

Audit Committee Meeting Summary
September 1, 2015 - 3:00 - 4:30 p.m.
Location: Cigna, Seattle, WA

I. Attendance. Participating in all or part of the meeting in person or by telephone (T) were the following individuals:

Directors:	KidsVax:
John Sobeck, Chairman	Fred Potter (T)
Dennis Kirkpatrick	Julia Walter
Jason Farber (T)	Claire Roberge (T)
	Norman Roberge (T)
Others:	Ashley Kittrell
Allen Gilbert, CliftonLarsonAllen (T)	

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the March 17, 2015 Audit Committee minutes as submitted.
2. To accept and authorize publication of FYE 2014/15 Financial Statements and independent auditor's report.

B. Follow up Tasks/Action Items

1. Ms. Walter to send the KeyBank confirmation of debt letter.

III. Meeting Minutes

Welcome and Introductions

At 3:00 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order and asked if there were any changes to be made to the March 17, 2015 Committee meeting minutes. Seeing none, it was put to a vote.

Upon motion duly made and seconded, it was unanimously

VOTED: To approve the minutes of the March 17, 2015 Audit Committee Meeting.

Overview of Draft Audited Financials-FYE 2015-06-30

Chairman Sobeck asked Allen Gilbert to review the 2014/15 financials. Mr. Gilbert began by saying it was a clean report and briefly went over the items listed in the Statements. Beginning with the assets, he pointed out a decrease of \$2.6 million in cash and an increase of approximately \$6 million in number of assets receivable and an increase of \$2.2 million in prepaid vaccines. Secondly, there was a \$4 million increase on the line of credit. Third, he noted that the "Assessment collected in excess of vaccine funding and administrative activities" is similar to net equity but was called that due to the nature of the organization. Continuing to the Statement of Activities, he said that there was a \$7.5 million increase in net assessment activity for 2014/15 combined because of a 20% increase in vaccine purchases.

1 The biggest change in expenses was the interest charges on the KeyBank account totaling approximately
2 \$134,000. Regarding administrative expenses, the most significant decrease was the amount of legal fees
3 as a result of having achieved nonprofit exempt status and, apart from TRICARE litigation expenses,
4 legal fees are expected to decline over the next year. The net assets of the organization was \$1.57
5 million.

6
7 Mr. Gilbert continued to the cash flow statement and reported over \$65 million for assessments
8 collected. In 2015, approximately \$63 million was paid to the Department of Health (DOH). The net
9 cash used was \$6.6 million.

10
11 Mr. Gilbert asked the Committee to review the notes attached to the financial statement and make any
12 corrections it deemed necessary. He noted the disclosure of new terms for the renewed credit line and
13 that it has a declining available balance. \$15 million is available until January, 2016 and subsequently
14 decreases.

15
16 Mr. Gilbert then moved to the Letter of Governance, reporting no issues or problems. However, Mr.
17 Gilbert had yet to receive a signed confirmation of debt letter from KeyBank and was awaiting that
18 document before sending the representation letter. It was decided that Ms. Walter would make sure the
19 letter gets to Mr. Allen.

20
21 Referring to the accounts receivable, Chairman Sobeck asked if it was affecting cash flow and if it
22 should be examined more closely to avoid future conflict. Norman Roberge answered by explaining the
23 methodology used to estimate and calculate the accounts receivable. Each month the DOH vaccine
24 request is taken for a specified time period and multiplied by the grid price which gives the estimate for
25 that specific time period. As money is received by various payers, the dates of service are reviewed and
26 the collections are applied to the specified time period. On average, the majority of anticipated funds are
27 collected within ninety days. Currently, there have been less funds received based from anticipated
28 calculations and is why the Task Force has been formed to identify potential leakage. Fred Potter added
29 that the Task Force should have clearer answers in four to six weeks regarding the issue.

30
31 On behalf of the Audit Committee, Dennis Kirkpatrick inquired if Mr. Gilbert had examined and
32 approved of the WVA's methodology for calculating and handling the accounts receivable. Mr. Allen
33 responded affirmatively. He stated that scrutinizing the methodology and making sure the pricing is
34 consistent with the grid and DOH pricing is a large part of his work as well as making sure all
35 mathematical calculations are consistent as well as accurate invoicing from the DOH.

36
37 Upon motion duly made and seconded, it was unanimously

38
39 **VOTED:** To accept and authorize publication of the FYE 2014/15 Financial Statements and
40 Independent auditor's report.

41
42 Ms. Walter committed to sending Mr. Gilbert the KeyBank confirmation of debt letter.

43 44 Review of Refund Checks

45
46 Mr. Potter briefly explained that the refund checks are processed payer funds and are processed through
1 The imprest account to ensure a speedy refund. Dr. Sobeck noted that Regence and Aetna had an

2 unusually large number of checks and if there was an underlying issue. Mr. Roberge answered that some
3 payers occasionally pay the WVA for doctor administrations or other clinic charges in error and is the
4 underlying cause of such large refunds.

6 **KidsVax Updates**

7
8 Mr. Potter began by reporting that the WVA had fallen out of compliance with its KeyBank loan
9 covenants. KeyBank has been understanding and is awaiting for updates once the Task Force has
10 completed their research and reported to the Board. There is currently \$1.5 million on hand. Cash
11 collections are up. However, the large flu vaccine order has not yet been processed but will be in
12 September.

13
14 Ms. Walter stated that the DOH is monitoring vaccine output carefully and doing just-in-time inventory.
15 Six practice profile allocations have been completed and the WVA has been adjusted downward for their
16 orders. The Task Force is currently sending out a payer data verification survey to the ten highest
17 volume payers and the WVA is confident more adjustments will be made.

18
19 Dr. Sobeck inquired if there are any potential issues that could trigger a significant change in either
20 direction of the cash flow. Mr. Potter replied that the flu order had increased and is coming later in
21 September. He also noted that the DOH is open to better communication concerning its methodology
22 because of the direct effect it has had.

23
24 Mr. Farber requested that there be sufficient time allocated at the board meeting to fully explain and
25 further present the current cash flow issue. Ms. Walter replied that the DOH has offered to give a
26 PowerPoint presentation during the next board meeting. Mr. Potter recommended that the October 20th,
27 2015 board meeting be extended by an hour.

28 Executive Session

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31 Having no items to address, the Committee declined to hold an executive session.

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33 There being no other matters to come before the Committee at this time, the meeting was adjourned at
34 approximately 4:22 p.m.



Ensuring Funds for Childhood Vaccines

What: Washington Vaccine Association (WVA) Audit Committee
 Date and Time: September 1, 2015 / 3:00 – 4:30 pm, PDT
 Location: Cigna's Mount Si Conference Room, 701 5th Avenue, Suite 4900, Seattle, WA
 Call in Numbers: Dial-in: 760-569-7171; Conference ID: 237931720

Notice: Meeting may be recorded for the benefit of the secretary. The WVA intends to delete the recording after the minutes of the meeting are approved. Kindly review the attached antitrust policy in advance.

Agenda for Audit Committee Meeting

Approx. Time	Topic/[Anticipated Action]	Presented by:
3:00 – 3:05	1. Welcome and Introductions	J. Sobeck
3:05 – 3:10	* 2. Approval of Committee Minutes- March 17, 2015	J. Sobeck
3:10 – 3:50	* 3. Overview of Draft Audited Financials- FYE 2015-06-30 <ul style="list-style-type: none"> a. Presentation of Gilbert Allen b. Questions/Comments c. Vote to Authorize Publication of Financials 	F. Potter A. Gilbert All
3:50 – 4:10	* 4. Review of Refund Checks	Committee All
4:10 – 4:25	5. KV Updates <ul style="list-style-type: none"> a. KeyBank Reserve Compliance 	F. Potter
4:25 – 4:30	6. Executive Session (Excluding KidsVax)	J. Sobeck
4:30	7. Adjourned	J. Sobeck

*Indicates agenda item attached

*Red text indicates an action item