were assessed on EDC beneficiaries and rent revenues generated from tenants located in the Industrial Park Corporation (IPDC). The total accounts receivables increased by $521,829 or 54% due to beneficiaries and tenants experiencing financial hardships in this economic hard time. There was an increase of $7,248 or 9% in prepaid and other assets during the year which was due to an advance payment made by the Authority to one of its vendor.

Noncurrent Assets

Noncurrent assets increased by $1,340,975 or 13% in Fiscal Year 2011 compared to Fiscal Year 2010. This was due partly to an increase of $606,994 or 18% in restricted cash for Performance Bonding and Loan Programs. Additionally, loans receivable increased by $1,274,355 or 36% which reflects the Authority's aggressive approach to promoting its various loan programs during tough economic times. Restricted investments decreased by $540,374 or 17% due to the conversion of certificates of deposit to cash that were set aside for loans and performance bonding.

Capital Assets

Total capital assets decreased by $386,397 or 12% in Fiscal Year 2011, due primarily to the depreciation of the Authority's vehicles and buildings.

Current Liabilities

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

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

Noncurrent Liabilities

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

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

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

Net Assets

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

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

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

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

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

Revenues

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

Operating Expenses

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

Nonoperating Revenues and Expenses

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

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

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

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

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

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

Current Liabilities

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

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

Noncurrent Liabilities

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

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

Net Assets

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

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

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

Revenues

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

Operating Expenses

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

Nonoperating Revenues and Expenses

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

CAPITAL ASSETS

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

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

PROGRAMS

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

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

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

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

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

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

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

REQUEST FOR INFORMATION – This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's operation. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Virgin Islands Economic Development Authority, 5055 Norre Gade, St. Thomas, VI 00802.

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

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

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

VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Economic Dependency: The Authority's sustainability depends primarily on appropriations from the Government of the Virgin Islands. In addition, it earns income from application fees, processing fees, compliance fees, and rental income from its Industrial Park facilities. During fiscal years ended September 30, 2011 and 2010, the Authority received in appropriations totaling $4,610,423 and $4,780,328 from the Government of the Virgin Islands, together with $2,174,423 and $1,746,700 in transfers from the Virgin Islands Public Finance Authority pursuant to Act No. 7081; and $1,664,083 and 1,598,747 of revenue earned from its various revenue-generating sources respectively.

Basis of Presentation: The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Authority uses the economic resources measurement focus and follows the accrual basis of accounting.

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

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

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

During fiscal years ended September 30, 2011 and 2010, the Authority maintained nine (9) and eight (8) major funds, respectively, or activities which constitute a major transaction of the Authority:

The following is a summary of these funds:

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

Cash and Cash Equivalents: All cash and all highly liquid investments available for current use with an initial maturity of three months or less are considered to be cash or cash equivalents.

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

Restricted Cash and Cash Equivalents: This consists of cash and cash equivalents to be used for specific purposes as specified by legislation or by a grant agreement.

Allowance for Uncollectible Accounts: The Authority provides for losses when a specific need for an allowance is indicated. The provision for loan losses charged to operating expenses is the amount necessary to report the net asset at its estimated realizable value. In determining the adequacy of the allowance, management considers the composition of the loan portfolio, economic factors, historical loss experience, and value and sufficiency of collateral in the current level of the allowance.

Capital Assets: The Authority capitalizes all property and equipment at cost. The property and equipment is capitalized and depreciated using the straight line method over the assets estimated useful lives. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extends the asset life are not capitalized.

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

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

Compensated Absences: The Authority has recognized the liability for annual leave, which is payable to employees upon separation. Sick leave balances are not paid out upon termination, however, a liability for the balances do exist in the event an employee transfers to another government agency; such liability is recognized at the time of the transfer.

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

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

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

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

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at September 30, 2011 and 2010:

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

	Unrestricted	Restricted	Total 2010
Cash and Cash Equivalents	$3,174,873	$3,447,237	$6,622,110

Custodial Risk

Custodial risk is the risk that in the event of a bank failure the Authority's deposits may not be return to it. Cash consists of cash on hand held by depository institutions and trustees in the Authority's name. During the fiscal years, including the final date of the period, September 30, 2011 and 2010, accounts at each financial institution were insured by the Federal Deposit Insurance Corporation up to $250,000. Cash in excess of this limit are $11,443,902 and $9,813,968 respectively, and are fully collateralized.

Restricted Cash and Cash Equivalents

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

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

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

NOTE 3 INVESTMENTS

Investments at September 30, 2011 and 2010 were comprised of certificates of deposits and a money market fund totaling $2,806,461 and $3,454,744, respectively. Balances in excess of $250,000 maintained in depository institutions are collateralized.

NOTE 4 RESTRICTED NET ASSETS

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

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

NOTE 5 UNRESTRICTED NET ASSETS

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

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

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

NOTE 6 LOANS RECEIVABLE

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

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

The loans bear interest rates ranging from 4% to 12%. The allowance includes majority of the SBDA loans which were assumed by the Authority at its inception; the additional allowances recorded in Fiscal Year 2011 and 2010 were $846,477 and $986,759 respectively.

NOTE 7 RECEIVABLES

The receivable balances as of September 30, 2011.

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

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

The receivable balances as of September 30, 2010.

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

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

NOTE 8 CAPITAL ASSETS

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

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

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

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

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

NOTE 9 LOANS PAYABLE

The Authority entered into an Intermediary Relending Program loan agreement (IRP) with the United States Department of Agriculture Rural Business Cooperative Services on April 21, 1998. This agreement requires the repayment of the approved loan principal of $670,530 to begin after three (3) years in twenty-seven (27) equal annual installments. An interest rate of 1% accrues on the outstanding balance. As of September 30, 2011 and 2010, the outstanding loan balance was $440,054 and $463,439 respectively.

The Industrial Park Development Corporation (IPDC) through the Virgin Islands Economic Development Authority issued a note in the amount of $350,000, on May 22, 2002, with an interest rate of 8% to Blak Corporation. The loan is to be repaid in 120 equal monthly installment of $4,246. At September 30, 2011 and 2010, the outstanding loan balance was $32,974 and $79,263 respectively.

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

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

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

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

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

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

NOTE 10 COMPENSATED ABSENCES

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

NOTE 11 LEASES

Lessor

The Authority leased a total of 26 buses to two tour bus operators on the island of St. Croix during the year. These leases are for two-year terms, with monthly payments dependent on revenues earned from the operation of the buses. The tour bus operators pay the Authority 20% of earned revenue in the months less than four cruise ships dock at the Frederiksted Pier and 30% when more than four cruise ships dock.

The Authority also leases commercial properties it owns through the Industrial Park Development Corporation. The terms of the leases vary from one to five years, with monthly rent payments dependent on the amount of square footage occupied and the location of the property. Minimum non-cancelable lease payments to be received are as follows:

2012	$187,313
2013	112,770
Total	$300,083

Lessee

The Authority leases office space on a month to month basis for $17,568 per month. In addition, the Industrial Park buildings are located on parcels of leased land. The land is rented under a thirty (30) year term lease which expires May 2013. Two additional ten-year option periods are available to the Industrial Park with the rental amounts based upon the Bureau of Labor Statistics' Consumer Price Index. Rent expense for the years ending September 30, 2011 and 2010 were $298,470 and $308,312 respectively. Minimum land lease payments as September 30, for each of the remaining two succeeding fiscal years of the original term of the lease are as follows:

2012	$ 38,586
2013	25,724
Total	$ 64,310

NOTE 12 DEFERRED REVENUE

In October 2009, the Virgin Islands Public Finance Authority (VIPFA) issued $87 million in bonds of which $5 million was allotted to the Authority. These funds are to be utilized for developmental loan programs and are drawn down from VIPFA as such loans are issued. Deferred revenue represents advanced funds received from VIPFA in fiscal year 2009. The Authority plan to sell the buses and apply the funds to issues additional loans. The deferred revenue will be relieved as additional loans are made in the future.

NOTE 13 RETIREMENT PLAN

The Government Employees Retirement System of the Virgin Islands (GERS) is a cost sharing, multiple employer public employee retirement system, established by the Government of the Virgin Islands to provide retirement, death and disability benefits to its employees. The Authority's part-time employees who at the time of employment are under age 55 years with one year of government service are eligible to participate in the system. The Authority's required contribution was 17.5% of the member's annual salary. Member contributions were 8% of annual salary. The Authority's contribution to the retirement plan was $386,303, $439,444 and $351,302 for fiscal years 2011, 2010 and 2009, respectively. The financial report of the retirement system can be obtained from the Government Employees' Retirement System, 3438 Kronprindens Gade, Saint Thomas, Virgin Islands, 00802.

NOTE 14 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority has various outstanding commitments at September 30, 2011 and 2010 which includes outstanding loan commitments in the process of being approved by the Board of Directors which are not reflected on the statement of net assets.

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

NOTE 15 RISK MANAGEMENT

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

NOTE 16 SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

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

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

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

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

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