

Audit Committee Meeting
September 16, 2016; 3:00-4:30 p.m. PDT

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

Directors

John Sobeck, M.D., Chairman - Market Medical Executive, Cigna
Dennis Kirkpatrick - President, Welfare & Pension Administrative Service, Inc.
Jason Farber, Esq. - Davis Wright Tremaine, LLP

KidsVax®

Julia Walter, Executive Director
Ashley Kittrell, Communications Coordinator
Claire Roberge, Controller
Norm Roberge, Accountant
Peter Smith, Financial Analyst

Others

Allen Gilbert, CPA - CliftonLarsonAllen

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the minutes of the June 22nd, 2016 Audit Committee meeting.
2. To accept and authorize publication of the FYE 2015/16 Financial Statements and independent auditor's report with the changes suggested at the meeting.
3. To recommend authorization to the Board for an additional line of credit (LOC).

B. Follow Up Tasks

1. KidsVax® (KV) will determine whether or not to include the footnote in the financials describing the LOC.
2. KV will provide a breakdown of the Administrative Category into "KidsVax® Administration" and "Operational" categories or other appropriate names. Claire and Norm Roberge will assign associated account codes for each category.
3. CliftonLarsonAllen (CLA) will send the management representation letter for Julia Walter and Claire Roberge's signatures.

III. Meeting Minutes

At 3:00 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Ms. Walter informed participants that the meeting was being recorded and that it would be deleted following the approval of the minutes.

1 Consent Calendar Items

2 Chairman Sobeck asked if there were any changes to the June 22nd Audit Committee meeting
3 minutes. Hearing none, he asked for a motion to approve them.

4
5 Upon motion duly made and seconded, it was unanimously,

6
7 VOTED: To approve the minutes of the June 22nd meeting minutes.
8

9 Overview of Draft 2015/16 Audited Financials

10 Allen Gilbert directed the Committee to the draft 2015/16 audited financials and highlighted
11 several items. Cash has increased approximately \$3 million dollars and the amount for prepaid
12 vaccines has decreased by approximately \$131,000 dollars. The LOC has also continued to
13 decrease and the current balance is \$5 million dollars. He noted that if the LOC is renewed, the
14 balance will be \$0 in January.

15
16 Mr. Gilbert then explained the rationale for the reallocation and renaming of the Accounts
17 Receivables section. The term “Accounts Receivables” was potentially misleading as it did not
18 accurately reflect the correct meaning or estimated amount. To remedy this, KV and CLA re-
19 named the section to “Estimated Collectible Assessments” and the amount has been adjusted by
20 \$15 million dollars to reflect a more accurate estimate.

21
22 Mr. Gilbert reviewed the statement of activities and vaccine funding activities were reviewed; he
23 noted that there was one new line to show the write-down of assessments. \$5.7 million dollars
24 reflects the portion of the write-down that were for claims processed during the prior year.

25
26 To afford more clarity, the Committee requested that the Administrative category be divided into
27 two subcategories labeled “KidsVax[®] Administrative Services” and “Operations” or other
28 appropriate names

29
30 Finally, Mr. Gilbert pointed out that footnote four in the report, which describes the LOC, could
31 be taken out of the report but deferred to the Committee’s judgment. The Committee asked KV to
32 determine whether it is necessary to keep the footnote.

33
34 After final review and questions, Chairman Sobeck asked for a motion to approve the publication
35 of the report.

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

38
39 VOTED: To accept and authorize publication of the FYE 2015/16 Financial
40 Statements and independent auditor’s report with the changes suggested at
41 the meeting.

1 Review of Refund Checks

2 The Committee briefly reviewed the refund checks and found everything to be in satisfactory
3 order. Mr. Kirkpatrick noted that he routinely reviews the refund requests and flags any notable
4 transactions.

5
6 Financial Update

7 Peter Smith began the financial update by reporting that the current cash balance is \$8.5 million
8 dollars. Mr. Smith referred the Committee to the cash flow model in the meeting packet that shows
9 projected receipts and reimbursements to the Department of Health (DOH) and LOC pay down.
10 By the end of September, the WVA expects to have approximately \$4 million dollars and make a
11 payment of \$2 million dollars on the LOC. He concluded that the WVA remains in compliance
12 and on schedule to have the LOC completely paid off by January 1st, 2017.

13
14 Norm Roberge added that the WVA received a \$2.3 million credit from the DOH in August as part
15 of an annual reconciliation for the pre-purchased vaccines. This has helped offset the cost for flu
16 vaccine.

17
18 Future Credit Options

19 Ms. Walter opened the topic by explaining that the current LOC's maturity date is 1/1/2017 and
20 asked for the Committee's feedback regarding whether the WVA should seek to secure another
21 line in order to provide the WVA with financial flexibility. Ms. Walter recently met with KeyBank
22 Vice President and Senior Relationship Manager, Timothy Mansfield, to discuss what options are
23 available. Mr. Mansfield outlined several questions for the Committee to review and discuss. The
24 Committee asked Ms. Walter to meet with KeyBank and research the best options to present at the
25 annual Board meeting.

26
27 Upon motion duly made and seconded, it was unanimously

28
29 VOTED: To authorize the WVA to propose an additional line of credit to the Board.

30
31 Other Matters from Committee Members

32 There were no other matters to discuss.

33
34 Executive Session

35 KV staff was excluded and Committee members went into executive session.

36
37 Closing

38 There being no further business, the meeting adjourned at 4:22 p.m.

What: Audit Committee Meeting
Date & Time: Friday, September 16; 3:00-4:30 p.m. PDT
Location: Teleconference
Conference Line: (605) 562-3180; Conference ID: 103063718#

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.

Approx. Time	Topic/[Anticipated Action]	Presented by:
3:00-3:05 p.m.	1. Welcome & Introductions	J. Sobeck
3:05-3:10 p.m. *	2. Consent Calendar Items a. Approval of 6/22/2016 Committee Minutes	J. Sobeck
3:10-3:30 p.m. *	3. Overview of Draft 15/16 Audited Financials a. Questions and Comments b. Vote to Authorize Publication of 15/16 Audited Financials	A. Gilbert
3:30-3:40 p.m. *	4. Review of Refund Checks	All
3:40-3:55 p.m. *	5. Financial Update a. LOC Pay-down	N. Roberge P. Smith
3:55-4:10 p.m. *	6. Future Credit Options a. Vote to Recommend to the Board Authorization of an Additional Line of Credit	J. Walter
4:10-4:15 p.m.	7. Other Matters from Committee Members	Any
4:15-4:25 p.m.	8. Executive Session (KidsVax® excluded)	J. Sobeck
4:25-4:30 p.m.	9. Closing	J. Sobeck

*Indicates Agenda Item Attached

Red text indicates an action item

Audit Committee Meeting
June 22, 2016; 8:00-9:30 a.m.

I. Attendance. Participating in all or part of the meeting by telephone were the following individuals.

Directors:

John Sobeck, M.D, Chairman - Market Medical Executive, Cigna
Dennis Kirkpatrick - CFO, Welfare & Pension Administrative Service, Inc.
Jason Farber, Esq. - Davis Wright Tremaine, LLP

KidsVax®:

Julia Walter, Deputy Executive Director
Ashley Kittrell, Executive Assistant
Claire Roberge, Controller
Norm Roberge, Accountant
Peter Smith, Financial Analyst
Fred Potter, Executive Director

Others:

Allen Gilbert, CPA - CliftonLarsonAllen
Jan Hicks-Thomson - Department of Health

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the Washington Vaccine Association (WVA) FYE 2016/17 budget subject to additional changes as directed by Committee members.
2. To pay an additional \$1 million dollars on the line of credit (LOC) before 6/30/2016.

III. Meeting Minutes

At 8:00 a.m., Chairman John Sobeck called the meeting to order and asked all participants to introduce themselves. A quorum having been established, the meeting proceeded.

Financial Update

Peter Smith began the update by informing the Committee that \$1 million dollars had recently been paid on the line of credit (LOC) and suggested paying an additional \$1 million dollars before the end of the fiscal year on June 30. Doing so ensures that the WVA meets the LOC's step-down requirement from \$15 million dollars to \$10 million dollars by July 31, 2016. Mr. Smith also noted

1 that there will be an increase in cash flows once the 2016 assessment grid goes into effect on July
2 1. Dennis Kirkpatrick asked if the cash requirements would still be met if an additional \$1 million
3 dollars is paid on the LOC. Mr. Smith replied that there would be sufficient funds given the current
4 cash balance of \$9.7 million dollars. The Committee agreed that additional funds should be
5 allocated toward paying down the LOC.

6 7 **Collections Report**

8 Norm Roberge discussed the collections report and recent re-captioning of the Accounts
9 Receivable (AR) section of the financial report. KidsVax® (KV) staff and Allen Gilbert recently
10 met to discuss renaming and the amount listed. As discussed during the last Committee meeting
11 in March, the amount is an estimate of what the WVA expects to collect based on vaccine purchase
12 and has been renamed as "Assessments Receivable." Mr. Roberge, with Mr. Gilbert, agreed upon
13 a \$15 million dollars write down. Mr. Roberge asked if there were any questions regarding this
14 change. There being none, Chairman Sobeck asked Ms. Walter to proceed with KV updates.

15 16 KV Updates

17 18 **Assessment Grid**

19 Ms. Walter informed the Committee that the 2016 assessment grid is scheduled to take effect on
20 July 1, pursuant to the Board's decision at the April meeting to adjust the assessment grid to reflect
21 a weighted average of 130% of the CDC contract prices and not to exceed the CDC market survey
22 price on any vaccine. The WVA has updated the grid on the website and sent email notifications
23 of the effective date and where to download the grid. The Department of Health (DOH) has also
24 sent a blast fax to all provider offices informing them of the change and directing questions to the
25 WVA.

26 27 **WVA 2016/17 Budget**

28 Fred Potter then directed the Committee to the proposed WVA 2016/17 Budget in the packet. He
29 reviewed each item, explaining that minimal changes had been made concerning TRICARE and
30 budgeted legal fees. There are two components to TRICARE: the special project, which has a
31 \$20,000 monthly cap and the monthly \$10,000 expenditure for the continued engagement of
32 government affairs firm, Crowell & Moring (C&M). The majority of work surrounding TRICARE
33 is expected to be completed by January 2017. Mr. Kirkpatrick asked if it might be prudent to look
34 into paying C&M hourly as opposed to a monthly fee. Ms. Walter explained it is to the WVA's
35 benefit that the lead partner does not charge an hourly rate and provided insight into C&M's work,
36 which includes multiple meetings with legislative assistants, conducting door to door meetings in
37 order to garner support from key representatives, and managing the current contract with the public
38 relations firm.

39
40 Continuing with the budget, Mr. Potter initially recommended reducing the legal fees from last
41 year's budget to \$25,000 dollars. However, in light of potential enterprise threats, he recommended

1 allocating \$35,000 dollars. Dr. Sobeck then asked for questions or comments. Jason Farber
2 informed the Committee that he could not approve the budget without more time to review. Mr.
3 Potter stated that any changes to the budget could be recommended by Committee members before
4 presenting it for final approval by the Board of Directors.

5
6 Audit Update

7
8 Gilbert Allen from CliftonLarsonAllen (CLA) gave an update on the upcoming WVA Audit. He
9 confirmed that he met with KV to review the AR section and approves of the write down
10 methodology and recapturing of receivables. The audit work is scheduled for the week of July 11
11 and CLA will have draft audit documents available for the next Audit Committee meeting on
12 September 13.

13
14 Other Matters from Committee Members

15
16 There were no other matters to discuss.

17
18 Closing

19
20 There being no further business, the meeting adjourned at 8:57 a.m.

WASHINGTON VACCINE ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

*Draft - Preliminary
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**WASHINGTON VACCINE ASSOCIATION
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YEARS ENDED JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Washington Vaccine Association
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Washington Vaccine Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' judgment, including the assessment of the risks 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 the 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.

Board of Directors
Washington Vaccine Association

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Vaccine Association as of June 30, 2016 and 2015, 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.

CliftonLarsonAllen LLP

Bellevue, Washington
REPORT DATE

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**WASHINGTON VACCINE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,159,161	\$ 2,122,330
Member Estimated Collectible Assessments	5,842,522	12,296,588
Prepaid Vaccines to Washington Department of Health	<u>6,207,953</u>	<u>6,339,559</u>
Total Current Assets	<u>\$ 17,209,636</u>	<u>\$ 20,758,477</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 72,511	\$ 41,053
Bank Line of Credit, Current Portion	<u>10,000,000</u>	<u>1,000,000</u>
Total Current Liabilities	<u>10,072,511</u>	<u>1,041,053</u>
LINE OF CREDIT, Net of Current Portion	-	14,000,000
ASSESSMENTS COLLECTED IN EXCESS OF VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES	<u>7,137,125</u>	<u>5,717,424</u>
Total Liabilities	17,209,636	20,758,477
NET ASSETS - UNRESTRICTED	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 17,209,636</u>	<u>\$ 20,758,477</u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Administrative Activities	Vaccine Funding Activities	Total
CHANGE IN UNRESTRICTED NET ASSETS			
Assessment Activity:			
Assessments	\$ 16,579,594	\$ 59,032,500	\$ 75,612,094
Write-down of Assessments	(127,000)	(5,631,000)	(5,758,000)
Vaccine Replenishments	-	(66,992,123)	(66,992,123)
Net Assessment Activity	16,452,594	(13,590,623)	2,861,971
Expenses:			
Public Information	12,809	-	12,809
Administrative	898,008	-	898,008
Office	59,812	-	59,812
Interest	428,122	-	428,122
Other	43,519	-	43,519
Total Expenses	1,442,270	-	1,442,270
Total Change in Unrestricted Net Assets	15,010,324	(13,590,623)	1,419,701
VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED	(15,010,324)	13,590,623	(1,419,701)
CHANGES IN NET ASSETS	-	-	-
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Administrative Activities	Vaccine Funding Activities	Total
CHANGE IN UNRESTRICTED NET ASSETS			
Assessment Activity:			
Assessments	\$ 2,977,564	\$ 62,649,201	\$ 65,626,765
Vaccine Replenishments	-	(63,092,224)	(63,092,224)
Net Assessment Activity	<u>2,977,564</u>	<u>(443,023)</u>	<u>2,534,541</u>
Expenses:			
Public Information	13,220	-	13,220
Administrative	497,090	-	497,090
Office	69,842	-	69,842
Interest	364,862	-	364,862
Other	24,299	-	24,299
Total Expenses	<u>969,313</u>	<u>-</u>	<u>969,313</u>
Total Change in Unrestricted Net Assets	2,008,251	(443,023)	1,565,228
VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED	<u>(2,008,251)</u>	<u>443,023</u>	<u>(1,565,228)</u>
CHANGES IN NET ASSETS	-	-	-
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments Collected	\$ 76,308,160	\$ 59,602,628
Cash Remittances to Washington Department of Health for Vaccines	(66,860,517)	(65,315,152)
Administrative Expenses Paid	(977,703)	(599,464)
Cash Paid for Interest Expense	(433,109)	(353,738)
Net Cash Provided (Used) by Operating Activities	<u>8,036,831</u>	<u>(6,665,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of Credit Borrowings	<u>(5,000,000)</u>	<u>4,000,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,036,831	(2,665,726)
Cash and Cash Equivalents - Beginning of Year	<u>2,122,330</u>	<u>4,788,056</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,159,161</u></u>	<u><u>\$ 2,122,330</u></u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in:		
Member Estimated Collectible Assessments	6,454,066	(6,024,137)
Prepaid Vaccines to Washington Department of Health	131,606	(2,222,928)
Increase (Decrease) in:		
Accounts Payable	36,445	4,987
Vaccine Fees Payable to Washington Department of Health	(4,987)	11,124
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	<u>1,419,701</u>	<u>1,565,228</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 8,036,831</u></u>	<u><u>\$ (6,665,726)</u></u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 NATURE OF ORGANIZATION

Organization and Operations

Since 1990, Washington State has maintained a Universal Childhood Vaccine Program, providing vaccines to all children under age 19. Together with federal funding, Washington's program has advanced the widely recognized benefits of universal childhood vaccination. Faced with a scheduled end to state funding in 2010, the Washington State legislature established the universal vaccine purchase account to be able to continue providing state-supplied vaccines to privately-insured children. This legislation was adopted after a year of study by and with broad support from the Washington health care community.

Washington Vaccine Association (the Association) is a special purpose nonprofit corporation formed on April 1, 2010 to support the state government in developing and administering a new method for collecting funds to support the Universal Childhood Vaccine Program. The Washington legislature created the Association through the Washington Vaccine Association Act, now codified in Chapter 70.290 RCW.

The Association's members are comprised of all health insurance carriers issuing or renewing health benefit plans in Washington State, and all third-party administrators (TPAs) conducting business on behalf of residents of Washington State or Washington health care providers.

The Association's primary purpose is to raise funds through mandatory assessments paid by its members. Payments are made to the State of Washington Department of Health (DOH) for the purchase of vaccines. The vaccines are to be administered to children in the State of Washington who are under the age of 19 and who are not eligible for free vaccines under one or more federal programs.

The Association is operated under a Plan of Operation adopted by the board of directors as required by Washington State House Bill 2SHB 2551. The Association's governance documents are available at the Association's website: www.WAvaccine.org.

Termination of the Association

The Association board may vote to recommend termination of the Association if it finds that the original intent of its formation and operation has not been achieved. The Association board must provide notice of the recommendation to the relevant policy and fiscal committees of the Washington State legislature within 30 days of the vote being taken by the Association board. If the legislature has not acted by the last day of legislative session to reject the board's recommendation, the board may vote to permanently dissolve the Association.

In the event of a voluntary or involuntary dissolution of the Association, funds remaining in the universal purchase vaccine account created in RCW 43.70.720 that were collected under 2SHB 2551 must be returned to members in proportion to their previous year's contribution, from any balance remaining following the repayment of any prepayments for start-up funding not previously recouped by such member.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared in accordance with the provisions of accounting standards generally accepted in the United States of America. Under those standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Association's net assets do not contain restrictions as of June 30, 2016 and 2015.

Concentration of Risk

Financial instruments that subject the Association to concentrations of credit risk consist of cash deposits. The Association places its cash deposits with high quality financial institutions. Deposits exceed federally insured limits as of June 30, 2016 and 2015.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, all highly liquid investments available for use with an initial maturity of three months or less are considered to be cash equivalents.

Member Estimated Collectible Assessments

Member estimated collectible assessments represents the running total of replenishment requests to date minus amounts collected to date through the end of the year, and is the amount the Association expects to collect from members. The Association has determined that an allowance for uncollectible amounts is not necessary due to the method used to calculate the balance.

The Association charges interest on late payment of assessments at a monthly rate of 1.5%. Interest is added to the assessment for payments received after the due date of the assessment.

Revenue Recognition

The Association collects member assessments that are remitted to the DOH for purchase of vaccines. In addition, the Plan of Operation allows the Association to retain sufficient funds to cover its administrative costs, net of investment income. Expense is recognized for the administrative costs of operating the Association. The replenishment of vaccines and collection of vaccine assessments are similar to agency transactions. Although these transactions are not considered revenue or expenses of the Association, they are included in the statements of activities as vaccine replenishments to reflect the gross amount of collections and replenishments.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dosage Based Assessments

Funds collected from health insurers and TPAs of health plans in the state of Washington (including administrative revenue and reserve portion discussed below) are determined using a Dosage Based Assessment methodology. At each administration of vaccines to a nonfederally eligible child in the state of Washington, the provider's office charges for and generates a claim for administrative services and also generates an item, resembling a claim form, on which the per-vaccine assessment is reported to the respective payer. The per-vaccine assessment amounts are established by the Association periodically. The payer pays the provider for the administration claim, and also pays the assessment amount to the Association, in a manner similar to payment of a claim for the cost of vaccines. The Association collects these assessments and remits payments to the State of Washington Treasurer to pay its allocated share of vaccine costs each time a vaccine replenishment order for the state's Universal Childhood Vaccine Program is due. The cost for each vaccine is negotiated by the Center for Communicable Diseases. The DOH invoices the Association for vaccine purchases.

Remittance to Universal Purchase Account

The Plan of Operation requires the Association to periodically remit its assessment receipts, less the Association's administrative costs and any reserves set by the board or the executive director, to the credit of the universal vaccine purchase account (UVPA) established pursuant to RCW 43.70.720. Funds transferred to the UVPA are to be delivered on a just-in-time basis, in order to support the assessment collection process and to enable the Association to gain as much interest income as reasonably possible through its collection process to help offset its costs of administration. The DOH or its designee has access privileges to be able to directly observe the balances in the Association's accounts, and the Association is required to promptly respond to any inquiry of the DOH concerning the availability and timely transfer of funds, enabling the DOH to make payment of the Association's share under the statute for vaccine purchases made by the state of Washington.

Assessments Collected in Excess of Vaccine Funding and Administrative Costs

The Association has collected assessments in excess of amounts required to be paid to the DOH through the end of the accounting period for childhood vaccine funding and administrative costs. The Association is a limited purpose entity whose funds are dedicated solely to the specific purposes discussed above. These excess assessment collections, which may accumulate from time to time, will be applied to (i) future vaccine funding obligations of the Association, and (ii) reasonable and necessary operating costs of the Association. The Association maintains a level of excess collections (reserves) to be able to meet DOH needs for funding timely. As of June 30, 2016 and 2015, assessments collected in excess of vaccine funding and administrative activities totaled \$7,137,125 and \$5,717,424, respectively.

Income Taxes

The Association follows Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740, *Income Taxes* (Topic 740). Topic 740 clarifies the accounting for uncertainty in income taxes.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Association operates as a tax-exempt organization created by Washington State statute and an affiliate of a governmental unit. In order to obtain 501(c)(3) status and to determine whether filing of an annual federal information return (Form 990) is required, the Association prepared and submitted Form 1023 to the Internal Revenue Service (IRS) in June 2012. On May 14, 2013, the IRS granted 501(c)(3) tax-exempt status and determined that the filing of Form 990 is not required in prior or future years.

Management evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustments to the financial statements. Based upon its evaluation, the Association has concluded that it is operating in compliance within its tax-exempt status and that there are no matters that would create taxable income.

Subsequent Events

The board of directors and management have evaluated subsequent events through REPORT DATE, the date the financial statements were available to be issued.

NOTE 3 REMITTANCE TO THE STATE OF WASHINGTON

Pursuant to the Association's statutory purposes, transfers of \$66,860,517 and \$65,315,152 were made by the Association to the State of Washington's UVPA during the years ended June 30, 2016 and 2015, respectively.

NOTE 4 LINE OF CREDIT

In September 2013, the Association accepted a commitment from KeyBank National Association for a \$15 million line of credit (LOC) that expired in December 2014. The Association renewed the LOC on December 1, 2014. The maximum available balance on the renewed LOC is \$15 million until January 31, 2016, reduced to \$10 million until August 31, 2016, and finally reduced to \$5 million until January 1, 2017. The Association may elect to pay interest on the LOC at either the adjusted LIBOR Rate or Bank Prime Rate (3.5% at June 30, 2016). The LOC is secured by the general assets of the Association. The LOC agreement includes a covenant regarding liquid assets. Management believes the Association is in compliance with the debt covenant.

This LOC was designed to enable the Association's timely response to a new requirement from the federal Centers for Disease Control (CDC). Effective October 1, 2013, all states purchasing from the CDC contract must purchase under a new advanced funding method. The LOC was necessary for the Association to respond to this immediate cash call. The Association increased its assessment rates on December 1, 2013, April 1, 2015, and again on July 1, 2015 so that it should have sufficient funds both (i) to repay the LOC, and (ii) to rebuild liquidity reserves.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 5 CONTINGENCIES

There is an inherent risk that a certain portion of the vaccines purchased by the DOH will not be administered to children, resulting in vaccine shrinkage. If member assessments are insufficient for reimbursement to the DOH for purchases of vaccines, the Association would be liable to the DOH to cover the shortfall.

*Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced*

Washington Vaccine Association Check Detail

March 1 - September 1, 2016

	Date	Num	Name	Amount
10400 Key Bank - Refund Pmt Acct (6340)				
	03/02/2016	1871 x-Aetna (Rawlings)		-604.84
				-604.84
	03/02/2016	1872 x-Aftermath Claim Science		-317.44
				-317.44
	03/02/2016	1873 x-bridgespan		-216.30
				-216.30
	03/02/2016	1874 x-Group Health Cooperative		-36.54
				-36.54
	03/02/2016	1875 x-Group Health Options, Inc.		-12.29
				-12.29
	03/02/2016	1876 x-HMA		-96.91
				-96.91
	03/02/2016	1877 x-Pierce Transit		-1,252.73
				-1,252.73
	03/02/2016	1878 x-Regence BlueShield		-1,706.43
				-1,706.43
	03/02/2016	1879 x-UnitedHealth Group Recovery Services		-536.79
				-536.79
	03/02/2016	1880 x-Unitedhealthcare Ins Co Greensboro UT		-164.27
				-164.27
	03/03/2016	1881 x-Aetna (Philadelphia)		-44.17
				-44.17
	03/03/2016	1882 x-Aetna (Rawlings)		-320.22
				-320.22
	03/03/2016	1883 x-Aftermath Claim Science		-490.60
				-490.60
	03/03/2016	1884 x-Health Net Health Plan of Oregon		-12.10
				-12.10
	03/03/2016	1885 x-MODA Health		-317.44

		-317.44
03/03/2016	1886 x-Regence BlueShield	-270.84
		-270.84
03/03/2016	1887 x-Regence BlueShield of Idaho	-500.79
		-500.79
03/08/2016	1888 x-Accent	-20.85
		-20.85
03/08/2016	1889 x-Aetna (Lexington)	-147.08
		-147.08
03/08/2016	1890 x-Aetna (Rawlings)	0.00
		0.00
03/08/2016	1891 x-Aftermath Claim Science	-109.93
		-109.93
03/08/2016	1892 x-Group Health Options, Inc.	-774.01
		-774.01
03/08/2016	1893 x-Providence Health Plans	-218.38
		-218.38
03/08/2016	1894 x-Regence BlueShield	-663.19
		-663.19
03/08/2016	1895 x-Unitedhealthcare Ins Co Spring Serv UT	-230.97
		-230.97
03/15/2016	1896 x-Accent	-476.23
		-476.23
03/15/2016	1897 x-Aetna (Lexington)	-46.65
		-46.65
03/15/2016	1898 x-Aftermath Claim Science	-151.86
		-151.86
03/15/2016	1899 x-Asuris Northwest Health	-360.40
		-360.40
03/15/2016	1900 x-Aetna (Rawlings)	-249.81
		-249.81
03/15/2016	1901 x-Regence BlueShield Federal Employee Program	-317.44
		-317.44

03/15/2016	1902 x-Starmark	-68.67 -68.67
03/15/2016	1903 x-UnitedHealthcare (Dallas)	-70.69 -70.69
03/24/2016	1904 x-Aetna (Lexington)	-292.32 -292.32
03/24/2016	1905 x-bridgespan	-658.28 -658.28
03/24/2016	1906 x-Group Health Cooperative	-216.30 -216.30
03/24/2016	1907 x-Health Alliance	-174.54 -174.54
03/24/2016	1909 x-Regence BlueCross BlueShield of Oregon	-100.09 -100.09
03/24/2016	1910 x-Regence BlueShield	-2,813.96 -2,813.96
03/24/2016	1911 x-Regence BlueShield Federal Employee Program	-401.76 -401.76
03/24/2016	1912 x-Unitedhealthcare Ins Co Spring Serv UT	-106.92 -106.92
03/31/2016	1913 x-Aetna (Lexington)	-431.92 -431.92
03/31/2016	1914 x-Aetna (Rawlings)	-400.34 -400.34
03/31/2016	1915 x-Aftermath Claim Science	-605.81 -605.81
03/31/2016	1916 x-Asuris Northwest Health	-597.30 -597.30
03/31/2016	1917 x-GEHA	-141.91 -141.91
03/31/2016	1918 x-Group Health Cooperative	-14.40 -14.40
03/31/2016	1919 x-HMA	-90.86 -90.86

03/31/2016	1920 x-MODA Health	-14.40 -14.40
03/31/2016	1921 x-Providence Health Plans	-5.81 -5.81
03/31/2016	1922 x-PRS	-191.64 -191.64
03/31/2016	1923 x-Regence BlueShield	-2,835.60 -2,835.60
03/31/2016	1924 x-Regence BlueShield Federal Employee Program	-256.29 -256.29
03/31/2016	1925 x-Tricare Finance West Region	0.00 0.00
03/31/2016	1926 x-Tricare Finance West Region	-260.36 -260.36
03/31/2016	1928 x-Trusteed Plans Service Corporation	-330.27 -330.27
03/31/2016	1927 x-Unitedhealthcare Ins Co GA	-174.54 -174.54
04/12/2016	1929 x-Aetna (Philadelphia)	-156.88 -156.88
04/12/2016	1930 x-Aetna (Rawlings)	-150.56 -150.56
04/12/2016	1931 x-Payment Resolution Services	-5.00 -5.00
04/12/2016	1932 x-Providence Health Plans	-339.55 -339.55
04/12/2016	1933 x-Regence BlueCross BlueShield of Oregon	-1,448.97 -1,448.97
04/12/2016	1934 x-Regence BlueShield	-456.31 -456.31
04/12/2016	1935 x-Regence BlueShield Federal Employee Program	-562.11 -562.11
04/12/2016	1936 x-Unitedhealthcare Ins Co GA	-436.23

		-436.23
04/12/2016	1937 x-VA Puget Sound Health Care System	-732.62
		-732.62
04/18/2016	1938 x-Aetna (Rawlings)	-288.24
		-288.24
04/18/2016	1939 x-Asuris Northwest Health	-317.44
		-317.44
04/18/2016	1940 x-GEHA	-178.91
		-178.91
04/18/2016	1941 x-Group Health Cooperative	-1,162.45
		-1,162.45
04/18/2016	1942 x-Group Health Options, Inc.	-192.81
		-192.81
04/18/2016	1943 x-Nesika Health Group	-23.32
		-23.32
04/18/2016	1944 x-Providence Health Plans	-17.10
		-17.10
04/18/2016	1945 x-Regence BlueShield	-14.40
		-14.40
04/18/2016	1946 x-Regence BlueShield Federal Employee Program	-313.92
		-313.92
04/18/2016	1947 x-Unitedhealthcare Ins Co Spring Serv UT	-174.54
		-174.54
04/26/2016	1948 x-Aetna (Rawlings)	-223.28
		-223.28
04/26/2016	1949 x-Carpenters Trust of Western Washington	-91.46
		-91.46
04/26/2016	1950 x-First Choice Health Administrators	-17.10
		-17.10
04/26/2016	1951 x-Group Health Cooperative	-2,323.70
		-2,323.70
04/26/2016	1952 x-Group Health Options, Inc.	-305.82
		-305.82

04/26/2016	1953 x-MODA Health	-308.14 -308.14
04/26/2016	1954 x-Regence BlueCross BlueShield of Oregon	-1,782.87 -1,782.87
04/26/2016	1955 x-Regence BlueShield	-3,321.70 -3,321.70
04/26/2016	1956 x-Regence BlueShield of Idaho	-14.40 -14.40
04/26/2016	1957 x-Tricare Finance West Region	-373.70 -373.70
04/26/2016	1958 x-Tricare North Region	-48.54 -48.54
04/26/2016	1959 x-Trusteed Plans Service Corporation	-634.88 -634.88
04/29/2016	1960 x-Aetna (Rawlings)	-305.82 -305.82
04/29/2016	1961 x-Aftermath Claim Science	-815.08 -815.08
04/29/2016	1962 x-Asuris Northwest Health	-340.76 -340.76
04/29/2016	1963 x-Group Health Cooperative	-507.81 -507.81
04/29/2016	1964 x-Group Health Options, Inc.	-956.48 -956.48
04/29/2016	1965 x-HMA	-22.11 -22.11
04/29/2016	1966 x-Regence BlueShield	-794.28 -794.28
05/06/2016	1967 x-Accent	-260.83 -260.83
05/06/2016	1968 x-Regence BlueShield	-607.50 -607.50
05/06/2016	1969 x-Starmark	-68.67 -68.67

05/06/2016	1970 x-Trusteed Plans Service Corporation	-334.54 -334.54
05/13/2016	AMCC	0.00 0.00
05/13/2016	1971 x-Accent	-181.24 -181.24
05/13/2016	1972 x-Aftermath Claim Science	-163.82 -163.82
05/13/2016	1973 x-City of Yakima	-264.14 -264.14
05/13/2016	1974 x-GEHA	-125.00 -125.00
05/13/2016	1975 x-Group Health Cooperative	-408.16 -408.16
05/13/2016	1976 x-Group Health Options, Inc.	-320.22 -320.22
05/13/2016	1977 x-Health Net Health Plan of Oregon	-33.45 -33.45
05/13/2016	1978 x-HMA	-17.10 -17.10
05/13/2016	1979 x-Regence BlueCross BlueShield of Oregon	-944.45 -944.45
05/13/2016	1980 x-Regence BlueShield	-929.01 -929.01
05/13/2016	1981 x-Unitedhealthcare Ins Co GA	-23.32 -23.32
05/24/2016	1982 x-Aetna (Lexington)	-178.91 -178.91
05/24/2016	1983 x-Aftermath Claim Science	-172.83 -172.83
05/24/2016	1984 x-Group Health Cooperative	-174.54 -174.54
05/24/2016	1985 x-Oregon Teamsters Employers Trust	-61.62

		-61.62
05/24/2016	1986 x-Providence Health Plans	-18.75
		-18.75
05/24/2016	1987 x-Quinalt Beach Resort & Casino	-24.54
		-24.54
05/24/2016	1988 x-Regence BlueCross BlueShield of Oregon	-642.38
		-642.38
05/24/2016	1989 x-Regence BlueShield	-1,028.96
		-1,028.96
05/24/2016	1990 x-Snoqualmie Casino	-146.18
		-146.18
06/06/2016	1993 x-Aetna (Lexington)	-191.64
		-191.64
06/06/2016	1994 x-Aetna (Rawlings)	-128.05
		-128.05
06/06/2016	1995 x-Benefit Management, Inc.	-102.79
		-102.79
06/06/2016	1996 x-Group Health Cooperative	-24.58
		-24.58
06/06/2016	1997 x-Health Net Health Plan of Oregon	-40.42
		-40.42
06/06/2016	1998 x-Highline Medical Services	-17.88
		-17.88
06/06/2016	1999 x-HMA	-22.11
		-22.11
06/06/2016	2000 x-Providence Health Plans	-786.27
		-786.27
06/06/2016	2001 x-Regence BlueCross BlueShield of Oregon	-2,562.21
		-2,562.21
06/06/2016	2002 x-Regence BlueShield	-2,141.49
		-2,141.49
06/10/2016	2003 x-Accent	-260.83
		-260.83

06/10/2016	2004 x-Asuris Northwest Health	-320.22 -320.22
06/10/2016	2005 x-National Health Insurance Company	-188.87 -188.87
06/10/2016	2006 x-Regence BlueShield	-687.98 -687.98
06/17/2016	2007 x-Accent	-321.19 -321.19
06/17/2016	2008 x-Aetna (Lexington)	-16.44 -16.44
06/17/2016	2009 x-Aftermath Claim Science	-305.82 -305.82
06/17/2016	2010 x-Group Health Options, Inc.	-12.29 -12.29
06/17/2016	2011 x-National Automatic Sprinkler Industry Welfare Fund	-530.13 -530.13
06/17/2016	2012 x-Regence BlueCross BlueShield of Oregon	-321.19 -321.19
06/27/2016	2013 x-Group Health Cooperative	-561.13 -561.13
06/27/2016	2014 x-Group Health Options, Inc.	-627.01 -627.01
06/27/2016	2015 x-ILWU-PMA Coastwise Claims	-331.84 -331.84
06/27/2016	2016 x-Regence BlueShield of Idaho	-150.56 -150.56
06/27/2016	2017 x-Regence BlueShield	-2,771.88 -2,771.88
06/27/2016	2018 x-Trusteed Plans Service Corporation	-78.14 -78.14
06/30/2016	2019 x-Aetna (Lexington)	-81.30 -81.30
06/30/2016	2020 x-Aftermath Claim Science	-320.22 -320.22

06/30/2016	2021 x-Regence BlueCross BlueShield of Oregon	-249.81 -249.81
06/30/2016	2022 x-Regence BlueShield	-1,084.00 -1,084.00
06/30/2016	2023 x-Trusteed Plans Service Corporation	-261.72 -261.72
07/11/2016	2024 x-Group Health Options, Inc.	-154.09 -154.09
07/11/2016	2025 x-MODA Health	-320.22 -320.22
07/11/2016	2026 x-Regence BlueShield	-1,025.70 -1,025.70
07/19/2016	2027 x-Aetna (Rawlings)	-109.93 -109.93
07/19/2016	2028 x-Group Health Options, Inc.	-10.89 -10.89
07/19/2016	2029 x-HMA	-284.47 -284.47
07/19/2016	2030 x-Providence Health Plans	-325.10 -325.10
07/19/2016	2031 x-Regence BlueCross BlueShield of Oregon	-9.63 -9.63
07/19/2016	2032 x-Regence BlueShield	-630.47 -630.47
07/22/2016	2033 x-Aetna (Lexington)	-245.99 -245.99
07/22/2016	2034 x-Carpenters Trust of Western Washington	-6.93 -6.93
07/22/2016	2035 x-Group Health Cooperative	-8.47 -8.47
07/22/2016	2036 x-Regence BlueShield	-776.43 -776.43
07/22/2016	2037 x-Snoqualmie Casino	-73.09

		-73.09
07/22/2016	2038 x-Trusteed Plans Service Corporation	-150.56
		-150.56
07/22/2016	2039 x-UnitedHealth Group Recovery Services	-109.93
		-109.93
07/22/2016	2040 x-Aetna (Rawlings)	-459.01
		-459.01
07/22/2016	2041 x-Regence BlueShield Federal Employee Program	-848.83
		-848.83
07/22/2016	2042 x-Unitedhealthcare Ins Co Spring Serv UT	-344.51
		-344.51
08/03/2016	2043 x-Accent	-305.82
		-305.82
08/03/2016	2044 x-Aetna (Lexington)	-174.54
		-174.54
08/03/2016	2045 x-Aetna (Philadelphia)	-151.86
		-151.86
08/03/2016	2046 x-Aetna (Rawlings)	-301.57
		-301.57
08/03/2016	2047 x-Aftermath Claim Science	-963.76
		-963.76
08/03/2016	2048 x-bridgespan	-70.69
		-70.69
08/03/2016	2049 x-MODA Health	-199.08
		-199.08
08/03/2016	2050 x-Providence Health Plans	-62.53
		-62.53
08/03/2016	2051 x-Rawlings Financial Services, LLC	-167.22
		-167.22
08/03/2016	2052 x-Regence BlueCross BlueShield of Oregon	-814.33
		-814.33
08/03/2016	2053 x-Regence BlueShield	-838.08
		-838.08

08/15/2016	2054 x-Accent	-185.12 -185.12
08/15/2016	2055 x-Aftermath Claim Science	-317.44 -317.44
08/15/2016	2056 x-Group Health Cooperative	-203.93 -203.93
08/15/2016	2057 x-Regence BlueCross BlueShield of Oregon	-302.54 -302.54
08/15/2016	2058 x-Regence BlueShield	-1,098.17 -1,098.17
08/15/2016	2059 x-Regence BlueShield Federal Employee Program	-1,617.60 -1,617.60
08/15/2016	2060 x-UnitedHealth Group Recovery Services	-919.35 -919.35
08/15/2016	2061 x-Unitedhealthcare- Tricare	-182.79 -182.79
09/01/2016	2062 x-Asuris Northwest Health	-13.45 -13.45
09/01/2016	2063 x-Premiera Blue Cross	-200.90 -200.90
09/01/2016	2064 x-Providence Health Plans	-76.04 -76.04
09/01/2016	2065 x-Regence BlueCross BlueShield of Oregon	-978.56 -978.56
09/01/2016	2066 x-Regence BlueShield	-2,351.21 -2,351.21
09/01/2016	2067 x-Regence BlueShield Federal Employee Program	-414.08 -414.08
09/01/2016	2068 x-Unitedhealthcare Ins Co GA	-273.34 -273.34
09/01/2016	2069 x-Unitedhealthcare Ins Co Spring Serv UT	-187.59 -187.59
09/01/2016	2070 x-Washington Teamsters Welfare Trust	-1,473.17 -1,473.17

Washington Vaccine Association

Statement of Financial Position

As of August 31, 2016

A**ASSETS**

Current assets		
1	Cash and cash equivalents	\$ 5,932,577.92
2	Investments	9,655.42
3	Members Estimated Collectible Assessments	9,144,601.00
4	Prepaid Vaccine	6,820,803.91
5	Prepaid Administrative Services	-
6	Total current assets	21,907,638.25
7	Total assets	\$ 21,907,638.25

LIABILITIES AND NET ASSETS

Current liabilities		
8	Accounts payable	\$ 66,997.56
9	Key Bank - Line of Credit	9,000,000.00
10	Payable to Washington Department of Health	-
11	Other accruals	-
12	Total current liabilities	9,066,997.56
Net assets		
13	Excess Assessments - Vaccines	21,645,709.36
14	Excess Assesments - Administrative Activities	(8,805,068.67)
15	Total net assets	12,840,640.69
16	Total liabilities and net assets	\$ 21,907,638.25

**Washington Vaccine Association
Statement of Activities and Changes in Net Assets**

	Month Ending August 31, 2016			For 2 Months Ending August 31, 2016		
	Administrative Activities	Vaccine Activities	Total	Administrative Activities	Vaccine Activities	Total
Revenues:						
1 Assessments	\$ 1,975,672.09	\$ 6,700,084.00	\$ 8,675,756.09	\$ 3,851,417.14	\$ 12,810,045.00	\$ 16,661,462.14
2 Less: Vaccine expense	-	(4,502,633.90)	(4,502,633.90)	-	(10,710,586.89)	(10,710,586.89)
3 Net Assessment margins	1,975,672.09	2,197,450.10	4,173,122.19	3,851,417.14	2,099,458.11	5,950,875.25
4 Investment income	-	-	-	-	-	-
5 Other income	-	-	-	-	-	-
6 Net revenues	1,975,672.09	2,197,450.10	4,173,122.19	3,851,417.14	2,099,458.11	5,950,875.25
Expenses:						
7 Administrative services - fixed contract	35,688.83	-	35,688.83	71,377.70	-	71,377.70
8 Adm services - variable compensation	-	-	-	-	-	-
9 Administrative services - Tricare	20,000.00	-	20,000.00	40,000.00	-	40,000.00
10 Tricare - Legislative Services	-	-	-	-	-	-
11 Legal fees	-	-	-	8,147.43	-	8,147.43
12 Audit	4,500.00	-	4,500.00	9,000.00	-	9,000.00
13 Annual report / special communications	-	-	-	1,592.50	-	1,592.50
Special projects:						
14 DOH vaccine order system	-	-	-	-	-	-
15 Denied claims recovery	2,800.00	-	2,800.00	5,600.00	-	5,600.00
16 All other special projects	10,970.31	-	10,970.31	21,772.49	-	21,772.49
17 Insurance	25,465.00	-	25,465.00	25,465.00	-	25,465.00
18 Bank fees	3,465.53	-	3,465.53	7,080.29	-	7,080.29
19 Investment advisor / manager	-	-	-	-	-	-
20 Other administration expenses	-	-	-	874.61	-	874.61
21 Total administrative expenses	102,889.67	-	102,889.67	190,910.02	-	190,910.02
22 Line of credit - financing costs	28,264.22	-	28,264.22	56,450.34	-	56,450.34
23 Total expenses	131,153.89	-	131,153.89	247,360.36	-	247,360.36
24 Increase (decrease) in net assets	\$ 1,844,518.20	\$ 2,197,450.10	\$ 4,041,968.30	\$ 3,604,056.78	\$ 2,099,458.11	\$ 5,703,514.89
25 Unrestricted net assets, beginning of year				(12,409,125.45)	19,546,251.25	7,137,125.80
26 Unrestricted net assets, end of year				\$ (8,805,068.67)	\$ 21,645,709.36	\$ 12,840,640.69

Unaudited - For Management Purposes Only
Prepared by KidsVax, LLC

**Washington Vaccine Association
Statement of Cash Flows
For the Periods Ending**

2016-09-16 WVA Audit Committee 5.3

	A	B	C	D
	Inception Through 6/30/2016	Month 7/31/2016	Month 8/31/2016	Inception Through 8/31/2016
1 Cash balance - beginning of period	\$ -	\$ 5,159,161.76	\$ 4,924,570.24	\$ -
Inflows:				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	306,059,979.31	5,626,346.05	7,739,005.43	319,425,330.79
4 Interest income	53,408.37	-	-	53,408.37
5 Investment income/ (loss)	149,787.97	-	-	149,787.97
6 Key Bank - LOC advances	10,000,000.00	-	(1,000,000.00)	9,000,000.00
7 Total inflows	324,063,176.65	5,626,346.05	6,739,005.43	336,428,528.13
Outflows:				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
Program				
9 Vaccine remittance State of WA	(305,505,000.11)	(5,708,006.27)	(5,615,431.54)	(316,828,437.92)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(134,752.06)	(1,092.50)	(500.00)	(136,344.56)
12 Total program disbursements	(305,719,702.17)	(5,709,098.77)	(5,615,931.54)	(317,044,732.48)
Administration				
13 Administrative services	(2,696,278.12)	(108,226.44)	(66,659.14)	(2,871,163.70)
14 Project management fees	(419,878.90)	-	-	(419,878.90)
15 Denied claims recovery	(79,633.44)	(2,500.00)	(2,800.00)	(84,933.44)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(268,696.48)	(8,147.43)	-	(276,843.91)
19 Audit fees	(74,655.00)	-	(4,500.00)	(79,155.00)
20 Website and information technology	(113,993.32)	-	-	(113,993.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(3,711,996.32)	(118,873.87)	(73,959.14)	(3,904,829.33)
Office				
23 Bank Fees	(458,712.86)	(3,614.76)	(3,465.53)	(465,793.15)
24 Office supplies	958.92	-	-	958.92
25 Postage and shipping	(1,438.36)	-	-	(1,438.36)
26 Printing	(4,819.61)	-	-	(4,819.61)
27 Office Rent	(51,313.90)	-	-	(51,313.90)
28 Telephone	(2,514.23)	-	-	(2,514.23)
29 Total office	(517,840.04)	(3,614.76)	(3,465.53)	(524,920.33)
Other				
30 Insurance	(156,503.07)	-	-	(156,503.07)
31 Interest Line of Credit	(997,703.44)	(29,350.17)	(27,986.12)	(1,055,039.73)
32 Board meetings	(361.00)	-	-	(361.00)
33 Total Other	(1,154,567.51)	(29,350.17)	(27,986.12)	(1,211,903.80)
34 Total outflows	(318,904,014.89)	(5,860,937.57)	(5,721,342.33)	(330,486,294.79)
35 Cash balance - end of period	\$ 5,159,161.76	\$ 4,924,570.24	\$ 5,942,233.34	\$ 5,942,233.34

Note: Cash balance includes amounts in Key Bank and Morgan Stanley



WVA Cash Flow Projection Model
As of September 8, 2016

Month	Projected Net Cash Receipts	Projected DOH Reimb	Flu / CDC Advance	Admin Exp / Other	Borrowing cost	LOC Draws & Repayment	Net Cash Change	Cash Balance (a)	Line of Credit Balance (b)	Net Liquidity (a - b)
Jan-16	4,834,017	(5,432,469)	-	(115,986)	(38,454)		(752,891)	5,815,038	14,000,000	(8,184,962)
Feb-16	5,893,278	(4,813,588)	-	(81,431)	(38,368)	(2,000,000)	(1,040,109)	4,774,930	12,000,000	(7,225,070)
Mar-16	6,879,529	(4,498,451)	-	(72,223)	(33,646)		2,275,209	7,050,138	12,000,000	(4,949,862)
Apr-16	5,359,159	(5,357,383)	-	(71,266)	(33,485)		(102,975)	6,947,163	12,000,000	(5,052,837)
May-16	5,346,077	(5,041,930)	-	(70,267)	(32,005)	(1,000,000)	(798,125)	6,149,039	11,000,000	(4,850,961)
Jun-16	6,318,973	(6,210,703)	-	(65,812)	(32,336)	(1,000,000)	(989,877)	5,159,161	10,000,000	(4,840,839)
Jul-16	5,626,346	(4,444,198)	(1,263,808)	(123,581)	(29,350)	-	(234,592)	4,924,570	10,000,000	(5,075,430)
Aug-16	6,978,839	(5,615,432)	-	(80,380)	(27,083)	(1,000,000)	255,944	5,180,514	9,000,000	(3,819,486)
Sep-16	7,100,577	(6,180,807)	-	(80,380)	(24,375)	(2,000,000)	(1,184,985)	3,995,529	7,000,000	(3,004,471)
Oct-16	7,683,773	(5,336,432)	-	(80,380)	(18,958)	(3,000,000)	(751,997)	3,243,532	4,000,000	(756,468)
Nov-16	6,871,112	(4,767,966)	-	(80,380)	(10,833)	(4,000,000)	(1,988,067)	1,255,465	-	1,255,465
Dec-16	6,214,926	(4,703,222)	-	(80,380)	-		1,431,324	2,686,789	-	2,686,789
Jan-17	6,251,315	(6,092,244)	-	(80,380)	-		78,691	2,765,480	-	2,765,480
Feb-17	7,499,434	(5,424,179)	-	(80,380)	-		1,994,875	4,760,355	-	4,760,355
Mar-17	7,002,081	(5,243,687)	-	(80,380)	-		1,678,014	6,438,369	-	6,438,369
Apr-17	6,739,300	(6,494,277)	-	(80,380)	-		164,643	6,603,012	-	6,603,012
May-17	7,834,132	(5,989,752)	-	(80,380)	-		1,764,000	8,367,012	-	8,367,012
Jun-17	7,562,033	(6,459,131)	-	(80,380)	-		1,022,522	9,389,534	-	9,389,534
Jul-17	7,728,065	(4,621,966)	-	(80,380)	-		3,025,720	12,415,253	-	12,415,253
Aug-17	6,199,732	(5,840,049)	(4,200,000)	(80,380)	-		(3,920,697)	8,494,557	-	8,494,557
Sep-17	7,197,740	(6,428,039)	-	(80,380)	-		689,321	9,183,877	-	9,183,877
Oct-17	7,790,266	(5,549,889)	-	(80,380)	-		2,159,997	11,343,875	-	11,343,875
Nov-17	6,964,603	(4,958,684)	-	(80,380)	-		1,925,539	13,269,414	-	13,269,414
Dec-17	6,297,919	(4,891,351)	-	(80,380)	-		1,326,188	14,595,602	-	14,595,602
Jan-18	6,334,890	(6,335,934)	-	(80,380)	-		(81,424)	14,514,178	-	14,514,178
Feb-18	7,602,978	(5,641,146)	-	(80,380)	-		1,881,452	16,395,630	-	16,395,630
Mar-18	7,097,667	(5,453,434)	-	(80,380)	-		1,563,853	17,959,483	-	17,959,483
Apr-18	6,827,250	(6,754,048)	-	(80,380)	-		(7,178)	17,952,305	-	17,952,305
May-18	7,938,979	(6,229,342)	-	(80,380)	-		1,629,257	19,581,562	-	19,581,562
Jun-18	7,662,680	(6,717,496)	-	(80,380)	-		864,804	20,446,366	-	20,446,366

Note: Assessment Changes are shown in **Green**
Vaccine cost increase estimates shown in **Red**.

< Weighted average CDC cost increase (in April) was 3.89%

< Adjust Rates as of 7/1 to 130% of current CDC)

< LOC Paid off by 11/30/2016

< Includes estimated 4% CDC cost increase

< Includes estimated 4% CDC cost increase

< Reach Target Reserve \$20MM

Amounts in **BOLD** are actuals.



To consider an extension of the line of credit here are a few questions to address:

- What is the necessary size of the need moving forward? Is this based on days/months of sales, percentage of current assets like accounts receivable, or percent of your liquidity requirement?
- What would be the optimal maturity? Typically, lines are set up with a one year maturity. In some cases, a multi-year maturity makes sense as well as a demand (evergreen) line with hard maturity date but there are both plusses and minuses with this structure as we discussed.
- What does the pay down schedule look like on the current line & balance? Is there a chance that some balance will be owed at the 1/1/2017 maturity date?
- There will be a cost for a new LOC with upfront and/or unused fees to cover the banks cost to issue the credit whether you use it not. What is the board current attitude about fees (costs)/ benefits of maintaining a line of credit? We can tighten up costs in fees and interest rate once we have a better idea of the needed line size.

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September 16, 2016 WVA Audit Committee Meeting
Proposed Form of Votes

The following are suggested forms of votes only. They are intended to be an aid to facilitate work by individual directors. All board policy and the final form of votes is exclusively the province of the Board acting collectively as a Board of Directors.

Item under Agenda Section 2:

VOTED: To approve the minutes of the June 22, 2016 WVA Audit Committee meeting.

[To approve the minutes of the June 22, 2016 WVA Audit Committee meeting with the changes suggested at the meeting.]

Item under Agenda Section 3:

VOTED: To accept and authorize publication of the FYE 2015/16 Financial Statements and independent auditor's report.

[To accept and authorize publication of the FYE 2015/16 Financial Statements and independent auditor's report with the changes suggested at the meeting.]

Item under Agenda Section 6:

VOTED: To recommend authorization to the Board for an additional line of credit.

[To recommend authorization to the Board for an additional line of credit with the changes suggested at the meeting.]