



**VERMONT INFORMATION  
TECHNOLOGY LEADERS, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2017 AND 2016**

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TECHNOLOGY LEADERS, INC.**

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VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

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VT License #92-0000171

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Vermont Information Technology Leaders, Inc.  
Burlington, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of Vermont Information Technology Leaders, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2017, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

336 Water Tower Circle, Suite 801 ■ Colchester, VT 05446 ■ 802 655 5665 ■ FAX: 802 655 5666 ■ JMM@JMMCPA.NET

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vermont Information Technology Leaders, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses on page 12 is presented for purposes of additional analysis 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 financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Matters

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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 July 24, 2018 on our consideration of Vermont Information Technology Leaders, Inc.'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 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 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 Vermont Information Technology Leaders, Inc.'s internal control over financial reporting and compliance.

*Jmm & Associates*

July 24, 2018

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

ASSETS

|                                     | 2017                | 2016<br>(As restated) |
|-------------------------------------|---------------------|-----------------------|
| <b>CURRENT ASSETS</b>               |                     |                       |
| Cash                                | \$ 883,850          | \$ 410,787            |
| Accounts and grants receivable      | 1,052,872           | 1,624,895             |
| Prepaid expenses                    | 241,922             | 219,277               |
| <b>TOTAL CURRENT ASSETS</b>         | <u>2,178,644</u>    | <u>2,254,959</u>      |
| <b>PROPERTY AND EQUIPMENT</b>       |                     |                       |
| Furniture and equipment             | 137,866             | 196,540               |
| Leasehold improvements              | 121,071             | 121,071               |
|                                     | <u>258,937</u>      | <u>317,611</u>        |
| Less accumulated depreciation       | (209,397)           | (229,666)             |
| <b>TOTAL PROPERTY AND EQUIPMENT</b> | <u>49,540</u>       | <u>87,945</u>         |
| <b>OTHER ASSET</b>                  |                     |                       |
| Security deposits                   | 11,281              | 12,531                |
| <b>TOTAL ASSETS</b>                 | <u>\$ 2,239,465</u> | <u>\$ 2,355,435</u>   |

LIABILITIES AND NET ASSETS

|   |                     |                     |
|---|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>              |                     |                     |
| Accounts payable                        | \$ 355,745          | \$ 391,487          |
| Accrued salaries and related taxes      | 20,180              | 189,639             |
| Accrued vacation                        | 156,045             | 166,123             |
| Deferred revenue                        | 12,910              | 107,558             |
| Refundable advances                     | 131,187             | 164,335             |
| <b>TOTAL CURRENT LIABILITIES</b>        | <u>676,067</u>      | <u>1,019,142</u>    |
| <b>NET ASSETS</b>                       |                     |                     |
| Unrestricted                            | 1,563,398           | 1,336,293           |
| <b>TOTAL NET ASSETS</b>                 | <u>1,563,398</u>    | <u>1,336,293</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 2,239,465</u> | <u>\$ 2,355,435</u> |

See accompanying notes.

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

|   | <u>2017</u>         | <u>2016</u><br><u>(As restated)</u> |
|---|---------------------|-------------------------------------|
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b>                          |                     |                                     |
| <b>SUPPORT AND REVENUE</b>  |                     |                                     |
| Federal and state grants and contracts                            | \$ 5,731,661        | \$ 5,632,267                        |
| Program service fees  | 1,194,640           | 1,478,391                           |
| Conference revenue  | 208,218             | 62,668                              |
| Interest income   | 43                  | 885                                 |
| <b>TOTAL SUPPORT AND REVENUE</b>                                  | <u>7,134,562</u>    | <u>7,174,211</u>                    |
| <b>EXPENSES</b>   |                     |                                     |
| Program services  | <u>4,842,279</u>    | <u>4,919,041</u>                    |
| Support services:   |                     |                                     |
| General and administrative  | <u>2,065,178</u>    | <u>1,846,484</u>                    |
| Subtotal - support services                                       | <u>2,065,178</u>    | <u>1,846,484</u>                    |
| <b>TOTAL EXPENSES</b>   | <u>6,907,457</u>    | <u>6,765,525</u>                    |
| <b>CHANGE IN UNRESTRICTED NET ASSETS</b>                          | <u>227,105</u>      | <u>408,686</u>                      |
| <b>BEGINNING UNRESTRICTED NET ASSETS - AS PREVIOUSLY REPORTED</b> |                     | 763,095                             |
| Prior period restatement - reduce grant refund                    |                     | <u>164,512</u>                      |
| <b>BEGINNING UNRESTRICTED NET ASSETS - AS RESTATED</b>            | <u>1,336,293</u>    | <u>927,607</u>                      |
| <b>ENDING UNRESTRICTED NET ASSETS</b>                             | <u>\$ 1,563,398</u> | <u>\$ 1,336,293</u>                 |

See accompanying notes.

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

|                                     | Program<br>Services | General<br>and<br>Administrative | Total<br>2017       | Total<br>2016       |
|-------------------------------------|---------------------|----------------------------------|---------------------|---------------------|
| Salaries and wages                  | \$ 1,809,216        | \$ 779,349                       | \$ 2,588,565        | \$ 2,592,416        |
| Payroll taxes and employee benefits | 890,838             | 383,742                          | 1,274,580           | 1,289,135           |
| Subtotal - personnel                | 2,700,054           | 1,163,091                        | 3,863,145           | 3,881,551           |
| Data services                       | 1,153,885           | -                                | 1,153,885           | 1,011,586           |
| Data and network services           | 533,965             | 64,205                           | 598,170             | 295,125             |
| Occupancy                           | -                   | 216,805                          | 216,805             | 227,800             |
| Consultants                         | 161,176             | 36,777                           | 197,953             | 262,913             |
| Legal and accounting                | 6,367               | 177,840                          | 184,207             | 212,920             |
| Information technology              | 128,275             | 50,676                           | 178,951             | 316,257             |
| Education and outreach              | 94,932              | 7,911                            | 102,843             | 128,316             |
| Insurance                           | -                   | 97,530                           | 97,530              | 87,600              |
| Conferences, meetings and travel    | 53,952              | 12,950                           | 66,902              | 69,839              |
| Office expenses                     | 3,778               | 61,520                           | 65,298              | 57,621              |
| Telecommunications                  | -                   | 64,285                           | 64,285              | 62,810              |
| Professional development            | 5,895               | 51,854                           | 57,749              | 76,535              |
| Depreciation                        | -                   | 38,404                           | 38,404              | 39,617              |
| Legislative support                 | -                   | 21,330                           | 21,330              | 28,850              |
| Interest and other charges          | -                   | -                                | -                   | 6,185               |
| <b>TOTAL EXPENSES</b>               | <b>\$ 4,842,279</b> | <b>\$ 2,065,178</b>              | <b>\$ 6,907,457</b> | <b>\$ 6,765,525</b> |

See accompanying notes.



VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

|   | <u>2017</u>       | <u>2016</u><br><u>(As restated)</u> |
|---|-------------------|-------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                                     |
| Cash received from grants   | \$ 6,175,888      | \$ 5,353,144                        |
| Cash received from fees and services  | 1,402,858         | 1,541,059                           |
| Interest received   | 43                | 885                                 |
| Cash paid for personnel   | (4,042,682)       | (3,968,783)                         |
| Cash paid for goods and services  | (3,061,208)       | (3,608,152)                         |
| Cash paid for interest  | (1,836)           | (1,273)                             |
|   | <u>473,063</u>    | <u>(683,120)</u>                    |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   |                   |                                     |
|   | 473,063           | (683,120)                           |
| <b>INCREASE (DECREASE) IN CASH</b>  |                   |                                     |
|   | 473,063           | (683,120)                           |
| <b>BEGINNING CASH</b>   | <u>410,787</u>    | <u>1,093,907</u>                    |
| <b>ENDING CASH</b>  | <u>\$ 883,850</u> | <u>\$ 410,787</u>                   |
| <b>RECONCILIATION OF CHANGE IN NET ASSETS TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                   |                                     |
| Change in net assets  | <u>\$ 227,105</u> | <u>\$ 408,686</u>                   |
| Adjustments to reconcile change in net assets to net<br>cash provided (used) by operating activities: |                   |                                     |
| Depreciation  | 38,404            | 39,617                              |
| (Increase) decrease in:   |                   |                                     |
| Accounts and grants receivable  | 572,023           | (217,300)                           |
| Prepaid expenses  | (22,645)          | (153,283)                           |
| Security deposits   | 1,250             | 650                                 |
| Increase (decrease) in:   |                   |                                     |
| Accounts payable  | (35,741)          | (612,435)                           |
| Accrued salaries and related taxes  | (169,459)         | (44,563)                            |
| Accrued vacation  | (10,078)          | (42,669)                            |
| Deferred revenue  | (94,648)          | 94,877                              |
| Refundable advances   | (33,148)          | (156,700)                           |
|   | <u>245,958</u>    | <u>(1,091,806)</u>                  |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <u>\$ 473,063</u> | <u>\$ (683,120)</u>                 |

See accompanying notes.

**VERMONT INFORMATION TECHNOLOGY LEADERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Operations

Vermont Information Technology Leaders, Inc. (VITL) is a 501(c)(3) nonprofit organization which was incorporated in the State of Vermont in 2005. VITL assists Vermont health care providers with adopting and using health information technology to improve the quality of care delivery, to enhance patient safety and to reduce the cost of care for all Vermont citizens. VITL is legislatively designated in 18 V.S.A. §9352 to operate the exclusive health information exchange (HIE) for Vermont. VITL is governed by a Board of Directors that includes representation from health plans, hospitals, physicians, other health care providers, state government, employers, and consumers. For more information, please visit [www.vitl.net](http://www.vitl.net).

Financial statement presentation

VITL is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. VITL did not have any temporarily or permanently restricted net assets as of June 30, 2017 or 2016.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, VITL considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts on deposit in financial institutions are insured by the FDIC to a maximum of \$250,000 per depositor, per insured bank. From time to time throughout the year, VITL maintained cash on deposit in excess of the FDIC limit, but has not previously experienced a loss on cash deposits in excess of the FDIC limit. Amounts on deposit in excess of the FDIC limit were approximately \$796,000 and \$303,000 at June 30, 2017 and 2016, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts and grants receivable

Accounts and grants receivable consist of amounts due from various government agencies and not-for-profit organizations. Due to the nature of the amounts, no allowance is considered necessary.

Income taxes

VITL is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 509(a)(1). In addition, contributions to VITL qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The 2016 information in the Statement of Functional Expenses is summarized comparative information and does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Property and equipment

Property and equipment are carried at cost when acquired by purchase and at estimated fair market value when contributed. VITL's policy is to capitalize all acquisitions over \$5,000 having a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Depreciation expense was \$38,404 and \$39,617 for the years ended June 30, 2017 and 2016, respectively.

Grant and contract support

VITL recognizes grant and contract funds on an exchange basis. As such, revenues are booked as the grant is earned.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to provide an improved comparison to the 2017 financial statements.

2) ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable consist of the following at June 30:

|                   | <u>2017</u>         | <u>2016</u>         |
|-------------------|---------------------|---------------------|
| SIM grant         | \$ 534,000          | \$ 734,959          |
| APD grant         | 320,132             | 267,814             |
| CHA fees          | 72,836              | 17,180              |
| One Care Vermont  | 67,500              | -                   |
| Services provided | 50,629              | -                   |
| PatientPing fees  | 7,775               | 6,167               |
| HIE grant         | -                   | 598,775             |
|                   | <u>\$ 1,052,872</u> | <u>\$ 1,624,895</u> |

**VERMONT INFORMATION TECHNOLOGY LEADERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**2) ACCOUNTS AND GRANTS RECEIVABLE (continued)**

Due to their current nature, no allowance for uncollectible accounts and grants receivable is considered necessary. Bad debt expense related to grants receivable was \$0 for the years ended June 30, 2017 and 2016. At June 30, 2017 and 2016, respectively, 81% and 99% of accounts and grants receivable were due under two and three government grants, respectively.

**3) LINE OF CREDIT**

VITL has a \$500,000 line of credit agreement through TD Bank. The line bears interest at the Wall Street Journal Prime Rate plus 1% (5.25% and 4.5% at June 30, 2017 and 2016, respectively). The line of credit is due on demand, expired in February 2017 and has been extended until February 28, 2019 with the same terms and conditions. There were no amounts outstanding under this agreement as of June 30, 2017 and 2016.

**4) REFUNDABLE ADVANCES**

Refundable advances consist of grant advances from the State of Vermont and are due within twelve months.

**5) PENSION PLAN**

VITL has established a "Safe Harbor 401(k) Plan" open to all full-time employees who are age 21 or older and have at least one year of service. Under the plan, the Organization makes a "safe harbor" contribution (a one-to-one match up to 3% of employee deferrals and a one-to-two match for deferrals between 3% and 5%) for the benefit of each participating employee, as well as an annual discretionary "profit-sharing contribution." Employer contributions to the plan were \$192,395 and \$219,187 for the years ended June 30, 2017 and 2016, respectively.

**6) CONCENTRATION OF REVENUE**

For the years ended June 30, 2017 and 2016, respectively, approximately 81% and 82% of VITL's total revenue were earned under three government grants or contracts.

**7) OPERATING LEASE**

During 2017, VITL rented office space in Montpelier and Burlington under various office leases. The Montpelier office lease ended and the space was vacated in 2017. Rent expense (including incidental charges) was approximately \$186,000 and \$195,000 for the years ended June 30, 2017 and 2016, respectively. Future minimum lease payments are \$189,000 and \$195,000 for the years ending June 30, 2018 and 2019, respectively.

**VERMONT INFORMATION TECHNOLOGY LEADERS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**8) CONTINGENCIES**

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions.

In 2017, the State of Vermont Legislature enacted legislation which requires the Secretaries of Administration and Health and Human Services to conduct a review of the Vermont Health Information Technology (HIT) Fund, from which VITL receives a significant amount of funding. It is not possible to determine the potential impact on VITL from this review.

In 2017, the State of Vermont Department of Vermont Health Access (DVHA) commenced a review of VITL's internal accounting policies and procedures and the grant and contract invoices submitted by VITL. As of the date of these financial statements, DVHA has not completed its review and it is not possible to predict the final outcome. Therefore, no adjustments have been made to these financial statements regarding this contingency.

**9) PRIOR PERIOD RESTATEMENT**

During fiscal year 2016, the State of Vermont Department of Vermont Health Access performed a detailed review of VITL's grant reports for the year ended June 30, 2015, and questioned costs totaling approximately \$198,000. As a result, VITL recorded a prior period restatement to reduce grant revenue for the year ended June 30, 2015, and recorded a grant refund liability. During fiscal year 2017, VITL satisfactorily documented the allowability of approximately \$164,000 of the grant revenue, and the net assets as of June 30, 2015 have been restated in the accompanying financial statements to reflect the reduction in the grant refund. The restatement had no effect on the change in net assets for the years ended June 30, 2017 and 2016.

**10) SUBSEQUENT EVENTS**

Vermont Information Technology Leaders, Inc. has evaluated events and transactions for potential recognition or disclosure through July 24, 2018, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor<br>Pass-through Grantor<br>Program Title       | Passthrough # | CFDA<br>Number | Federal<br>Expenditures    |
|--|---------------|----------------|----------------------------|
| <b>U.S. Department of Health and Human Services</b>            |               |                |                            |
| <i>Passed through the Department of Vermont Health Access:</i> |               |                |                            |
| Medical Assistance Program                                     | 03410-1690-17 | 93.778         | \$ 83,878                  |
| Medical Assistance Program                                     | 03410-256-17  | 93.778         | <u>2,200,771</u>           |
| <b>Total U.S. Department of Health and Human Services</b>      |               |                | <u>2,284,649</u>           |
| <b>TOTAL FEDERAL AWARDS EXPENDED</b>                           |               |                | <u><u>\$ 2,284,649</u></u> |

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1) BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal grant activity of Vermont Information Technology Leaders, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented 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* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Vermont Information Technology Leaders, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Vermont Information Technology Leaders, Inc.

**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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3) INDIRECT COST RATES**

Vermont Information Technology Leaders, Inc. has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.

SCHEDULE OF REVENUES AND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

|                                     | DVHA, OCV &<br>Summit | SIM               | IAPD              | Other               | Unallowable         | Indirect         | Total             |
|-------------------------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|------------------|-------------------|
| <b>REVENUE</b>                      |                       |                   |                   |                     |                     |                  |                   |
| Federal and state grants            | \$ 4,125,156          | \$ -              | \$ -              | \$ -                | \$ -                | \$ -             | \$ 4,125,156      |
| Contract revenue                    | -                     | 862,173           | 744,332           | -                   | -                   | -                | 1,606,505         |
| Program service fees                | 955,148               | -                 | -                 | 239,492             | -                   | -                | 1,194,640         |
| Conference revenue                  | 208,218               | -                 | -                 | -                   | -                   | -                | 208,218           |
| Interest income                     | -                     | -                 | -                 | 43                  | -                   | -                | 43                |
| <b>TOTAL REVENUE</b>                | <u>5,288,522</u>      | <u>862,173</u>    | <u>744,332</u>    | <u>239,535</u>      | <u>-</u>            | <u>-</u>         | <u>7,134,562</u>  |
| <b>EXPENSES</b>                     |                       |                   |                   |                     |                     |                  |                   |
| Salaries and wages                  | 1,368,080             | 126,738           | 236,506           | 77,892              | 20,164              | 759,185          | 2,588,565         |
| Payroll taxes and employee benefits | 673,627               | 62,404            | 116,453           | 38,353              | 9,929               | 373,814          | 1,274,580         |
| Subtotal - personnel                | <u>2,041,707</u>      | <u>189,142</u>    | <u>352,959</u>    | <u>116,245</u>      | <u>30,093</u>       | <u>1,132,999</u> | <u>3,863,145</u>  |
| Data services                       | 1,057,285             | 92,100            | -                 | 4,500               | -                   | -                | 1,153,885         |
| Data and network services           | 356,628               | 1,835             | 49,534            | 125,968             | -                   | 64,205           | 598,170           |
| Occupancy                           | -                     | -                 | -                 | -                   | 8,810               | 207,995          | 216,805           |
| Consultants                         | 144,731               | -                 | 16,340            | 105                 | -                   | 36,777           | 197,953           |
| Legal and accounting                | 5,314                 | -                 | -                 | 1,053               | 116                 | 177,724          | 184,207           |
| Information technology              | 60,114                | 62,400            | 5,461             | 300                 | 670                 | 50,006           | 178,951           |
| Education and outreach              | 94,932                | -                 | -                 | -                   | 7,054               | 857              | 102,843           |
| Insurance                           | -                     | -                 | -                 | -                   | -                   | 97,530           | 97,530            |
| Conferences, meetings and travel    | 40,542                | 6,563             | 6,502             | 344                 | 1,357               | 11,594           | 66,902            |
| Office expenses                     | 3,778                 | -                 | -                 | -                   | 37,785              | 23,735           | 65,298            |
| Telecommunications                  | -                     | -                 | -                 | -                   | -                   | 64,285           | 64,285            |
| Professional development            | 5,895                 | -                 | -                 | -                   | -                   | 51,854           | 57,749            |
| Depreciation                        | -                     | -                 | -                 | -                   | -                   | 38,404           | 38,404            |
| Legislative support                 | -                     | -                 | -                 | -                   | 21,330              | -                | 21,330            |
| Interest and other charges          | -                     | -                 | -                 | -                   | -                   | -                | -                 |
| Reallocation of CHAC PM PM expenses | (117,554)             | 117,554           | -                 | -                   | -                   | -                | -                 |
| Allocation of indirect expenses     | 1,461,058             | 185,766           | 170,418           | 98,310              | 42,413              | (1,957,965)      | -                 |
| <b>TOTAL EXPENSES</b>               | <u>5,154,430</u>      | <u>655,360</u>    | <u>601,214</u>    | <u>346,825</u>      | <u>149,628</u>      | <u>-</u>         | <u>6,907,457</u>  |
| <b>NET INCOME (LOSS)</b>            | <u>\$ 134,092</u>     | <u>\$ 206,813</u> | <u>\$ 143,118</u> | <u>\$ (107,290)</u> | <u>\$ (149,628)</u> | <u>\$ -</u>      | <u>\$ 227,105</u> |