Vermont Information Technology Leaders, Inc.

Financial Statements
(With Independent Auditors' Report)

June 30, 2024 and 2023

VERMONT INFORMATION TECHNOLOGY LEADERS, INC.
June 30, 2024 and 2023

Table of Contents

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Vermont Information Technology Leaders, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

118 TILLEY DRIVE, SUITE 202, SOUTH BURLINGTON, VERMONT 05403
PHONE 802.658.1808 FAX 802.658.1779 WEB WWW.CPAVT.COM

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The 2023 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated November 20, 2023. The 2023 comparative information has been derived from the Organization's 2023 financial statements. Our report stated that the information presented fairly, in all material respects, the financial position of the Organization.

McSoley McCoy & Co.

South Burlington, Vermont
November 18, 2024
VT Reg. No. 92-349

Vermont Information Technology Leaders, Inc.

Statements of Financial Position

June, 30, 2024 and 2023

	2024	2023
Assets:		
Current assets:		
Cash and cash equivalents	$ 6,891,194	$ 6,922,188
Accounts receivable	8,860	39,852
Unbilled accounts receivable	2,103,039	2,757,040
Prepaid expenses	234,962	158,436
Deferred contract costs	110,115	455,455
Total current assets	9,348,170	10,332,971
Property and equipment, net	35,564	54,167
Other assets	3,510	3,510
Total assets	$ 9,387,244	$ 10,390,648
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	$ 476,988	$ 859,445
Accrued expenses	640,081	483,674
Accrued loss provisions on contracts	192,194	642,129
Deferred revenue	1,443,355	2,216,955
Total liabilities	2,752,618	4,202,203
Net assets:		
Without donor restrictions	1,883,553	6,188,445
Board designated-privacy & security	1,300,000	-
Board designated-operating reserve	3,451,073	-
Total net assets	6,634,626	6,188,445
Total liabilities and net assets	$ 9,387,244	$ 10,390,648

See accompanying notes to the financial statements.

Vermont Information Technology Leaders, Inc.
Statements of Activities
For the Years Ended June, 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
State of Vermont contracts	$ 8,821,819	$ -	$ 8,821,819	$ 8,379,944	$ -	$ 8,379,944
Program service fees	460,411	-	460,411	589,370	-	589,370
Other	198,966	-	198,966	109,854	-	109,854
Total support and revenues	9,481,196	-	9,481,196	9,079,168	-	9,079,168
Expenses:						
Program services	7,977,900	-	7,977,900	6,150,373	-	6,150,373
Supporting services	1,507,050	-	1,507,050	1,736,700	-	1,736,700
Loss provisions (recovery) on contracts in progress	(449,935)	-	(449,935)	642,129	-	642,129
Total expenses	9,035,015	-	9,035,015	8,529,202	-	8,529,202
Change in net assets	446,181	-	446,181	549,966	-	549,966
Net assets, beginning of year	6,188,445	-	6,188,445	5,638,479	-	5,638,479
Net assets, end of year	$ 6,634,626	$ -	$ 6,634,626	$ 6,188,445	$ -	$ 6,188,445

See accompanying notes to the financial statements.

Vermont Information Technology Leaders, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2024

(With Comparative Totals for 2023)

	Program Services	Supporting Services	2024 Totals	2023 Totals
Salaries and wages	$ 1,911,916	$ 691,007	$ 2,602,923	$ 2,426,632
Payroll taxes and employee benefits	797,905	288,380	1,086,285	859,275
Total personnel	2,709,821	979,387	3,689,208	3,285,907
Education and outreach	150,913	8,144	159,057	163,861
Insurance	126,046	29,919	155,965	108,131
Network expenses	1,808,178	86,978	1,895,156	1,833,442
Occupancy	-	28,234	28,234	27,218
Other	-	2,328	2,328	1,948
Outside consultants and professional fees	2,120,976	124,654	2,245,630	2,082,734
Software	668,853	79,144	747,997	618,640
Supplies	242	10,058	10,300	4,933
Telecommunications	19,843	10,191	30,034	34,254
Training and professional development	1,526	131,844	133,370	64,905
Travel	5,332	8,640	13,972	4,086
	4,901,909	520,134	5,422,043	4,944,152
Depreciation and amortization	20,830	7,529	28,359	49,084
Deferred contract costs	345,340	-	345,340	(392,070)
Total expenses	$ 7,977,900	$ 1,507,050	$ 9,484,950	$ 7,887,073

See accompanying notes to the financial statements.

Vermont Information Technology Leaders, Inc.

Statements of Cash Flows

For the Years Ended June, 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	$ 446,181	$ 549,966
Adjustments to reconcile change in net assets to net cash flows provided (used) by operating activities:		
Depreciation	28,359	49,084
(Increase) decrease in assets:		
Accounts receivable	30,992	32,988
Unbilled accounts receivable	654,001	(960,268)
Prepaid expenses	(76,526)	(45,495)
Deferred contract costs	345,340	(392,070)
Increase (decrease) in liabilities:		
Accounts payable	(382,457)	350,456
Accrued expenses	156,407	(19,913)
Accrued loss provisions on contracts	(449,935)	533,210
Deferred revenue	(773,600)	747,164
Total adjustments	(467,419)	295,156
Net cash provided (used) by operating activities	(21,238)	845,122
Cash Flows From Investing Activities:		
Purchase of equipment	(9,756)	(37,364)
Net increase (decrease) in cash and cash equivalents	(30,994)	807,758
Cash and cash equivalents - beginning of year	6,922,188	6,114,430
Cash and cash equivalents - end of year	$ 6,891,194	$ 6,922,188
Cash consists of:		
Cash received from State of Vermont contracts	$ 8,778,365	$ 8,238,044
Cash received from program service fees	433,607	552,028
Other cash received	198,966	112,717
Cash paid for personnel	(3,636,745)	(2,947,187)
Cash paid for goods and services	(5,805,187)	(5,147,844)
Net increase in cash and cash equivalents	$ (30,994)	$ 807,758

See accompanying notes to the financial statements.

(1) History of Organization and Nature of Activities

Vermont Information Technology Leaders, Inc. (the "Organization"), is an independent, not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The exempt purpose of the Organization is to securely aggregate, standardize, and share the data needed to improve the effectiveness of healthcare for Vermonters. The Organization is legislatively designated in Title 18 of the Vermont Statutes Annotated Section 9352 to operate the exclusive Vermont Health Information Exchange (VHIE), which is a secure, statewide data network owned by the State of Vermont that gives healthcare providers in Vermont the ability to electronically exchange and access patient data. The Organization collects and manages patient data, such as demographics, laboratory results, discharge summaries, radiology reports and medication histories, from multiple sources, including hospitals, primary and specialty care, federally qualified health centers, home health, long-term care, designated agencies and commercial labs. The Organization is governed by a board of directors that includes representatives of the business community and comprises healthcare consumers, Vermont hospitals, Vermont-licensed clinicians, and health insurers licensed to offer plans in Vermont, as well as individuals familiar with health information technology. Funding of operations is derived through a variety of contracts with the State of Vermont and healthcare-related organizations.

(2) Summary of Significant Accounting Policies

(a) Accounting Method and Financial Statement Presentation

The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) under the accrual method. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Organization is also required to present statements of functional expenses and cash flows.

(b) Cash and Cash Equivalents / Credit Risk

The Organization considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains bank account balances, which at times may exceed federally insured limits. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

(c) Allowance for Doubtful Accounts

On July 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Summary of Significant Accounting Policies (continued)

The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Management uses judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. Receivable balances are written off against the allowance if a final determination of collectability is made. The Organization's allowance for credit losses was $0 as of June 30, 2024 and 2023 as management deemed all balances collectible.

(d) Accounts Receivable and Revenue

The Organization uses revenue recognition guidance that provides a single framework in which revenue is required to be recognized to depict the transfer of goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services.

Revenues are recognized when control of the promised products (e.g., data, reports, access to software or systems) or services are transferred to customers, in an amount that reflects the consideration expected to be received in exchange for those products or services. Control transfers when products are delivered to customers or services are provided to customers because the customer has legal title, a present obligation to pay, and the risks and rewards of ownership. The amount of consideration expected to be received and revenue recognized is generally either a fixed amount for each product or service as identified in the contract or readily estimable based on the completion of milestones and operating targets of the contract.

Accounts receivable represent amounts billed to customers in accordance with the provisions of related contracts. Unbilled accounts receivable consist of amounts for which the revenue recognition criteria has been met, but for which invoicing has not occurred. Billed and unbilled accounts receivable are stated at the amount the Organization expects to collect. If the financial condition of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, or if acceptance of deliverables by the customer was unlikely, allowances would be required. No allowance was required at June 30, 2024 and 2023. Accounts receivable as of June 30, 2024 and 2023 and July 1, 2022, were $8,860, $39,852, and $72,840 with Unbilled accounts receivable balances of $2,103,039, $2,757,040, and $1,796,772, respectively.

Deferred revenue represents amounts received from customers for products and services that have not yet been delivered or completed. Deferred balances as of June 30, 2024 and 2023 and July 1, 2022, were $1,443,355, $2,216,955, and $1,469,791, respectively.

Payment terms vary by the type of customer and the products or services offered. The term between invoicing and when payment is due is not significant.

Summary of Significant Accounting Policies (continued)

The Organization has two primary categories of revenue: services delivered to customers over time, and products or services delivered to customers at a point in time. Contracts with customers often include promises to transfer multiple products or services to a customer. Determining whether products or services under such contracts are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Accounting for the contracts involves the use of various techniques to estimate total contract revenue and costs. The Organization estimates profits on its contracts as the difference between the total estimated revenue and expected costs to complete a contract. Contract estimates are based on various assumptions to project the outcome of future events over the course of the contract. These assumptions include labor productivity and availability; the complexity of the work to be performed; and the performance of consultants. As a significant change in one or more of these estimates could affect the profitability of the Organization's contracts, the Organization reviews and updates contract-related estimates regularly. If at any time the estimate of contract profitability indicates an anticipated loss on the contract, the total loss is recognized in the period it is identified. Accordingly, management recognized gains (losses) on contracts in progress at June 30, 2024 and 2023 of $449,935 and ($642,129), respectively which are shown as expenses on the statements of activities.

Revenues recognized over time - Revenue recognized over time primarily consists of two overall performance obligations: (1) ongoing services (e.g., operating the VHIE) that provide the customer continuous benefit over time, and (2) development projects that are performed and satisfied over a longer period of time. Revenues related to these performance obligations are recognized over time because control is transferred continuously to the customer as services are provided and the new data platform is developed.

Revenue related to the ongoing services is billed and recognized monthly in a fixed amount as stand-ready performance obligations or as adjusted for service-level agreement (SLA) criteria.

Revenue related to development projects that are performed and satisfied over a longer period of time is recognized over time using costs incurred to date relative to total estimated costs at completion in order to measure progress toward satisfying the performance obligation. Incurred costs represent work performed, which corresponds with, and thereby best depicts, the progress on satisfaction of the performance obligation. Contract costs include labor, consulting costs, software and network costs, and indirect overhead. The Organization recognizes adjustments in estimated profit on the contract under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate.

Summary of Significant Accounting Policies (continued)

Revenues recognized at a point in time - The majority of revenue recognized at a point in time is for system enhancement projects, including design, development, and implementation projects. Revenues on these performance obligations are recognized when the customer obtains control of the product or service, which is generally upon acceptance of the completed product or service by the customer. Deferred contract costs represent costs incurred in conjunction with progress made toward the completion of these point-in-time deliverables, but for which control has not yet passed to the customer and revenue has not been recognized. Changes in deferred contract costs, which are presented separately to offset period costs incurred in the statement of functional expenses, totaled $345,340 and $(392,070), respectively at June 30, 2024 and 2023.

(e) Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Acquisitions of property and equipment in excess of $5,000 per unit or in bulk purchase of similar assets and have an economic useful life of more than one year are capitalized. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no changes in net assets related to impairment charges during the year ended June 30, 2024 and 2023.

(f) Functional Allocation of Expenses

Expenses are charged to program and supporting services based on direct expenses incurred and allocation of common expenses. Common costs are allocated based upon related utilization. Specifically, salaries and wages are allocated to each functional expense category based on actual time charged to each category by employees. Employee benefits and payroll taxes are allocated consistently with related salaries and wages. Insurance, occupancy, telecommunications and depreciation are allocated based upon relative employee headcount. Substantially all other expenses are directly identifiable to a specific function and are therefore charged directly to each functional expense category.

(g) Income Taxes

The Organization is a not-for-profit organization as described in Section 50l(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 50l(a) of the Code. Accordingly, the Organization has not provided for income taxes in these financial statements.

Summary of Significant Accounting Policies (continued)

FASB ASC 740, *Income Taxes*, requires entities to disclose in their financial statements the nature of any uncertainty in their tax positions. For tax-exempt entities, tax-exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. Management believes the Organization has no uncertain tax positions. The Organization anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Organization's financial statements. If necessary, the Organization would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before the year ended June 30, 2021.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

(i) Leases

Leases (Topic 842) was effective as of July 1, 2022 and required lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard established a right of use (ROU) model that required a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases would be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of income.

The Organization has not recognized the leases disclosed in Note 5 under *Topic 842*, as they continue to be insignificant to the financial statements. These leases will continue to be expensed on a straight line basis over the lease term under *Topic 840*.

(j) Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject certain grantor restrictions.

Summary of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the grantor. Other donor-imposed restrictions are perpetual in nature, where the grantor stipulates that resources be maintained in perpetuity. Grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net asses with donor restrictions as of June 30, 2024 and 2023.

(k) Comparative Data

The financial statements include certain prior-year summarized comparative information in total, but not by class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived

(l) Subsequent Events

The Organization evaluated subsequent events through November 18, 2024, the date the Organization's financial statements were available to be used.

(3) Retirement Plan

The Organization sponsors a Safe Harbor 401(k) retirement plan that covers substantially all of its employees. Under the plan, the Organization matches employee contributions up to 3% of eligible compensation, in addition to 50% of employee contributions between 3% and 5%. The Organization contributions to the plan charged to operations for the years ended June 30, 2024 and 2023 was $65,509 and $64,618, respectively.

(4) Line of Credit

The Organization has a $500,000 revolving line of credit agreement with TD Bank, N.A., payable on demand and maturing on February 28, 2025. Interest is payable at The Wall Street Journal prime rate plus 1% (9.50% at June 30, 2024). The line of credit is secured by the Organization's cash and cash equivalents accounts. There was no balance outstanding at June 30, 2024 and 2023.

(5) Operating Leases

The Organization leases office facilities in Vermont. In March 2022 the Organization entered into a lease at 600 Blair Park Rd, Williston, Vermont. There is a base rent of $1,750, subject to an annual 3% annual increase, the lease renewed in February 2023 and extended for an additional year in February 2024, with an option to extend for an additional year.

Total rent expense was $22,864 and $21,354, respectively in June 30, 2024 and 2023. Future minimum lease payments as of June 30, 2024 is approximately $37,600.

(6) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	2024	2023
Cash and cash equivalents	$ 6,891,194	$ 6,922,188
Accounts receivable	8,860	39,852
Unbilled accounts receivable	2,103,039	2,757,040
Less: Board designated - privacy & security	(1,300,000)	-
Less: Board designated - operating reserve	(3,451,073)	-
	$ 4,252,020	$ 9,719,080

The Organization regularly monitors liquidity required to meet its operating needs and structures its financial assets to be available as general and program expenditures, liabilities, and other obligations become due. The Organization has several sources of liquidity at its disposal, including cash and cash equivalents and accounts receivable. Additionally, the Organization has a $500,000 line of credit available to meet cash flow needs, which it expects to be able to renew.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization strives to maintain liquid cash reserves sufficient to cover 45 days of general expenditures. General expenditures include administrative, program, and operating expenses.

(7) Related Party Transactions

A member of the Organization’s board of directors served as a key employee of a hospital organization during June 30, 2023 from which the Organization received revenues of an immaterial amount, there were no receivables from the organization at June 30, 2023 year end.

Related Party Transactions (continued)

Additionally, during June 30, 2024, five members of the Organization's board of directors served as key employees of hospital organizations from which the Organization receives program service fee revenues. Revenues from these organizations totaled approximately $88,000, with approximately $74,000 recognized as receivables at year end from any of these organizations.

(8) Concentrations

Significant customers – The Organization derives a substantial portion of its revenue from contracts with the State of Vermont, as reported separately on the accompanying statements of activities. Effective June 30, 2024 the contract was renewed for a one year period and renewable annually by mutual agreement for three one-year periods. Currently the Organization is completing certain performance obligations under the previous year's contract. Amounts receivable from the State of Vermont, including unbilled receivables, was $1,991,625 and $2,681,571 at June 30, 2024 and 2023.

Significant vendor – The Organization licenses software and outsources data hosting and related services, total expenses related to agreements with this vendor of $342,578 and $266,465 in June 30, 2024 and 2023. Amounts due to this vendor are included in accounts payable of $29,990 and $22,332 at June 30, 2024 and 2023. The second vendor provided software licenses, data hosting, project support, and related services for the Organization's new data platform. Total expenses related to agreements with this vendor of $944,335 and $875,617 in June 30, 2024 and 2023. Amounts due to this vendor included in accounts payable are $82,822 and $135,953 as of June 30, 2024 and 2023.

The Organization receives a significant portion of its funding through federal programs, this could have a significant impact on the Organization's revenue in future years.

(9) Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Computer equipment	$ 345,237	$ 335,481
Furniture and fixtures	14,644	14,644
	359,881	350,125
Less accumulated depreciation and amortization	(324,317)	(295,958)
	$ 35,564	$ 54,167

Depreciation and amortization expense amounted to $28,359 and $49,084 for the years ended June 30, 2024 and 2023.

(10) Board Designated Funds

The Board designated funds consist of net assets without donor restrictions that the Board of Directors has chosen to hold as designated funds to be used for general operating reserve, privacy and security matters. The Board designated funds are included in the cash and cash equivalents total in the statements of financial position. Changes in the board designated net assets consist of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Beginning balance	$ -	$ -
Contributions	4,920,000	-
Withdrawals	(168,927)	-
	$ 4,751,073	$ -

(11) Commitments

In order to provide sustained access to software and related support to maintain the VHIE, the Organization has entered into contracts with several vendors for periods of two to four years with one year remaining on the outstanding contracts. The contracts can be terminated by the Organization in the event of the loss of funding from the State of Vermont or at the convenience of either party. Minimum amounts due under the contracts were $1,061,907 and $917,921 as of June 30, 2024 and 2023, respectively.