

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

**INDEPENDENT AUDITORS' REPORT  
AND AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2025 and 2024**



**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Virgin Islands Public Broadcasting System

### *Report on the Audit of the Financial Statements*

#### *Opinions*

We have audited the accompanying financial statements of the Virgin Islands Public Broadcasting System (the "System"), a component unit of the Government of the United States Virgin Islands, which comprise the statements of net position as of and for the years ended September 30, 2025 and September 30, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the System's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the System, as of September 30, 2025 and September 30, 2024, 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 Opinions*

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 System 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 opinions.

#### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, the financial statements present only the Virgin Island's Public Broadcasting System'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, 2025, 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.

### ***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 System'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 opinions. 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 System'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 System'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.

### ***Other Matters***

As discussed in Note 11, as of July 1, 2021 compensation for all System employees is paid by the Primary Government. Consequently, there is no allocation of pension liabilities, related pension expense, and deferred outflows/inflows for the year ended September 30, 2025. The System's outstanding liability will be adjusted as the total pension liability, and other incremental changes are reported by the Primary Government. Our opinion is not modified with respect to this matter.

### ***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 9, Schedule of the System's proportionate share of the net pension liability on page 24 and the System's schedule of contributions on page 25 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.

The System's notes to the financial statements do not include the necessary information under the Governmental Accounting Standards Board, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The Government of the U.S. Virgin Islands is responsible for paying the benefits. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America. Our opinion on the basic financial statement is not modified by the System's failure to present information required under Governmental Accounting Standards Board, Statement No. 75.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenues and Expenses per Division on pages 26 and 27 is presented for purposes 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the statement of revenues and expenses per division is fairly stated, in all material respects, in relation to the 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 May 29, 2026, on our consideration of the System'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 System'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 System's internal control over financial reporting and compliance.

***Bert Smith & Co.***

Washington, D.C.  
May 29, 2026

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2025 and 2024

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The purpose of the following management's discussion and analysis of the financial performance and activity of the Virgin Islands Public Broadcasting System (the "System") is to help the readers understand the basic financial statements of the System for the years ended September 30, 2025 and 2024. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, supplementary information and the notes thereto which follow this section.

**Financial Highlights**

The assets and deferred outflows of the System exceeded liabilities and deferred inflows by \$13.3 million and \$13.3 million as of September 30, 2025 and 2024, respectively. The net position increased by \$22 thousand during the year ended September 30, 2025 and increased by \$619 thousand during the year ended September 30, 2024.

**Reporting Entity**

The System is a public corporation and a semi-autonomous governmental instrumentality of the Government of the U.S. Virgin Islands ("GVI"). It owns and operates the public television station of the U.S. Virgin Islands with the call letters WTJX, created by Act No. 2364 on November 15, 1968, to provide educational television services in the U.S. Virgin Islands, and to advance the general welfare, cultural development, and awareness of public affairs of the general population. The System is a member of the Public Broadcasting Service ("PBS"), a media foundation that provides grants and services to public and non-commercial stations. The System is also a member of the National Public Radio ("NPR"), a nonprofit media foundation broadcasting over the radio.

**Overview of the Financial Statements**

The System's financial report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. In addition to the three financial statements, the System has presented the Statement of Revenues and Expenses per Division, Schedule of the Share of the Net Pension Liability and Schedule of Contributions as supplementary information. The financial statements, and supplementary information, are prepared in accordance with accounting principles generally accepted in the United States of America.

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2025 and 2024. The System's net position is the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the System's net position changed during the two most recent fiscal years, focusing on operating revenues and expenses, including support provided by grants from the Government of the Virgin Islands and the Corporation for Public Broadcasting ("CPB").

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, financing and investing activities. This Statement indicates the financial viability of the System to meet financial obligations as they occur.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
 YEARS ENDED SEPTEMBER 30, 2025 and 2024

**Summary of Financial Results**

**Statements of Net Position** – Table 1 summarizes the System's Statements of Net Position as of September 30, 2025, 2024 and 2023.

*Table 1: Summary of Statements of Net Position*

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Unrestricted Current Assets	\$ 6,905,777	\$ 7,184,062	\$ 6,677,668
Restricted Current Assets	1,235,014	837,595	587,610
Noncurrent Assets	366,887	530,884	558,548
Capital Assets	8,900,408	9,079,986	8,930,282
Total Assets	<u>\$ 17,408,086</u>	<u>\$ 17,632,527</u>	<u>\$ 16,754,108</u>
Deferred Outflows of Resources	<u>\$ 870,544</u>	<u>\$ 870,544</u>	<u>\$ 870,544</u>
Current Liabilities	\$ 638,226	\$ 968,794	\$ 710,754
Noncurrent Liabilities	3,320,518	3,303,812	3,598,912
Total Liabilities	<u>\$ 3,958,744</u>	<u>\$ 4,272,606</u>	<u>\$ 4,309,666</u>
Deferred Inflows of Resources	<u>\$ 1,022,848</u>	<u>\$ 955,245</u>	<u>\$ 659,137</u>
Net Position			
Net Investment in Capital Assets	\$ 8,900,408	\$ 9,079,986	\$ 8,930,282
Restricted	1,235,014	837,595	587,610
Unrestricted	3,161,616	3,357,639	3,137,957
Total Net Position	<u>\$ 13,297,038</u>	<u>\$ 13,275,220</u>	<u>\$ 12,655,849</u>

For fiscal year 2025, the System's assets amounted to \$17.4 million, of which \$6 million represented unrestricted cash and cash equivalents, \$1.2 million represented cash and cash equivalents restricted in purpose, \$632 thousand represented accounts and other receivables, \$29 thousand represented Due from the Government of the Virgin Islands, \$629 thousand represented prepaid expenses and \$8.9 million represented capital assets net of accumulated amortization. Total current assets increased in fiscal year 2025 by \$119 thousand mainly due to an increase in restricted cash of \$397 thousand, an increase in accounts and other receivable of \$20 thousand, and an increase in cash and cash equivalents of \$6 thousand, offset by a decrease in lease receivable of \$18 thousand, a decrease in prepaid expenses of \$91 thousand, and a decrease in Due from the Government of the U.S. Virgin Islands of \$195 thousand. Non-current assets decreased by \$344 thousand due to an increase in leased receivables of \$97 thousand and offset by a decrease in leased assets of \$261 thousand and capital assets of \$180 thousand. Total liabilities and deferred inflows of resources amounted to \$5 million and decreased by \$246 thousand, mainly due to a decrease in leased liabilities of \$296 thousand a decrease in accrued liabilities of \$111 thousand, a decrease in unearned revenue of \$20 thousand, offset by and an increase in accounts payable of \$81 thousand, an increase in compensated absences of \$16 thousand, and an increase in deferred amounts related to leases of \$68 thousand.

For fiscal year 2024, the System's assets amounted to \$17.6 million, of which \$6 million represented unrestricted cash and cash equivalents, \$838 thousand represented cash and cash equivalents restricted in purpose, \$533 thousand represented accounts and other receivables, \$224 thousand represented Due from the Government of the Virgin Islands, \$720 thousand represented prepaid expenses, \$261 thousand represented leased assets net of accumulated amortization and \$9.1 million represented capital assets net of accumulated amortization. Total current assets increased in fiscal year 2024 by \$756 thousand mainly due to an increase in cash and cash equivalents of \$640 thousand, an increase in lease receivable of \$74 thousand, and increase in grants receivable of \$116 thousand, offset by a decrease in accounts and other receivable of \$17 thousand, a

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
YEARS ENDED SEPTEMBER 30, 2025 and 2024

decrease in prepaid expenses of \$47 thousand, and a decrease in Due from the Government of the U.S. Virgin Islands of \$8 thousand. Non-current assets increased by \$122 thousand due to an increase in leased receivables of \$232 thousand and capital assets of \$150 thousand offset by a decrease in leased assets of \$259 thousand. Total liabilities and deferred inflows of resources amounted to \$5.2 million and decreased by \$259 thousand, mainly due to a decrease in leased liabilities of \$257 thousand and a decrease in accounts payable of \$87 thousand, offset by an increase in accrued liabilities of \$4.8 thousand, an increase in compensated absences of \$8 thousand, an increase in unearned revenue of \$295 thousand and an increase in deferred amounts related to leases of \$296 thousand.

**Statements of Revenues, Expenses and Changes in Net Position** – Table 2 summarizes the activities of the System as of September 30, 2025 and 2024.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 2,359,902	\$ 2,606,676	\$ 2,150,910
Operating Expenses	6,810,264	(6,493,364)	(7,140,472)
Loss from Operations	(4,450,362)	(3,886,688)	(4,989,562)
Non-Capital Appropriations from Government of the U.S. Virgin Islands	4,431,902	4,431,902	4,401,902
Capital Grant from Government of the U.S. Virgin Islands	-	-	75,000
Other non-operating revenue	-	4,155	31,213
Insurance Proceeds	-	49,832	11,511
Interest Income	40,278	20,170	3,855
Income (Loss)	21,818	619,371	(466,081)
Change in Net Position	<u>\$ 21,818</u>	<u>\$ 619,371</u>	<u>\$ (466,081)</u>
Net Position – Beginning of Year	<u>\$ 13,275,220</u>	<u>\$ 12,655,849</u>	<u>\$ 13,121,930</u>
Net Position – End of Year	<u>\$ 13,297,038</u>	<u>\$ 13,275,220</u>	<u>\$ 12,665,849</u>

For fiscal year 2025, operating revenues of \$2.4 million reflect contributions from the Corporation for Public Broadcasting of \$1.3 million, lease revenue of \$131 thousand, underwriting revenue of \$136 thousand, fundraising revenue of \$73 thousand, advertising revenue of \$4 thousand, membership subscriptions and other donations of \$39 thousand, funds from Federal Emergency Management Agency of \$594 thousand and other revenue of \$46 thousand. Operating revenues decreased by \$247 thousand from the previous year due to a decrease in revenue from the FEMA of \$333 thousand.

For fiscal year 2025, operating expenses of \$6.8 million reflect programming expenses of \$4.6 million, Management and general expenses of \$1.6 million, fundraising expenses of \$26 thousand and depreciation expense of \$616 thousand. Operating expenses increased by 317 thousand, due to increases in salary cost from filled vacancies.

For fiscal year 2024, operating revenues of \$2.6 million reflect contributions from the Corporation for Public Broadcasting of \$1.3 million, lease revenue of \$74 thousand, underwriting revenue of \$114 thousand, fundraising revenue of \$79 thousand, advertising revenue of \$5 thousand, membership subscriptions and other donations of \$30 thousand, funds from Federal Emergency Management Agency of \$927 thousand and other revenue of \$69 thousand. Operating revenues increased by \$456 thousand from the previous year due to an increase in revenue from the FEMA of \$354 thousand and the Corporation of Public Broadcasting of \$196 thousand.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
 YEARS ENDED SEPTEMBER 30, 2025 and 2024

For fiscal year 2024, operating expenses of \$6.5 million reflect programming expenses of \$4.2 million, Management and general expenses of \$1.7 million, fundraising expenses of \$39 thousand and depreciation expense of \$608 thousand. Operating expenses decreased by \$647 thousand, due to decreases in several expense categories.

**Grant Revenues** – Table 3 summarizes grant revenues received through allotments from the Government of the Virgin Islands, grants from the Corporation for Public Broadcasting, and other grant revenue.

*Table 3: Summary of Grant Revenues*

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Grant Revenues – Corporation for Public Broadcasting	\$ 1,336,605	\$ 1,308,184	\$ 1,111,872
Emergency Funds – Federal Emergency Management Agency	594,067	927,353	573,733
Grant Revenues – Community Foundation	-	-	(10,000)
Grant Revenues – Federal Communications Commission	-	-	58,730
Total Operating Grant Revenues	<u>1,930,672</u>	<u>2,235,537</u>	<u>1,734,335</u>
Non-Capital Appropriations from Government of the Virgin Islands	4,431,902	4,431,902	4,401,902
Capital Grants from the Government of the U.S. Virgin Islands	-	-	75,000
Other Grant Revenue	-	3,750	23,750
Total Non-Operating Grant Revenues	<u>4,431,902</u>	<u>4,435,652</u>	<u>4,500,652</u>
Total Grant Revenues	6,362,574	6,671,189	6,234,987
Operating Revenues	<u>429,230</u>	<u>371,139</u>	<u>406,575</u>
Total Grant Revenues and Operating Revenues	<u>\$ 6,791,804</u>	<u>\$ 7,042,328</u>	<u>\$ 6,641,562</u>
Grants as a Percentage of Total Grant Revenues and Operating Revenues	<u>93.7%</u>	<u>94.7%</u>	<u>93.9%</u>

**Capital Assets**

The System's capital assets include land, buildings, building improvements and equipment. Capital asset additions during the fiscal years ended September 30, 2025 and 2024 amounted to \$437 thousand and \$757 thousand, respectively.

**Summary of Capital Assets** – Table 4 summarizes the System's capital assets as of September 30, 2025 and 2024:

*Table 4: Summary of Capital Assets*

	<u>2025</u>	<u>2024</u>
Land	\$ 1,284,996	\$ 1,284,996
Production and Broadcasting Equipment	10,427,397	10,408,781
Buildings and Improvements	3,498,769	3,486,369
Vehicles and Other	3,049,790	3,049,790
Construction in Progress	1,393,470	987,393
Total Capital Assets	<u>19,654,422</u>	<u>19,217,329</u>
Less: Accumulated Depreciation	<u>(10,754,014)</u>	<u>(10,137,343)</u>
Net Capital Assets	<u>\$ 8,900,408</u>	<u>\$ 9,079,986</u>

Note 5 to the financial statements provide detailed information regarding the capital assets of the System as of September 30, 2025 and 2024.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
 YEARS ENDED SEPTEMBER 30, 2025 and 2024

**Budgetary Analysis**

The System prepares an annual executive budget subject to approval by the Governor and the Legislature of the Virgin Islands. Following is a summary of the budget and actual results for the fiscal years ended September 30, 2025 and 2024:

	<u>FY 2025 Budget</u>	<u>FY 2025 Actual</u>	<u>Variance</u>
Total Revenue	\$ 6,441,370	\$ 6,539,298	\$ 97,928
Total Operating Expenses	(6,441,370)	(6,193,596)	247,774
Non-Budgeted Revenues	-	292,783	292,783
Non-Budgeted Expenses	-	(616,671)	(616,671)
Income (Loss)	<u>\$ -</u>	<u>\$ 21,814</u>	<u>\$ 21,814</u>

Total revenues positive variance was mostly due to the CPB grant revenue increase of \$28 thousand and revenues related to development and fundraising increased by \$52 thousand. Non-budget revenues was due to FEMA reimbursements for non-recurring expenditure. The decrease in Operating expenditure of \$248 thousand is the net effect of changes in expenditures over the period. Non-budgeted expenses consist of \$617 thousand for depreciation expense.

	<u>FY 2024 Budget</u>	<u>FY 2024 Actual</u>	<u>Variance</u>
Total Revenue	\$ 6,273,141	\$ 6,414,750	\$ 141,609
Total Operating Expenses	(6,273,141)	(5,885,493)	387,648
Non-Budgeted Revenues	-	697,986	697,986
Non-Budgeted Expenses	-	(607,872)	(607,872)
Income (Loss)	<u>\$ -</u>	<u>\$ 619,371</u>	<u>\$ 619,371</u>

Total revenues increase was partly due to the CPB grant revenue increase of \$196 thousand, Non-budget revenues consist of Federal Emergency Management Agency (FEMA) unbudgeted revenues of \$698 thousand. The decrease in operating expenses of \$388 thousand is mainly due to a decrease in Personnel cost due to vacancies. Non-budgeted expenses consist of depreciation expense of \$608 thousand.

**Significant Currently Known Facts**

*Budgetary Appropriations*

The ability of the System to continue as a going concern and providing public television services is dependent on grant allotments and other funds received from the Government of the Virgin Islands and the Corporation for Public Broadcasting.

*Hurricanes Irma and Maria*

In September 2017, the US Virgin Islands was hit directly by hurricanes Irma and Maria. The category 5 storms caused extensive damages to VIPBS properties and operations. Their headquarters in St. Thomas was destroyed and St. Croix received less extensive damages. The Mountain Top facility also endured considerable damages. The System was informed of their preliminary allocation of insurance for Federal Emergency Management Agency (FEMA) purposes of \$792,461, and this amount will be deducted from FEMA proceeds.

As of the date of this report, VIPBS has 17 project worksheets with FEMA Public Assistance. There are 13 on St. Thomas and 4 on St. Croix. We have collected \$2,715,326.58 to-date for 9 project worksheets. We have received insurance proceeds of \$625,051 towards 4 project worksheets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
YEARS ENDED SEPTEMBER 30, 2025 and 2024

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**Contacting the Corporation**

This financial report is designed to provide a general overview of the System's finances. If you have any questions about this report, or need additional information, contact the System at: Virgin Islands Public Broadcasting System – WTJX, P.O. Box 7879, Charlotte Amalie, St. Thomas, U.S. Virgin Islands 00801.

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
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STATEMENTS OF NET POSITION  
 SEPTEMBER 30, 2025 and 2024

ASSETS	<u>2025</u>	<u>2024</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 5,982,901	\$ 5,976,491
Cash and Cash Equivalents – Restricted	1,235,014	837,595
Accounts and Other Receivable	55,056	35,137
Grants Receivable	115,511	115,511
Lease Receivable – Short-Term	94,197	112,609
Due from the Government of the U.S. Virgin Islands	28,829	224,118
Prepaid Expenses	629,283	720,196
Total Current Assets	<u>8,140,791</u>	<u>8,021,657</u>
<b>Noncurrent Assets</b>		
Lease Receivable	366,887	269,749
Leased Assets, net of accumulated amortization	-	261,135
Capital Assets, net of accumulated depreciation	8,900,408	9,079,986
Total Non-Current Assets	<u>9,267,295</u>	<u>9,610,870</u>
<b>Total Assets</b>	<u>17,408,086</u>	<u>17,632,527</u>
<b>Deferred Outflows of Resources</b>		
Deferred Amounts Related to Pension	870,544	870,544
Total Assets and Deferred Outflows of Resources	<u>\$ 18,278,630</u>	<u>\$ 18,503,071</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 113,141	\$ 31,826
Accrued Interest Payable	177	2,132
Accrued Liabilities	88,349	198,890
Unearned Revenue	288,450	308,180
Lease Liability – Short Term	-	295,733
Compensated Absences – Short-Term	148,109	132,033
Total Current Liabilities	<u>638,226</u>	<u>968,794</u>
<b>Noncurrent Liabilities</b>		
Compensated Absences	143,030	126,324
Net Pension Liability	3,177,488	3,177,488
Total Non-Current Liabilities	<u>3,320,518</u>	<u>3,303,812</u>
<b>Total Liabilities</b>	<u>3,958,744</u>	<u>4,272,606</u>
<b>Deferred Inflows of Resources</b>		
Deferred Amounts Related to Pension	588,270	588,270
Deferred Amounts Related to Leases	434,578	366,975
Total Deferred Inflows of Resources	<u>1,022,848</u>	<u>955,245</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 4,981,592</u>	<u>\$ 5,227,851</u>
<b>NET POSITION</b>		
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 8,900,408	\$ 9,079,986
Restricted	1,235,014	837,595
Unrestricted	3,161,616	3,357,639
<b>Total Net Position</b>	<u>\$ 13,297,038</u>	<u>\$ 13,275,220</u>

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

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Grants from Corporation for Public Broadcasting	\$ 1,336,605	\$ 1,308,184
Funds from Federal Emergency Management Agency	594,067	927,353
Lease Revenue – Tower Space	130,948	74,482
Underwriting	136,183	113,800
Fundraising	72,940	79,004
Advertising	3,910	4,540
Membership Subscriptions and Other Donations	38,865	29,938
Other Operating Revenue	46,384	69,375
Total Operating Revenues	<u>2,359,902</u>	<u>2,606,676</u>
<b>Operating Expenses</b>		
Program Services	4,596,901	4,190,049
Management and General	1,570,386	1,656,910
Fundraising	26,306	38,533
Depreciation	616,671	607,872
Total Operating Expenses	<u>6,810,264</u>	<u>6,493,364</u>
Loss from Operations	<u>(4,450,362)</u>	<u>(3,886,688)</u>
<b>Non-Operating Revenues and Expense</b>		
Non-Capital Appropriations from Government of the U.S. Virgin Islands	4,431,902	4,431,902
Other Non-Operating Revenue	-	4,155
Insurance Proceeds, including Hurricane Related Claims	-	49,832
Interest Income	40,278	20,170
Total Non-Operating Revenues and Expense	<u>4,472,180</u>	<u>4,506,059</u>
<b>Change in Net Position</b>	21,818	619,371
Net Position, at Beginning of Year	<u>13,275,220</u>	<u>12,655,849</u>
Net Position, at End of Year	<u>\$ 13,297,038</u>	<u>\$ 13,275,220</u>

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

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows Used in Operating Activities</b>		
Receipts from Grants, Customers and Others	\$ 2,456,546	\$ 2,211,458
Payments to Suppliers and Employees	(6,348,935)	(5,578,621)
Net Cash Used in Operating Activities	<u>(3,892,389)</u>	<u>(3,367,163)</u>
<b>Cash Flows Provided by Non-Capital Financing Activities</b>		
Non-Capital Appropriations from Primary Government	4,431,902	4,431,302
Insurance Recoveries on Non-hurricane related Claims	-	49,832
Other Proceeds	-	4,155
Net Cash Used in Non-Capital Financing Activities	<u>4,431,902</u>	<u>4,485,289</u>
<b>Cash Flows Provided by Investing Activities</b>		
Interest Received on Cash and Cash Equivalents	<u>40,278</u>	<u>20,170</u>
<b>Cash Flows Used in Capital and Related Financing Activities</b>		
Purchase of Capital Assets	(437,093)	(757,576)
Leased Asset	261,131	259,189
Net Cash Provided by Capital and related Financing Activities	<u>(175,962)</u>	<u>(498,387)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	403,829	639,909
<b>Cash and Cash Equivalents, at Beginning of Year</b>	<u>6,814,086</u>	<u>6,174,177</u>
<b>Cash and Cash Equivalents, at End of Year</b>	<u>\$ 7,217,915</u>	<u>\$ 6,814,086</u>
<b>Cash and Cash Equivalents</b>		
Unrestricted Cash and Cash Equivalents	\$ 5,982,901	\$ 5,976,491
Restricted Cash and Cash Equivalents	<u>1,235,014</u>	<u>837,595</u>
Total Cash and Cash Equivalents	<u>\$ 7,217,915</u>	<u>\$ 6,814,086</u>
<b>Reconciliation to Net Cash Used in Operating Activities</b>		
Loss from Operations	\$ (4,450,362)	\$ (3,886,688)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>		
Depreciation	616,671	607,872
Bad Debt Expense	-	600
<i>Change in Assets and Liabilities:</i>		
Accounts and Other Receivable	(19,919)	17,456
Lease Receivable	(78,726)	(305,308)
Grants Receivable	-	(115,511)
Due from the Government of the U.S. Virgin Islands	195,289	8,145
Prepaid Expenses	90,913	47,222
Accounts Payable	81,315	(87,498)
Accrued Liabilities	(110,541)	6,481
Unearned Revenue	(19,730)	294,540
Lease Liability	32,786	(256,885)
Compensated Absences	(295,733)	7,953
Accrued Interest Payable	(1,955)	(1,650)
Deferred Inflows of Resources - Leases	67,603	296,108
Total Adjustments	<u>557,973</u>	<u>519,525</u>
Net Cash Used in Operating Activities	<u>\$ (3,892,389)</u>	<u>\$ (3,367,163)</u>
<b>Non-Cash Transactions Disclosures</b>		
Supplementary Disclosures of Cash Flows Information		
Salaries Paid by the Government of Virgin Islands in the Form of a Grant	<u>\$ 3,555,613</u>	<u>\$ 3,088,563</u>

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

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025 and 2024

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**NOTE 1      REPORTING ENTITY**

The Virgin Islands Public Broadcasting System (the “System”) was created by Act No. 2364 on November 15, 1968, to provide educational television services in the United States Virgin Islands, and to advance the general welfare, cultural development, and awareness of public affairs of the general population. In December 2014, the System expanded operations to include a public education radio station, WTJX-FM. The radio promotes educational, general welfare and cultural programming including National Public Radio programming. On July 30, 2015, but effective November 2015, the Legislature of the Virgin Islands through Act 7748 officially changed the name of the Virgin Islands Public Television System to the Virgin Islands Public Broadcasting System.

The System was formed as a public corporation and is a semi-autonomous component unit of the Government of the U.S. Virgin Islands (the “GVI”) and, therefore, the financial statements of the System are not intended to present fairly the financial position and results of operations of the GVI. Only the accounts of the System are included in the reporting entity.

The System’s Board of Directors consists of the Commissioner of the Department of Education, the Chair of the Board of Education, the President of the University of the Virgin Islands, the Director of the Office of Management and Budget, three members appointed by the President of the Legislature, four other members appointed by the Governor. The call letters of the System are WTJX, and it is a member of the Public Broadcasting Service (“PBS”), a media foundation that provides programs and services to public and non-commercial television stations. Also, it is a member of the National Public Radio (“NPR”).

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The System prepares its financial statements in conformity with accounting principles generally accepted in the United States of America for governmental enterprise funds as prescribed by the Government Accounting Standards Board (“GASB”).

The financial statements of the System have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

**Basic Financial Statements** – Standards for external financial reporting require that resources be classified for accounting and reporting purposes into net position, categories and to report the change in net position. Net position is the residual of all other elements presented in the statements of net position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and consists of the following categories:

- ***Net Investment in Capital Assets*** – This category of net position consists of capital assets, net 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 and deferred inflows of resources related to those assets.

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

The System distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from services provided in connection with the System’s community and education-based television system. The principal revenues of the System are grants, including grants from the Government of the U.S. Virgin Islands and grants from the Corporation for Public Broadcasting (“CPB”), underwriting, fundraising, tower space lease revenue and advertising. Operating expenses mainly include programming services, management and general expenses, and depreciation.

When both restricted and unrestricted resources are available for use, the System decides to use resources on a case-by-case basis.

**Cash and Cash Equivalents** – All deposits of the System are made in board-designated official depositories. The System may designate, as an official depository, any bank or savings association whose principal office is located in the United States Virgin Islands. Also, the System may establish time deposit accounts such as certificates of deposits.

The System’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The System receives cash allotments from the CPB in two installments during the year which are held in a separate bank account and are reported as restricted cash and cash equivalents.

Under Virgin Islands law, government public funds are required to be deposited into accounts that are collateralized by security bond collateral that is satisfactory to the Commissioner of Finance. As of September 30, 2025, cash and cash equivalents held at banks were fully collateralized.

**Accounts and Other Receivable** – All accounts and grant receivables are reported as assets of the System. These accounts receivable mainly consist of underwriting, grants and tower space lease revenue.

**Allowance for Doubtful Accounts** – The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible based on evaluations of collectability of accounts receivable and prior credit loss experience. Because of uncertainties inherent in the estimation process, management’s estimate of credit losses inherent in the existing accounts receivable and related allowance may change in the future. Balance of the allowance for doubtful accounts at September 30, 2025 and 2024 amounted to \$-0-.

**Prepaid Expenses** – Certain cash outlays to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position and are expensed as the items are used or the expense is realized. These prepaid expenses mainly consist of unamortized PBS dues, memberships and insurance.

**Leases** – This Statement defines a lease as a legally binding contract that conveys control of the right-to-use another entity’s nonfinancial asset (underlying asset) as specified in the contract for a period of time. This contractual arrangement requires the lessee (the party who is renting or leasing the asset) to pay the lessor (the party who owns or controls the asset) for use of the asset over a specified period of time. The System engages in contractual arrangements both as a lessee and lessor.

*Lessee*

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***(Continued)*

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

*Lessor*

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

**Capital Assets** – Capital assets, which include property, plant, and equipment assets, are reported in the financial statements at the time of acquisition or donation. Acquired capital assets are reported at cost at the date of purchase or construction, and donated assets are reported at acquisition value at the date of donation. Only assets with an initial, individual cost, or fair market value, of more than \$5,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of assets are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method by groups or classes over the following expected service lives:

	<u>Years</u>
Buildings	40-60
Buildings and Improvements	15-30
Production & Broadcast Equipment	3-15
Other Assets	7

When capital assets are retired, the cost and related accumulated depreciation is removed from the accounts, and any gain or loss is recognized as non-operating revenue or expense.

Right-to-use assets resulting from leases are measured as the lease liability calculated as the present value of lease payments over the life of the lease.

**Compensated Absences** – Employees are eligible under personnel policies established by the Government of the Virgin Islands to accrue annual leave (up to 480 hours) if not used during the Calendar year. Unpaid annual leave is accrued as a liability of the System, as well as the System’s share of related payroll taxes, if the compensated absence is attributable to past service and it is probable that the System will compensate the employee for the benefits. The number of compensated absences is computed using salary rates in effect at September 30th. As of September 30, 2025 and 2024, the System reported accrued compensated absences amounting to \$291,139 and \$258,357, respectively.

**Pension Plan** – The Employees’ Retirement System of the government (the “GERS”) is the administrator of a cost-sharing multiple-employer, defined benefit pension plan (the “plan”) established as of October 1, 1959 by the Government to provide retirement, death, and disability benefits to its employees, and includes employees of Judicial, Executive and Legislative Branches of government and outside agencies. The plan covers all employees of the Government except employees compensated on a contract fee basis, casual, per diem or provisional and part-time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after 10 years of service. Benefits may be extended to beneficiaries of plan members.

**Deferred Outflows of Resources** – In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. The deferred amounts related to pension consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions and other differences between expected and actual experience.

**Deferred Inflows of Resources** – In addition to liabilities and net position, the statement of net position reports a separate section of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The deferred amounts related to pension consists of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions and other differences between expected and actual experience.

**Revenue Recognition** – The System distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the System’s principal ongoing operations, mainly the production of educational and cultural programs. Revenues associated with the Contributions from Corporation for Public Broadcasting are recorded as operating revenues when cash is received. The System also recognizes grants received as operating revenue. Expenses related to the program services, and management and general expenses are recorded as operating expenses.

Non-operating revenues consist principally of non-capital appropriations from government of the U.S. Virgin Islands. These funds are given to the System for its operations. The allotment amount is approved by the government which is split into monthly allotment set by OMB. A memo is sent monthly informing the System that the funds are available.

The accompanying statement of activities for the year ended September 30, 2025 is presented in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606). The Organization measures revenue from contracts with customers based on the consideration specified in a contract with a customer and recognizes revenue as a result of satisfying its promise to transfer goods or services in a contract with a customer using the following general revenue recognition five-step model: (1) identify the contract; (2) identify performance obligations; (3) determine transaction price; (4) allocate transaction price; and (5) recognize revenue.

**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 reported amounts of assets, deferred inflows, liabilities, deferred outflows 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 periods. Actual results could differ from those estimates.

**Accounting Pronouncements – Adopted**

**GASB Statement No. 101 - *Compensated Absences*** – This Statement establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). This Statement defines a compensated absence as leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The Statement further defines salary-related payments as obligations that a government incurs related to providing leave in exchange for services rendered and requires note disclosures regarding long-term liabilities for compensated absences. The adoption of this statement did not have a material impact on the financial statements.

**GASB Statement No. 102 - *Certain Risk Disclosures*** – This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources and defines a constraint as a limitation that is imposed by an external party or by formal action of a government’s highest level of decision-making authority. The Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement had no impact of the financial statements.

**Accounting Pronouncements – Issued but Not Yet Adopted**

**GASB Statement No. 103 - *Financial Reporting Model Improvements*** – *This statement* continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A). The Statement also requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions, and emphasizes that the analysis provided in MD&A should avoid unnecessary duplication and repetition. The Statement impacts other financial statement presentation requirements including: ○ unusual or infrequent items, ○ presentation of the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position, ○ major component units, and ○ budgetary comparison information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, which is fiscal year 2026 for the System.

**GASB Statement No. 104 - *Disclosure of Certain Capital Assets*** – *This Statement* requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Moreover, the Statement requires additional disclosures for capital assets held for sale and that this asset type be evaluated each reporting period. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, which is fiscal year 2026 for the System.

### NOTE 3 CASH AND CASH EQUIVALENTS

The System maintains unrestricted cash and cash equivalents including: (i) Allotments from the Government of the Virgin Islands, (ii) Special Productions including underwriting, donations, and other fundraising activities, (iii) Emergency Maintenance funded from lease revenue of an up-link television broadcasting tower located in St. Thomas, (iv) Certificate of Deposit held as a reserve and (v) a petty cash account. Restricted cash consist of CPB funding. These funds will be used for the operation of the System, in compliance with the purposes and restrictions set forth in the CPB General Provisions and Eligibility criteria guidelines.

As of September 30, 2025 and 2024, cash and cash equivalents consisted of the following deposits in banks and certificate of deposit:

	<u>2025</u>	<u>2024</u>
Restricted:		
Corporation for Public Broadcasting	\$ 1,235,014	\$ 837,595
Unrestricted:		
Government of the U.S. Virgin Islands	3,529,905	3,615,724
Special Productions	850,297	819,063
Emergency Maintenance	908,859	785,087
FEMA Funds Account	354,512	422,477
Petty Cash	1,200	1,200
Certificate of Deposit	338,128	332,940
Unrestricted Cash and Cash Equivalents	<u>5,982,901</u>	<u>5,976,491</u>
Total Cash and Cash Equivalents	<u>\$ 7,217,915</u>	<u>\$ 6,814,086</u>

- **Concentration of Credit Risk** – The System utilizes one financial institution located in the United States Virgin Islands.
- **Credit Risk** – Depository balances are fully collateralized with collateral satisfactory to the USVI Commissioner of Finance.

### NOTE 4 ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables at September 30, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Underwriting	\$ 50,056	\$ 29,487
Fundraising	5,000	650
Other	-	5,000
	<u>\$ 55,056</u>	<u>\$ 35,137</u>

As of September 30, 2025 and 2024, the System had an outstanding receivable Due from the Government, amounting to \$28,829 and \$224,118, respectively, to cover accrued payroll expenses.

## NOTE 5 CAPITAL ASSETS

Capital assets at September 30, 2025 and 2024 are comprised of the following:

	Balance at September 30, 2024	Additions	Disposals	Balance at September 30, 2025
Non-depreciable assets:				
Land	\$ 1,284,996	\$ -	\$ -	\$ 1,284,996
Construction in Progress	987,393	406,077	-	1,393,470
Non-depreciable assets:	<u>2,272,389</u>	<u>406,077</u>	<u>-</u>	<u>2,678,466</u>
Depreciable assets:				
Production and broadcasting equipment	10,408,781	18,616	-	10,427,397
Buildings and improvements	3,486,369	12,400	-	3,498,769
Other	3,049,790	-	-	3,049,790
Total depreciable assets	<u>16,944,940</u>	<u>31,016</u>	<u>-</u>	<u>16,975,956</u>
Less: accumulated depreciation	<u>(10,137,343)</u>	<u>(616,671)</u>	<u>-</u>	<u>(10,754,014)</u>
Total depreciable assets, net	<u>6,807,597</u>	<u>(585,655)</u>	<u>-</u>	<u>6,221,942</u>
Total capital assets, net	<u>\$ 9,079,986</u>	<u>\$ (179,578)</u>	<u>\$ -</u>	<u>\$ 8,900,408</u>
	Balance at September 30, 2023	Additions	Disposals	Balance at September 30, 2024
Non-depreciable assets:				
Land	\$ 1,284,996	\$ -	\$ -	\$ 1,284,996
Construction in Progress	350,378	637,015	-	987,393
Non-depreciable assets:	<u>1,635,374</u>	<u>637,015</u>	<u>-</u>	<u>2,272,389</u>
Depreciable assets:				
Production and broadcasting equipment	10,403,727	5,054	-	10,408,781
Buildings and improvements	3,486,369	-	-	3,486,369
Other	2,992,048	115,507	(57,765)	3,049,790
Total depreciable assets	<u>16,882,144</u>	<u>120,561</u>	<u>(57,765)</u>	<u>16,944,940</u>
Less: accumulated depreciation	<u>(9,587,236)</u>	<u>(607,872)</u>	<u>57,765</u>	<u>(10,137,343)</u>
Total depreciable assets, net	<u>7,294,908</u>	<u>(487,311)</u>	<u>-</u>	<u>6,807,597</u>
Total capital assets, net	<u>\$ 8,930,282</u>	<u>\$ 149,704</u>	<u>\$ -</u>	<u>\$ 9,079,986</u>

Depreciation expense for the years ended September 30, 2025 and 2024 amount to \$616,671 and \$607,872, respectively.

## NOTE 6 PROGRAMMING DUES

The System is a member station of the Public Broadcasting Services of the U.S. ("PBS"). PBS offers programming designed to expand the minds of children, documentaries, non-commercial news programs, and programs designed to expose listeners to music, theatre, dance and art.

Dues for the member year of July 1, 2025 through June 30, 2026 amounted to \$642,783 was paid as of September 30, 2025. Unamortized portion amounting to \$482,087 in FY 2025 is included as part of prepaid expenses in the accompanying statement of net position.

Dues for the member year of July 1, 2024 through June 30, 2025 amounted to \$758,354 was paid as of September 30, 2024. Unamortized portion amounting to \$568,766 in FY 2024 is included as part of prepaid expenses in the accompanying statement of net position.

**NOTE 7      NON-CAPITAL APPROPRIATIONS AND GRANTS REVENUE**

The System receives two main sources of revenues: (i) noncapital appropriations from the Government of the U.S. Virgin Islands to pay salaries and related expenses and operating expenditures, and (ii) grants from the Corporation for Public Broadcasting (“CPB”) to provide funding for the System’s member dues to the Public Broadcasting Service, salaries and related benefits and operating expenses.

For the fiscal years ended September 30, 2025 and 2024, the System received the following grant revenue from these organizations:

	<u>2025</u>	<u>2024</u>
Government of the Virgin Islands	\$ 4,431,902	\$ 4,431,902
Corporation for Public Broadcasting	1,336,605	1,308,184
FEMA Grants	594,067	927,353
American Documentary Grant	-	3,750
	<u>\$ 6,362,574</u>	<u>\$ 6,671,189</u>

During the years ended September 30, 2025 and 2024, the GVI supported \$3,555,614 and \$3,088,563 in salary and related costs through its appropriations to the System.

**NOTE 8      LEASES**

***Lease Receivables***

The System entered into contractual arrangements as a lessor for certain tower facilities. The leases require monthly payments for various terms. The System recognized \$130,948 and \$40,278 and \$74,482 and \$20,170 in lease revenue and interest income for the years ended September 30, 2025 and 2024, respectively. As of September 2025 and 2024, lease receivables totaled \$461,084 and 382,358, respectively. As of September 30, 2025 and 2024 deferred inflows of resources totaled \$434,575 and \$366,975, respectively.

***Lease Liability***

The System entered into contractual arrangements as a lessee for office building space and equipment. As of September 30, 2025, the leases were fully amortized.

**NOTE 9      COMPENSATED ABSENCES**

The System reported compensated absences of \$291,139 and \$258,357 for the years ended September 30, 2025 and 2024, respectively. For the year ended September 30, 2025, the following changes occurred in long-term compensated absences:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Compensated Absences	\$ 258,357	\$ 32,782	\$ -	\$ 291,139	\$ 148,109

\*The change in compensated absences is presented as a net change.

## **NOTE 10      COMMITMENTS AND CONTINGENCIES**

The System derives most of its operating revenue from appropriations provided by the local Government and the Corporation for Public Broadcasting (CPB). The CPB's federal funding ended in 2025. As a result, the System will no longer receive funding from CPB. This funding represented a significant percentage of the System's revenue. The System's local government funding will increase in the next fiscal year.

The Government of the Virgin Islands Department of Property and Procurement provides casualty insurance on System assets under a blanket insurance policy covering both the Primary Government and certain autonomous agencies.

The System received significant financial assistance from the Federal Government, including disaster relief funds. The receipt of grant funds is generally dependent upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Amounts expended and claimed for reimbursement are subject to reviews and audits. Disallowance by federal officials as a result of these audits may become a liability of the System. The amount of expenditures that may be disallowed by the grantor agencies cannot be determined at this time.

## **NOTE 11      PENSION PLAN**

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

### ***Plan Description***

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

The System's part-time employees who regularly work more than 50% of the normal work period, and full-time regular employees who at the time of employment are under age 55 years with one year of government service are eligible to participate in the system. Effective January 1, 2017, the System's required contribution was 23.5% of the member's annual salary. Prior to that date, the percentage was 17.5%. Effective January 1, 2017, member contributions were 11% and 11.5% for Tier I and Tier II employees.

Plan descriptions, funding policies, and a schedule of employee required and paid contributions for the defined benefit plans are presented in the Virgin Islands Comprehensive Annual Financial Report (Report) for the fiscal year ended September 30, 2024. The Report also provides detailed historical trend information showing the progress in accumulating sufficient assets to pay benefits when due. In addition, GERS issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained from the Employees' Retirement System of the Government of the Virgin Islands, GERS Complex, 3438 Kronpindsens Gade, St. Thomas, VI 00802.

## NOTE 12      NET PENSION LIABILITY

### Net Pension Liability

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

### Plan Description and Benefits

Full time employees of the System are members of the Government Employees' Retirement System of the Virgin Islands (GERS), a cost sharing multiple-employer, defined benefit pension plan (the plan) established as of October 1, 1959 in accordance with Title 3, Chapter 27 of the Virgin Islands Code to provide retirement, death, and disability benefits. Benefits may be extended to beneficiaries of plan members. The plan covers all employees of the Government, including the System, except employees compensated on a contract fee basis, casual, per diem or provisional and part time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after 10 years of service. Benefits may be extended to beneficiaries of plan members.

There are two tiers within the plan:

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

The System provides for retirement, death, and disability benefits to plan members. Benefits may be extended to beneficiaries of plan members. Regular Tier I employees who have completed 30 years of credited service or have attained age 60 with at least 10 years of credited service are eligible for a full-service retirement annuity. Regular Tier II employees who have attained age 65 with at least ten years of service are eligible for a full-service retirement annuity. Members who are considered "safety employees" as defined in the Code are eligible for full retirement benefits when they have earned at least 20 years of government service or have reached the age of 55 with at least 10 years of credited service. Tier I regular and safety employees who have attained age 50 with at least 10 years of credited service may elect to retire early with a reduced benefit. Tier II regular and safety employees who have attained age 60 with at least 10 years of credited service may elect to retire early with a reduced benefit. Senators and members of the Legislature may receive a retirement annuity when they have attained age 50 and upon the completion of 6 years of credited service as a member of the legislature.

The semi-monthly annuity benefit payments are determined by applying a stipulated benefit ratio to the member's average compensation. Average compensation for Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service. Average compensation for Tier II members is determined by averaging the most recent five years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation is \$65,000, except for senators and judges, whose annual salary is used. The Board may set cost-of-living increases for annuitants and pensioners and determine when the annuity should be paid on the basis of the most recent actuarial valuation and the Consumer Price Index. The annual increase in the case of a disability annuity shall be 1 percent per year prior to the member's attainment of age 60 and 1.5 percent per year thereafter. The Board of Trustees may not increase rates by more than 3.0% over a five-year period. The employer's contributions together with the employee's contributions and the income of the System should be sufficient to provide an adequate actuarially determined reserve for the benefits prescribed by the Code.

**Funding and Contribution Policy**

Contributions to GERS are established by the Board of Trustees of GERS. Contribution rates to the retirement plan for regular employees vary based on classification as Tier I or Tier II. The GVI's employer contribution for Tier I and Tier II employees is 23.5% of the member's annual salary, effective on January 1, 2020. Employee contribution rates are as follows:

	<u>Tier I</u>	<u>Tier II</u>
Regular Employees	11%	11.5%
Public Safety Employees	13%	13.625%
Legislature	12%	14%
Judges	15%	15%

Both the Plan and the System have a September fiscal year end. GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. The GERS Board adopted to use a measurement date that is not more than a year prior to any of the employers' reporting dates as allowed under GASB 68. As of July 1, 2021, all compensation of the System's employees is paid by the Primary Government. Consequently, there is no allocation of pension liabilities, related pension expense, and deferred outflows/inflows for the year ended September 30, 2025. The System's outstanding liability will be adjusted as the overall pension liability changes and incremental changes will be reported by the Primary Government.

**NOTE 13 OTHER POSTEMPLOYMENT BENEFIT LIABILITY**

The Governmental Accounting Standards Board issued GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The Statement is effective for fiscal years beginning after June 15, 2017. The Government of the Virgin Islands adopted and implemented GASB 75 for the year-end September 30, 2018. The objective of the Statement is to improve Accounting and Financial Reporting for state and local governments (including component units) for Postemployment Benefits Other than Pensions (OPEB). The System is a component unit of the U.S. Virgin Islands Primary Government. For purposes of GASB 75, the plan is classified as a nontrusted multiple employer plan. In this Special Funding Situation, the Primary Government covers the plan expenses as they occur. The plan is considered a "pay as you go" plan.

The Primary Government is the only entity responsible for the payment of OPEB for retirees of the System. As of July 1, 2021, all compensation of the System's employees is paid by the Primary Government. Management has communicated that because the Primary Government is responsible for all employment cost of the System's employees, no adjustments to its financial statements are recorded.

**NOTE 14 SUBSEQUENT EVENTS**

In August 2025, federal funding for the Corporation for Public Broadcasting (CPB) ceased. As a result, the System will no longer receive grant funding from CPB.

Management has evaluated the events and transactions occurring after September 30, 2025, the statement of net position date, and through May 29, 2026, the date financial statements were available to be issued and noted that there have been no additional events or transactions that would require adjustments to or disclosure in the Government's financial statements for the year ended September 30, 2025.

## REQUIRED SUPPLEMENTARY INFORMATION

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**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

**SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 LAST 10 FISCAL YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
System's proportion of the net pension liability	0.0600%	0.0600%	0.0600%	0.0500%	0.0534%	0.0568%	0.0522%	0.0571%
System's proportionate share of the net pension liability	\$3,177,488	\$3,177,488	\$3,465,766	\$2,657,324	\$2,227,340	\$2,487,214	\$2,552,151	\$2,322,908
System's covered-employee payroll	247,054	247,054	239,632	202,388	317,367	223,583	203,205	203,050
System's proportion share of the net pension liability as a percentage of its covered-employee payroll	1286%	1286%	1446%	1313%	701.82%	1,112.43%	1,256.00%	1,144.00%
Plan fiduciary net position as percentage of the total pension liability	8.23%	8.23%	9.16%	11.32%	13.72%	16.18%	16.54%	19.58%

*\*The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year). The data presented is as of the last period of pension liability allocation for the System – September 30, 2021. As of July 1, 2021, compensation for all the System's employees is paid by the Primary Government. Consequently, there is no net pension liability allocation for the System as of September 30, 2023.*

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

**SCHEDULE OF THE SYSTEM'S CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially required contributions	\$224,249	\$224,249	\$219,482	\$138,762	\$142,975	\$142,276	\$136,431	\$114,251	\$95,427
Contributions in relation to the actuarially required contributions	56,021	56,021	53,570	47,495	43,543	42,715	40,208	41,276	34,354
Contribution deficiency/(excess)	168,228	168,228	165,912	91,267	99,432	99,561	96,223	72,975	61,073
Covered-employee payroll	247,054	247,054	239,632	202,388	214,172	223,583	203,205	203,050	186,176
Contributions as a percentage of covered-employee payroll	22.68%	22.68%	22.36%	23.47%	20.33%	19.11%	19.79%	20.33%	18.45%

*\*The schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous fiscal year). The data presented is as of the last period of pension liability allocation for the System – September 30, 2021. As of July 1, 2021, compensation for all the System's employees is paid by the Primary Government. Consequently, there is no net pension liability allocation for the System as of September 30, 2023.*

## SUPPLEMENTARY INFORMATION

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**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

STATEMENTS OF REVENUES AND EXPENSES PER DIVISION  
FOR THE YEARS ENDED SEPTEMBER 30, 2025 and 2024

	WTJX-TV	WTJX-FM	TOTAL	
			2025	2024
<b>Operating Revenues</b>				
Grants and Funds	\$ 1,930,672	\$ -	\$ 1,930,672	\$ 2,235,537
Lease Revenue	130,948	-	130,948	74,482
Underwriting	44,580	91,603	136,183	113,800
Fundraising	72,667	273	72,940	79,004
Advertising	3,910	-	3,910	4,540
Membership Subscriptions and Other				
Donations	31,647	9,318	40,965	29,938
Other Operating Revenue	44,284	-	44,284	69,375
Total Operating Revenues	<u>2,258,708</u>	<u>101,194</u>	<u>2,359,902</u>	<u>2,606,676</u>
<b>Non-Operating Revenues</b>				
Contribution from the Government of the				
U.S. Virgin Islands	4,177,792	254,110	4,431,902	4,431,902
Interest Income	40,278	-	40,278	20,170
Insurance Proceeds	-	-	-	49,832
Other non-operating revenue	-	-	-	4,155
Total Non-Operating Revenues	<u>4,218,070</u>	<u>254,110</u>	<u>4,472,180</u>	<u>4,506,059</u>
Total Revenues	<u>\$ 6,476,778</u>	<u>\$ 355,304</u>	<u>\$ 6,832,082</u>	<u>\$ 7,112,735</u>
<b>Operating Expenses</b>				
Program Services				
Salaries	\$ 2,339,058	\$ 151,470	\$ 2,490,528	\$ 2,153,799
Program Acquisition	730,785	10,696	741,481	762,877
Annual Leave Accrual	32,786	-	32,786	7,950
Employee Benefits	824,850	50,181	875,031	769,677
Equipment Rental and Maintenance	18,084	-	18,084	17,537
Utilities	-	4,089	4,089	3,962
Travel	41,202	-	41,202	53,122
Supplies and Other	21,039	-	21,039	29,150
Production	52,674	49,560	102,234	98,516
Lease Amortization Expense	259,006	-	259,006	259,189
Lease Interest Expense	11,421	-	11,421	34,270
Total Program Services	<u>4,330,905</u>	<u>265,996</u>	<u>4,596,901</u>	<u>4,190,049</u>
Management and General				
Salaries	17,769	-	17,769	30,477
Employee Benefits	2,729	2,000	4,729	3,111
Depreciation	616,671	-	616,671	607,872
Payroll Taxes and Contributions	179,138	11,587	190,725	166,048
Utilities	364,045	-	364,045	352,846
Professional Fees	243,921	-	243,921	286,097
Production	49,403	-	49,403	49,672
Printing and Publication	17,523	-	17,523	14,129
Repairs and Maintenance	115,306	-	115,306	119,095
Insurance	151,464	-	151,464	129,757
Subscriptions and Memberships	9,597	-	9,597	11,472
Professional Development/Training	14,149	2,750	16,899	20,489
Supplies and Other	119,330	1,382	120,712	179,736
Bad Debt Expense	-	-	-	600

**VIRGIN ISLANDS PUBLIC BROADCASTING SYSTEM**  
*(A Component Unit of the Government of the United States Virgin Islands)*

STATEMENTS OF REVENUES AND EXPENSES PER DIVISION *(Continued)*  
 FOR THE YEARS ENDED SEPTEMBER 30, 2025 and 2024

	<u>WTJX-TV</u>	<u>WTJX-FM</u>	<u>TOTAL</u>	
			<u>2025</u>	<u>2024</u>
Program Acquisition	-	6,000	6,000	11,880
Automobile	30,125	-	30,125	43,961
Equipment Rental and Maintenance	16,478	-	16,478	21,590
Small Equipment	70,409	-	70,409	36,760
Postage and Freight	11,962	154	12,116	17,178
Advertising	4,555	-	4,555	47,610
Computer Supplies	100,603	7,197	107,800	90,890
United Jazz Foundation Project Expenses:				
Security	11,341	-	11,341	12,054
FEMA	9,469	-	9,469	11,458
Total Management and General	<u>2,155,987</u>	<u>31,070</u>	<u>2,187,057</u>	<u>2,264,782</u>
Fundraising	<u>26,306</u>	<u>-</u>	<u>26,306</u>	<u>38,533</u>
Total Operating Expenses	<u>\$ 6,513,198</u>	<u>\$ 297,066</u>	<u>\$ 6,810,264</u>	<u>\$ 6,493,364</u>



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

The Board of Directors  
 Virgin Islands Public Broadcasting System

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 Public Broadcasting System (the "System"), a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the System's basic financial statements and have issued our report thereon dated May 29, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Bert Smith & Co.*

Washington, D.C.

May 29, 2026