

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, 2024

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

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Financial Statements
Year Ended September 30, 2024

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

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Independent Auditor's Report

The Board of Directors
The West Indian Company Limited
St. Thomas, Virgin Islands

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, 2024, 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, 2024, 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 March 30, 2026 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.

March 30, 2026

**Management's
Discussion and Analysis**

The West Indian Company Limited

(A Blended Component Unit of the Virgin Islands Public Finance Authority)

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, 2024, with selected comparative information for the year ended September 30, 2023. 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.

The West Indian Company Limited
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Management's Discussion and Analysis

Summary of Financial Results

Statement of Net Position - Table 1 summarizes the Company's Statement of Net Position as of September 30, 2024 and 2023.

Table 1: Summary of Statements of Net Position

September 30,

	2024	2023	Change	Change (%)
Assets				
Current assets	\$ 12,987,901	\$ 14,295,694	\$ (1,307,793)	(9)
Noncurrent assets:				
Leases receivable	6,833,728	7,011,961	(178,233)	(3)
Capital assets, net	28,529,630	31,252,654	(2,723,024)	(9)
Total Assets	\$ 48,351,259	\$ 52,560,309	\$ (4,209,050)	(8)
Liabilities				
Current liabilities	\$ 13,516,252	\$ 13,564,790	\$ (48,538)	-
Noncurrent liabilities	53,160,613	53,122,201	38,412	-
Total Liabilities	\$ 66,676,865	\$ 66,686,991	\$ (10,126)	-
Deferred inflows of resources	\$ 3,191,584	\$ 3,204,906	\$ (13,322)	-
Net Position				
Net investment in capital assets	\$ (14,664,309)	\$ (11,925,342)	\$ (2,738,967)	23
Restricted	133,010	62,658	70,352	112
Unrestricted deficit	(6,985,891)	(5,468,904)	(1,516,987)	28
Total Net Deficit	\$ (21,517,190)	\$ (17,331,588)	\$ (4,185,602)	24

For fiscal year 2024, the Company's assets amounted to \$48.4 million, of which \$10.1 million represented cash and cash equivalents, \$2.9 million represented receivables, prepaid expenses and other current assets, \$6.8 million represented noncurrent lease receivables and \$28.5 million represented capital assets net of accumulated depreciation. Current assets decreased by \$1.3 million due to a decrease in receivables of \$1.7 million and a decrease in prepaid expenses of \$91,000, offset by an increase in cash and cash equivalents of \$514,000. Noncurrent leases receivable decreased by \$178,000. Capital assets decreased by \$2.7 million due to the net effect of acquisition of assets of \$213,000 offset by depreciation and amortization expense of \$2.9 million.

For fiscal year 2024, the Company's liabilities amounted to \$66.7 million, of which \$51.7 million represented bonds payable, \$11.2 million represented a payable to the Government, \$1.7 million represented interest on bonds payable, \$1.4 million represented compensated absences and \$652,000 million represented accounts payable and accrued expenses, \$96,000 represented customer deposits and \$20,000 represented lease liability. Current liabilities decreased by \$49,000 mainly due to a \$647,000 decrease in accounts payable and accrued expenses, a decrease in lease liability of \$29,000 and a decrease in compensated absences of \$13,000, offset by an increase in payments in lieu of taxes (PILOT) due to the Government of \$624,000 and an increase in customer deposits of \$17,000.

Noncurrent liabilities increased by \$38,000 due to an increase in bonds payable of \$45,000, offset by a decrease in noncurrent compensated absences of \$7,000.

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Management's Discussion and Analysis

For fiscal year 2024, the Company's deferred inflows related to leases were \$3.2 million, a decrease of \$13,000 from the prior 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, 2024 and 2023.

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

September 30,

	2024	2023	Change	Change (%)
Operating Revenues	\$ 8,695,391	\$ 9,423,985	\$ (728,594)	(8)
Operating Expenses				
Cost of services	5,765,286	5,623,420	141,866	3
General and administrative expenses	926,907	606,487	320,420	53
Depreciation and amortization	2,925,071	3,120,033	(194,962)	(6)
Total Operating Expenses	9,617,264	9,349,940	267,324	3
Operating Income (Loss)	(921,873)	74,045	(995,918)	(1345)
Total Non-operating Revenues (Expenses)	(3,263,729)	(1,845,702)	(1,418,027)	(77)
Change in Net Position	(4,185,602)	(1,771,657)	(2,413,945)	136
Net Deficit, beginning of year	(17,331,588)	(15,559,931)	(1,771,657)	(11)
Net Deficit, end of year	\$ (21,517,190)	\$ (17,331,588)	\$ (4,185,602)	(24)

For fiscal year 2024, operating revenues of \$8.7 million decreased by \$729,000 from the prior year mainly due to decreases in contract passenger fees.

Operating expenses of \$9.6 million increased by \$267,000 primarily due to an increase in costs of services expenses of \$142,000 and an increase in general and administrative expenses of \$320,000, offset by a decrease in depreciation and amortization expense of \$195,000.

The Company reported an increase in non-operating expense of \$1.4 million mainly due to a decrease in loan forgiveness of \$717,000, a decrease in the employment retention credit of \$378,000, a decrease in shared cost agreement reimbursements of \$253,000, and a decrease in other income of \$161,000, offset by an increase in interest income of \$47,000 and a decrease in interest expense of \$15,000.

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Management's Discussion and Analysis

Capital Assets

The following schedule reports capital assets of the Company as of September 30, 2024 and 2023:

	Balance, September 30, 2023	Additions	Disposals	Transfers	Balance, September 30, 2024
Capital assets not being depreciated:					
Land	\$ 5,147,278	\$ -	\$ -	\$ -	\$ 5,147,278
Construction in progress	2,444,013	52,180	-	(54,907)	2,441,286
Total Capital Assets not Being Depreciated	7,591,291	52,180	-	(54,907)	7,588,564
Capital assets being depreciated or amortized:					
Personal property and equipment	4,882,337	131,037	(103,272)	54,907	4,965,009
Buildings and building improvements	72,061,510	4,600	(6,774)	-	72,059,336
Right-to-use buildings and building improvements	94,980	25,250	-	-	120,230
Total Capital Assets being Depreciated or Amortized	77,038,827	160,887	(110,046)	54,907	77,144,575
Less: accumulated depreciation or amortization for:					
Personal property and equipment	(3,810,354)	(165,068)	94,825	-	(3,880,597)
Buildings and building improvements	(49,530,171)	(2,701,229)	4,201	-	(52,227,199)
Right-to-use buildings and building improvements	(36,939)	(58,774)	-	-	(95,713)
Total Accumulated Depreciation or Amortization	(53,377,464)	(2,925,071)	99,026	-	(56,203,509)
Total Capital Assets being Depreciated or Amortized, Net	23,661,363	(2,764,184)	(11,020)	54,907	20,941,066
Total Capital Assets, Net	\$ 31,252,654	\$ (2,712,004)	\$ (11,020)	\$ -	\$ 28,529,630

In fiscal year 2024, construction in progress decreased by \$3,000 due to the net effect of \$55,000 of transfers to personal property and equipment and \$52,000 of asset purchases. Personal property and equipment increased by \$83,000 mainly due to purchases of assets of \$131,000 and transfers received of \$55,000, offset by disposals of \$103,000. Buildings and building improvements decreased by \$2,000 mainly due to an adjustment of \$7,000, offset by additions of \$5,000. Right-to-use buildings and building improvements increased by \$25,000 due to the Company extending a lease on behalf of the Government. Accumulated depreciation increased mainly due to depreciation and amortization expense of \$2.9 million.

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Management's Discussion and Analysis

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, 2024, follows:

	Balance, September 30, 2023	Additions	Reductions	Balance, September 30, 2024
Series 2022 Bonds	\$ 52,625,000	\$ -	\$ -	\$ 52,625,000
Bond discount	(994,092)	-	45,025	(949,067)
Total	\$ 51,630,908	\$ -	\$ 45,025	\$ 51,675,933

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 continues to evaluate and implement strategies aimed at strengthening its long-term financial position. Key priorities include increasing passenger arrivals, developing the seven-acre Estate Liverpool property, and undertaking the renovation and reconstruction of warehouse assets. These initiatives are intended to attract a broader range of tenants and enhance the variety of products and services available to both visitors and residents.

In 2006, in response to growing competition from other cruise destinations, management strengthened strategic relationships with major cruise partners by executing preferential berthing rights agreements. These agreements, held with three major cruise lines, secure guaranteed annual revenue for the Company. Management is currently renewing the agreements, which are scheduled to expire in September and October 2026. The new agreements are expected to incorporate tariff increases over the next ten years, thereby enhancing future revenue projections.

Management remains committed to improving and maintaining the Company's docking infrastructure. Significant initiatives include:

- 2017 Bollard and Bulkhead Project: Replacement of thirty-two (32) older 60-ton bollards with 150-ton bollards, along with the replacement of 750 linear feet of dock bulkhead.

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- February 2026 Fendering Upgrade: Completion of the repositioning of twenty-five (25) upgraded Arch fenders along the middle and inner berth of the main bulkhead. This upgrade ensures compatibility with Norwegian Cruise Line's new Prima Class vessels.
- Water Main Pipe Project (Planning Phase): Installation of 1,450 feet of water main pipeline from the middle berth to the inner berth. This project is expected to significantly enhance the Company's revenue-generating water bunkering capability. Presently, vessels at the inner berth receive low-pressure water directly from the municipal system. Upon completion, the new pipeline-supplied by a 132,000-gallon cistern and booster pump-will double current flow rates and increase water sales to berthed vessels.

The Company also continues to seek opportunities to introduce new attractions and activities to the destination. Preparations are underway for the renovation of the Estate Catherineberg property into a museum, in accordance with Act 8053. As a whole, the Company remains highly dependent on the cruise ship industry.

The Company operates under an approved Facility Security Plan and remains fully compliant with the requirements of Title 33 CFR Part 105 of the Maritime Security Code of Federal Regulations.

Working Capital Position

The Company was in a negative working capital position as of September 30, 2024, with current assets of \$13.0 million and current liabilities of \$13.5 million. Current liabilities include \$469,000 in accounts payable and accrued expenses, bond interest payable amounting to \$1.7 million, and payments in lieu of taxes (PILOT), amounting to \$11.2 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, 2024

Assets

Current Assets

Cash and cash equivalents	\$	1,250,767
Restricted cash and cash equivalents		8,876,556
Trade accounts receivable, net		863,445
Grants receivable		152,437
Leases receivable		590,776
Other accounts receivable		58,824
Prepaid expenses and other current assets		1,195,096

Total Current Assets 12,987,901

Noncurrent Assets

Leases receivable	6,833,728
Capital assets, net	28,529,630

Total Noncurrent Assets 35,363,358

Total Assets \$ 48,351,259

Liabilities

Current Liabilities

Accounts payable	\$	383,544
Accrued expenses		85,057
Compensated absences payable		51,088
Customer deposits		96,247
Lease payable		19,813
Payable to the Government		11,211,646
Interest payable		1,668,857

Total Current Liabilities 13,516,252

Noncurrent Liabilities

Accounts payable	183,511
Compensated absences payable	1,301,169
Bonds payable	51,675,933

Total Noncurrent Liabilities 53,160,613

Total Liabilities \$ 66,676,865

Deferred Inflows of Resources

Leases	\$	3,191,584
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Net Position

Net investment in capital assets	\$	(14,664,309)
Restricted debt service		133,010
Unrestricted deficit		(6,985,891)

Total Net Deficit \$ (21,517,190)

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, 2024

Operating Revenues	
Fees for services	\$ 8,695,391
Operating Expenses	
Cost of services	5,765,286
General and administrative expenses	926,907
Depreciation and amortization	2,925,071
Total Operating Expenses	9,617,264
Operating Loss	(921,873)
Non-operating Revenues (Expenses)	
Interest expense	(3,405,771)
Interest income	740,652
Grant revenue	4,392
Bond issuance costs	(4,500)
Gain on disposal of capital assets	8,200
Shared cost agreement	21,405
Other income	14,712
Contribution to the Government	(642,819)
Total Non-operating Expenses	(3,263,729)
Change in Net Position	(4,185,602)
Net Deficit, beginning of year	(17,331,588)
Net Deficit, end of year	\$ (21,517,190)

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, 2024

Cash Flows from Operating Activities	
Cash received from customers	\$ 10,659,019
Cash paid to employees	(3,047,415)
Cash paid to suppliers	(4,231,430)
Net Cash Provided by Operating Activities	3,380,174
Cash Flows from Noncapital Financing Activities	
Shared cost agreement	21,405
Cash received from grants	4,392
Contribution to the Government	(76,228)
Net Cash Used in Noncapital Financing Activities	(50,431)
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets and right-to-use assets	(213,067)
Proceeds from sale of capital assets	19,220
Interest received from leases	380,316
Bond issuance costs	(4,500)
Interest payments on long-term debt	(3,358,417)
Net Cash Used in Capital and Related Financing Activities	(3,176,448)
Cash Flows from Investing Activities	
Interest received from investments	360,336
Net Cash Provided by Investing Activities	360,336
Increase in Cash and Cash Equivalents	513,631
Cash and Cash Equivalents, beginning of year	9,613,692
Cash and Cash Equivalents, end of year	\$ 10,127,323
Cash and Cash Equivalents	
Unrestricted	\$ 1,250,767
Restricted	8,876,556
	\$ 10,127,323

See accompanying notes to financial statements.

The West Indian Company Limited
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Statement of Cash Flows

Year ended September 30, 2024

Reconciliation of Operating Income to Net Cash Provided by

Operating Activities	
Operating loss	\$ (921,873)
<hr/>	
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Reversal of doubtful accounts	(37,027)
Depreciation and amortization	2,925,071
Changes in operating assets and liabilities:	
Trade accounts receivable, net	1,941,045
Other accounts receivable	(13,759)
Leases receivable and related deferrals	19,779
Prepaid expenses and other current assets	91,009
Accounts payable	58,999
Accrued expenses	(706,017)
Lease payable	25,769
Compensated absences	(19,385)
Customer deposits	16,563
<hr/>	
Total Adjustments	4,302,047
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Net Cash Provided by Operating Activities	\$ 3,380,174

See accompanying notes to financial statements.

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

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 similar 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 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 restricted resources first, then unrestricted 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.

The West Indian Company Limited
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Notes to Financial Statements

- *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:

<u>Asset Category</u>	<u>Useful Life (years)</u>
Personal property and equipment	3 - 25
Buildings and building improvements	5 - 40

When assets are retired, the cost and related accumulated depreciation 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.

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Notes to Financial Statements

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 noncancellable 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.

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Notes to Financial Statements

Compensated Absences

Unpaid vacation and sick leave compensation, as well as the Company's share of related social security taxes, is accrued as benefits are earned by employees 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 accounting principles generally accepted in the United States of America 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 June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (an amendment of GASB Statement No. 62), which establishes reporting requirements for accounting changes and error corrections in previously issued financial statements. The Statement generally requires retroactive restatement for changes in accounting principles and error corrections, while changes in reporting entity and estimates are reported through beginning balance adjustments or prospectively, respectively. The Statement is effective for fiscal years beginning after June 15, 2023. The Company has evaluated this Statement and determined it has 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)
101	Compensated Absences	2025
102	Certain Risk Disclosures	2025
103	Financial Reporting Model Improvements	2026
104	Disclosure of Certain Capital Assets	2026
105	Subsequent Events	2027

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Notes to Financial Statements

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, 2024, are as follows:

	Bank Balance	Carrying Amount
Restricted	\$ 8,876,556	\$ 8,876,556
Unrestricted	1,334,582	1,250,767
Total	\$ 10,211,138	\$ 10,127,323

Unrestricted cash and cash equivalents may be used for operational purposes. Restricted cash of \$8,876,556 represents \$8,126,556 cash segregated for debt service requirements, \$250,000 for capital improvements, and \$500,000 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, 2024, approximately \$2.1 million was fully collateralized, and approximately \$7.8 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, 2024, approximately \$8.1 million or 80% of the Company's deposits were held at UMB Bank and \$2.1 million or 20% 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, 2024, was comprised of the following:

Cruise lines	\$ 849,464
Short-term rentals	297,467
Less: allowance for doubtful accounts	(283,486)
Trade Accounts Receivable, Net	\$ 863,445

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Notes to Financial Statements

5. Capital Assets

Capital assets as of September 30, 2024, are comprised as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,147,278	\$ -	\$ -	\$ -	\$ 5,147,278
Construction in progress	2,444,013	52,180	-	(54,907)	2,441,286
Total Capital Assets not Being Depreciated	7,591,291	52,180	-	(54,907)	7,588,564
Capital assets being depreciated or amortized:					
Personal property and equipment	4,882,337	131,037	(103,272)	54,907	4,965,009
Buildings and building improvements	72,061,510	4,600	(6,774)	-	72,059,336
Right-to-use buildings and building improvements	94,980	25,250	-	-	120,230
Total Capital Assets Being Depreciated or Amortized	77,038,827	160,887	(110,046)	54,907	77,144,575
Less: accumulated depreciation or amortization for:					
Personal property and equipment	(3,810,354)	(165,068)	94,825	-	(3,880,597)
Buildings and building improvements	(49,530,171)	(2,701,229)	4,201	-	(52,227,199)
Right-to-use buildings and building improvements	(36,939)	(58,774)	-	-	(95,713)
Total Accumulated Depreciation or Amortization	(53,377,464)	(2,925,071)	99,026	-	(56,203,509)
Total Capital Assets Being Depreciated or Amortized, Net	23,661,363	(2,764,184)	(11,020)	54,907	20,941,066
Total Capital Assets, Net	\$ 31,252,654	\$ (2,712,004)	\$ (11,020)	\$ -	\$ 28,529,630

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 ten percent of net revenues or \$700,000 retroactive to fiscal year 2006 and thereafter. As of September 30, 2024, the Company's outstanding balance of unpaid PILOT for fiscal years 2008 through 2024 amounted to approximately \$11.2 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.

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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. Long-term Liabilities

Revenue Bonds

In June 2022, the Company issued the Port Facilities Revenue Bonds, Series 2022A and Series 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, 2024, Bonds payable consist of:

Series 2022A	\$ 19,005,000
Series 2022B	33,620,000
Subtotal	52,625,000
Bond discount	(949,067)
Total	\$ 51,675,933

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Maturity dates and debt service payment requirements as of September 30, 2024, for the Series 2022 Bonds are as follows:

	Principal	Interest	Total
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	405,000	3,283,369	3,688,369
2030 - 2034	4,140,000	15,839,331	19,979,331
2035 - 2039	5,555,000	14,417,238	19,972,238
2040 - 2044	7,510,000	12,463,025	19,973,025
2045 - 2049	10,225,000	9,746,119	19,971,119
2050 - 2053	23,865,000	4,634,217	28,499,217
Total	\$ 52,625,000	\$ 73,691,263	\$ 126,316,263

The bonds' indenture specifies certain debt service coverage requirements, requiring the Company to annually establish, impose, and collect rates, fees, and charges related to docking, berthing, passenger census, insurance proceeds, and other operating revenues to achieve a debt service coverage ratio (DSCR) of no less than 1.25x for each fiscal year. The DSCR for any period is the ratio of (i) net operating revenues generated in such period and available to pay debt service on the outstanding bonds to (ii) debt service due on such bonds during such period.

Due to a decrease in operating revenues resulting from lower-than-projected cruise ships load factors, the Company did not comply with the DSCR requirement for fiscal year 2024. As a result, the Company requested a waiver, and the bondholders granted the Company a waiver of this requirement for the year ended September 30, 2024.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2024, follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 52,625,000	\$ -	\$ -	\$ 52,625,000	\$ -
Bond discount	(994,092)	45,025	-	(949,067)	-
Compensated absences	1,371,642	349,900	(369,285)	1,352,257	51,088
Total	\$ 53,002,550	\$ 394,925	\$ (369,285)	\$ 53,028,190	\$ 51,088

8. 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.

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Notes to Financial Statements

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 3.87% and 7.39% 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 \$446,755 in related lease revenue and \$380,316 in lease related interest income during the fiscal year. As of September 30, 2024, the balance of the Company's deferred inflow of resources was \$3.2 million.

The Company's leases included a five-year lease for the provision of office space to viNGN, a blended component unit of PFA.

Lessee Agreements

In March 2023, the Company entered into a one-year noncancelable lease arrangement for building space, on behalf of the Government. This lease, which was initially set to expire in February 2025, was amended to extend the lease through February 2027. In accordance with Act 8503, expenses related to the lease reduce the amount owed to the Government.

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, 2024, are as follows:

	Principal		Interest		Total
2025	\$ 19,813	\$	188	\$	20,000

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

Agreements with the Government Employee Retirement System

In May 2023, the Company and GERS entered into a Shared Cost Agreement to split equally the shared utility, maintenance, water, and certain other costs at Havensight Mall. The Company received \$21,405 in Shared Cost Agreement revenue during the year ended September 30, 2024.

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Notes to Financial Statements

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.

9. Commitments and Contingencies

Litigation

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.

10. 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 \$56,910 for the year ended September 30, 2024. 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.

11. 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.

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Notes to Financial Statements

12. Subsequent Events

Lease Agreements

In March 2025, the Company entered into a three-year lease for building space at a rate of \$3,250 per month, beginning June 1, 2025, with an option to renew the lease for an additional three years. The lease also requires a security deposit of \$6,500.

In March 2025, the Company entered into a month-to-month lease for a trailer yard commencing on March 1, 2025. The rent under this lease agreement is \$500 per month. The lease also requires a security deposit of \$500.

Management's Evaluation

Management has evaluated any events or transactions occurring after September 30, 2024, the statement of net position date, through March 30, 2026, 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, 2024.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Governing Board
The West Indian Company Limited
St. Thomas, Virgin Islands

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The 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, 2024, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of This Report

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

BDO USA, P.C.

March 30, 2026