



AUDITED FINANCIAL STATEMENTS

The University of the Virgin Islands
Research and Technology Park Corporation
Years Ended September 30, 2009 and 2008
With Report of Independent Auditors

The University of the Virgin Islands
Research and Technology Park Corporation

Audited Financial Statements

Years Ended September 30, 2009 and 2008

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Report of Independent Auditors

Management of
The University of the Virgin Islands
Research and Technology Park

We have audited the accompanying financial statements of The University of the Virgin Islands Research and Technology Park Corporation (the “Corporation” or the “RTPark”), a component unit of the Government of the United States Virgin Islands (the Government), as of and for the years ended September 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The University of the Virgin Islands Research and Technology Park Corporation at September 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ernst & Young LLP

April 15, 2011

The University of the Virgin Islands
Research and Technology Park Corporation

Management's Discussion and Analysis

September 30, 2009 and 2008

Our discussion and analysis of the financial performance of The University of the Virgin Islands Research and Technology Park (the "Corporation" or the "RTPark") provides an overview of the RTPark's financial activities for the fiscal years ended September 30, 2009 and 2008. It is to be read in conjunction with the RTPark's financial statements and notes to the financial statements.

About the RTPark

The RTPark was established in 2002 pursuant to Act 6502, which added Chapters 34 and 43 to Title 17 of the United States Virgin Islands (USVI) Code, therefore creating the RTPark. Act 6502 was subsequently amended by Act 6725, the Protected Cell Amendments Act of 2005. The RTPark is constituted as a public corporation and autonomous governmental instrumentality of the Government of the USVI (the "Government"). As such, the RTPark is exempt from all taxes, special assessments, and license fees of the USVI. The RTPark is a component unit of the Government.

The RTPark is envisioned as a partnership between higher education, government and industry to promote community economic development. The specific focus of the RTPark is on developing a technology sector in the USVI, by, among other things, attracting research, e-Commerce and technology-based businesses, electronic hosting facilities, and other knowledge-based businesses to locate in the territory. The RTPark's economic development mandate also includes creating jobs for residents of the islands, diversifying the economy, broadening the tax base of the territory, and generating financial support for the University of the Virgin Islands ("UVI"). Through collaborative arrangements with strategic business partners, the RTPark is intended to strengthen the capabilities of UVI to deliver instruction, research and public service in furtherance of its mission.

As an autonomous governmental instrumentality, the RTPark is governed by a separate Board of Directors (the "Board"). The Board of the RTPark is made up of seven members, including the Chairman of the Board of Trustees of UVI, the President of UVI and two other persons selected from among the Board of Trustees of UVI. The remaining three members are selected by the Governor of the USVI.

The University of the Virgin Islands
Research and Technology Park Corporation
Management's Discussion and Analysis (continued)

About the RTPark (continued)

The Board of Directors has broad powers with regard to operations of the RTPark, including the appointment of an Executive Director of the RTPark, who is responsible for hiring employees and general administration of the RTPark, among other duties. The Board is also authorized to acquire property, to borrow money and contract debts for its corporate purposes, to promote and publicize the RTPark, to obtain such accounting, legal, engineering, or scientific services as it deems necessary to effectuate the proper administration of the RTPark, to apply for federal and territorial grants, loans, and services that can benefit businesses in the RTPark, to prepare and promulgate such rules and regulations as may be necessary to effectuate the provisions of the RTPark. Additionally, the RTPark has the authority to issue bonds and have outstanding bonds not in excess of \$50 million at any one point.

The statute establishing the RTPark sets out a framework under which tenants of the RTPark can receive tax incentives entitling them to benefits under the territory's economic development program, under which beneficiaries receive up to a 90 percent reduction in its income tax liability on income from the business for which benefits are granted. This reduction results in an effective tax rate of approximately four percent on income from approved operations. The RTPark's Board has the exclusive right to negotiate with all potential tenants as to the terms of their leases and all other aspects of their tenancy in the RTPark.

The RTPark Highlights

The RTPark engages UVI for a variety of support services under terms specified in an Interim Management Agreement between the RTPark and UVI. The RTPark's staff is led by the Executive Director who has responsibility for the management of the RTPark under the Board. Additional part-time assistance is obtained as needed. The work of the RTPark is being facilitated with the help of a number of consultants providing technical, advisory and management assistance to the Executive Director.

Overview of Annual Financial Statements

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the financial condition and performance of the RTPark. The financial statements of the RTPark are presented using the economic measurement focus and the accrual basis of accounting. The financial statements themselves consist of the Statements of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, the Statements of Cash Flows and Notes to Financial Statements.

The University of the Virgin Islands
Research and Technology Park Corporation
Management's Discussion and Analysis (continued)

Overview of Annual Financial Statements (continued)

The Statements of Net Assets present the financial position of the RTPark including information about the type and amount of resources and obligations at September 30, 2009 and 2008. The Statements of Revenues, Expenses and Changes in Net Assets present the results of the RTPark's operating and non-operating activities and provide information relative to changes to the net assets. The Statements of Cash Flows present changes in cash and cash equivalents, as a result of operational, non-operational, and financing activities. The RTPark currently has no investing activities and as such this section is not presented. The Notes to Financial Statements provide required disclosures and other pertinent information necessary to provide a reader of the financial statements a complete understanding of the data being presented. The notes are comprised of information about the RTPark's accounting policies, significant account balances, obligations, commitments, contingencies and subsequent events.

CONDENSED FINANCIAL INFORMATION

Statement of Net Assets

The Statements of Net Assets presents the financial position of the RTPark at the end of the fiscal years. The statements include all assets and liabilities of the RTPark. Net assets are an indicator of the current fiscal health of the organization and the RTPark's financial position over time. A condensed summary of the RTPark's financial position as of September 30, 2009, 2008 and 2007, reflect net assets of \$2,642,474, \$2,306,347 and \$3,656,817, respectively.

The University of the Virgin Islands
Research and Technology Park Corporation
Management's Discussion and Analysis (continued)

Statement of Net Assets (continued)

The RTPark's current assets decreased from \$941,164 at September 30, 2007 to \$131,702 at September 30, 2008, and increased to \$411,546 at September 30, 2009. The decrease from 2007 to 2008 is mainly due to decrease in cash available for operations; no appropriations were received during that year since there was an unused portion of the funds from 2007 that were used in 2008. The increase in current assets from 2008 to 2009 is mainly due to prepayment of connectivity services and increase in receivables from USVI Public Finance Authority ("PFA"). Capital assets increase from \$2,847,681 in 2007 to \$3,057,263 in 2008 and to \$3,619,927 in 2009 is due to the net effect of purchase of equipment and amortization of the intangible asset. Current liabilities increase from \$132,028 in 2007 to \$882,618 in 2008 and to \$1,388,999 in 2009 is mainly related to capital improvements funded from USVI Public Finance Authority ("PFA") grants and unpaid amounts to the University of the Virgin Islands related to services provided by UVI to the RTPark.

	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
Current assets	\$ 411,546	\$ 131,702	\$ 941,164
Capital assets	<u>3,619,927</u>	<u>3,057,263</u>	<u>2,847,681</u>
Total Assets	4,031,473	3,188,965	3,788,845
Current liabilities	<u>1,388,999</u>	<u>882,618</u>	<u>132,028</u>
Total Liabilities	1,388,999	882,618	132,028
Unrestricted	(977,453)	(750,916)	3,445,207
Invested in capital assets, net of related debt	<u>3,619,927</u>	<u>3,507,263</u>	<u>211,610</u>
Total Net Assets	\$ <u>2,642,474</u>	\$ <u>2,306,347</u>	\$ <u>3,656,817</u>

The University of the Virgin Islands
Research and Technology Park Corporation
Management's Discussion and Analysis (continued)

Statements of Revenues, Expenses and Changes in Net Assets

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the RTPark's operations and can be used to determine whether the RTPark's fiscal condition has improved or worsened during the year. It is important to point out that the RTPark is currently in the initial stages of development and operations are funded primarily from start-up funds appropriated and allotted by the Government. A summary of the RTPark's activities and changes in net assets for the year ended September 30, 2009, show an increase in net assets from \$2,306,347 at the start of the fiscal year 2009 to \$2,642,474 at the end of the year.

The RTPark's largest source of nonoperating revenue is Government appropriations. Another funding was received in fiscal year 2008 related to Act 6816 (Bill 26-0083) dated November 18, 2005, subsequently amended by Act 6820 (Bill 26-0196) dated December 21, 2005, that authorized the PFA to provide \$7.0 million in loan funding to the RTPark for capital projects. This funding was subsequently changed to a grant by Act 6856 (Bill 26-0251) on July 10, 2006 as mentioned before. Funding during the year ended September 30, 2009 from this source amounted to approximately \$780,000. For the year ended September 30, 2009, the RTPark received funding from PFA amounting to approximately \$1.1 million. Operating expenses increased from \$1,814,051 in fiscal year 2008 to \$1,975,137 in fiscal year 2009 mainly due to increases in additional legal professional and consulting services incurred in 2009 and depreciation and amortization when compared to fiscal year 2008. Increase in amortization is related to full year amortization of an intangible asset and amortization of the prepaid expenses.

The University of the Virgin Islands
Research and Technology Park Corporation
Management's Discussion and Analysis (continued)

Statements of Revenues, Expenses and Changes in Net Assets (continued)

	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
Operating revenues	\$ 379,921	\$ 12,200	\$ 6,100
Operating expenses	<u>1,975,137</u>	<u>1,814,051</u>	<u>1,637,509</u>
Operating loss	<u>(1,595,216)</u>	<u>(1,801,851)</u>	<u>(1,631,409)</u>
 Nonoperating revenues	 <u>780,000</u>	 <u>—</u>	 <u>1,425,000</u>
 Decrease in net assets before capital appropriations	 <u>(815,216)</u>	 <u>(1,801,851)</u>	 <u>(206,409)</u>
Capital appropriations	<u>1,151,343</u>	<u>451,381</u>	<u>2,877,765</u>
Increase (decrease) in net assets	<u>336,127</u>	<u>(1,350,470)</u>	<u>2,671,356</u>
 Net assets			
Net assets at beginning of year	<u>2,306,347</u>	<u>3,656,817</u>	<u>985,461</u>
Net assets at end of year	<u>\$ 2,642,474</u>	<u>\$ 2,306,347</u>	<u>\$ 3,656,817</u>

Statement of Cash Flows

The Statement of Cash Flows provides information about the RTPark's cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was it used for and what was the change in cash balance during the reporting period. The RTPark's available cash decreased from \$914,824 at the end of 2007 to \$9,794 at the end of 2008 and increased to \$11,008 at the end of 2009.

	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
Net cash used in operating activities	\$ (1,036,792)	\$ (864,951)	\$ (1,442,960)
Net cash provided by noncapital financing activities	<u>780,000</u>	<u>—</u>	<u>1,425,000</u>
Cash provided by (used in) capital and related financing activities	<u>258,006</u>	<u>(15,474)</u>	<u>(6,645)</u>
Cash at beginning of year	<u>9,794</u>	<u>890,219</u>	<u>914,824</u>
Cash at end of year	<u>\$ 11,008</u>	<u>\$ 9,794</u>	<u>\$ 890,219</u>

The University of the Virgin Islands
Research and Technology Park Corporation
Management's Discussion and Analysis (continued)

Additional Information or Questions

This financial report is designed to provide a general overview of the RTPark's finances and to show the RTPark's accountability for the money it receives. For additional information, contact the RTPark's Executive Director at RR1 Box 10000 Kingshill, St. Croix, VI 00850-9781.

The University of the Virgin Islands
Research and Technology Park Corporation

Statements of Net Assets

	September 30	
	2009	2008
Assets		
Current assets:		
Cash	\$ 11,008	\$ 9,794
Accounts receivable, net	203,598	121,908
Prepaid expenses	196,940	—
Total current assets	411,546	131,702
Capital assets:		
Property and equipment, net	1,464,256	727,980
Intangible asset, net	2,155,671	2,329,283
Total capital assets	3,619,927	3,057,263
Total assets	4,031,473	3,188,965
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	633,913	288,216
Due to the University of the Virgin Islands	755,086	594,402
Total liabilities	1,388,999	882,618
Net assets		
Unrestricted	(977,453)	(750,916)
Invested in capital assets, net of related debt	3,619,927	3,057,263
Total net assets	\$ 2,642,474	\$ 2,306,347

See accompanying notes.

The University of the Virgin Islands
Research and Technology Park Corporation

Statements of Revenues, Expenses and Changes in Net Assets

	Year Ended September 30	
	2009	2008
Operating revenues		
Royalties and licenses fees	\$ 379,921	\$ –
Rent revenue	–	12,200
Total operating revenues	379,921	12,200
Operating expenses		
Salaries	382,435	406,074
Benefits	96,878	111,800
Supplies and other services	1,221,909	1,038,903
Depreciation and amortization	273,915	257,274
Total operating expenses	1,975,137	1,814,051
Operating loss	(1,595,216)	(1,801,851)
Nonoperating revenues:		
Local government appropriation	780,000	–
Total nonoperating revenues	780,000	–
Decrease in net assets before capital appropriations	(815,216)	(1,801,851)
Capital contributions	1,151,343	451,381
Increase (decrease) in net assets	336,127	(1,350,470)
Net assets		
Beginning of year	2,306,347	3,656,817
End of year	\$ 2,642,474	\$ 2,306,347

See accompanying notes.

The University of the Virgin Islands
Research and Technology Park Corporation

Statements of Cash Flows

	Year Ended September 30	
	2009	2008
Cash flows from operating activities		
Receipts from customers	\$ 354,985	\$ 12,200
Payment to suppliers and vendors	(912,464)	(912,161)
Payment to employees	(479,313)	35,010
Net cash used in operating activities	(1,036,792)	(864,951)
Cash flows from noncapital financing activities		
Local government appropriations	780,000	–
Net cash provided by noncapital financing activities	780,000	–
Cash flows from capital and related financing activities		
Capital appropriations	1,094,585	451,381
Purchase of equipment	(836,579)	(466,855)
Net cash provided by (used in) capital and related financing activities	258,006	(15,474)
Net change in cash	1,214	(880,425)
Cash and cash equivalents		
Cash at beginning of year	9,794	890,219
Cash at end of year	\$ 11,008	\$ 9,794
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,595,216)	\$ (1,801,851)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense	141,917	–
Depreciation and amortization	273,915	257,274
Changes in accounts receivable	(166,849)	(80,963)
Change in prepaid expenses	(196,940)	10,000
Change in accounts payable and accrued expenses	345,697	750,589
Change in due to the University of the Virgin Islands	160,684	–
Net cash used in operating activities	\$ (1,036,792)	\$ (864,951)

See accompanying notes.

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements

September 30, 2009 and 2008

1. Organization and Summary of Significant Accounting Policies

Organization and Operation

The University of the Virgin Islands Research and Technology Park (the “Corporation” or the “RTPark”) is a public corporation and autonomous government instrumentality of the Government of the United States Virgin Islands, created under the provisions of the U.S. Virgin Islands Act No. 6502 (“Act 6502”) approved on February 21, 2002. The Corporation was organized for e-Commerce and technology with a focus on providing an enabling environment for research and development, business incubation and technology-driven businesses. Located on the campus of the University of the Virgin Islands (the “University” or “UVI”) on the island of St. Croix in the United States Virgin Islands (“USVI”), the Corporation provides e-Commerce, technology, and knowledge-based businesses a competitive environment to confidently conduct business backed by the U.S. court system and applicable business, intellectual property and tax laws. Benefits include:

- Tax incentives including income tax credits of 90 percent on revenues from the company operations;
- U.S. intellectual property rights protection;
- Carrier class broadband telecommunication access and business support infrastructure;
- Trained workforce in collaboration with the University of the Virgin Islands; and
- U.S. territory where currency and government system are familiar.

The Corporation is a component unit of the Government of the United States Virgin Islands (the “Government”) and is presented discretely in the Government’s financial statements based on provisions of the Government Accounting Standard Board (“GASB”) Statement No. 39.

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies

Basis of Accounting

The accounting and reporting policies of the RTPark conform with the accounting rules prescribed by the GASB. As such, it functions as an enterprise fund. The RTPark maintains its accounting records using the economic measurement focus and the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

The RTPark follows the provisions of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, as amended by GASB Statement No. 34, which requires proprietary activities to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board (“FASB”) Statements and Interpretations, and Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless the pronouncements conflict or contradict GASB pronouncements.

This pronouncement permits the adoption of all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict or contradict GASB pronouncements. The RTPark, as allowed by GASB, decided not to implement any FASB Statements or Interpretations issued after November 30, 1989.

Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

Capital Assets and Intangible Assets

The RTPark capital assets consist of furniture and equipment and an intangible asset. Capital assets are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, 5 to 7 years for furniture and equipment. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

The RTPark intangible assets consist of a prepayment for a 15-year agreement with a third-party who is a leading global IP solutions provider for high-capacity broadband connectivity and collocation space. Under this agreement, the RTPark will have access rights to third-party's extensive and secure global fiber-optic network in St. Croix, USVI, to attract to the USVI more e-Commerce and software companies offering multiple solutions and services, such as secure data transport, hosting and other IP services. This prepayment is being amortized over the life of the agreement (15 years) on a straight-line basis. The balance of the prepayment, as of September 30, 2009 and 2008 is \$2,156,000 and \$2,329,000, respectively, net of accumulated amortization of \$449,000 and \$275,000, respectively. Amortization for the years ended September 30, 2009 and 2008 amounted to \$275,000 and \$174,000, respectively.

Capital Contributions

The Government of the U.S. Virgin Islands appropriates and makes available to the Corporation funds for the construction and improvement of its facilities. For the years ended September 30, 2009 and 2008, the Corporation recognized capital contributions of \$1,151,343 and \$451,381, respectively.

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The Corporation's net assets are classified as unrestricted and invested in capital assets, net of related debt. Unrestricted net assets represent resources derived from USVI government appropriations. While unrestricted net assets may be designated for specific purposes by actions of management or the Board of Trustees, they are available for use, at the discretion of the governing board, to meet current expenses for any purpose.

Research and Development Costs

Research and development costs are expensed as incurred.

2. Receivables

Receivables as of September 30, 2009 and 2008, are as follows:

	2009	2008
Fees receivable	\$ 24,936	\$ –
Due from Public Finance Authority	178,662	121,908
Other	141,913	–
Total accounts receivable	345,511	121,908
Less allowance for doubtful accounts	(141,913)	–
Total accounts receivable, net	\$ 203,598	\$121,908

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

3. Capital Assets

Changes in capital assets as of September 30, 2009 and 2008, are as follow:

	2009			Ending Balance
	Beginning Balance	Additions	Reductions	
Capital assets not being depreciated:				
Construction in progress	\$ 392,620	\$ 673,240	\$ –	\$ 1,065,860
Capital assets being depreciated and amortized:				
Equipment	416,500	163,031	–	579,531
Vehicles	28,995	308	–	29,303
Intangible asset	2,604,167	–	–	2,604,167
Total capital assets	<u>3,442,282</u>	<u>836,579</u>	–	<u>4,278,861</u>
Less accumulated depreciation and amortization:				
Equipment	(98,538)	(94,442)	–	(192,980)
Vehicles	(11,597)	(5,861)	–	(17,458)
Intangible asset	(274,884)	(173,612)	–	(448,496)
Total accumulated depreciation and amortization	<u>(385,019)</u>	<u>(273,915)</u>	–	<u>(658,934)</u>
Capital assets, net	<u>\$ 3,057,263</u>	<u>\$ 562,664</u>	\$ –	<u>\$ 3,619,927</u>

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

3. Capital Assets (continued)

	2008			Ending Balance
	Beginning Balance	Additions	Reductions	
Capital assets not being depreciated:				
Construction in progress	\$ 273,598	\$ 308,577	\$ (189,555)	\$ 392,620
Capital assets being depreciated and amortized:				
Equipment	68,666	347,834	–	416,500
Vehicles	28,995	–	–	28,995
Intangible asset	2,604,167	–	–	2,604,167
Total capital assets	2,975,426	656,411	(189,555)	3,442,282
Less accumulated depreciation and amortization:				
Equipment	(20,674)	(77,864)	–	(98,538)
Vehicles	(5,798)	(5,799)	–	(11,597)
Intangible asset	(101,273)	(173,611)	–	(274,884)
Total accumulated depreciation and amortization	(127,745)	(257,274)	–	(385,019)
Capital assets, net	\$ 2,847,681	\$ 399,137	\$ (189,555)	\$ 3,057,263

4. Related Party Transactions

The RTPark engages UVI for a variety of support services under terms specified in an Interim Management Agreement between the RTPark and UVI.

The RTPark rents office facilities from UVI. For these support services the RTPark is charged by UVI. For the years ended September 30, 2009 and 2008, the charges for services, which included rent, from UVI were \$85,000 for each year.

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

5. Retirement Plans

The RTPark has two retirement plans in which all eligible employees are required to participate in at least one. The following is a brief description of each plan.

Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)

The TIAA-CREF plan is a defined contribution pension plan covering participating, full-time faculty members and other exempt employees, under which the contributions, including employees' contributions, are used to purchase annuities. There are no unfunded past service costs, and vested benefits are equal to the annuities purchased under TIAA-CREF. As of September 30, 2009 and 2008, two employees were TIAA-CREF participants.

Total TIAA-CREF expenditures for the years ended September 30, 2009 and 2008 were approximately \$45,362 and \$51,000, respectively.

Virgin Islands Government Employees' Retirement System (GERS)

The GERS plan is a contributory, multiple-employer, cost-sharing defined benefit pension plan. Information as to the portion of GERS specifically related to the RTPark was not prepared as part of the actuarial valuation and participants in the plan that have retired or have been terminated are not tracked by originating employer. The Government, not the RTPark, is responsible for GERS unfunded prior service costs, if any. There were no employees from the RTPark participating in GERS as of September 30, 2009 and 2008.

The University of the Virgin Islands
Research and Technology Park Corporation

Notes to Financial Statements (continued)

6. Significant New Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

This statement is effective for periods beginning after June 15, 2009. Early application of this statement is encouraged. The RTPark is currently evaluating the potential impact of the adoption of this statement.

Ernst & Young LLP

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