The West Indian Company Limited
(A Blended Component Unit of the
Virgin Islands Public Finance Authority)

Management's Discussion and Analysis
and Financial Statements
Year Ended September 30, 2023

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Contents

Independent Auditor's Report	3-5
Management's Discussion and Analysis	6-11
Financial Statements	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14-15
Notes to Financial Statements	16-27

Tel: 301-354-2500
Fax: 301-354-2501
www.bdo.com

12505 Park Potomac Ave, Suite 700
Potomac, MD 20854

Independent Auditor's Report

To the Board of Directors
The West Indian Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The West Indian Company Limited (the Company), a blended component unit of the Virgin Islands Public Finance Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the West Indian Company Limited as of September 30, 2023, and the changes in financial position and its cash flows 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Company'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025 on our consideration of the Company'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 Company'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 the Company's internal control over financial reporting and compliance.

BDO USA, P.C.

June 25, 2025

Management's Discussion and Analysis

The purpose of the following management's discussion and analysis of the financial performance and activity of The West Indian Company Limited (the Company) is to help readers understand the basic financial statements of the Company for the year ended September 30, 2023, with selected comparative information for the year ended September 30, 2022. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto which follow this section.

The Company

The Company is a U.S. Virgin Islands corporation that is owned by the Government of the U.S. Virgin Islands (the Government) through the Virgin Islands Public Finance Authority (the PFA). The Company's operations consist primarily of servicing cruise ships owned by established cruise lines.

Over the past ten years, the Company has hosted an average of 958,000 cruise ship passengers per year. The Company also generates revenue from renting land and warehouses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Company's basic financial statements. The Company's basic financial statements consist of four components: 1) Statement of Net Position; 2) Statement of Revenues, Expenses, and Changes in Net Position; 3) Statement of Cash Flows; and 4) Notes to Financial Statements.

- The Statement of Net Position is prepared on an economic resources measurement focus and reports information about the Company using accounting methods similar to those used by private sector companies (accrual basis of accounting) and presents all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Company, with the difference reported as net position.
- The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Company's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows.
- The Statement of Cash Flows provides data regarding all cash inflows the Company receives from its ongoing operations and includes all cash outflows that pay for business activities. The Statement of Cash Flows provides an analysis of the operating, investing, noncapital, and capital and related financing activities and their effect on cash and cash equivalents.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within.

Summary of Financial Results

Statement of Net Position - Table 1 summarizes the Company's Statement of Net Position as of September 30, 2023 and 2022.

Table 1: Summary of Statements of Net Position

September 30,	**2023**	2022	Change	Change (%)
Assets				
Current assets	**$ 14,295,694**	$ 12,145,141	$ 2,150,553	18%
Noncurrent assets:				
Leases receivable	**7,011,961**	6,662,679	349,282	5%
Capital assets, net	**31,252,654**	34,061,177	(2,808,523)	(8%)
Total Assets	**$ 52,560,309**	$ 52,868,997	$ (308,688)	(1%)
Liabilities				
Current liabilities	**$ 13,564,790**	$ 12,839,851	$ 724,939	6%
Noncurrent liabilities	**53,122,201**	52,859,828	262,373	0%
Total Liabilities	**$ 66,686,991**	$ 65,699,679	$ 987,312	2%
Deferred Inflows of Resources	**$ 3,204,906**	$ 2,729,249	$ 475,657	17%
Net Position				
Net investment in capital assets	**$ (11,925,342)**	$ (8,346,083)	$ (3,579,259)	(43%)
Restricted	**62,658**	298,727	(236,069)	(79%)
Unrestricted deficit	**(5,468,904)**	(7,512,575)	2,043,671	27%
Total Net Deficit	**$ (17,331,588)**	$ (15,559,931)	$ (1,771,657)	(11%)

For fiscal year 2023, the Company's assets amounted to $52.6 million, of which $9.6 million represented cash and cash equivalents, $4.7 million represented receivables, prepaid expenses, and other current assets, $7.0 million represented noncurrent lease receivables and $31.3 million represented capital assets net of accumulated depreciation and amortization. Current assets increased by $2.2 million due to an increase in receivables of $2.7 million and an increase in prepaid expenses and other current assets of $197,000, offset by a decrease in cash and cash equivalents of $786,000. Noncurrent leases receivable increased by $349,000. Capital assets decreased by $2.8 million due to the net effect of acquisition of assets of $312,000 offset by depreciation and amortization expense of $3.1 million.

For fiscal year 2023, the Company's liabilities amounted to $66.7 million, of which $51.6 million represented bonds payable, $10.6 million represented a payable to the Government, $1.7 million represented interest on bonds payable, $1.4 million represented compensated absences, $1.3 million represented accounts payable and accrued expenses, $80,000 represented customer deposits and $49,000 represented lease liability. Current liabilities increased by $725,000 mainly due to an increase in interest on bonds payable of $677,000, an increase in payments in lieu of taxes (PILOT) due to the Government of $631,000, an increase in accounts payable and accrued expenses of $62,000, an increase in lease payable of $49,000, and an increase in customer deposits of $23,000, offset by a decrease in loan payable of $717,000.

Noncurrent liabilities increased by $262,000 due to an increase in noncurrent accounts payable of $184,000, an increase in noncurrent compensated absences of $34,000 and an increase in noncurrent bonds payable of $45,000.

For fiscal year 2023, the Company's deferred inflows related to leases were $3.2 million, an increase of $476,000 from the prior fiscal year.

Statement of Revenues, Expenses, and Changes in Net Position - Table 2 summarizes the Company's revenues, expenses, and changes in net position for the fiscal year ended September 30, 2023 and 2022.

Table 2: Summary of Statements of Revenues, Expenses, and Changes in Net Position

September 30,	**2023**	2022	Change	Change (%)
Operating Revenues	**$ 9,423,985**	$ 3,081,212	$ 6,342,773	206%
Operating Expenses				
Cost of services	**5,623,420**	5,437,191	186,229	3%
General and administrative expenses	**606,487**	913,235	(306,748)	(34%)
Depreciation and amortization	**3,120,034**	3,075,988	44,046	1%
Total Operating Expenses	**9,349,940**	9,426,414	(76,474)	(1%)
Operating income (loss)	**74,045**	(6,345,202)	6,419,247	101%
Total non-operating revenues (expenses)	**(1,845,702)**	(1,226,708)	(618,994)	(50%)
Change in Net Position	**(1,771,657)**	(7,571,910)	5,800,253	(77%)
Net Position (Deficit), beginning of year	**(15,559,931)**	(7,988,021)	(7,571,910)	(95%)
Net Deficit, end of year	**$ (17,331,588)**	$ (15,559,931)	$ (1,771,657)	(11%)

For fiscal year 2023, operating revenues of $9.4 million increased by $6.3 million from the prior year due to increased passenger fees resulting from the lifting of a No Sail Order by the Centers for Disease Control (CDC) in September 2022.

Operating expenses of $9.3 million decreased by $76,000 primarily due to a decrease in general and administrative expenses of $307,000, offset by an increase in cost-of-service expenses of $186,000 and an increase in depreciation and amortization expense of $44,000.

The Company reported an increase in non-operating expenses of $619,000 mainly due to a decrease in grant revenue of $4.0 million and an increase in interest expense of $643,000, offset by a decrease in bond issuance costs of $2.2 million, an increase in loan forgiveness of $717,000, an increase in interest income of $306,000, an increase in other income of $738,000 and an decrease in contributions to the Government of $48,000.

Capital Assets

The following schedule reports capital assets of the Company as of September 30, 2023 and 2022:

	Balance, September 30, 2022	Additions	Disposals	Transfers	**Balance, September 30, 2023**
Capital assets not being depreciated:					
Land	$ 5,147,278	$ -	$ -	$ -	**$ 5,147,278**
Construction in progress	2,389,106	78,062	-	(23,155)	**2,444,013**
Total Capital Assets not Being Depreciated	7,536,384	78,062	-	(23,155)	**7,591,291**
Capital assets being depreciated or amortized:					
Personal property and equipment	4,789,427	132,330	(39,420)	-	**4,882,337**
Buildings and building improvements	72,032,217	6,138	-	23,155	**72,061,510**
Right-to-use buildings and building improvements	-	94,980	-	-	**94,980**
Total Capital Assets Being Depreciated or Amortized	76,821,644	233,448	(39,420)	23,155	**77,038,827**
Less accumulated depreciation/amortization for:					
Personal property and equipment	(3,687,696)	(162,078)	39,420	-	**(3,810,354)**
Buildings and building Improvements	(46,609,155)	(2,921,016)	-	-	**(49,530,171)**
Right-to-use buildings and building improvements	-	(36,939)	-	-	**(36,939)**
Total Accumulated Depreciation / Amortization	(50,296,851)	(3,120,033)	39,420	-	**(53,377,464)**
Total Capital Assets Being Depreciated or Amortized, Net	26,524,793	(2,886,585)	-	23,155	**23,661,363**
Total Capital Assets, Net	$ 34,061,177	$ (2,808,523)	$ -	$ -	**$ 31,252,654**

In fiscal year 2023, construction in progress increased by $55,000 due to $78,000 of asset purchases and $23,000 of transfers to buildings and building improvements. Personal property and equipment increased by $93,000 due to purchases of assets of $132,000, offset by disposals of $39,000. Buildings and building improvements increased by $29,000 mainly due to transfers of $23,000. Right-to-use buildings and building improvements increased by $95,000, due to the Company entering a lease on behalf of the Government. Accumulated depreciation and amortization increased mainly due to the depreciation expense and amortization of $3.1 million.

Long-Term Liabilities

Port Facilities Revenue Bonds

In June 2022, the Company issued the Port Facilities Revenue Bonds Series 2022A and Series 2022B (the Series 2022 Bonds) at a nominal value of $52.6 million, and a discounted value of $51.6 million. The Series 2022 Bonds were privately placed and offered exclusively to qualified institutional buyers and were not registered under the Securities Act or any state securities laws. The bonds are limited obligations of the Company and are not the debts of the PFA.

The proceeds of the Series 2022 Bonds were used to prepay the $41.7 million loan with a local bank and finance certain capital asset improvements. The Series 2022 Bonds are due from April 1, 2026 to April 1, 2052, with interest rates of 5.875% to 6.500%.

Bonds payable activity for the year ended September 30, 2023, follows:

	Balance, September 30, 2022	Additions	Reductions	**Balance, September 30, 2023**
Series 2022 Bonds	$ 52,625,000	$ -	$ -	**$ 52,625,000**
Bond discount	(1,039,117)	-	45,025	**(994,092)**
Total	$ 51,585,883	$ -	$ 45,025	**$ 51,630,908**

Loans Payable

As of September 30, 2022, the Company had an outstanding SBA Guaranteed Paycheck Protection Program (PPP) loan in the amount of $717,200 with a fixed interest rate of 1.0% and a five-year term. The PPP loan was forgiven by the federal government in October 2022.

	Balance, September 30, 2022	Additions	Loan Forgiveness	**Balance, September 30, 2023**
SBA Guaranteed Loan	$ 717,200	$ -	$ (717,200)	**$ -**
Total Loans Payable	$ 717,200	$ -	$ (717,200)	**$ -**

Significant Currently Known Facts

The following are currently known facts that could have a potential significant effect on financial position and changes in financial position in future years:

Operations

Management is addressing the changing dockage requirements of larger cruise ships and increased competition from other cruise ports by improving their dockage. In fiscal year 2017, the Company replaced 32 older 60-ton bollards with 150-ton bollards and replaced 750 feet of dock bulkhead. The Company is moving forward with a project to construct a new dock to accommodate two larger 5,000+ passenger ships. Estimated projections determine that construction of the new dock facilities will provide at least 100 additional calls. The Company continues to operate with an approved Facility Security Plan and meets any additional requirements contained in Title 33 CFR Part 105 of the Maritime Security Code of Federal Regulations.

Management has also addressed the increasing competition from other cruise ports by entering into preferential berthing rights agreements with three major cruise lines, providing the Company with guaranteed annual revenue. The Company continues to explore several means of maximizing its financial future by concentrating on growing the passenger arrivals, developing the seven-acre property located in Estate Liverpool, and renovation and reconstruction of warehouse rentals to attract new and varied purveyors of products and services to appeal to visitors and residents.

The Company is finalizing plans for the development of additional berths, reviewing opportunities for fresh new attractions and activities to the destination, and preparing for the renovation of Estate Catherineberg into a museum pursuant to Act 8053. The Company is highly dependent on the cruise ship industry.

The cruise ship industry may also be impacted by natural disasters such as hurricanes. Climate change experts have predicted an increase in the strength and occurrence of hurricanes in the coming decades.

The Company has reported deficits in recent years due to the COVID-19 pandemic and the closing of the port by the Centers for Disease Control. The management team of the Company has unveiled its plan to improve liquidity by focusing on increasing the number of cruise line visits and passenger arrivals, expanding dock capacity for larger ships, providing marine management services, and continuing to control overhead expenses. The Company is exploring the development of a seven-acre property located in Estate Liverpool, and renovation and reconstruction of warehouse rentals to attract new and varied purveyors of products and services to appeal to visitors and residents.

Working Capital Position

The Company was in a positive working capital position as of September 30, 2023, with current assets of $14.3 million and current liabilities of $13.6 million. Current liabilities include $1.1 million in accounts payable and accrued expenses, bond interest payable amounting to $1.7 million and payments in lieu of taxes (PILOT), amounting to $10.6 million, due to the Government. Management expects the PILOT liability to decrease with the renovation of the historic property located in Estate Catherineberg. Act 8053 authorizes the PILOT balance to be reduced by the value of repairs and improvements to the Estate Catherineberg property.

Contacting the Company's Financial Management

This financial report is designed to provide the Company's customers, creditors, and other interested persons with a general overview of its finances and to demonstrate the Company's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact:

The West Indian Company Limited
P.O. Box 7660 Charlotte Amalie
St. Thomas, VI 00801
340-774-1780

Financial Statements

The West Indian Company Limited
(A Blended Component Unit of the Virgin Islands Public Finance Authority)

Statement of Net Position

September 30, 2023		
Assets		
Current Assets		
Cash and cash equivalents	$	822,619
Restricted cash and cash equivalents		8,791,073
Trade accounts receivable, net		2,752,751
Grants receivable		152,437
Leases receivable		445,644
Other accounts receivable		45,065
Prepaid expenses and other current assets		1,286,105
Total Current Assets		14,295,694
Noncurrent Assets		
Leases receivable		7,011,961
Capital assets, net		31,252,654
Total Noncurrent Assets		38,264,615
Total Assets	$	52,560,309
Liabilities		
Current Liabilities		
Accounts payable	$	324,545
Accrued expenses		791,074
Compensated absences		63,860
Customer deposits		79,684
Lease payable		48,897
Payable to the Government		10,587,874
Interest payable		1,668,856
Total Current Liabilities		13,564,790
Noncurrent Liabilities		
Accounts payable		183,511
Compensated absences		1,307,782
Bonds payable		51,630,908
Total Noncurrent Liabilities		53,122,201
Total Liabilities		66,686,991
Deferred Inflows of Resources		
Leases		3,204,906
Net Position (Deficit)		
Net investment in capital assets		(11,925,342)
Restricted for:		
Debt service		49,309
Capital improvements		13,349
Unrestricted deficit		(5,468,904)
Total Net Deficit	$	(17,331,588)

See accompanying notes to financial statements.

The West Indian Company Limited
(A Blended Component Unit of the Virgin Islands Public Finance Authority)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2023	
Operating Revenues	
Fees for services	$ 9,423,985
Operating Expenses	
Cost of services	5,623,420
General and administrative expenses	606,487
Depreciation and amortization	3,120,033
Total Operating Expenses	9,349,940
Operating Income	74,045
Non-Operating Revenues (Expenses)	
Interest expense	(3,400,306)
Interest income	673,362
Loan forgiveness	717,200
Bond issuance costs	(15,500)
Gain on disposal of capital assets	3,000
Employment retention tax credit	378,218
Shared cost agreement	274,473
Other income	176,052
Contribution to the Government	(652,201)
Total Non-Operating Revenues (Expenses)	(1,845,702)
Change in Net Position	(1,771,657)
Net Deficit, beginning of year	(15,559,931)
Net Deficit, end of year	$ (17,331,588)

See accompanying notes to financial statements.

The West Indian Company Limited
(A Blended Component Unit of the Virgin Islands Public Finance Authority)

Statement of Cash Flows

Year ended September 30, 2023		
Cash Flows from Operating Activities		
Cash received from customers	$	7,274,530
Cash paid to employees		(2,742,726)
Cash paid to suppliers		(3,237,614)
Net Cash Provided by Operating Activities		1,294,190
Cash Flows from Non-Capital Financing Activities		
Shared cost agreement		274,473
Employment retention tax credit		378,218
Contribution to the Government		(68,501)
Net Cash Provided by Non-Capital Financing Activities		584,190
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets		(311,510)
Proceeds from sale of capital asset		3,000
Bond issuance costs		(15,500)
Interest payments on long-term debt		(2,630,668)
Net Cash Used in Capital and Related Financing Activities		(2,954,678)
Cash Flows from Investing Activities		
Interest income		289,932
Net Cash Provided by Investing Activities		289,932
Decrease in Cash and Cash Equivalents		(786,366)
Cash and Cash Equivalents, beginning of year		10,400,058
Cash and Cash Equivalents, end of year	$	9,613,692
Cash and Cash Equivalents include:		
Unrestricted	$	822,619
Restricted		8,791,073
	$	9,613,692
Non-Cash Financing Activity		
Forgiveness of Loan	$	717,200

See accompanying notes to financial statements.

The West Indian Company Limited
(A Blended Component Unit of the Virgin Islands Public Finance Authority)

Statement of Cash Flows

Year ended September 30, 2023		
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$	74,045
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for doubtful accounts		118,431
Depreciation and amortization		3,120,033
Other income		176,052
Changes in operating assets and liabilities:		
Trade accounts receivable, net		(2,653,385)
Other accounts receivable		(30,268)
Leases receivable		335,146
Prepaid expenses and other current assets		(197,038)
Accounts payable		285,612
Accrued expenses		(40,220)
Lease payable		48,897
Compensated absences		33,885
Customer deposits		23,000
Total Adjustments		1,220,145
Net Cash Provided by Operating Activities	$	1,294,190

See accompanying notes to financial statements.

1. Reporting Entity

The West Indian Company Limited (the Company), incorporated in the U.S. Virgin Islands, is owned by the Government of the U.S. Virgin Islands (the Government) through the Virgin Islands Public Finance Authority (PFA). The Company's operations consist primarily of servicing cruise ships owned by established cruise lines.

The financial statements of the Company are not intended to present fairly the financial position and results of operations of the Government or the PFA. Only the accounts of the Company are included in the reporting entity. There are no component units that should be considered for inclusion in the Company's financial statements.

2. Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted, standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus and Basis of Accounting

The Company complies with all applicable GASB pronouncements. The operations of the Company are presented as an enterprise fund and as such, the financial statements are reported using the economic measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred regardless of the timing of related cash flows. Grants and related items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Company distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Company's principal ongoing operations. The principal operating revenues of the Company are charges to customers for fees. Operating expenses for the Company's include the cost of services, general and administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

When both restricted and unrestricted resources are available for use, it is the Company's policy to use unrestricted resources first, then restricted resources as they are needed.

Standards for external financial reporting for state and local governments also require that resources be classified for accounting and reporting purposes into net position categories and to report the changes in net position.

Net position represents the residual interest in the Company's assets after liabilities are deducted and consist of the following categories:

- *Net Investment in Capital Assets* - Capital assets, net of accumulated depreciation and amortization less outstanding principal balances of debt and accounts payable attributable to the acquisition, construction, or improvement of those assets. The portion of debt attributed to the unspent debt proceeds is included in the same net position component as the unspent proceeds.

- *Restricted* - These result when constraints on the use of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - Net position that is not subject to externally imposed stipulations.

Taxes

The Company is exempt from the payment of all U.S. Virgin Islands taxes on all its assets and income. However, the Company is required to make an annual payment in lieu of taxes (PILOT) to the Government, of the greater of ten percent of net revenues or $700,000 retroactive to fiscal year 2006 and thereafter. Also see Note 6.

Cash and Cash Equivalents

The Company considers cash on hand, demand deposits, and other short-term investments with original maturities of three months or less from the date acquired by the Company to be cash and cash equivalents.

Trade and Other Accounts Receivables

Trade and other accounts receivables consist of amounts due under cruise line agreements. Receivables are recorded at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The adequacy of the allowance for doubtful accounts is evaluated by management based upon past collection experience.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of amounts paid by the Company for services not yet provided by vendors, which primarily relate to property and liability insurance.

Capital Assets

Capital assets are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the asset. Assets with costs above $500 and a useful life of at least one year are capitalized. Estimated useful lives of capital assets are as follows:

	Useful Life (Years)
Personal property and equipment	3-25
Buildings and building improvements	5-40

When assets are retired, the cost and related accumulated depreciation/amortization of the property is removed from the accounts, and any gain or loss is recognized. Expenses for major renewals and betterments are capitalized, while maintenance and repairs which do not extend the life of the assets are recorded as expenses. The Company reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment. If facts or circumstances support the possibility of impairment, management follows the guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment is made to the carrying value of the capital assets.

Leases

The Company has leased multiple nonfinancial assets to third parties. The Company recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

At the commencement of the lease, the Company initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relates to future periods. Subsequently, the deferred inflow of resources is recognized as lease revenues over the life of the lease term. Lease revenues are included in fees for services in the Statement of Revenues, Expenses, and Changes in Net Position.

Key estimates and judgments include how the Company determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Company uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Company monitors changes in circumstances that would require a remeasurement of its lease 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.

The Company recognizes payments received for short-term leases with a lease term of 12 months or less as revenue when earned. In accordance with GASB 87, such short-term leases are not included as lease receivables or deferred inflows in the Statements of Net Position.

The Company is also a party to a lease of nonfinancial assets as a lessee. The Company recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the Company initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over its useful life.

The Company monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported as current liabilities on the statement of net position.

Compensated Absences

Unpaid vacation and sick leave compensation, as well as the Company's share of related social security taxes, are accrued as employees earn benefits if attributable to past services and if it is probable the Company will compensate employees for such benefits. Amounts accrued are measured using salary rates in effect as of September 30.

Fees for Services

The Company primarily derives operating revenue from the operation of its cruise ship port and related agency activities. Such revenues are recognized when they are realized or realizable and are earned. Revenues are realized when cash or claims to cash (receivable) are received in exchange for goods or services.

Grants and Contributions

The Company from time-to-time may receive federal and territorial government grants. The assets and revenues arising from government grants are recorded when the Company meets the eligibility requirements of the grants. If resources are received in advance of satisfying certain eligibility requirements, the recognition of revenues is deferred.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Pronouncements

In September 2019, GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers of bonds and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Company has evaluated this Statement and has determined there is no impact on the financial statements.

In March 2020, GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets for a period in an exchange or exchange-like transaction. The Company has evaluated this Statement and has determined there is no impact on the financial statements.

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Agreements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end-users. The Company has evaluated this Statement and has determined there is no impact on the financial statements.

In April 2020, GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Company has evaluated this Statement and has determined there is no impact on the financial statements.

The following statements issued by GASB are effective in future years:

GASB Statement No.		Adoption Effective in Fiscal Year (as Revised)
100	Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2025
102	Certain Risk Disclosures	2025
103	Financial Reporting Model Improvements	2026
104	Disclosure of Certain Capital Assets	2026

Earlier application of these standards is permitted to the extent specified in each pronouncement as originally issued. The Company is currently evaluating the impact of these statements.

3. Cash and Cash Equivalents

Cash and cash equivalents, segregated by category, at September 30, 2023, are as follows:

	Bank Balance	Carrying Amount
Restricted	$ 8,791,073	$ 8,791,073
Unrestricted	1,074,141	822,619
Total	$ 9,865,214	$ 9,613,692

Unrestricted cash and cash equivalents may be used for operational purposes. Restricted cash of $8,791,073 represents $7,942,138 cash segregated for debt service requirements, $748,935 for capital improvements and $100,000 as operating reserves as a requirement of its bond indenture.

Custodial credit risk is the risk that in the event of bank failure, the Company’s deposit may not be returned. The Company does not have a custodial risk policy. The Company maintains its deposits at two financial institutions, which at times may exceed federally insured limits. Generally, the Federal Deposit Insurance Corporation insures depositor funds up to $250,000. Of the total funds held by the financial institutions as of September 30, 2023, approximately $1.9 million was fully collateralized, and approximately $7.9 million was uninsured. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its deposits. As of September 30, 2023, approximately $7.9 million or 81% of the Company’s deposits were held at UMB Bank and $1.9 million or 19% of the Company’s deposits were held at Banco Popular de Puerto Rico.

4. Trade Accounts Receivable

The Company's trade accounts receivable balance as of September 30, 2023, was comprised of the following:

Cruise lines	$ 2,823,328
Short-term rentals	249,936
Less: allowance for doubtful accounts	(320,513)
Trade Accounts Receivable, Net	**$ 2,752,751**

5. Capital Assets

Capital assets as of September 30, 2023 are comprised as follows:

	Beginning Balance	Additions	Impairment/ Disposal	Transfers	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 5,147,278	$ -	$ -	$ -	$ 5,147,278
Construction in progress	2,389,106	78,062	-	(23,155)	2,444,013
Total Capital Assets Not Being Depreciated	7,536,384	78,062	-	(23,155)	7,591,291
Capital Assets Being Depreciated or Amortized					
Personal property and equipment	4,789,427	132,330	(39,420)	-	4,882,337
Buildings and building improvements	72,032,217	6,138	-	23,155	72,061,510
Right-to-use buildings and building improvements	-	94,980	-	-	94,980
Total capital Assets Being Depreciated or Amortized	76,821,644	233,448	(39,420)	23,155	77,038,827
Less accumulated depreciation/ amortization for:					
Personal property and equipment	(3,687,696)	(162,078)	39,420	-	(3,810,354)
Buildings and building improvements	(46,609,155)	(2,921,016)	-	-	(49,530,171)
Right-to-use buildings and building improvements	-	(36,939)	-	-	(36,939)
Total Accumulated Depreciation/ Amortization	(50,296,851)	(3,120,033)	39,420	-	(53,377,464)
Total Capital Assets being Depreciated or Amortized, Net	26,524,793	(2,886,585)	-	23,155	23,661,363
Total Capital Assets, Net	$ 34,061,177	$ (2,808,523)	$ -	$ -	$ 31,252,654

6. Payable to the Government

On October 10, 2007, the Legislature of the U.S. Virgin Islands (the Legislature) approved Bill No. 27-0151 to require the Company to make an annual payment in lieu of taxes (PILOT) to the Government, of the greater of 10% of net revenues or $700,000 retroactive to fiscal year 2006 and thereafter. As of September 30, 2023, the Company's outstanding balance of unpaid PILOT for fiscal years 2008 through 2023 amounted to approximately $10.6 million.

The bonds and notes issued by the PFA, which owns the Company, are supported by the Government's pledged revenues and the PFA is highly dependent on the Government repaying its loans to the PFA for the PFA to repay its obligations and fund its operations. The Government is in a significant net deficit position. This situation could have an impact on the Company, whereby the Government may need to collect the amount due in order to address its own financial difficulties, and its dependency on PFA for financial support in such case.

To date, revenues pledged for debt service have not been significantly impacted by the Government's financial condition.

On June 14, 2018, the Legislature passed Act 8053, to accept the transfer of a historic property located in Estate Catherineberg, from the Company to the Government as a public decorative art museum, as part of a negotiated settlement of the amount due. The Company will be responsible for paying the costs of transferring and converting the property to a museum, as well as its annual maintenance and these amounts paid will reduce the unpaid PILOT amount owed.

The passage of Act 8053, authorizing the Government to purchase Estate Catherineberg provides relief to the Company. Although the Company will continue to pay for the maintenance of Estate Catherineberg, the expenses will now reduce the outstanding PILOT balance. As of the date of this report, the transfer of the property has not yet occurred due to pending repair work for the damages caused by the hurricanes in 2017.

7. Loan Payable

In April 2021, the Company received an SBA guaranteed PPP loan in the amount of $717,200. The loan was subject to a fixed interest rate of 1.0%. The maturity of the loan is five years from the date of the first disbursement of the loan. The Company applied for forgiveness of the loan in May 2022, and the loan was forgiven in October 2022.

Loan payable activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Loan Forgiveness	Ending Balance
SBA guaranteed loan	$ 717,200	$ -	$ 717,200	$ -

8. Long-Term Liabilities

Revenue Bonds

In June 2022, the Company issued the Port Facilities Revenue Bonds, Series 2022A and 2022B (the Series 2022 Bonds). The Series 2022 Bonds were issued at a nominal value of $52,625,000 and discounted value of $51,572,500. The Series 2022A and 2022B Bonds are privately placed and were offered exclusively to qualified institutional buyers and were not registered under the Securities Act, or any state securities laws. The bonds are limited obligations of the Company and are not the debts of PFA or the Government.

The Series 2022 Bonds were issued to: (i) prepay the Bank loan, (ii) fund a capitalized interest fund in an amount equal to interest accrued through December 31, 2022, (iii) fund the debt service reserve fund, (iv) finance certain capital improvements to docks, wharves, and ancillary facilities, (v) acquire a twenty-foot skiff for port operations, and (vi) pay certain costs of issuing the bonds.

The Series 2022A bonds are due from October 1, 2033 to October 1, 2052, with interest rates of 6.125% to 6.375%. Interest is payable annually on October 1st. The Series 2022B bonds are due from April 1, 2026 to April 1, 2052, with interest rates of 5.875% to 6.500%. Interest is payable annually on April 1st.

At September 30, 2023, bonds payable consist of:

Series 2022A	$ 19,005,000
Series 2022B	33,620,000
Subtotal	52,625,000
Bond discount	(994,092)
Total	$ 51,630,908

Maturity dates and debt service payment requirements as of September 30, 2023, for the Series 2023 Bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2024	$ -	$ 3,337,713	$ 3,337,713
2025	-	3,337,713	3,337,713
2026	185,000	3,337,713	3,522,713
2027	360,000	3,326,844	3,686,844
2028	380,000	3,305,694	3,685,694
2029 - 2033	3,620,000	16,052,006	19,672,006
2034 - 2038	5,230,000	14,742,262	19,972,262
2039 - 2043	7,070,000	12,902,412	19,972,412
2044 - 2048	9,605,000	10,367,075	19,972,075
2049 - 2053	26,175,000	6,319,543	32,494,543
Total	$ 52,625,000	$ 77,028,975	$ 129,653,975

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 52,625,000	$ -	$ -	$ 52,625,000	$ -
Bond discount	(1,039,117)	-	45,025	(994,092)	-
Compensated absences	1,337,757	372,335	(338,450)	1,371,642	63,860
Total	$ 52,923,640	$ 372,335	$ (293,425)	$ 53,002,550	$ 63,860

9. Leases and User Agreements

Lessor Agreements

WICO has entered into lease agreements for land and building space. Lease terms vary, with current agreements going until fiscal year 2052.

For agreements with renewal options, the Company has included the renewal periods in the lease term when it is reasonably certain that the renewal option will be exercised. The Company records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases.

The expected receipts are discounted using imputed interest rates between 3.03% and 6.88% for lease periods through 2039.

The lease receivable includes consumer price index (CPI) variable payment arrangements in effect at implementation date. Future CPI adjustments are not included in the measurement of the lease receivable as they are considered variable payments. The Company had no leases containing residual value grantees or those that include sale-leaseback and lease-leaseback transactions.

The total deferred inflow of resources associated with these leases will be recognized as revenue over the lease terms. The Company recognized $423,454 in related lease revenue, $383,430 in lease related interest income, and $11,400 in other lease income during the fiscal year. Lease revenue is included in fees for services on the statement of revenue, expenses, and changes in net position. As of September 30, 2023, the balance of the Company's deferred inflow of resources was $3.2 million.

The Company's leases included a six-year lease for the provision of office space to viNGN, a blended component unit of PFA. The lease was subsequently amended to reduce monthly lease payments from October 1, 2016 through the remainder of the lease term. Effective December 2017, the Company entered into a second lease amendment with viNGN extending the lease through December 31, 2022. In January 2023, the Company entered into a new five-year lease with viNGN effective January 1, 2023.

Lessee Agreements

The Company leases a building space, on behalf of the Government, under a non-cancelable lease arrangement. This lease expires during fiscal year 2024. In accordance with GASB Statement No. 87, the Company records leased right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective lease. The expected payments are discounted using an imputed interest rate of 4.89% with repayment due within one year.

Minimum principal and interest payment requirements due for lease arrangements as of September 30, 2023, are as follows:

Year ending September 30,	Principal	Interest	Total
2024	$ 48,897	$ 1,103	$ 50,000

Amortization expense associated with right-to-use assets will be recognized over the lease term, as a reduction of amounts due to the Government.

In March 2023, the Company entered into a one year lease, on behalf of the Government. The lease includes a six-month renewal option through August 31, 2024. In accordance with Act 8053, expenses related to the lease reduce the amount owed to the Government.

Agreements with the Government Employees Retirement System

In May 2023, the Company entered into a Limited Release and Settlement Agreement (Settlement Agreement) with the Government Employee Retirement System of the Virgin Islands (GERS), to settle claims each entity had made against the other in connection with a management agreement that had terminated on March 1, 2020. Under the terms of the Settlement Agreement, the Company released claims against GERS in the amount of $370,532, and GERS released claims against the Company in the amount of $706,357.

In May 2023, the Company and GERS also entered into a Shared Cost Agreement to split equally the shared utility, maintenance, water, and certain other costs at Havensight Mall. As part of the agreement, GERS paid the Company a catch-up payment of $274,473 during the fiscal year for costs incurred from March 2020 through December 2022.

Berthing Right Agreements

The Company has entered into agreements with certain cruise lines providing preferential berthing rights in exchange for passenger service charges (PSC) with guaranteed annual revenue due to the Company. These agreements are not leases as cruise lines do not have the ability to determine the nature and manner of use of the underlying asset. The agreements commenced on October 1, 2016, and extend through September 30, 2026, with two optional five-year extension periods through September 30, 2036. The Company will track and reconcile passenger manifests on an annual basis to determine amounts due to or owed by the Company.

10. Employer Retention Credit

During the year ended September 30, 2023, the Company received an Employee Retention Tax Credit (ERTC) in the amount of $378,218 issued by the Internal Revenue Service. The ERTC is a refundable tax credit available to eligible businesses that experienced a loss of revenues or downturn in business during the COVID-19 pandemic.

11. Commitments and Contingencies

During the normal course of business, the Company is a defendant in various lawsuits. In the opinion of management and legal counsel, the outcome of these cases and resulting liability, if any, is either adequately covered by insurance or should not materially affect the Company's financial position.

12. Retirement Plan

The Company sponsors a defined contribution retirement and savings plan (the Plan) for its employees. Under the provisions of the Plan, employees must contribute at least 3% of their gross compensation but may also contribute up to 7%. The Company matches 3% of the employees' contribution plus a non-elective distribution at the discretion of the Company, which is divided among eligible employees, proportionate to compensation.

Required contributions to the pension and savings plan made and charged to operations were $57,899 for the year ended September 30, 2023. No assets are accumulated in a trust that meets the criteria of paragraph 4 in GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Company does not offer other post-retirement benefits to its employees.

13. Risk Management

As with all business enterprises, the Company is exposed to various risks of losses, including potential liability issues in the normal course of business as well as property losses that can result from thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Company mitigates this risk of loss by purchasing commercial insurance, including general liability, property, vehicle, and employee health, life, and accident. The Company's commercial insurance policies cover catastrophic exposures, as well as those risks required to be insured by law or contract.

It is the policy of the Company to ensure that in its opinion are adequate amounts of risk coverage, especially in relation to the cost of such coverage, the effect of such is to retain a significant portion of certain risks related primarily to physical loss of property and business interruption. There were no reductions in coverage from the prior year, and the settlements have not exceeded insurance coverage for each of the past three years.

14. Subsequent Events

Lease Agreements

In March 2024, the Company entered into a five-year lease for the provision of car rental leasing space at rate of $4,200 per month starting from March 1, 2024 with an option to renew lease for additional 5 years. The lease also requires a security deposit of $8,200.

In June 2024, the Company entered into a three-year lease for the provision of digital parking spaces, from August 01, 2024 to July 31, 2027 with an option to renew lease for additional 5 years. The rent is $7,500 per month under this lease agreement. Digital parking spaces may be reserved using mobile apps and online platforms.

Management's Evaluation

Management has evaluated any events or transactions occurring after September 30, 2023, the statement of net position date, through June 25, 2025, the date the financial statements were available to be issued, and noted that there have been no additional events or transactions which would require adjustments to or disclosure in the Company's financial statements for the year ended September 30, 2023.