

**Vermont State Colleges Board of Trustees
Audit & Risk Management Committee Meeting
Monday, February 23, 2026 at 11:00 a.m.
Live meeting: vsc.edu/botzoom
Stream: vsc.edu/live**

AGENDA

1. Call to Order
2. Public Comment¹
3. Approval of October 30, 2025 minutes
4. Review & Recommend: DRAFT Single Audit
5. Discussion: Internal Audit
6. Other Business
7. Executive Session to discuss records exempt from public records
8. Adjourn

MATERIALS

1. October 30, 2025 Minutes
2. FY2025 Draft Single Audit
3. Resolution 2026-002 Acceptance of the FY2025 Single Audit

¹ Sign up to make a comment at vsc.edu/signup. Commenters must be logged in to the live session at www.vsc.edu/botzoom to make a comment.

ITEM 1: Minutes of October 30, 2025

Minutes of the VSC Board of Trustees' Audit & Risk Management Committee meeting held Thursday, October 30 at 1:30 p.m. via Zoom. – UNAPPROVED

Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.

The VSC Board of Trustees Audit & Risk Management Committee met on Thursday, October 30, 2025 at 1:30 p.m. via Zoom.

Attendance

Committee Members: Sue Zeller (Chair), David Durfee (Vice Chair), Bob Flint, David Silverman

Other Trustees: Gwen Bailey-Rowe, Megan Cluver

Liaisons: William Carey (CCV faculty), Ryan Dulude (CCV staff)

Presidents: David Bergh, VTSU
Joyce Judy, CCV

Other Attendees: Jonathan Day, Manager, Withum, Smith and Brown
Kayla Dewey, Executive Assistant, Board of Trustees
Jason Kaiser, VTSU Learning Spaces Technology Specialist
Zach LaFlash, Partner, Withum, Smith and Brown
Nicole McSweeney, Supervisor, Withum, Smith and Brown
Kathryn Santiago, Associate General Counsel
Sharron Scott, Chief Financial and Operating Officer
Ashley Stackowitz, VTSU Counselor
Toby Stewart, VSC Controller
David Tabaruka, CCV Financial Controller

1. Call to Order

Chair Zeller called the meeting to order at 1:30 p.m.

2. Public Comment

There was no public comment.

3. Approval of May 12, 2025, minutes

Trustee Flint moved and Trustee Silverman seconded the motion to approve the May 12, 2025 meeting minutes. The motion was approved unanimously.

4. Review & recommend Audited Financial Statements

Chair Zeller invited Zach LaFlash, Partner of Withum, Smith, and Brown to present. Mr. LaFlash reviewed the required communication slides which covered the process and

responsibilities of the audit. He also reviewed the draft copy of the audited financial statements and represented that Vermont State Colleges received a report which was clear of findings. The uniform guidance single audit was not available due to a delay in Federal guidance which had not been made available at the time of the meeting. Therefore, the report could not be considered complete. Mr. LaFlash also reviewed the financial statements included in the meeting packet.

5. Executive Session

At 2:05 p.m. Chair Zeller moved and Trustee Silverman seconded that the Committee enter executive session, pursuant to 1 V.S.A. § 313(a)(3), for the purpose of evaluating public officers or employees, consistent with Government Auditing Standards. Along with the members of the Audit Committee, and other members of the Board of Trustees present, the Committee invited Zach LaFlash and Jonathan Day from the auditing firm Withum to attend. The motion was approved unanimously.

The committee exited executive session at 2:14 p.m.

At 2:14 p.m. Chair Zeller moved and Trustee Flint seconded the motion pass Resolution 2025-10 to accept the FY2025 Audited Financial Statements. The motion was approved unanimously.

6. Receive oral report on whistleblower activity

Chair Zeller invited Associate General Counsel, Kathryn Santiago, to provide an update on whistleblower activity for the current year. Associate General Counsel Santiago provided a review of Policy 211. She reviewed whistle blower activity for AY 2024-2025. Volume of complaints was consistent with other years and all complaints were responded to promptly. No fraud of improper business behavior had been reported.

7. Other Business

There was no other business.

8. Adjourn

Chair Zeller adjourned the meeting at 2:24 p.m.

ITEM 2: DRAFT Single Audit

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)
Financial Statements
June 30, 2025
With Independent Auditor's Reports

Draft

Vermont State Colleges
(a Component Unit of the State of Vermont)

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June 30, 2025

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Draft

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Vermont State Colleges:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Vermont State Colleges' (a Component unit of the State of Vermont) (the "Colleges") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Colleges' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Colleges and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Colleges' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Colleges' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Colleges' compliance based on our audit.

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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Colleges' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Colleges' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Colleges' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Colleges' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as Finding 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Colleges' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Colleges are also responsible for preparing a corrective action plan to address the audit finding included in the auditor's report. The Colleges' response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or corrective action plan.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of the Colleges, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements. We issued our report thereon dated October 30, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

DATE

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

To the Board of Trustees of
Vermont State Colleges:

We have audited, in accordance with 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 Vermont State Colleges (a Component unit of the State of Vermont) (the "Colleges"), which comprise the statement of net position as of June 30, 2025, the related statements of revenues and expenses, changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements and have issued our report thereon dated October 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Colleges' internal control over financial reporting ("internal control") as a basis for designing the 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 Colleges' internal control. Accordingly, we do not express an opinion on the effectiveness of the Colleges' 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 of Compliance and Other Matters

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

Purpose of this Report

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

October 30, 2025

Draft

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 1,261,721	\$ -
Federal Work-Study Program	84.033	N/A	N/A	1,533,736	-
Federal Direct Student Loans	84.268	N/A	N/A	26,372,336	-
Federal Pell Grant Program	84.063	N/A	N/A	17,586,429	-
Total Student Financial Assistance Cluster				<u>46,754,222</u>	<u>-</u>
TRIO CLUSTER					
U.S. Department of Education:					
Direct Awards:					
TRIO Student Support Services	84.042A	N/A	N/A	1,721,561	-
TRIO Upward Bound	84.047A	N/A	N/A	1,100,207	-
TRIO McNair	84.217A	N/A	N/A	313,087	-
Total TRIO Cluster				<u>3,134,855</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER					
National Aeronautics and Space Administration:					
Passthrough Awards:					
OSTEM: Science - National Space Grant College and Fellowship Program	43.008	University of Vermont	AWD00000100SUB00000078	10,781	-
National Science Foundation:					
Direct Awards:					
Biological Sciences: Collaborative Research*	47.074	N/A	N/A	1,886	-
Passthrough Awards:					
National Science Foundation/UVM/NSF^	47.083	University of Vermont	AWD00000725SUB00000293	209,828	-
Biological Sciences: National Science Foundation-DISES*	47.074	University of Maine	UMS2328	13,842	-
Integrative Activities: STRIVE^	47.083	Landmark College	Subaward under prime #2438168	6,061	-
Integrative Activities: EPSCoR SOCKS^	47.083	University of Vermont	AWD000001392SUB000000461	435,975	-
NSF Technology, Innovation, and Partnerships: CONFIR	47.084	Northern Forest Center	2303493	14,195	-
Subtotal - Passthrough Awards				<u>679,901</u>	<u>-</u>
U.S. Department of Health and Human Services:					
Direct Awards:					
NIH - Infants: Magic vs. Humor^^	93.859	N/A	N/A	76,861	-
Passthrough Awards:					
Prevention of Disease, Disability, and Death by Infectious Diseases: NEWVEC	93.084	University of Massachusetts	23-017116D00	50,980	-
Vermont Biomedical Research and Research Training/Network^^	93.859	University of Vermont	AWD00000118SUB00000034&40	249,337	-
Subtotal - Passthrough Awards				<u>300,317</u>	<u>-</u>
Total Research and Development Cluster				<u>1,069,746</u>	<u>-</u>

See Independent Auditor's Report.
 See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

	Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Amounts to Sub-recipients
477 CLUSTER					
U.S. Department of Health and Human Services:					
 Passthrough Awards:					
Child Care Mandatory and Matching Funds of the Child Care and Development	93.575	Vermont Department of Children & Families	03440-32000-25, 03440-32004-25	1,600,125	-
Child Care Mandatory and Matching Funds of the Child Care and Development	84.181A	Vermont Department of Children & Families	03440-32004-25	36,470	-
Total 477 Cluster				<u>1,636,595</u>	-
ECONOMIC DEVELOPMENT CLUSTER					
U.S. Department of Commerce:					
 Direct Awards					
VMEC & VMEC National Institute of Standards and Technology	11.611	N/A	N/A	1,049,075	-
EDA Café	11.307	N/A	N/A	337,086	-
				<u>1,386,161</u>	-
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
U.S. Department of Agriculture:					
 Passthrough Awards:					
Coworking Consortium Initiative	10.241	University of Vermont	AWD00001247SUB00000691	1,620	-
Highway Planning and Construction	20.205	VT Agency of Transportation	GR1761, GR1876, GR1967	57,621	-
				<u>59,241</u>	-
NON-CLUSTER					
 National Park Service:					
 Direct Awards:					
Granger House Museum & Learning Lab	15.966	N/A	N/A	20,016	-
 U.S. Department of Commerce:					
 Passthrough Awards:					
Innovate NEK EDA	11.020	Northeastern Vermont Development	ED23OIE0G0133-VTSU	77,299	-
 U.S. Department of Agriculture:					
 Direct Awards					
RUS-DLT Project	10.855	N/A	N/A	45,950	-
Transform Agriculture and Education	10.326	N/A	N/A	27,727	-
Subtotal - Direct Awards				<u>73,677</u>	-
 U.S. Department of Justice					
 Direct Awards:					
US Department of Justice	16.753	N/A	N/A	1,549,597	169,336

See Independent Auditor's Report.
 See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
Small Business Administration:					
Direct Awards:					
Small Business Development Centers - Portable Assistance ^{MM}	59.037	N/A	N/A	51,361	-
Congressional Community Project	59.059	N/A	N/A	75,393	-
Small Business Development Center ^{MM}	59.037	N/A	N/A	682,621	-
Subtotal - Direct Awards				<u>809,375</u>	<u>-</u>
Northern Border Regional Commission:					
Direct Awards:					
Northern Border Regional Development	90.601	N/A	N/A	<u>274,972</u>	<u>175,571</u>
U.S. Department of Health and Human Services:					
Direct Awards:					
Congressional Directives: HRSA VTSU Increasing VT Nursing Wkfrce	93.493	N/A	N/A	1,408,387	-
Ixodes Host Detection	93.855	N/A	N/A	21,203	-
Subtotal - Direct Awards				<u>1,429,590</u>	<u>-</u>
Passthrough Awards:					
Centers for Disease Control & Prevention ^{***}	93.391	Vermont Department of Health	03420-09223	19,640	-
VCPI - Mental Health Equity ^{***}	93.391	Vermont Department of Mental Health	03420-09922	4,371	-
Block Grants for Community Mental Health Services ^{***}	93.958	Vermont Department of Mental Health	03150-A1964, 031520-A1982	29,287	-
VCPI- VAPA Work~	93.959	Vermont Department of Health	03420-09922	629	-
VCPI - DSU Conference & VAPA Work~	93.959	Vermont Department of Health	092-90906	191,951	24,000
Childhood Professional Development System	93.434	Vermont Department of Health	03440-32004-25	150,000	-
Spectrum Youth and Family Services	93.243	Vermont Department of Health	YSBIRT-2	25,356	-
Subtotal - Passthrough Awards				<u>421,234</u>	<u>24,000</u>
AmeriCorps					
Passthrough Awards:					
AmeriCorps	94.006	Vermont Agency of Human Services	03400-LEAP-22AFF-FY25	403,680	-
U.S. Department of Labor:					
Direct Awards:					
GF Apprenticeship	17.289	N/A	N/A	205,220	-
WORC5 NBRC CPEP+	17.280	N/A	N/A	195,758	-
Subtotal - Direct Awards				<u>400,978</u>	<u>-</u>

See Independent Auditor's Report.
 See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

Direct Awards:						
U.S. Department of Treasury	21.031	N/A	N/A	83,393	-	
Passthrough Awards:						
Lydon Entrepreneurship Hub	21.027	Town of Lyndon, Vermont	ARPAORG_2023_03	1,906	-	
COVID-19- Coronavirus State and Local Fiscal Recovery Funds	21.027	Vermont Agency of Agriculture, Food & Markets	02200-WQ-PSWF-2024-016	1,022	-	
COVID-19- Coronavirus State and Local Fiscal Recovery Funds	21.027	Vermont Agency of Administration	01110Act74SecG.300(a)(8)(B)-VSC	103,097	-	
COVID-19- Coronavirus State and Local Fiscal Recovery Funds	21.027	Vermont Agency of Administration	01110Act74SecG.300a8c-VSC-#1	532,236	-	
COVID-19- Coronavirus State and Local Fiscal Recovery Funds	21.027	Vermont Agency of Administration	03420-10097	1,006,735	-	
Subtotal - Passthrough Awards				1,644,996	-	
U.S. Department of Education:						
Direct Awards:						
AOE Mental Health	84.184X	N/A	N/A	207,929	-	
ROAD To Success	84.116W	N/A	N/A	292,507	-	
Title III	84.031A	N/A	N/A	210,005	-	
Fund for Improvement of Postsecondary Education	84.116Z	N/A	N/A	1,302,304	-	
Subtotal - Passthrough Awards				2,012,745	-	
Passthrough Awards:						
Career and Technical Education - Basic Grants to States**	84.048	Vermont Department of Education	4319R0572501	963,475	-	
C Perkins - Basic Grants to States**	84.048	Vermont Department of Education	4319R0572501	150,000	-	
Gear UP Guide Program	84.334S	Vermont Student Assistance Corp.	N/A	251,529	-	
Subtotal - Passthrough Awards				1,365,004	-	
Total Non-Cluster				10,566,557	368,907	
Total Federal Funds				\$ 64,607,377	\$ 368,907	

* Subtotal of ALN 47.074 is \$15,728
 ^ Subtotal of ALN 47.083 is \$651,864
 ^^ Subtotal of ALN 93.859 is \$326,198
 ^^ Subtotal of ALN 59.037 is \$733,982
 ** Subtotal of ALN 84.048 programs is \$1,113,475
 ~ Subtotal of ALN 93.959 programs is \$192,580
 *** Subtotal of ALN 93.391 programs is \$24,011

See Independent Auditor's Report.
 See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Vermont State University	Workforce Development	System Offices and Services	Total	Total Amounts to Sub-recipients
STUDENT FINANCIAL ASSISTANCE CLUSTER									
U.S. Department of Education:									
Direct Awards:									
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 339,565	\$ 922,156	\$ -	\$ -	\$ 1,261,721	\$ -
Federal Work-Study Program	84.033	N/A	N/A	170,127	1,363,609	-	-	1,533,736	-
Federal Direct Student Loans	84.268	N/A	N/A	1,351,207	25,021,129	-	-	26,372,336	-
Federal Pell Grant Program	84.063	N/A	N/A	7,986,511	9,599,918	-	-	17,586,429	-
Total Student Financial Assistance Cluster				9,847,410	36,906,812	-	-	46,754,222	-
TRIO CLUSTER									
U.S. Department of Education:									
Direct Awards:									
TRIO Student Support Services	84.042A	N/A	N/A	405,879	1,315,682	-	-	1,721,561	-
TRIO Upward Bound	84.047A	N/A	N/A	-	1,100,207	-	-	1,100,207	-
TRIO McNair	84.217A	N/A	N/A	-	313,087	-	-	313,087	-
Total TRIO Cluster				405,879	2,728,976	-	-	3,134,855	-
RESEARCH AND DEVELOPMENT CLUSTER									
National Aeronautics and Space Administration:									
Passthrough Awards:									
Science - National Space Grant College and Fellowship Program	43.008	University of Vermont	AWD00000100SUB00000078	-	10,781	-	-	10,781	-
National Science Foundation:									
Direct Awards:									
Collaborative Research*	47.074	N/A	N/A	-	1,886	-	-	1,886	-
Passthrough Awards:									
National Science Foundation/UVM/NSF^	47.083	University of Vermont	AWD00000725SUB00000293	-	209,828	-	-	209,828	-
National Science Foundation-DISES*	47.074	University of Maine	UMS2328	-	13,842	-	-	13,842	-
STRIVE^	47.083	Landmark College	Subaward under prime #2438168	6,061	-	-	-	6,061	-
EPSCoR SOCKS^	47.083	University of Vermont	AWD00001392SUB00000461	-	-	435,975	-	435,975	-
National Science Foundation CONFIR	47.084	Northern Forest Center	2303493	-	14,195	-	-	14,195	-
Subtotal - Passthrough Awards				6,061	237,865	435,975	-	679,901	-
U.S. Department of Health and Human Services:									
Direct Awards:									
NIH - Infants: Magic vs. Humor^^	93.859	N/A	N/A	-	76,861	-	-	76,861	-
Passthrough Awards:									
NEWVEC	93.084	University of Massachusetts	23-017116D00	-	50,980	-	-	50,980	-
Vermont Biomedical Research and Research Network^^	93.859	University of Vermont	AWD00000118SUB00000034&40	-	249,337	-	-	249,337	-
Subtotal - Passthrough Awards				-	300,317	-	-	300,317	-
Total Research and Development Cluster				6,061	627,710	435,975	-	1,069,746	-

See Independent Auditor's Report.
 See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Vermont State University	Workforce Development	System Offices and Services	Total	Total Amounts to Sub-recipients
477 CLUSTER									
U.S. Department of Health and Human Services:									
Passthrough Awards:									
Child Care Mandatory and Matching Funds of the Child Care and Development	93.575	Vermont Department of Children & Families	03440-32000-25, 03440-32004-25	1,545,125	-	55,000	-	1,600,125	-
Child Care Mandatory and Matching Funds of the Child Care and Development	84.181A	Vermont Department of Children & Families	03440-32004-25	36,470	-	-	-	36,470	-
Total 477 Cluster				1,581,595	-	55,000	-	1,636,595	-
ECONOMIC DEVELOPMENT CLUSTER									
U.S. Department of Commerce:									
Direct Awards									
VMEC & VMEC National Institute of Standards and Technology	11.611	N/A	N/A	-	-	1,049,075	-	1,049,075	-
EDA Café	11.307	N/A	N/A	-	337,086	-	-	337,086	-
				-	337,086	1,049,075	-	1,386,161	-
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER									
U.S. Department of Agriculture:									
Passthrough Awards:									
Coworking Consortium Initiative	10.241	University of Vermont	AWD00001247SUB00000691	-	-	1,620	-	1,620	-
Highway Planning and Construction	20.205	VT Agency of Transportation	GR1761, GR1876, GR1967	-	49,302	8,319	-	57,621	-
				-	49,302	9,939	-	59,241	-
NON-CLUSTER									
National Park Service:									
Direct Awards:									
Granger House Museum & Learning Lab	15.966	N/A	N/A	-	20,016	-	-	20,016	-
U.S. Department of Commerce:									
Passthrough Awards:									
Innovate NEK EDA	11.020	Northeastern Vermont Development	ED23OIE0G0133-VTSU	-	-	77,299	-	77,299	-
U.S. Department of Agriculture:									
Direct Awards									
RUS-DLT Project	10.855	N/A	N/A	-	45,950	-	-	45,950	-
Transform Agriculture and Education	10.326	N/A	N/A	-	27,727	-	-	27,727	-
Subtotal - Direct Awards				-	73,677	-	-	73,677	-
U.S. Department of Justice									
Direct Awards:									
US Department of Justice	16.753	N/A	N/A	1,549,597	-	-	-	1,549,597	169,336
Small Business Administration:									
Direct Awards:									
Small Business Development Centers - Portable Assistance^^	59.037	N/A	N/A	-	-	51,361	-	51,361	-
Congressional Community Project	59.059	N/A	N/A	-	-	75,393	-	75,393	-
Small Business Development Center^^^	59.037	N/A	N/A	-	-	682,621	-	682,621	-
Subtotal - Direct Awards				-	-	809,375	-	809,375	-
Northern Border Regional Commission:									
Direct Awards:									
Northern Border Regional Development	90.601	N/A	N/A	\$ -	\$ 60,241	\$ 214,731	\$ -	\$ 274,972	\$ 175,571

See Independent Auditor's Report.
 See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**Vermont State Colleges
 (a Component Unit of the State of Vermont)
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Vermont State University	Workforce Development	System Offices and Services	Total	Total Amounts to Sub-recipients
U.S. Department of Health and Human Services:									
Direct Awards:									
	93.493	N/A	N/A	-	1,408,387	-	-	1,408,387	-
	93.859	N/A	N/A	-	21,203	-	-	21,203	-
				-	1,429,590	-	-	1,429,590	-
Subtotal - Direct Awards									
Passthrough Awards:									
	93.391	Vermont Department of Health	03420-09223	19,640	-	-	-	19,640	-
	93.391	Vermont Department of Mental Health	03420-09922	-	-	4,371	-	4,371	-
	93.958	Vermont Department of Mental Health	03150-A1964, 031520-A1982	-	-	29,287	-	29,287	-
	93.959	Vermont Department of Health	03420-09922	-	-	629	-	629	-
	93.959	Vermont Department of Health	092-90906	-	-	191,951	-	191,951	24,000
	93.434	Vermont Department of Health	03440-32004-25	150,000	-	-	-	150,000	-
	93.243	Vermont Department of Health	YSBIRT-2	-	25,356	-	-	25,356	-
				169,640	25,356	226,238	-	421,234	24,000
Subtotal - Passthrough Awards									
AmeriCorps									
Passthrough Awards:									
	94.006	Vermont Agency of Human Services	03400-LEAP-22AFF-FY25	-	403,680	-	-	403,680	-
U.S. Department of Labor:									
Direct Awards:									
	17.289	N/A	N/A	-	-	205,220	-	205,220	-
	17.280	N/A	N/A	195,758	-	-	-	195,758	-
				195,758	-	205,220	-	400,978	-
Subtotal - Direct Awards									
U.S. Department of Treasury:									
Direct Awards:									
	21.031	N/A	N/A	-	-	83,393	-	83,393	-
Passthrough Awards:									
	21.027	Town of Lyndon, Vermont	ARPAORG_2023_03	-	1,906	-	-	1,906	-
	21.027	Vermont Agency of Agriculture, Food & Markets	02200-WQ-PSWF-2024-016	-	1,022	-	-	1,022	-
	21.027	Vermont Agency of Administration	01110Act74SecG.300(a)(8)(B)-VSC	-	-	-	103,097	103,097	-
	21.027	Vermont Agency of Administration	01110Act74SecG.300a8c-VSC#1	-	-	-	532,236	532,236	-
	21.027	Vermont Agency of Administration	03420-10097	-	1,006,735	-	-	1,006,735	-
				-	1,009,663	-	635,333	1,644,996	-
Subtotal - Passthrough Awards									
U.S. Department of Education:									
Direct Awards:									
	84.184X	N/A	N/A	-	207,929	-	-	207,929	-
	84.116W	N/A	N/A	-	292,507	-	-	292,507	-
	84.031A	N/A	N/A	-	210,005	-	-	210,005	-
	84.116Z	N/A	N/A	-	-	-	1,302,304	1,302,304	-
				-	710,441	-	1,302,304	2,012,745	-
Subtotal - Passthrough Awards									
Passthrough Awards:									
	84.048	Vermont Department of Education	4319R0572501	963,475	-	-	-	963,475	-
	84.048	Vermont Department of Education	4319R0572501	150,000	-	-	-	150,000	-
	84.334S	Vermont Student Assistance Corp.	N/A	251,529	-	-	-	251,529	-
				1,365,004	-	-	-	1,365,004	-
Subtotal - Passthrough Awards									
Total Non-Cluster				3,279,999	3,732,664	1,616,256	1,937,637	10,566,557	368,907
Total Federal Funds				\$ 15,120,944	\$ 44,382,550	\$ 3,166,245	\$ 1,937,637	\$ 64,607,377	\$ 368,907

* Subtotal of ALN 47.074 is \$15,728
 ^ Subtotal of ALN 47.083 is \$651,864
 ^^ Subtotal of ALN 93.859 is \$326,198
 ^^ Subtotal of ALN 59.037 is \$733,982
 ** Subtotal of ALN 84.048 programs is \$1,113,475
 ~ Subtotal of ALN 93.959 programs is \$192,580
 *** Subtotal of ALN 93.391 programs is \$24,011

Vermont State Colleges
(a Component Unit of the State of Vermont)
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Vermont State Colleges (the “Colleges”) under programs of the Federal Government for the year ended June 30, 2025. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Colleges, it is not intended to and does not present the financial position, changes in net position or cash flows of the Colleges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

3. DE MINIMIS INDIRECT COST RATE

The Colleges have elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. FEDERAL STUDENT LOAN PROGRAM

Perkins Loan Program

The Federal Perkins Loan Program (“Perkins”) is administered directly by the Colleges and balances and transactions relating to the program are included in the Colleges’ basic financial statements. During the fiscal year ended June 30, 2025, the Colleges ended their participation in the Perkins program by assigning all remaining loan balance receivables to the Department of Education. As of June 30, 2025, loan balances receivable, net under Perkins was \$0.

There was no Federal capital contribution or match by the Colleges during the current year.

Direct Student Loan Program

The Colleges disbursed \$26,372,336 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the Colleges under the program as of June 30, 2025. The Colleges are only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the Colleges’ financial statements.

Vermont State Colleges
(a Component Unit of the State of Vermont)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes x no

Noncompliance material to the financial statements noted? ___ yes x no

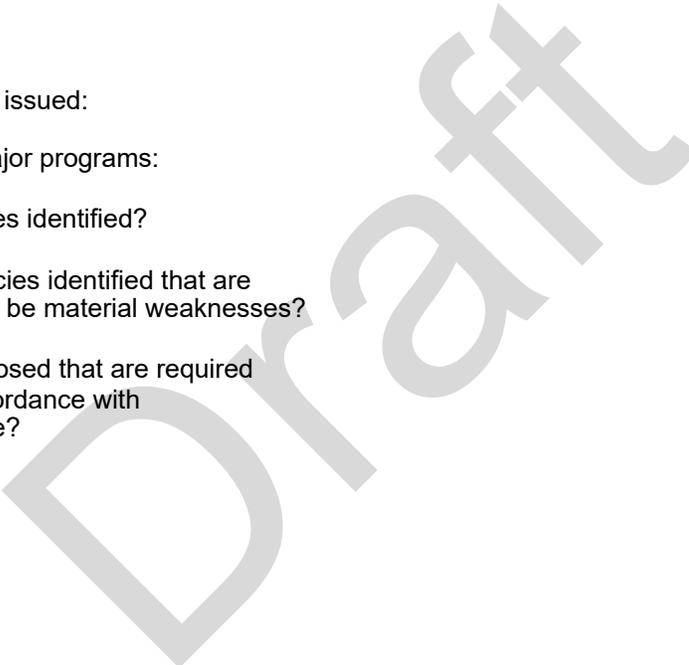
Federal Awards

Type of auditor's report issued: Unmodified

Internal control over major programs:

- Material weaknesses identified? ___ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes ___ no

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? x yes ___ no



Vermont State Colleges
(a Component Unit of the State of Vermont)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Direct Student Loans	84.268
Federal Pell Grant Program	84.063
TRIO Cluster:	
TRIO – Student Support Services	84.042A
TRIO – Upward Bound	84.047A
TRIO – McNair	84.217A
Research and Development Cluster:	
Office of Stem Engagement (OSTEM)	43.008
Biological Sciences	47.074
Integrative Activities	47.083
NSF Technology, Innovation, and Partnerships	47.084
Prevention of Disease, Disability, and Death by Infectious Diseases	93.084
Biomedical Research and Research Training	93.859
Non-cluster:	
Fund for Improvement of Postsecondary Education	84.116Z
Congressional Directives: HRSA VTSU Increasing VT Nursing Workforce	93.493

Dollar threshold used to distinguish
 between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

yes no

Vermont State Colleges
(a Component Unit of the State of Vermont)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II - Financial Statement Findings

None.

Draft

Vermont State Colleges
(a Component Unit of the State of Vermont)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section III - Federal Award Findings and Questioned Costs

Finding number: 2025-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance (SFA) Cluster
Assistance Listing Number: 84.007, 84.033, 84.268, 84.063
Award year: 2025

Criteria

The Code of Federal Regulations, consisting of 2 CFR 200.303, 16 CFR 314.3(a), and 16 CFR 314, requires that financial institutions, including institutions participating in Title IV programs, develop, implement, and maintain a comprehensive written information security program that includes administrative, technical, and physical safeguards appropriate to the sensitivity of the information being protected aligned with federal information security standards.

Condition

During our testing of the SFA Cluster, we requested the College's Written Information Security Plan (WISP). The Colleges were unable to provide a formal, documented WISP. The Colleges' general IT policies and procedures provided did not fully meet WISP requirements.

Cause

The Colleges have not developed or formalized a standalone WISP.

Effect

Without a formalized WISP, the Colleges are at a heightened risk of inadequate safeguarding of sensitive data, inconsistent application of security practices and procedures, and an increased likelihood of unauthorized access, data loss or misuse.

Questioned Costs

N/A

Perspective

Due to its nature, this deficiency is systemic, affecting the entire SFA Cluster population and related programs.

Identification as a Repeat Finding, if applicable

N/A

Recommendation

The Colleges should develop, approve, and implement a Written Information Security Plan (WISP) aligned with 16 CFR Part 314 requirements and tailored to the systems and data associated with the SFA Cluster.

View of Responsible Officials

The Colleges agree with the finding. This issue was the result of information security policies that did not reflect actual current practices. Such current practices were updated over the last two years in response to industry standards, insurance requirements, and Gramm Leach Billey Act requirements, which are believed to meet the requirements of these regulations. However, because they were not documented formally in a comprehensive policy form, they could not be adequately provided during the audit. In early Fall 2025, the Colleges hired a new Chief Information Security Officer (CISO), who has begun overhauling the information security policies to reflect current practices. The CISO has also created a preliminary draft of a WISP that reflects the Colleges current policies and procedures. This WISP is expected to be completed and implemented during fiscal year 2026, pending board review and approval.

Vermont State Colleges
(a Component Unit of the State of Vermont)
Management's Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Finding number: 2024-001
Federal agency: U.S. Department of Education
Programs: Student Financial Aid Cluster
Assistance Listing Number #: 84.268, 84.063
Award year: 2024

Condition

The financial aid award process includes consideration of financial and demographic data provided by the student applicant. To evaluate the reliability of this data, a participating institution is required by the Federal Government to select a sample from its student population and verify certain prescribed data. The selected students' files should be revised to incorporate any changes in the supplied data. The College's policy is to verify the information of those students identified by the Federal Government's processor.

Award year 2024:

During our testing, we noted 1 student, out of a sample of 40, that did not complete verification before aid was disbursed.

Current Year Status:

During our current year testing, we did not note any findings related to prior year finding 2024-001.

Draft

Vermont State Colleges
(a Component Unit of the State of Vermont)
Management's Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Finding number: 2024-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
Assistance Listing Number #: 84.268, 84.063
Award year: 2024

Condition

The Federal Government requires the Colleges to report student enrollment changes to the National Student Loan Data System ("NSLDS") within 60 days.

Award year 2024:

During our testing, we noted 1 student, out of a sample of 40, that were not reported to NSLDS. During our testing, we noted that three of the Colleges merged into one entity during year ending June 30, 2024. We observed the records and noted 18 students out of 3,789 students did not have their NSLDS status properly transferred to the new institution.

Current Year Status:

During our current year testing, we did not note any findings related to prior year finding 2024-002.

Draft

Vermont State Colleges
(a Component Unit of the State of Vermont)
Management's Corrective Action Plan
Year Ended June 30, 2025

Finding number: 2025-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance (SFA) Cluster
Assistance Listing Number: 84.007, 84.033, 84.268, 84.063
Award year: 2025

Corrective Action Plan

The Colleges hired a new Chief Information Security Officer (CISO), who has begun overhauling the information security policies to reflect current practices. The CISO has also created a preliminary draft of a WISP that reflects the Colleges current policies and procedures. This WISP is expected to be completed and implemented during fiscal year 2026, pending board review and approval.

Timeline for Implementation of Corrective Action Plan

Immediately.

Contact Person

Sharron Scott, CFO

Draft

ITEM 3: Resolution 2026-002 Acceptance of FY2025 Single Audit

VERMONT STATE COLLEGES SYSTEM
BOARD OF TRUSTEES
RESOLUTION 2026-002

Acceptance of the FY2025 Single Audit

- WHEREAS, The Vermont State Colleges has contracted with Withum to perform its FY2025 financial statements and single audit, and in October 2025 the auditors delivered the final draft financial statements; and
- WHEREAS, The audit compliance supplement was not released until November 26, 2025, a more than seven-month delay from the expected delivery date; and
- WHEREAS, Withum has concluded the final audit activities outlined in the compliance supplement; and
- WHEREAS, The Board's Audit and Risk Management Committee has reviewed the draft single audit and recommends that the Board accept them; therefore; so be it
- RESOLVED, That the Board of Trustees of the Vermont State Colleges hereby accepts the FY2025 Single Audit by Withum.