

IDENT	FIN-10
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Title of Sponsor	CFO
Title of Approving Official:	CEO
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SUBJECT: Revenue Recognition Policy

1. Purpose of policy

Vermont Information Technology Leaders, Inc. (VITL) is the recipient of Federal grant funds, the use of which is subject to certain Notices of Grant Awards (“NGAs”) and Health Human Services (“HHS”) grant administration regulations found in 45 C.F.R. Part 75—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS. The purpose of this policy is to ensure that revenue is recorded by VITL in conformity with accounting principles generally accepted in the United States of America ("GAAP") and in compliance with federal regulations.

2. Scope

- a. This Policy shall be construed and applied to promote VITL’s compliance with the applicable Federal and State rules, regulations, and laws. In the event of a conflict between the provisions of this Policy and the requirements of an applicable state or federal statute or regulation, the applicable statute or regulation shall prevail.
- b. This policy applies to all revenue of VITL regardless of funding source.
- c. This Policy sets forth internal guidelines for the benefit of VITL and its officers, directors, employees and agents, and does not confer any right or other benefit on any third party. The provisions of this Policy may not be used by any third party in any action or other proceeding against VITL or its interests.

3. Revenue Recognition

VITL uses the following revenue recognition methodologies depending:

- a. Revenues related to government grant awards. Revenue is recognized as costs are incurred and are commensurate with the costs incurred except in the event that costs are not recoverable due to estimated costs being in excess of awarded amounts.
- b. Revenue on multi-year contracts. Revenues under service contracts are recognized on a percentage-completion basis, in proportion to the estimated percentage of completion of program objectives.
- c. Revenues under short-term contracts. Revenue is recognized as services objectives are completed.




4. Program Income

Program income means gross income earned by VITL that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance; except that income earned after the completion of the program is not considered program income (See §75.307(f)). VITL is encouraged to earn program income to defray program costs where appropriate

- a. Program income is deducted from total program allowable costs to determine the net allowable costs.
- b. Program income not anticipated at the time of the Federal award must be used to reduce the Federal award rather than to increase the total funds committed to the project.
- c. When authorized by the awarding agency, program income may be added to the funds committed to the grant agreement. The program income must be used for the purposes and under the conditions of the grant agreement.
- d. There are no Federal requirements governing the disposition of “program” income earned after the end of the period of performance for the Federal award, unless the awarding agency regulations or the terms and conditions of the award provide otherwise. The awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

5. Policy Review & Approval

VITL will review this policy annually and reserves the right to update this policy at any time to reflect VITL’s intentions and compliance requirements.

 _____ Reviewed by: CFO	<u>4/13/2017</u> Date
 _____ Approved by: CEO	<u>4/13/2017</u> Date
Approved by the VITL Board of Directors and effective April 10, 2017:	
 _____ Bruce Bullock, MD, VITL Board Chair	