

**VIRGIN ISLANDS CASINO CONTROL COMMISSION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(Together With Independent Auditor's Report Thereon)

VIRGIN ISLANDS CASINO CONTROL COMMISSION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners
Virgin Islands Casino Control Commission
St. Croix, U.S. Virgin Islands

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Virgin Islands Casino Control Commission (the "Commission"), a component unit of the Government of the United States Virgin Islands, which comprise the statement of net position as of and for the year ended September 30, 2023, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. The Virgin Islands Casino Control Commission is reported as an enterprise fund in the Comprehensive Annual Financial Report of the Government of the U.S. Virgin Islands.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission 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 the 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 Commission'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.

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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 Commission'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 Commission'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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Virgin Islands Casino Control Commission's financial position and the changes in financial position and cash flows and do not purport to, and do not, present fairly the financial position of the Government of the U.S. Virgin Islands as of September 30, 2023, and changes in the financial position of the Government of the U.S. Virgin Islands for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited the Commission's September 30, 2022, financial statements, and our report dated January 23, 2025, expressed an unqualified opinion thereon. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The combining schedule of net position and the combining schedule of changes in revenues, expenses and changes in net position on pages 21 and 22 are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedule of net position and the combining schedule of revenue, expense and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance.

Bert Smith & Co.

Washington, D.C.
December 19, 2025

VIRGIN ISLANDS CASINO CONTROL COMMISSION
(A Component Unit of the Virgin Islands Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

INTRODUCTION

The Virgin Islands Casino Control Commission (the “Commission”) was established by Title 32 Virgin Islands Code Chapter 21, as amended, in November 1995 (Act No. 6069). The Commission is responsible for the regulation of casinos pursuant to the Act and subsequently by Act No. 6419, Internet Gaming and Gambling Act; Racinos, pursuant to the Virgin Islands Racing Industry Assistance Acts of 2011 and 2016 (Act No. 7318 and 7952) and the Casino IV Establishments (Act No. 7702). The Commission is an independent agency of the executive branch of the Government of the United States Virgin Islands and as such, its financial statements are included in the Government of the United States Virgin Islands financial statements.

The Commission is funded through four (4) different sources:

1. Appropriations from the Government of the Virgin Islands General Fund. These appropriations fund the Commission’s personnel costs.
2. Fees and fines imposed by law or through regulation by the Commission. These amounts are imposed pursuant to 32 VIC §514, which was amended by Act 7643.
3. Casino Revenue funds. The Commission receives 10% of the 12% tax on gross casino revenue pursuant to 32 VIC §517. This rate was changed to 25% in April 2022.
4. The Horse Racetrack Casino Revenue. These funds are funded pursuant to 32 VIC §901 (The Virgin Islands Horse Racing Industry Assistance Act of 2011 (Bill 29-0127; Act 7318).

The Commission operates under one Governing Board (the “Board”) in order to achieve maximum efficiency of operation to avoid duplication of services, personnel and operational expenses, and responsibilities. The Commission is funded primarily by allotments for salaries and fringe costs through the Office of Management and Budget on behalf of the Department of Finance based on an approved budget authorized by the Legislature of the Virgin Islands.

As management of the Commission, we offer the readers of the Commission’s financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the Commission’s financial statements. This overview and analysis are required by accounting principles generally accepted in the United States of America (“GAAP”), and the Governmental Accounting Standards Board (“GASB”) Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Government.

VIRGIN ISLANDS CASINO CONTROL COMMISSION
(A Component Unit of the Virgin Islands Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- ***The Statement of Net Position:*** This statement includes all of the Commission's assets and liabilities. It provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The assets and liabilities are presented in order of liquidity. The resulting net position presented in these statements is displayed as restricted or unrestricted.
- ***The Statement of Revenues, Expenses, and Changes in Net Position:*** All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the activities of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all of its costs through appropriations and the services it provided.
- ***The Statement of Cash Flows:*** The primary purpose of this statement is to provide information about the Commission's net cash used in operating activities, capital and related financing activities, and provide information regarding the sources and uses of cash and the changes in the cash balance during the reporting period.
- ***Notes to the Financial Statements:*** The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements.
- ***Supplementary Information:*** The supplementary information represents the combining financial activities of the major fund groups.

VIRGIN ISLANDS CASINO CONTROL COMMISSION
(A Component Unit of the Virgin Islands Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2023 FINANCIAL HIGHLIGHTS

- The Commission's net position increased by \$314,108. The Commission reported an increase of \$7,535 in fiscal year 2022.
- The Commission's total assets increased by \$287,893 or 21%. Total liabilities decreased by \$26,215 or 13% compared to fiscal year 2022.
- The Commission's operating revenues decreased by (\$19,879) or 1%, and operating expenses decreased by \$336,244, a 17% compared to fiscal year 2022.
- Government appropriations decreased by \$89,923 or 7% compared to fiscal year 2022.

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

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Current Assets	\$ 1,602,847	\$ 1,345,187	\$ 257,660	19%
Capital Assets, net	71,258	41,025	30,233	74%
Total Assets	<u>\$ 1,674,105</u>	<u>\$ 1,386,212</u>	<u>\$ 287,893</u>	<u>21%</u>
Liabilities				
Current Liabilities	\$ 168,236	\$ 194,451	\$ (26,215)	-13%
Total Liabilities	<u>\$ 168,236</u>	<u>\$ 194,451</u>	<u>\$ (26,215)</u>	<u>-13%</u>
Net Position				
Net Investment in Capital Assets	\$ 71,258	\$ 41,025	\$ 30,233	74%
Unrestricted	1,434,611	1,150,736	283,875	25%
Total Net Position	<u>\$ 1,505,869</u>	<u>\$ 1,191,761</u>	<u>\$ 314,108</u>	<u>26%</u>

CURRENT ASSETS

Current assets support the Commission's operations and include cash and cash equivalents, net receivables (primarily receivables from the Government of the Virgin Islands casino revenue fund and restitution), and prepaid expenses.

Compared to the previous fiscal year, current assets increased by \$257,660 or 19%. The increase is primarily due to a cash balance of \$420,457 held in the Banco Popular operating account as of fiscal year ended September 30, 2023, compared to \$173,301 in fiscal year ended September 30, 2022.

VIRGIN ISLANDS CASINO CONTROL COMMISSION
(A Component Unit of the Virgin Islands Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

CURRENT LIABILITIES

In fiscal year 2023, current liabilities decreased by \$26,215 or 13% from the previous fiscal year. This was primarily driven by paying off credit card balances of \$48,935.

NET POSITION

Net position represents the residual interest in the Commission's assets after all liabilities are deducted for reporting purposes and are divided into two major components:

- Net Investment in Capital Assets
- Unrestricted Net Position

The Commission's 2023 change in net position was \$314,108 compared to \$7,535 in 2022. This was largely attributed to no payments to the V.I. Department of Labor's Jobs for America's Graduates in the Virgin Islands (JAG-VI) Program compared to \$335,975 paid in 2022.

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

	2023	2022	Variance	% Variance
Operating Revenues	\$ 1,994,003	\$ 2,013,882	\$ (19,879)	-1%
Operating Expenses	(1,666,128)	(2,002,372)	(336,244)	-17%
Operating Revenue Before Depreciation	327,875	11,510	316,365	2749%
Depreciation	(13,767)	(3,975)	9,792	246%
Operating Revenue After Depreciation	314,108	7,535	306,573	4069%
Change in Net Position	314,108	7,535	306,573	4069%
Net Position, Beginning of Year	1,191,761	1,184,226	7,535	1%
Net Position, End of Year	<u><u>\$ 1,505,869</u></u>	<u><u>\$ 1,191,761</u></u>	<u><u>\$ 314,108</u></u>	<u><u>26%</u></u>

OPERATING REVENUES

Operating revenues decreased by \$19,879 or 1% compared to the prior fiscal year.

OPERATING EXPENSES

Operating expenses decreased by \$336,244 or 17% compared to the previous fiscal year. This amount includes a decrease of \$335,975 or 100% to fund the V.I. Department of Labor's Jobs for America's Graduates in the Virgin Islands (JAG-VI) Program for on-the-job training.

VIRGIN ISLANDS CASINO CONTROL COMMISSION
(A Component Unit of the Virgin Islands Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

CAPITAL ASSETS

As of September 30, 2023, the Commission had \$71,258 invested in capital assets. Total asset acquisition during the fiscal year was \$44,000 compared to \$45,000 in 2022, a decrease of \$1,000 or 2%. The net effect of these additions in the capital asset account and this year's total depreciation expense of \$13,767 resulted in an overall increase in net capital assets of \$30,233 or 74% compared to last year.

Capital Assets at Year-end
Net of Accumulated Depreciation

	2023	2022	Variance	% Variance
Vehicles	\$ 89,000	\$ 45,000	\$ 44,000	98%
Total Costs	89,000	45,000	44,000	98%
Less: Accumulated Depreciation	(17,742)	(3,975)	(13,767)	346%
Net Capital Assets	<u>\$ 71,258</u>	<u>\$ 41,025</u>	<u>\$ 30,233</u>	<u>74%</u>

VIRGIN ISLANDS CASINO CONTROL COMMISSION
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$1,433,765	\$1,103,500
Other Receivables, net	155,392	239,473
Prepaid Expenses	10,138	2,214
Right-of-Use Asset	3,552	-
Total Current Assets	<u>1,602,847</u>	<u>1,345,187</u>
Non-Current Assets		
Capital Assets, net	71,258	41,025
Total Non-Current Assets	<u>71,258</u>	<u>41,025</u>
Total Assets	<u><u>\$1,674,105</u></u>	<u><u>\$1,386,212</u></u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 21,590	\$ 68,428
Other Current Liabilities and Accrued Expenses	142,842	126,023
Lease Liability – Short Term	3,804	-
Total Current Liabilities	<u>168,236</u>	<u>194,451</u>
Total Liabilities	<u><u>\$ 168,236</u></u>	<u><u>\$ 194,451</u></u>
NET POSITION		
Net Position		
Net Investment in Capital Assets	\$ 71,258	\$ 41,025
Unrestricted Net Position	<u>1,434,611</u>	<u>1,150,736</u>
Total Net Position	<u><u>\$1,505,869</u></u>	<u><u>\$1,191,761</u></u>

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

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

	2023	2022
Operating Revenues		
Non-Capital Appropriations	\$ 1,128,823	\$ 1,218,746
Casino Revenue Fund	597,478	535,982
License and Slot Fees	237,130	218,418
Work Permit Income	18,400	20,175
Other Income	12,172	20,561
Total Operating Revenues	<u>1,994,003</u>	<u>2,013,882</u>
Operating Expenses		
Personnel Costs	1,196,848	1,220,025
V.I. Department of Labor Program	-	335,975
Administrative	170,578	144,814
Professional	105,686	152,354
Rent	87,302	86,711
License Fees	375	-
Advertising and Promotion	32,259	17,105
Travel	46,500	34,583
Training, Conferences and Dues	22,343	10,805
Depreciation	13,767	3,975
Amortization Expense	3,829	-
Lease Interest Expense	408	-
Total Operating Expenses	<u>1,679,895</u>	<u>2,006,347</u>
Operating Profit	<u>314,108</u>	<u>7,535</u>
Change in Net Position		
Net Position, Beginning of Year	314,108	7,535
Net Position, End of Year	<u>1,191,761</u>	<u>1,184,226</u>
	<u><u>\$ 1,505,869</u></u>	<u><u>\$ 1,191,761</u></u>

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

VIRGIN ISLANDS CASINO CONTROL COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash Flow from Operating Activities		
Change in Net Position	\$ 314,108	\$ 7,535
<i>Provided by Operating Activities:</i>		
Depreciation	13,767	3,975
Amortization	3,829	-
<i>Adjustment to Reconcile Changes in Net Assets to Net Cash (Increase)/Decrease in Assets</i>		
Cash Paid for Lease	(3,577)	-
Receivables	84,081	(113,831)
Other Assets	(7,924)	(2,214)
<i>Increase/(Decrease) in Liabilities</i>		
Accounts Payable	(46,838)	(4,257)
Other Liabilities	16,819	102,629
Net Cash Provided (Used In) Operating Activities	374,265	(6,163)
Cash Flow from Investing Activities		
Acquisition of Property and Equipment, Net	(44,000)	(45,000)
Net Cash Used In Investing Activities	(44,000)	(45,000)
Net Increase (Decrease) in Cash and Cash Equivalents	330,265	(51,163)
Cash, Beginning of Year	1,103,500	1,154,663
Cash, End of Year	\$ 1,433,765	\$ 1,103,500

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

VIRGIN ISLANDS CASINO CONTROL COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 REPORTING ENTITY

- ***Organization:*** The Virgin Islands Casino Control Commission (the “Commission”) was established by Title 32 Virgin Islands Code Chapter 21, as amended, in November 1995 (Act No. 6069). The Commission is responsible for the regulation of casinos pursuant to the Act and subsequently by Act No. 6419, Internet Gaming and Gambling Act; Racinos, pursuant to the Virgin Islands Racing Industry Assistance Acts of 2011 and 2016 (Act No. 7318 and 7952) and the Casino IV Establishments (Act No.7702). The Commission is an independent agency of the executive branch of the Government of the United States Virgin Islands and as such, its financial statements are included in the Government of the United States Virgin Islands financial statements.

The Commission is funded through four (4) different sources:

1. Appropriations from the Government of the Virgin Islands General Fund. These appropriations fund the Commission’s personnel costs.
2. Fees and fines imposed by law or through regulation by the Commission. These amounts are imposed pursuant to 32 VIC §514, which was amended by Act 7643.
3. Casino Revenue funds. The Commission receives 10% of the 12% tax on gross casino revenue pursuant to 32 VIC §517. This rate was changed to 25% in April 2022.
4. The Horse Racetrack Casino Revenue. These funds are funded pursuant to 32 VIC §901 (The Virgin Islands Horse Racing Industry Assistance Act of 2011 (Bill 29-0127; Act 7318).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Basis of Presentation:*** The Commission’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board. The Commission uses the economic resources measurement focus and follows the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when incurred.
- ***Basic Financial Statements:*** Standards for external financial reporting require that resources be classified for accounting and reporting purposes into net position categories. Net position is the residual of all other elements presented in the statement of net position. It is the difference between (a) assets and (b) liabilities and consists of the following categories:
 - ... ***Net Investment in Capital Assets*** – This category of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of mortgages or notes attributable to the acquisition, construction or improvement of those assets.
 - ... ***Restricted Net Position*** – This category consists of restricted assets reduced by liabilities related to those assets.

... **Unrestricted Net Position** – This category consists of the net amount of the assets and liabilities that are not included in the determination of net investment in capital assets, or the restricted component of net position.

The Commission does not have any restricted net positions.

- **Separate Funds:** The accounts of the Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. All transactions are recorded in a separate set of self-balancing accounts, which include assets, liabilities, net position, revenues and expenses. During fiscal year ended September 30, 2023, the Commission maintained four (4) accounting divisions which constitute major transactions of the Commission:
 1. **Virgin Islands Casino Commission** – The Commission is responsible for the governance, operational, and regulatory functions of casinos, internet gaming and gambling racinos, pursuant to the Virgin Islands Horse Racing Industry Assistance Act, and the Casino IV establishments within the enterprise zones of Christiansted and Frederiksted St. Croix.
 2. **Division of Gaming Enforcement (DGE)** – Working in unison with the Casino Control Commission, the Department of Justice, Division of Gaming Enforcement (DGE) provides an investigative arm in matters for investigation, prosecution, and the search for evidence of violations of the Virgin Islands Casino and Resort Laws. Twenty percent of the funds collected in the Commission’s Revolving Account are allocated to DGE for operating expenses.
 3. **Youth Programs** – Ten percent of taxes collected from licensed gaming entities by the Government of the Virgin Islands is earmarked to youth related programs. The following training programs are subsidized by the Commission, in accordance with Virgin Islands Code, Title 32, Section 518:
 - Financial assistance to help casino employees obtain their General Education Development Test (GED) and further their education, to include but not limited to college education.
 - Financial assistance for casino employees to obtain certification in the field of Hotel/Hospitality Management.
 - Fifty percent (50%) of the budgetary needs of the Jobs for America’s Graduates Virgin Islands program.
 - Make available to the casino licensee half the cost of each employee participating in the GED or Hotel/Hospitality programs.
 4. **V.I. Alliance on Responsible Gaming** – This account is the depository for the one percent (1%) of the revenues from the Casino Revenue Fund, received by the Commission, for programs to treat and prevent gambling addiction, as mandated by Virgin Islands Code title 32, § 517(c). The Commissioners are the signatories on this account.
- **Economic Dependency:** The Commission’s sustainability depends primarily on appropriations from the Government of the Virgin Islands. In addition, it earns income from casino fees and license fees. During fiscal year ended September 30, 2023, the Commission received appropriations totaling \$1,128,823 from the Government of the Virgin Islands, which approximates 57% of its revenue.
- **Other Receivables:** Other receivables are recorded at net realizable value. The Commission has deemed that an allowance is necessary at this time. See Note 5.

- **Cash and Cash Equivalents:** Cash and cash equivalents are defined as cash on hand, demand deposits, certificate of deposits with financial institutions and all highly liquid investments available for current use with an initial maturity of three months or less.
- **Use of Estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include the provision for loan losses, valuation of investments, and potential grant disallowances.
- **Comparative Information:** The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail or reclassifications to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended September 30, 2022 from which the summarized information was derived.
- **Accounting Pronouncements Adopted:**

GASB Statement No. 87, Leases

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model or lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use the lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021, as postponed by GASB Statement. The financial statements reflect the adoption of the standard.

NOTE 3 CASH AND CASH EQUIVALENTS

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

	<u>Unrestricted</u>	<u>Total</u>
Cash and Cash Equivalents	<u>\$ 1,433,765</u>	<u>\$ 1,433,765</u>

NOTE 4 OTHER RECEIVABLES

Other receivables represent casino revenue funds totaling \$136,760 outstanding from the department of finance for fiscal year 2023. Also included in other receivables are due from affiliates of \$14,948 and restitution receivable from a judgement in a criminal case. The judgements were dated August 13, 2020 and January 4, 2024, totaling \$295,503 and \$247,490, respectively. Restitution payments received totaled \$12,571 with remaining balances of \$282,932 and \$247,490 respectively as of September 30, 2023. Management considers the collection of restitution receivables to be minimal and uncertain in the short term. Accordingly, an allowance for restitution receivable of \$530,422 was created.

Casino Revenue Funds Receivable	\$ 136,760
Due from Affiliates	14,948
Restitution Receivable	530,422
Accounts Receivable	<u>3,684</u>
	685,814
Allowance for Doubtful Accounts	(530,422)
Other Receivables, net	<u><u>\$ 155,392</u></u>

NOTE 5 CAPITAL ASSETS

Capital assets consist of the following at September 30, 2023:

Capital Assets	
Vehicles	\$ 89,000
Total Capital Assets	89,000
Less: Accumulated Depreciation	(17,742)
Capital Assets, net	<u><u>\$ 71,258</u></u>

NOTE 6 LEASES

The System entered into contractual arrangements for equipment. Lease expense for the year ending September 30, 2023 was \$3,829.

As of September 30, 2023, the statement of net position includes the following amounts related to leases:

Leased Assets:	
Equipment	\$ 7,380
Less Accumulated Amortization	<u>3,828</u>
Leased Assets, Net of Amortization	<u><u>\$3,552</u></u>
Lease Liability:	
Current	\$ 3,804
Total Lease Liability	<u><u>\$3,804</u></u>

NOTE 7 CUSTODIAL CREDIT RISK

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be recovered. The Commission does not have a policy to address custodial credit risk. Cash consists of cash held by various depository institutions in the Commission's name. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2023, the Commission had a cash balance of \$977,136 that was uninsured and uncollateralized.

NOTE 8 RISK MANAGEMENT

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

NOTE 9 DISASTER RELIEF FUNDING

On September 6 and 19, 2017, the United States Virgin Islands was struck by two category five hurricanes. The extent and severity of the storms was unprecedented and resulted in catastrophic damage to the Territory. The Commission received disaster relief funding from the Federal Emergency Management Agency (FEMA) in the prior year. Funding is on a reimbursement basis and will be used for building and equipment damage and mold remediation. No funding was provided in fiscal year 2023. Expenses reimbursed to date total \$56,993.

NOTE 10 NON-CAPITAL APPROPRIATIONS

Non-Capital Appropriations represent the amounts funded by the Government of the United States Virgin Islands for the Commission's personnel costs.

NOTE 11 CONTINGENCIES

The Commission is a party to a legal proceeding. The Commission believes the proceeding will result in a favorable outcome. The Commission asserts that there have been no material claims, suits, or complaints filed nor are any pending against the organization. In the opinion of management and legal counsel, this matter and all other matters which are asserted or unasserted are without merit and would not have a significant effect on the financial position or results of operations of the organization, if disposed of unfavorably.

NOTE 12 COMMITMENTS

The Commission signed a one-year rental space for its administrative office agreement. The future minimum rental payments are as follows:

2023	<u>\$84,006</u>
Total	<u><u>\$84,006</u></u>

Rent expense for the fiscal year 2023 was \$84,006.

NOTE 13 SUBSEQUENT EVENTS

The Commission has evaluated all subsequent events through December 19, 2025, which is the date the financial statements were available to be issued. This review and evaluation revealed no additional material events that would have an effect on the accompanying financial statements.



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

Board of Commissioners
Virgin Islands Casino Control Commission
St. Croix, U.S. Virgin Islands

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Virgin Islands Casino Control Commission (the "Commission") as of and for the year ended September 30, 2023, and the related notes to the financial statements and have issued our report thereon dated December 19, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's consolidated financial statements are free of 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 determination of the consolidated financial statement amounts. 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bert Smith & Co.

Washington, D.C.
December 19, 2025

VIRGIN ISLANDS CASINO CONTROL COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
AS OF SEPTEMBER 30, 2023

Finding: 2023-001 Internal Control Policies and Procedures (*Significant Deficiency*)

The Commission does not currently have a formalized policy for review and approval of transactions. While we did not find any illegitimate transactions, we believe that formalized policies and procedures are key to the prevention and detection of errors and fraud. We understand that the Commission had staff changes and significant time was devoted to reconciling accounts and other internal matters. We noted that the Commission is working towards creating the appropriate policies and procedures that would govern review and approval of transactions, however this process is not complete.

Recommendation:

We recommend that the Commission continues to develop the policies and procedures that would govern all transactions recorded in the system. These written policies and procedures will ensure that transactions are recorded and approved with the appropriate segregation of duties on a consistent basis.

Views of Responsible Officials and Planned Corrective Action:

The Commission concurs with the auditor's findings and recommendations. The Commission has drafted an accounting policy and procedures manual, which is currently in the review stage and will be formally adopted upon completion of the review.

SUPPLEMENTARY INFORMATION

VIRGIN ISLANDS CASINO CONTROL COMMISSION
COMBINED SCHEDULE OF NET POSITION
AS OF SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	VICCC	DGE	Youth Program	VIARG	Total 2023	Total 2022
ASSETS						
Current Assets						
Cash	\$ 589,333	\$ 267,628	\$ 385,541	\$ 191,263	\$ 1,433,765	\$ 1,103,500
Receivables	135,184	14,948	-	5,260	155,392	239,473
Prepaid Expenses	10,138	-	-	-	10,138	2,214
Right-of-Use Asset	3,552	-	-	-	3,552	-
Total Current Assets	<u>738,208</u>	<u>282,576</u>	<u>385,541</u>	<u>196,523</u>	<u>1,602,847</u>	<u>1,345,187</u>
Non-Current Assets						
Property & Equipment, net	71,258	-	-	-	71,258	41,025
Total Non-Current Assets	<u>71,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,258</u>	<u>41,025</u>
Total Assets	<u>\$ 809,466</u>	<u>\$ 282,576</u>	<u>\$ 385,541</u>	<u>\$ 196,523</u>	<u>\$ 1,674,105</u>	<u>\$ 1,386,212</u>
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 21,614	\$ -	\$ -	\$ -	\$ 21,614	\$ 68,428
Other Current Liabilities and Accrued Expenses	83,246	59,572	-	-	142,818	126,023
Lease Liability – Short Term	3,804	-	-	-	3,804	-
Total Current Liabilities	<u>108,665</u>	<u>59,572</u>	<u>-</u>	<u>-</u>	<u>168,236</u>	<u>194,451</u>
Total Liabilities	<u>\$ 108,665</u>	<u>\$ 59,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,236</u>	<u>\$ 194,451</u>
NET POSITION						
Net Position						
Net Investment in Capital Assets	\$ 71,258	\$ -	\$ -	\$ -	\$ 71,258	\$ 41,025
Unrestricted Net Position	<u>629,543</u>	<u>223,004</u>	<u>385,541</u>	<u>196,523</u>	<u>1,434,611</u>	<u>1,150,736</u>
Total Net Position	<u>\$ 700,801</u>	<u>\$ 223,004</u>	<u>\$ 385,541</u>	<u>\$ 196,523</u>	<u>\$ 1,505,869</u>	<u>\$ 1,191,761</u>

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

VIRGIN ISLANDS CASINO CONTROL COMMISSION
COMBINED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for 2022)

	VICCC	DGE	YOUTH PROGRAM	VIARG	2023	2022
Operating Revenues						
Non-Capital Appropriations	\$1,128,823	\$ -	\$ -	\$ -	\$1,128,823	\$1,218,746
Casino Revenue Fund	567,402	-	-	30,076	597,478	535,982
License and Slot Fees	189,624	47,506	-	-	237,130	218,418
Work Permit Income	14,720	3,680	-	-	18,400	20,175
Other Income	11,621	-	551	-	12,172	20,561
Total Revenues	<u>1,912,190</u>	<u>51,186</u>	<u>551</u>	<u>30,076</u>	<u>1,994,003</u>	<u>2,013,882</u>
Operating Expenses						
Personnel Costs	1,196,848	-	-	-	1,196,848	1,220,025
V.I. Department of Labor Program	-	-	-	-	-	335,975
Administrative	158,989	11,487	-	102	170,578	144,814
Professional	105,157	529	-	-	105,686	152,354
Rent	84,006	3,296	-	-	87,302	86,711
License Fees	-	-	-	375	375	-
Advertising and Promotion	13,707	-	-	18,552	32,259	17,105
Travel	29,483	17,017	-	-	46,500	34,583
Training, Conferences and Dues	14,907	7,436	-	-	22,343	10,805
Depreciation	13,767	-	-	-	13,767	3,975
Amortization Expense	3,829	-	-	-	3,829	-
Lease Interest Expense	408	-	-	-	408	-
Total Expenses	<u>1,621,101</u>	<u>39,765</u>	<u>-</u>	<u>19,029</u>	<u>1,679,895</u>	<u>2,006,347</u>
Operating Profit	<u>291,059</u>	<u>11,421</u>	<u>551</u>	<u>11,047</u>	<u>314,108</u>	<u>7,535</u>
Change in Net Position						
Net Position, Beginning of Year As Restated	291,089	11,421	551	11,047	314,108	7,535
Net Position, Beginning of Year As Restated	409,712	211,583	384,990	185,476	1,191,761	1,184,226
Net Position, End of Year	<u>\$ 700,801</u>	<u>\$ 223,004</u>	<u>\$ 385,541</u>	<u>\$ 196,523</u>	<u>\$ 1,505,869</u>	<u>\$ 1,191,761</u>

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