

**Washington Vaccine Association Audit Committee Meeting**  
**March 13, 2017; 3:00-4:00 p.m.**

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

Directors:

John Sobeck, M.D., Chairman – Market Medical Executive, Cigna  
Jason Farber, Esq. – Davis Wright Tremaine, LLP

Department of Health:

Sheanne Allen, MPH, MCHES – Vaccine Management Section Manager

KidsVax<sup>®</sup>:

Julia Walter, M.A., Esq. – Executive Director  
Ashley Kittrell – Communications Coordinator  
Claire Roberge, MBA – Controller  
Norman Roberge – Accountant  
Peter Smith, MBA – Financial Analyst

**A. Follow up Tasks/Action Items**

1. KidsVax<sup>®</sup> (KV) will send the engagement letter from CliftonLarsonAllen to John Sobeck for his signature.

**II. Meeting Minutes**

At 3:00 p.m., Chairman John Sobeck called the meeting to order and Julia Walter identified the participants. Ashley Kittrell announced that the meeting was being recorded for the benefit of the minute-taker and would be deleted following the final approval of the minutes. The meeting proceeded to the financial update.

Financial Update

**Line of Credit**

Ms. Walter informed the Committee that the loan documents for the new \$5 million line of credit (LOC) are going through final revisions by outside counsel and will be sent to Chairman Sobeck and John Pierce for their review and signature. The new LOC will replace the previous line of \$15 million, which was fully paid off on December 31, 2016. After asking if there were any questions, Ms. Walter asked Norm Roberge to proceed with the collections report and payer compliance updates.

**Collections Report & Payer Compliance Update**

Mr. Roberge stated that collections have been stable except for one vaccine that was not collected as expected in February, but the data from March should provide more insight. Regarding payer compliance, Mr. Roberge explained that two larger payers were identified in early October 2016

1 that were not adjusting improperly priced dosage based assessments (DBAs) to the 2016  
2 assessment grid rates. One payer has resolved the issue and begun making corrections to previously  
3 filed assessments and KV is continuing to follow up with the second payer.

4  
5 Chairman Sobeck inquired what steps could be taken to ensure that future assessment grids are  
6 more fully implemented by both payers and providers. Ms. Walter responded that the Operations  
7 Committee discussed the ramifications of a special project to address this matter. The suggested  
8 work would enable KV to determine what has been remitted to the WVA versus what has been  
9 submitted on the DBA forms. For example, Mr. Roberge created a spreadsheet of the largest payers  
10 and determined what the WVA was paid through settlement reports when this issue was first  
11 identified in October 2016. The WVA was then able to contact the payers using the wrong  
12 assessment grid. This analysis requires in-depth research on Mr. Roberge's part. Another factor is  
13 the payer-provider network. In the past, the WVA has not fully utilized payer provider relations  
14 and more communications should be sent through this avenue. Ms. Walter added that it would be  
15 beneficial to conduct more audits than previously done to identify these discrepancies. Chairman  
16 Sobeck commented that it should be made clear that a substantial amount of money has been  
17 recovered based on Mr. Roberge's research.

#### 18 19 **July 1, 2017 Assessment Grid**

20 Next, Peter Smith discussed the 2017 assessment grid. He reported that the projections are on  
21 target based on the cash flow projection model. As of March 1<sup>st</sup>, the WVA had \$6.7 million in the  
22 bank, and he expects the Association to have \$20 million in reserves by June 1, 2018. Based on  
23 the current cash flow model, Mr. Smith recommend that the assessment grid remain as is. He noted  
24 that the Board may need to evaluate certain doses and adjust for old or new vaccines when the  
25 CDC contract prices are published on April 1<sup>st</sup>; however, there should be no major changes aside  
26 from a typical 3-4% inflation increase.

#### 27 28 Auditor Selection

29 Ms. Walter directed the Committee to the engagement letter submitted by CliftonLarsonAllen  
30 (CLA). CLA anticipates that the audit will be completed by August in time for publication and the  
31 annual report deadlines. Chairman Sobeck discussed the possibility of soliciting additional  
32 proposals to ensure that proper due diligence is done. Ms. Walter replied that other proposals could  
33 be obtained, but it is beneficial that CLA has done past audits and has a key understanding of the  
34 Association. Mr. Smith added that CLA's work is satisfactory and there would be some difficulty  
35 of engaging a new auditor who would have to learn the complexities of the system within a short  
36 timeframe.

#### 37 38 Audit Committee Development

39 Ms. Walter discussed the open seat on the Committee and asked members for their thoughts on  
40 who should fill the seat. Ms. Walter asked members to email her with any suggestions regarding  
41 the selection of a new member for the Committee. She asked that the  
42

1   Other Matters from Committee Members

2   There were no other matters from Committee members.

3

4   Executive Session

5   KV staff was excused and the Committee went into executive session.

6

7   Closing

8   There being no further business, the meeting adjourned at 3:40 p.m.



**What:** Audit Committee Meeting  
**Date & Time:** Monday, March 13, 2017; 3:00-4:00 p.m.  
**Location:** Teleconference  
**Conference Line:** (267) 930-4000; 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.

<b>Approx. Time</b>	<b>Topic/[Anticipated Action]</b>	<b>Presented by:</b>
3:00-3:05 p.m.	1. Welcome & Introductions	J. Sobeck
3:05-3:20 p.m.	2. Financial Update	J. Walter
	a. Line of Credit	
	* b. Collections Report	N. Roberge
	c. Payer Compliance Update	
	d. July 1, 2017 Assessment Grid	P. Smith
3:20-3:30 p.m.	* 3. Auditor Selection	J. Walter
3:30-3:40 p.m.	4. Audit Committee Development	J. Walter
3:40-3:45 p.m.	5. Other Matters from Committee Members	Any
3:45-3:55 p.m.	6. Executive Session (KidsVax <sup>®</sup> excluded)	J. Sobeck
3:55-4:00 p.m.	7. Closing	J. Sobeck
	* 8. Reference Documents	
	a. Committee Member List	

\*Indicates Agenda Item Attached  
 Red text indicates an action item

**Washington Vaccine Association**  
**Statement of Financial Position**  
**As of January 31, 2017**

**A****ASSETS**

<b>Current assets</b>		
1	Cash and cash equivalents	\$ 5,235,818.54
2	Investments	9,655.42
3	Members Estimated Collectible Assessments	9,305,955.00
4	Prepaid Vaccine	5,523,538.42
5	Prepaid Administrative Services	-
6	<b>Total current assets</b>	<b>20,074,967.38</b>
7	<b>Total assets</b>	<b>\$ 20,074,967.38</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
8	Accounts payable	\$ 22,265.37
9	Key Bank - Line of Credit	-
10	Payable to Washington Department of Health	-
11	Other accruals	-
12	<b>Total current liabilities</b>	<b>22,265.37</b>
<b>Net assets</b>		
13	Excess Assessments - Vaccines	21,126,704.87
14	Excess Assesments - Administrative Activities	(1,074,002.86)
15	<b>Total net assets</b>	<b>20,052,702.01</b>
16	<b>Total liabilities and net assets</b>	<b>\$ 20,074,967.38</b>

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

	Month Ending January 31, 2017			For 7 Months Ending January 31, 2017		
	Administrative Activities	Vaccine Activities	Total	Administrative Activities	Vaccine Activities	Total
Revenues:						
1 Assessments	\$ 1,733,920.56	\$ 5,541,670.00	\$ 7,275,590.56	\$ 12,079,451.62	\$ 41,611,699.00	\$ 53,691,150.62
2 Less: Vaccine expense	-	(5,631,721.36)	(5,631,721.36)	-	(40,031,245.38)	(40,031,245.38)
3 Net Assessment margins	1,733,920.56	(90,051.36)	1,643,869.20	12,079,451.62	1,580,453.62	13,659,905.24
4 Investment income	-	-	-	-	-	-
5 Other income	-	-	-	-	-	-
6 Net revenues	1,733,920.56	(90,051.36)	1,643,869.20	12,079,451.62	1,580,453.62	13,659,905.24
Expenses:						
7 Administrative services - fixed contract	38,188.83	-	38,188.83	252,321.85	-	252,321.85
8 Adm services - variable compensation	-	-	-	-	-	-
9 Administrative services - Tricare	30,000.00	-	30,000.00	141,639.54	-	141,639.54
10 Tricare - Legislative Services	10,000.00	-	10,000.00	50,721.50	-	50,721.50
11 Legal fees	1,511.55	-	1,511.55	23,956.97	-	23,956.97
12 Audit	-	-	-	9,900.00	-	9,900.00
13 Annual report / special communications	-	-	-	12,874.75	-	12,874.75
Special projects:						
14 DOH vaccine order system	-	-	-	-	-	-
15 Denied claims recovery	2,800.00	-	2,800.00	19,600.00	-	19,600.00
16 All other special projects	1,361.98	-	1,361.98	37,295.85	-	37,295.85
17 Insurance	-	-	-	45,579.37	-	45,579.37
18 Bank fees	5,917.94	-	5,917.94	33,147.02	-	33,147.02
19 Investment advisor / manager	-	-	-	-	-	-
20 Other administration expenses	910.45	-	910.45	2,831.77	-	2,831.77
21 Total administrative expenses	90,690.75	-	90,690.75	629,868.62	-	629,868.62
22 Line of credit - financing costs	-	-	-	114,460.41	-	114,460.41
23 Total expenses	90,690.75	-	90,690.75	744,329.03	-	744,329.03
24 Increase (decrease) in net assets	\$ 1,643,229.81	\$ (90,051.36)	\$ 1,553,178.45	\$ 11,335,122.59	\$ 1,580,453.62	\$ 12,915,576.21
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				\$ (1,074,002.86)	\$ 21,126,704.87	\$ 20,052,702.01

Unaudited - For Management Purposes Only  
Prepared by KidsVax, LLC

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

2017-03-13 (4)

	A	B	C	D
	Inception Through 11/30/2016	Month 12/31/2016	Month 1/31/2017	Inception Through 1/31/2017
1 Cash balance - beginning of period	\$ -	\$ 7,205,189.04	\$ 5,314,248.27	\$ -
<b>Inflows:</b>				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	344,804,663.14	6,135,733.93	5,339,946.69	356,280,343.76
4 Interest income	53,408.37	-	-	53,408.37
5 Investment income/ (loss)	149,787.97	-	-	149,787.97
6 Key Bank - LOC advances	2,500,000.00	(2,500,000.00)	-	-
7 Total inflows	355,307,860.48	3,635,733.93	5,339,946.69	364,283,541.10
<b>Outflows:</b>				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
<b>Program</b>				
9 Vaccine remittance State of WA	(334,083,096.31)	(5,450,704.36)	(5,318,030.25)	(344,851,830.92)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(147,626.81)	-	-	(147,626.81)
12 Total program disbursements	(334,310,673.12)	(5,450,704.36)	(5,318,030.25)	(345,079,407.73)
<b>Administration</b>				
13 Administrative services	(3,082,449.08)	(57,878.06)	(80,461.26)	(3,220,788.40)
14 Project management fees	(419,878.90)	-	-	(419,878.90)
15 Denied claims recovery	(93,333.44)	(2,800.00)	(2,800.00)	(98,933.44)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(288,491.85)	-	(1,511.55)	(290,003.40)
19 Audit fees	(84,555.00)	-	-	(84,555.00)
20 Website and information technology	(113,993.32)	-	-	(113,993.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(4,141,562.65)	(60,678.06)	(84,772.81)	(4,287,013.52)
<b>Office</b>				
23 Bank Fees	(479,631.43)	(6,310.51)	(5,917.94)	(491,859.88)
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	(538,758.61)	(6,310.51)	(5,917.94)	(550,987.06)
<b>Other</b>				
30 Insurance	(182,617.07)	-	-	(182,617.07)
31 Interest Line of Credit	(1,127,629.13)	(8,981.77)	-	(1,136,610.90)
32 Board meetings	(1,522.01)	-	-	(1,522.01)
33 Total Other	(1,311,768.21)	(8,981.77)	-	(1,320,749.98)
34 Total outflows	(348,102,671.44)	(5,526,674.70)	(5,408,721.00)	(359,038,067.14)
35 Cash balance - end of period	\$ 7,205,189.04	\$ 5,314,248.27	\$ 5,245,473.96	\$ 5,245,473.96

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

Washington Vaccine Association  
Thirteen (13) Months of Key Financial Information  
Prepared by Norm Roberge - KidsVax, LLC

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	12 Months
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2017	Average
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Cash Balance	5,805	4,765	7,040	6,937	6,139	5,149	4,915	5,932	4,777	5,408	7,196	5,304	5,235	5,733
Investments	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Prepaid Vaccines	5,432	4,814	4,498	5,357	4,998	6,208	5,708	6,820	8,162	6,099	5,166	5,837	5,523	5,766
Line of Credit Outstanding	14,000	12,000	12,000	12,000	11,000	10,000	10,000	9,000	7,000	5,000	2,500	-	-	7,542
Assessments Collected	4,834	5,893	6,880	5,359	5,346	6,319	5,626	7,739	9,039	7,482	8,855	6,135	5,340	6,668
Payments to DOH (non flu)	5,432	4,814	4,498	5,357	5,041	6,208	4,444	5,615	5,542	4,748	4,457	5,450	5,318	5,124
Payments to DOH - Flu	-	-	-	-	-	-	1,264	-	2,507	-	-	-	-	n/a
Line of Credit Interest	(38)	(33)	(34)	(33)	(32)	(32)	(29)	(28)	(28)	24	19	9	-	(16)





CliftonLarsonAllen LLP  
10700 Northup Way, Suite 200  
Bellevue, WA 98004  
425-250-6100 | fax 425-250-6050  
CLAconnect.com

March 6, 2017

Board of Directors  
Washington Vaccine Association  
P.O. Box 94002  
Seattle, WA 98124

Dear Board of Directors:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP (CLA) will provide for Washington Vaccine Association ("you," "your," or "the entity") for the year ending June 30, 2017.

Steve Bass is responsible for the performance of the audit engagement.

#### **Audit services**

We will audit the financial statements of Washington Vaccine Association, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ending, and the related notes to the financial statements.

#### **Nonaudit services**

We will also provide the following nonaudit services:

- Preparation of your financial statements and related notes.
- Preparation of adjusting journal entries.

#### **Audit objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion.

We will issue a written report upon completion of our audit of your financial statements. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

**Auditor responsibilities, procedures, and limitations**

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate 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. 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.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

In making our risk assessments, we consider 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. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

**Management responsibilities**

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for 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. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations, and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

#### **Responsibilities and limitations related to nonaudit services**

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.



The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a draft of your financial statements and related notes. Since the preparation and fair presentation of the financial statements is your responsibility, you will be required to review, approve, and accept responsibility for those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements.
- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

#### **Use of financial statements**

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

If we agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

#### **Engagement administration and other matters**

We expect to begin our audit in early August 2017.

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

The workpapers supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers in accordance with our record retention policy that typically provides for a retention period of seven years.

Except as permitted by the "Consent" section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

### **Mediation**

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

### **Time limitation**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

**Fees**

Our fees for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. Based on our preliminary estimates, the fee for the engagement should approximate \$10,500. The fee estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fee for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

***Unanticipated services***

We do not anticipate encountering the need to perform additional services beyond those described in this letter. If any such service needs to be completed before the audit can proceed in an efficient manner, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

***Other fees***

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf. You and your attorney will receive a copy of every subpoena or request we are asked to respond to.

***Finance charges and collection expenses***

You agree that if any statement is not paid within 30 days from its date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

**Consent*****Consent to use financial information***

Annually, we assemble a variety of benchmarking analyses using client data obtained through our audit and other engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use Washington Vaccine Association's information in these cost comparison, performance indicator, and/or benchmarking reports.

***Subcontractors***

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

**Agreement**

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between us. If you have any questions, please let us know. Please sign, date, and return a copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and our respective responsibilities.

Sincerely,

**CliftonLarsonAllen LLP**



Steve Bass, CPA  
Principal  
425-250-6016  
steve.bass@CLAconnect.com

**Response:**

This letter correctly sets forth the understanding of Washington Vaccine Association.

Authorized Governance Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Authorized Management Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**WVA AUDIT COMMITTEE**

as of 2017/03/03

John Sobeck, MD, Chairman

Jason Farber, Esq.





**WVA Cash Flow Projection Model**  
As of March 10, 2017

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)
Sep-15	8,212,713	(3,000,000)	(3,806,347)	(75,766)	(38,833)		1,291,767	2,597,325	15,000,000	(12,402,675)
Oct-15	7,312,265	(8,009,249)	-	(77,209)	(37,500)		(811,693)	1,785,632	15,000,000	(13,214,368)
Nov-15	7,027,691	(4,244,926)	-	(74,693)	(38,750)		2,669,322	4,454,955	15,000,000	(10,545,045)
Dec-15	7,426,578	(4,198,198)	-	(77,905)	(37,500)	(1,000,000)	2,112,975	6,567,930	14,000,000	(7,432,070)
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	7,739,005	(5,615,932)	-	(77,425)	(27,986)	(1,000,000)	1,017,663	5,942,233	9,000,000	(3,057,767)
Sep-16	9,041,533	(5,546,402)	(2,507,129)	(113,138)	(28,064)	(2,000,000)	(1,153,201)	4,789,032	7,000,000	(2,210,968)
Oct-16	7,482,696	(4,748,545)	-	(79,988)	(24,742)	(2,000,000)	629,420	5,418,452	5,000,000	418,452
Nov-16	8,855,104	(4,457,024)	-	(91,560)	(19,783)	(2,500,000)	1,786,737	7,205,189	2,500,000	4,705,189
Dec-16	6,135,734	(5,450,704)	-	(66,989)	(8,982)	(2,500,000)	(1,890,941)	5,314,248	-	5,314,248
Jan-17	5,339,947	(5,318,030)	-	(90,691)	-		(68,774)	5,245,474	-	5,245,474
Feb-17	5,824,066	(4,226,052)	-	(97,429)	-		1,500,584	6,746,058	-	6,746,058
Mar-17	5,906,767	(6,494,277)	-	(80,380)	-		(667,890)	6,078,168	-	6,078,168
Apr-17	7,714,586	(5,989,752)	-	(80,380)	-		1,644,454	7,722,622	-	7,722,622
May-17	7,419,239	(5,243,607)	-	(80,380)	-		2,095,252	9,817,874	-	9,817,874
Jun-17	6,801,537	(6,459,131)	-	(80,380)	-		262,026	10,079,900	-	10,079,900
Jul-17	7,640,412	(4,621,966)	-	(80,380)	-		2,938,066	13,017,966	-	13,017,966
Aug-17	6,199,793	(5,840,569)	(4,200,000)	(80,380)	-		(3,921,156)	9,096,810	-	9,096,810
Sep-17	7,120,721	(5,768,258)		(80,380)	-		1,272,082	10,368,893	-	10,368,893
Oct-17	7,098,441	(4,938,487)		(80,380)	-		2,079,574	12,448,467	-	12,448,467
Nov-17	6,274,511	(4,635,305)		(80,380)	-		1,558,826	14,007,293	-	14,007,293
Dec-17	6,013,505	(5,668,733)		(80,380)	-		264,393	14,271,686	-	14,271,686
Jan-18	6,932,895	(5,530,751)		(80,380)	-		1,321,763	15,593,449	-	15,593,449
Feb-18	6,791,211	(4,395,094)		(80,380)	-		2,315,736	17,909,186	-	17,909,186
Mar-18	5,984,829	(6,754,048)		(80,380)	-		(849,599)	17,059,587	-	17,059,587
Apr-18	7,817,587	(6,229,342)		(80,380)	-		1,507,866	18,567,452	-	18,567,452
May-18	7,517,683	(5,453,351)		(80,380)	-		1,983,951	20,551,404	-	20,551,404
Jun-18	6,890,448	(6,717,496)		(80,380)	-		92,571	20,643,975	-	20,643,975

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

< Deferred \$2,708,769.82 to Oct due to low cash  
\$8.3M includes \$2.7M carryover from Sept

< 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 12/31

< Includes estimated 4% CDC cost increase

< Includes estimated 4% CDC cost increase

< Reach Target Reserve \$20MM

Amounts in **BOLD** are actuals.