

**Washington Vaccine Association: Audit Committee Meeting****March 23, 2018; 2:30-3:30 p.m. (PDT)****Held at Cigna, Seattle****I. Attendance.** Participating in all or part of the meeting were the following individuals.Members:

John Sobeck, M.D., Chairman – Market Medical Executive, Cigna

Jason Farber, Esq. – Davis Wright Tremaine, LLP- (T)

Derek LeBrun – Finance &amp; Risk Adjustment, Coordinated Care- (T)

Department of Health (DOH):

Sheanne Allen, MPH, MCHES – Vaccine Management Section Manager- (T)

Others:

Anne Redman, Esq. Perkins Coie

KidsVax<sup>®</sup>:

Julia Walter Zell – WVA, Executive Director (P)

Fred Potter – Managing Member (P)

Claire Roberge – Controller

Norman Roberge – Accountant

Peter Smith, CPA – Independent Financial Analyst

**II. Summary of Actions Taken and/or Recommended****A. Actions Taken (votes adopted)**

i. To approve the engagement with CliftonLarsenAllen (CLA).

ii. To recommend that the Board reduce the July 1, 2018 Assessment Grid by 1% and absorb the CDC yearly inflation.

**B. Follow up Tasks / Action Items**i. KidsVax<sup>®</sup> (KV) will continue to work with DOH to finalize the Reserve and Investment policy.

ii. KV will provided all information requested by CLA to complete the 2017/18 Audit.

**III. Meeting Minutes**

At 2:30 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Introductions were made and Julia Walter Zell 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.

Financial Update**Financials & Cash Collections**

1 Peter Smith provided highlights of the financial reports contained in the meeting packet. Overall,  
2 the WVA financials are tracking well with projections, though he noted that the recent TRICARE  
3 settlement has allowed the WVA to achieve the suggested reserve target. Ms. Zell noted that the  
4 Draft WVA Reserve Policy is under review with the State and will be presented with the Board  
5 once receiving the approval of both the Department of Health's counsel and the WVA's outside  
6 counsel. Mr. Smith noted that the WVA continues to build cash through the assessment process  
7 at approximately \$1 million per month. Based on the WVA's cash position, Mr. Smith  
8 recommended retiring the \$5 million line of credit with KeyBank following the Board's agreement  
9 in the April meeting. This would allow the WVA to avoid line reservation costs. Mr. Potter noted  
10 that due to the nature of the WVA, he would agree with this recommendation as the line could be  
11 renewed if needed in the future. Chairman Sobeck agreed.

### 12 13 **2018 Assessment Grid**

14 Ms. Zell briefly introduced the topic of the 2018 Assessment Grid, which was not available in draft  
15 form for the meeting. However, Ms. Zell suggested that the Audit Committee recommend that the  
16 WVA Board absorb the CDC price increase and inflation for this year in order to reduce the  
17 WVA's collections. She explained a number of contingencies that would justify the continuation  
18 of the assessment rates rather than a further reduction. She also mentioned that the recommended  
19 Investment Policy provides that the WVA hold an amount equal to several months of the cost of  
20 vaccines plus the annual flu purchase given that the WVA is unable to quickly change the  
21 assessment rates and see the impact of collections. A discussion ensued regarding specifics of the  
22 grid. Mr. Roberge noted that he would recommend a slight change in the Grid so that the WVA  
23 would be better able to track compliance on both the payer and provider sides. After more  
24 discussion, Mr. Potter suggested that the Grid be lowered 1% on all vaccine codes. Mr. Potter  
25 concurred. The Committee held an ad hoc vote:

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

28  
29 **VOTED:** To recommend that the Board approve a 1% reduction in the WVA July 1, 2018  
30 Assessment Grid.

### 31 32 **2017/18 Audit**

33 Ms. Zell reported that the WVA is ready to select the auditor for the WVA's annual audit as  
34 scheduled. The audit is usually conducted through the summer months to ensure that the audited  
35 financials are available for the annual report due November 15. Ms. Zell then asked Mr. Allen  
36 Gilbert to discuss the proposed engagement. He did so. After excusing Mr. Gilbert, Ms. Zell  
37 asked Mr. Smith to comment on the reasonableness of the cost. Mr. Smith stated that in his  
38 professional opinion, the fee for the audit was within the standard costs for such work. Mr. Potter  
39 then noted that as a matter of good practice, CLA would be using different auditing partners this  
40 year.

1 **Upon motion duly made and seconded, it was unanimously**  
2  
3

4 **VOTED:** To authorize KV to engage CLA and proceed with the 2017/18 Audit.  
5

6 **Reserve and Investment Policy**

7 Ms. Zell reported that while KV had worked closely with the Department of Health (DOH) and  
8 outside experts to devise a reserve policy and bring the investment policy current, the DOH  
9 requested time to have counsel review it. Anne Redman explained further and committed to  
10 providing updates as work progresses.  
11

12 **TRICARE**

13 Ms. Zell provided an abbreviated update on TRICARE collections. She stated that both she and  
14 Mr. Potter were working on a long-term solution through congressional efforts. Mr. Potter added  
15 that KV would recommend that DHA utilize the same methodology for determining the more  
16 recent arrears owed.  
17

18 There being no further business, the meeting adjourned at 3:30 p.m.

What: Audit Committee Meeting  
 Date & Time: Friday, March 23, 2018; 2:30-3:30 p.m.  
 In-Person: Cigna Offices: 701 5th Ave Suite 4900, Seattle, WA 98104  
 Call-in 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.

Time	Topic/[Anticipated Action]	Presented by:
2:30-2:35 p.m.	1. Welcome & Introductions	J. Sobeck
2:35-3:00 p.m.	2. Financial Update	P. Smith/N. Roberge
	a. Line of Credit	
	* b. Collections Report	
	c. July 1, 2018 Assessment Grid	
3:00-3:10 p.m.	* 3. Auditor Selection	J. Zell
3:10-3:25 p.m.	* 4. Investment Policy	J. Zell
3:25-3:30 p.m.	5. Other Matters	
3:30 p.m.	6. Closing	J. Sobeck

\*Indicates Agenda Item  
Attached

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

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	12 Months
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2018	2018	Average
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Cash Balance	5,235	6,736	8,066	7,935	8,989	9,572	7,505	8,016	7,135	12,675	14,774	16,294	18,802	10,542
Investments	10	10	10	10	10	10	9	9	9	9	9	9	9	9
Prepaid Vaccines	5,523	4,310	5,448	5,339	5,251	5,014	7,562	7,225	7,735	4,875	4,467	4,408	3,485	5,427
Line of Credit Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assessments Collected	5,340	5,824	6,844	5,261	5,811	6,302	5,608	7,828	8,086	8,215	6,422	5,886	6,033	6,510
Payments to DOH (non flu)	5,318	4,226	5,434	5,334	5,286	5,014	7,562	7,225	8,888	4,210	4,118	4,236	3,432	5,414
Payments to DOH - Flu	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a
Line of Credit Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Washington Vaccine Association  
Green Box Information

As of

2/28/2018

Source of Information:

Assessment Collections	441 + million	Stmt of Cash Flow Line 3 Col D
Remittances to State of WA DOH	415 + million	Stmt of Cash Flow Line 9 Col D
Members Estimated Collectible Assessments	5 + million	Stmt of Financial Position Line 3
Prepaid Vaccines	3 + million	Stmt of Financial Position Line 4
Cash	18 + million	Stmt of Financial Position Line 1
Morgan Stanley	9.1 thousand	Stmt of Financial Position Line 2
Utilized Line of Credit	0 million	Stmt of Financial Position Line 9
Available Line of Credit	5 million	Total line of credit 5 million less utilized from above line

**Washington Vaccine Association  
Statement of Financial Position  
As of February 28, 2018**

**A****ASSETS**

<b>Current assets</b>		
1	Cash and cash equivalents	\$ 18,802,802.50
2	Investments	9,166.12
3	Members Estimated Collectible Assessments	5,784,862.00
4	Prepaid Vaccine	3,485,669.13
5	Prepaid Administrative Services	-
6	<b>Total current assets</b>	<b>28,082,499.75</b>
7	<b>Total assets</b>	<b>\$ 28,082,499.75</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
8	Accounts payable	\$ 2,800.00
9	Key Bank - Line of Credit	-
10	Payable to Washington Department of Health	-
11	Other accruals	-
12	<b>Total current liabilities</b>	<b>2,800.00</b>
<b>Net assets</b>		
13	Excess Assessments - Vaccines	14,410,540.31
14	Excess Assesments - Administrative Activities	13,669,159.44
15	<b>Total net assets</b>	<b>28,079,699.75</b>
16	<b>Total liabilities and net assets</b>	<b>\$ 28,082,499.75</b>

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

	Month Ending February 28, 2018			For 8 Months Ending February 28, 2018		
	Administrative Activities	Vaccine Activities	Total	Administrative Activities	Vaccine Activities	Total
Revenues:						
1 Assessments	\$ 975,141.25	\$ 4,058,837.00	\$ 5,033,978.25	\$ 9,468,158.80	\$ 41,825,146.00	\$ 51,293,304.80
2 Less: Vaccine expense	-	(4,354,796.13)	(4,354,796.13)	-	(46,640,015.36)	(46,640,015.36)
3 Net Assessment margins	975,141.25	(295,959.13)	679,182.12	9,468,158.80	(4,814,869.36)	4,653,289.44
4 Investment income	-	-	-	-	-	-
5 Other income	-	-	-	-	-	-
6 Net revenues	975,141.25	(295,959.13)	679,182.12	9,468,158.80	(4,814,869.36)	4,653,289.44
Expenses:						
7 Administrative services - fixed contract	39,525.42	-	39,525.42	316,203.32	-	316,203.32
8 Adm services - variable compensation	-	-	-	-	-	-
9 Administrative services - Tricare	20,000.00	-	20,000.00	278,584.81	-	278,584.81
10 Tricare - Legislative Services	-	-	-	72,382.84	-	72,382.84
11 Legal fees	7,709.37	-	7,709.37	23,000.59	-	23,000.59
12 Audit	-	-	-	10,500.00	-	10,500.00
13 Annual report / special communications	-	-	-	-	-	-
Special projects:						
14 DOH vaccine order system	-	-	-	-	-	-
15 Denied claims recovery	2,800.00	-	2,800.00	22,400.00	-	22,400.00
16 All other special projects	-	-	-	19,180.11	-	19,180.11
17 Insurance	-	-	-	46,389.51	-	46,389.51
18 Bank fees	3,672.55	-	3,672.55	33,664.11	-	33,664.11
19 Investment advisor / manager	-	-	-	-	-	-
20 Other administration expenses	-	-	-	302.05	-	302.05
21 Total administrative expenses	73,707.34	-	73,707.34	822,607.34	-	822,607.34
22 Line of credit - financing costs	-	-	-	-	-	-
23 Total expenses	73,707.34	-	73,707.34	822,607.34	-	822,607.34
24 Increase (decrease) in net assets	\$ 901,433.91	\$ (295,959.13)	\$ 605,474.78	\$ 8,645,551.46	\$ (4,814,869.36)	\$ 3,830,682.10
25 Excess assessments, beginning of year				5,023,607.98	19,225,409.67	24,249,017.65
26 Excess assessments, end of period				\$ 13,669,159.44	\$ 14,410,540.31	\$ 28,079,699.75

Unaudited - For Management Purposes Only  
Prepared by KidsVax, LLC



Washington Vaccine Association  
Statement of Cash Flows  
For the Periods Ending

WVA 2018-03-23 Audit Committee Meeting Pg. 6 of 27

	A Inception Through 12/31/2017	B Month 1/31/2018	C Month 2/28/2018	D Inception Through 2/28/2018
1 Cash balance - beginning of period	\$ -	\$ 14,809,425.45	\$ 16,306,330.78	\$ -
<b>Inflows:</b>				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	429,609,836.09	5,886,213.63	6,033,821.25	441,529,870.97
4 Interest income	53,408.37	-	-	53,408.37
5 Investment income/ (loss)	149,787.97	-	-	149,787.97
6 Key Bank - LOC advances	-	-	-	-
7 Total inflows	437,613,033.43	5,886,213.63	6,033,821.25	449,533,068.31
<b>Outflows:</b>				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
<b>Program</b>				
9 Vaccine remittance State of WA	(407,589,698.80)	(4,236,192.13)	(3,432,423.26)	(415,258,314.19)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(147,626.81)	-	-	(147,626.81)
12 Total program disbursements	(407,817,275.61)	(4,236,192.13)	(3,432,423.26)	(415,485,891.00)
<b>Administration</b>				
13 Administrative services	(4,097,089.05)	(141,298.62)	(59,525.42)	(4,297,913.09)
14 Project management fees	(419,878.90)	-	-	(419,878.90)
15 Denied claims recovery	(126,933.44)	(2,800.00)	(2,800.00)	(132,533.44)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(311,818.65)	(4,627.45)	(10,289.67)	(326,735.77)
19 Audit fees	(95,055.00)	-	-	(95,055.00)
20 Website and information technology	(113,993.32)	-	-	(113,993.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(5,223,629.42)	(148,726.07)	(72,615.09)	(5,444,970.58)
<b>Office</b>				
23 Bank Fees	(536,832.52)	(4,390.10)	(3,672.55)	(544,895.17)
24 Office supplies	908.92	-	-	908.92
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	(596,009.70)	(4,390.10)	(3,672.55)	(604,072.35)
<b>Other</b>				
30 Insurance	(228,349.44)	-	(19,472.51)	(247,821.95)
31 Interest Line of Credit	(1,136,610.90)	-	-	(1,136,610.90)
32 Board meetings	(1,824.06)	-	-	(1,824.06)
33 Total Other	(1,366,784.40)	-	(19,472.51)	(1,386,256.91)
34 Total outflows	(422,803,607.98)	(4,389,308.30)	(3,528,183.41)	(430,721,099.69)
35 Cash balance - end of period	\$ 14,809,425.45	\$ 16,306,330.78	\$ 18,811,968.62	\$ 18,811,968.62

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

**Washington Vaccine Association  
Statement of Financial Position  
As of January 31,2018**

**A****ASSETS**

<b>Current assets</b>		
1	Cash and cash equivalents	\$ 16,294,440.06
2	Investments	9,310.42
3	Members Estimated Collectible Assessments	6,787,401.00
4	Prepaid Vaccine	4,408,042.00
5	Prepaid Administrative Services	-
6	<b>Total current assets</b>	<b>27,499,193.48</b>
7	<b>Total assets</b>	<b>\$ 27,499,193.48</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
8	Accounts payable	\$ 24,968.51
9	Key Bank - Line of Credit	-
10	Payable to Washington Department of Health	-
11	Other accruals	-
12	<b>Total current liabilities</b>	<b>24,968.51</b>
<b>Net assets</b>		
13	Excess Assessments - Vaccines	14,706,499.44
14	Excess Assesments - Administrative Activities	12,767,725.53
15	<b>Total net assets</b>	<b>27,474,224.97</b>
16	<b>Total liabilities and net assets</b>	<b>\$ 27,499,193.48</b>

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

A			B			C			D			E			F		
			Month Ending January 31, 2018						For 7 Months Ending January 31, 2018								
			Administrative	Vaccine		Administrative	Vaccine	Total	Administrative	Vaccine		Administrative	Vaccine		Administrative	Vaccine	Total
			Activities	Activities		Activities	Activities		Activities	Activities		Activities	Activities		Activities	Activities	
Revenues:																	
1	Assessments	\$	951,011.63	\$	3,999,330.00	\$	4,950,341.63		\$	8,493,017.55	\$	37,766,309.00	\$	46,259,326.55			
2	Less: Vaccine expense		-		(4,295,354.56)		(4,295,354.56)			-		(42,285,219.23)		(42,285,219.23)			
3	Net Assessment margins		951,011.63		(296,024.56)		654,987.07			8,493,017.55		(4,518,910.23)		3,974,107.32			
4	Investment income		-		-		-			-		-		-			
5	Other income		-		-		-			-		-		-			
6	Net revenues		951,011.63		(296,024.56)		654,987.07			8,493,017.55		(4,518,910.23)		3,974,107.32			
Expenses:																	
7	Administrative services - fixed contract		39,525.42		-		39,525.42			276,677.90		-		276,677.90			
8	Adm services - variable compensation		-		-		-			-		-		-			
9	Administrative services - Tricare		138,584.81		-		138,584.81			258,584.81		-		258,584.81			
10	Tricare - Legislative Services		-		-		-			72,382.84		-		72,382.84			
11	Legal fees		658.80		-		658.80			15,291.22		-		15,291.22			
12	Audit		-		-		-			10,500.00		-		10,500.00			
13	Annual report / special communications		-		-		-			-		-		-			
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		2,713.81		-		2,713.81			19,180.11		-		19,180.11			
17	Insurance		-		-		-			46,389.51		-		46,389.51			
18	Bank fees		4,390.10		-		4,390.10			29,991.56		-		29,991.56			
19	Investment advisor / manager		-		-		-			-		-		-			
20	Other administration expenses		-		-		-			302.05		-		302.05			
21	Total administrative expenses		188,672.94		-		188,672.94			748,900.00		-		748,900.00			
22	Line of credit - financing costs		-		-		-			-		-		-			
23	Total expenses		188,672.94		-		188,672.94			748,900.00		-		748,900.00			
24	Increase (decrease) in net assets	\$	762,338.69	\$	(296,024.56)	\$	466,314.13		\$	7,744,117.55	\$	(4,518,910.23)	\$	3,225,207.32			
25	Excess assessments, beginning of year									5,023,607.98		19,225,409.67		24,249,017.65			
26	Excess assessments, end of period									\$ 12,767,725.53		\$ 14,706,499.44		\$ 27,474,224.97			

Unaudited - For Management Purposes Only  
Prepared by KidsVax, LLC

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

WVA 2018-03-23 Audit Committee Meeting Pg. 9 of 27

	A Inception Through 11/30/2017	B Month 12/31/2017	C Month 1/31/2018	D Inception Through 1/31/2018
1 Cash balance - beginning of period	\$ -	\$ 12,689,170.75	\$ 14,806,845.15	\$ -
<b>Inflows:</b>				
2 Principal prepayments	7,800,001.00	-	-	7,800,001.00
3 Vaccine collections	423,187,740.37	6,422,095.72	5,886,213.63	435,496,049.72
4 Interest income	53,408.37	-	-	53,408.37
5 Investment income/ (loss)	149,787.97	-	-	149,787.97
6 Key Bank - LOC advances	-	-	-	-
7 Total inflows	431,190,937.71	6,422,095.72	5,886,213.63	443,499,247.06
<b>Outflows:</b>				
8 Principal repayments	(7,799,908.85)	-	-	(7,799,908.85)
<b>Program</b>				
9 Vaccine remittance State of WA	(403,471,115.24)	(4,118,583.56)	(4,236,192.13)	(411,825,890.93)
10 Vaccine Selection Development	(79,950.00)	-	-	(79,950.00)
11 Public information	(147,626.81)	-	-	(147,626.81)
12 Total program disbursements	(403,698,692.05)	(4,118,583.56)	(4,236,192.13)	(412,053,467.74)
<b>Administration</b>				
13 Administrative services	(3,922,211.47)	(174,877.58)	(141,298.62)	(4,238,387.67)
14 Project management fees	(419,878.90)	-	-	(419,878.90)
15 Denied claims recovery	(124,133.44)	(2,800.00)	(2,800.00)	(129,733.44)
16 Design and advertising	(31,031.38)	-	-	(31,031.38)
17 Claims system development	(26,000.00)	-	-	(26,000.00)
18 Legal fees	(311,818.65)	(2,580.30)	(4,627.45)	(319,026.40)
19 Audit fees	(95,055.00)	-	-	(95,055.00)
20 Website and information technology	(113,993.32)	-	-	(113,993.32)
21 Travel	(1,829.68)	-	-	(1,829.68)
22 Total administration	(5,045,951.84)	(180,257.88)	(148,726.07)	(5,374,935.79)
<b>Office</b>				
23 Bank Fees	(531,252.64)	(5,579.88)	(4,390.10)	(541,222.62)
24 Office supplies	908.92	-	-	908.92
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	(590,429.82)	(5,579.88)	(4,390.10)	(600,399.80)
<b>Other</b>				
30 Insurance	(228,349.44)	-	-	(228,349.44)
31 Interest Line of Credit	(1,136,610.90)	-	-	(1,136,610.90)
32 Board meetings	(1,824.06)	-	-	(1,824.06)
33 Total Other	(1,366,784.40)	-	-	(1,366,784.40)
34 Total outflows	(418,501,766.96)	(4,304,421.32)	(4,389,308.30)	(427,195,496.58)
35 Cash balance - end of period	\$ 12,689,170.75	\$ 14,806,845.15	\$ 16,303,750.48	\$ 16,303,750.48

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

# Washington Vaccine Association

## Check Detail

September 2, 2017 - March 12, 2018

	Date	Num	Name	Amount
<b>10400 Key Bank - Refund Pmt Acct (6340)</b>				
	09/08/2017	2514	x-Aetna (Philadelphia)	-16.21
	09/08/2017	2515	x-Equian, LLC	-323.81
	09/08/2017	2516	x-Kaiser Foundation HP of WA - Options	-669.35
	09/08/2017	2517	x-Regence BlueShield	-1,828.94
	09/08/2017	2518	x-United Healthcare (PO 30555 SLC)	-674.55
	09/08/2017	2519	x-Kaiser Foundation HP of Washington	-1,387.29
	09/08/2017	2520	x-Unitedhealthcare Ins Co (PO Box 740800 Atlanta)	-313.76
	09/18/2017	2521	x-Highline Medical Services	0.00
	09/18/2017	2522	x-Providence Health Plans	-179.31
	09/18/2017	2523	x-Regence BlueShield	-2,299.10
	09/18/2017	2524	x-United Healthcare (PO 30555 SLC)	-317.44
	09/18/2017	2525	x-Regence BlueShield Federal Employee Program	-625.73
	09/18/2017	2526	x-Unitedhealthcare Ins Co (PO Box 740800 Atlanta)	-317.44
	09/25/2017	2527	x-Accent	-66.28
	09/25/2017	2528	x-Aetna (Lexington)	-16.21
	09/25/2017	2529	Aetna (Rawlings)	-518.11
	09/25/2017	2530	x-Asuris Northwest Health	-96.72
	09/25/2017	2531	x-Kaiser Foundation HP of Washington	-876.02
	09/25/2017	2532	x-Providence Health Plans	-321.19
	09/25/2017	2533	x-Regence BlueCross BlueShield of Oregon	-419.72
	09/25/2017	2534	x-Regence BlueShield	-539.31
	09/28/2017	2535	x-Asuris Northwest Health	-337.12
	09/28/2017	2536	x-Kaiser Foundation HP of Washington	-221.10
	09/28/2017	2537	Meritain Health	-641.08
	09/28/2017	2538	x-Providence Health Plans	-327.90
	09/28/2017	2539	x-Regence BlueCross BlueShield of Oregon	-16.81
	09/28/2017	2540	x-Regence BlueShield	-193.90
	10/06/2017	2541	x-Accent	-41.84
	10/06/2017	2542	x-Aetna (Lexington)	-296.78
	10/06/2017	2543	x-Benefit Management, Inc.	-10.00
	10/06/2017	2544	x-Equian, LLC	-955.49
	10/06/2017	2545	x-United Healthcare (PO 30555 SLC)	-460.58
	10/06/2017	2546	Aetna (Rawlings)	-177.69
	10/06/2017	2547	x-Health Net Health Plan of Oregon	-317.27
	10/06/2017	2548	x-Kaiser Foundation HP of Washington	-527.04
	10/06/2017	2549	x-Regence BlueShield	-2,922.86
	10/06/2017	2550	x-Starmark	-177.69
	10/06/2017	2551	x-Unitedhealthcare Ins Co (PO Box 740800 Atlanta)	-156.88
	10/16/2017	2552	x-Accent	-177.69
	10/16/2017	2553	Aetna (Rawlings)	-151.97
	10/16/2017	2554	x-HealthComp	0.00
	10/16/2017	2555	x-Kaiser Foundation HP of WA - Options	-16.61
	10/16/2017	2556	x-Kaiser Foundation HP of Washington	-39.97

	10/16/2017	2557	x-National Association of Letter Carriers	-101.26
	10/16/2017	2558	x-Premera Blue Cross Blue Shield Fed. Empl. Prg.	-340.19
	10/16/2017	2559	x-Regence BlueCross BlueShield of Oregon	-667.53
	10/16/2017	2560	x-Regence BlueShield	-1,030.58
	10/16/2017	2561	x-United Healthcare (PO 30555 SLC)	-85.50
	10/23/2017	2562	x-Accent	-296.78
	10/23/2017	2563	x-CIGNA HealthCare 2	-30.00
	10/23/2017	2564	x-Equian, LLC	-323.81
	10/23/2017	2565	x-Health Net Health Plan of Oregon	-760.08
	10/23/2017	2566	x-Kaiser Foundation HP of WA - Options	-621.11
	10/23/2017	2567	x-Kaiser Foundation HP of Washington	-1,240.13
	10/23/2017	2568	x-Nesika Health Group	-162.99
	10/23/2017	2569	x-PRS	-333.48
	10/23/2017	2570	x-Regence BlueShield	-879.91
	10/23/2017	2571	x-Ryonet Corporation	-62.38
	11/02/2017	2572	x-Aetna (Lexington)	-1,261.67
	11/02/2017	2573	x-Kaiser Foundation HP of WA - Options	-177.69
	11/02/2017	2574	x-Kaiser Foundation HP of Washington	-2,203.79
	11/02/2017	2575	x-Regence BlueShield	-1,396.34
	11/02/2017	2576	x-Premera Blue Cross	-618.10
	11/09/2017	2577	x-Accent	-616.34
	11/09/2017	2578	x-CIGNA HealthCare 2	-64.79
	11/09/2017	2579	E. B. A. & M. Corp	-309.08
	11/09/2017	2580	x-Equian, LLC	-323.81
	11/09/2017	2581	x-Health Net Health Plan of Oregon	-16.81
	11/09/2017	2582	x-Kaiser Foundation HP of WA - Options	-797.84
	11/09/2017	2583	x-Kaiser Foundation HP of Washington	-1,217.89
	11/09/2017	2584	x-PRS	-870.11
	11/09/2017	2585	x-Regence BlueCross BlueShield of Oregon	-296.78
	11/09/2017	2586	x-Regence BlueShield	-780.87
	11/09/2017	2587	x-Regence BlueShield Federal Employee Program	-325.10
	11/09/2017	2588	x-Sheet Metal Workers #16	-6.97
	11/16/2017	2589	x-Aetna (Lexington)	-194.30
	11/16/2017	2590	x-CIGNA HealthCare 2	-30.00
	11/16/2017	2591	x-Equian, LLC	-698.76
	11/16/2017	2592	x-Kaiser Foundation HP of WA - Options	-539.64
	11/16/2017	2593	x-Kaiser Foundation HP of Washington	-434.30
	11/16/2017	2594	x-PacificSource	-119.09
	11/16/2017	2595	x-PRS	-107.66
	11/16/2017	2596	x-Regence BlueShield	-3,485.68
	11/16/2017	2597	x-Tricare Finance West Region	-30.09
	11/16/2017	2598	x-UA Local #290 Industry Trust	-288.26
	11/16/2017	2599	x-UnitedHealthcare (Dallas)	-192.81
	11/29/2017	2600	x-Accent	-159.57
	11/29/2017	2601	x-Aetna (Lexington)	-323.81
	11/29/2017	2602	Aetna (Rawlings)	-323.81
	11/29/2017	2603	x-BlueCross of Idaho	-323.81
	11/29/2017	2604	x-Equian, LLC	-177.69
	11/29/2017	2605	x-Highline Medical Services	0.00

	11/29/2017	2606	x-Kaiser Foundation HP of WA - Options	-2,737.89
	11/29/2017	2607	x-Kaiser Foundation HP of Washington	-1,602.22
	11/29/2017	2608	x-Premera Blue Cross	-393.73
	11/29/2017	2609	x-Regence BlueCross BlueShield of Oregon	-132.64
	11/29/2017	2610	x-Regence BlueShield	-828.04
	12/07/2017	2611	x-Accent	-1,154.89
	12/07/2017	2612	Aetna (Rawlings)	-824.66
	12/07/2017	2613	x-Asuris Northwest Health	-323.81
	12/07/2017	2614	x-CIGNA HealthCare	-64.79
	12/07/2017	2615	x-Coordinated Care	-51.28
	12/07/2017	2616	Decagon Devices	-109.83
	12/07/2017	2617	E. B. A. & M. Corp	-309.08
	12/07/2017	2618	x-First National Insurance Company of America	-154.09
	12/07/2017	2619	x-Kaiser Foundation HP of WA - Options	-522.20
	12/07/2017	2620	Meritain Health	-317.27
	12/07/2017	2621	x-Payment Resolution Services	-72.72
	12/07/2017	2622	x-Premera Blue Cross	-208.91
	12/07/2017	2623	x-Providence Health Plans	-50.43
	12/07/2017	2624	x-Trusteed Plans Service Corporation	-16.61
	12/07/2017	2625	x-Unitedhealthcare Ins Co (PO Box 740800 Atlanta)	-18.47
	12/07/2017	2626	x-Regence BlueShield	-3,256.56
	12/15/2017	2627	x-Equian, LLC	-1,274.50
	12/15/2017	2628	x-Kaiser Foundation HP of Washington	-806.29
	12/15/2017	2629	x-Premera Blue Cross	-119.09
	12/15/2017	2630	x-Providence Health Plans	-16.61
	12/15/2017	2631	x-Regence BlueCross BlueShield of Oregon	-694.80
	12/15/2017	2632	x-Regence BlueShield Federal Employee Program	-119.09
	12/15/2017	2633	x-United Healthcare (PO 30555 SLC)	-73.54
	12/27/2017	2634	x-Aetna (Lexington)	-208.25
	12/27/2017	2635	x-Aetna (Rawlings)	-799.47
	12/27/2017	2636	x-GEHA	-16.61
	12/27/2017	2637	x-Kaiser Foundation HP of WA - Options	-1,430.49
	12/27/2017	2638	x-Kaiser Foundation HP of Washington	-1,818.99
	12/27/2017	2639	x-Premera Blue Cross	-393.73
	12/27/2017	2640	x-Rawlings Financial Services, LLC	-322.25
	12/27/2017	2641	x-Regence BlueCross BlueShield of Oregon	-1,118.09
	12/27/2017	2642	x-Regence BlueShield	-1,666.21
	01/06/2018	2643	x-Aetna (Lexington)	-340.43
	01/06/2018	2644	x-Equian, LLC	-323.81
	01/06/2018	2645	x-Health Net Health Plan of Oregon	-323.81
	01/06/2018	2646	x-Kaiser Foundation HP of WA - Options	-677.82
	01/06/2018	2647	x-Kaiser Foundation HP of Washington	-239.65
	01/06/2018	2648	x-Premera Blue Cross	-549.10
	01/06/2018	2649	x-Providence Health Plans	-327.90
	01/06/2018	2650	x-Regence BlueCross BlueShield of Oregon	-740.15
	01/06/2018	2651	x-Regence BlueShield	-3,675.63
	01/16/2018	2652	x-Equian, LLC	-323.81
	01/16/2018	2653	x-Kaiser Foundation HP of Washington	-627.73
	01/16/2018	2654	x-Premera Blue Cross	-119.09

	01/16/2018	2655	x-Regence BlueShield	-1,600.72
	01/16/2018	2656	x-Regence BlueShield Federal Employee Program	-182.95
	01/16/2018	2657	x-Unitedhealthcare Ins Co (PO Box 740800 Atlanta)	-327.93
	01/22/2018	2658	x-Accent	-177.55
	01/22/2018	2659	x-Equian, LLC	-1,381.40
	01/22/2018	2660	x-Highline Medical Services	-30.10
	01/22/2018	2661	x-Kaiser Foundation HP of WA - Options	-290.26
	01/22/2018	2662	x-Regence BlueShield	-1,302.83
	01/27/2018	2663	x-Aetna (Rawlings)	-296.78
	01/27/2018	2664	x-Equian, LLC	-500.82
	01/27/2018	2665	x-Kaiser Foundation HP of WA - Options	-16.81
	01/27/2018	2666	x-Premiera Blue Cross	-340.19
	01/27/2018	2667	x-Regence BlueCross BlueShield of Oregon	-518.31
	01/27/2018	2668	x-Regence BlueShield	-737.78
	02/02/2018	2669	x-Aetna (Lexington)	-16.61
	02/02/2018	2670	x-Kaiser Foundation HP of WA - Options	-33.42
	02/02/2018	2671	x-Kaiser Foundation HP of Washington	-296.78
	02/02/2018	2672	x-Regence BlueCross BlueShield of Oregon	-33.62
	02/02/2018	2673	x-Regence BlueShield	-2,315.57
	02/09/2018	2674	x-Accent	-1,188.51
	02/09/2018	2675	x-Equian, LLC	-974.73
	02/09/2018	2676	x-Health Net Health Plan of Oregon	-123.78
	02/09/2018	2677	x-Kaiser Foundation HP of WA - Options	-653.58
	02/09/2018	2678	x-Providence Health Plans	-59.55
	02/09/2018	2679	x-Rawlings Financial Services, LLC	-323.81
	02/09/2018	2680	x-Regence BlueCross BlueShield of Oregon	-183.90
	02/09/2018	2681	x-Regence BlueShield	-1,738.25
	02/09/2018	2682	x-Skookum Health Program	-16.81
	02/09/2018	2683	x-Unitedhealthcare Ins Co Greensboro UT	-151.98
	02/18/2018	2684	x-Accent	-7.30
	02/18/2018	2685	x-BlueCross BlueShield	-177.69
	02/18/2018	2686	x-Kaiser Foundation HP of WA - Options	-125.74
	02/18/2018	2687	x-Kaiser Foundation HP of Washington	-13.35
	02/18/2018	2688	x-Regence BlueShield	-750.41
	02/18/2018	2689	x-The Rawlings Company LLC	-296.78
	02/18/2018	2690	x-Unitedhealthcare Ins Co (PO Box 740800 Atlanta)	-517.84
	02/28/2018	2691	x-Accent	-469.18
	02/28/2018	2692	x-Aetna (Lexington)	-496.73
	02/28/2018	2693	x-Equian, LLC	-172.92
	02/28/2018	2694	x-Highline Medical Services	-17.88
	02/28/2018	2695	x-Kaiser Foundation HP of WA - Options	-1,952.38
	02/28/2018	2696	x-Kaiser Foundation HP of Washington	-1,712.87
	02/28/2018	2697	x-Premiera Blue Cross	-159.66
	02/28/2018	2698	x-Regence BlueShield	-1,888.96
	03/12/2018	2699	x-Accent	-653.78
	03/12/2018	2700	x-Aetna (Rawlings)	-340.19
	03/12/2018	2701	x-American Family Insurance	-187.85
	03/12/2018	2702	x-Asuris Northwest Health	-177.69
	03/12/2018	2703	x-Coordinated Care	-11.92



	03/12/2018	2704	x-Equian, LLC	-317.27
	03/12/2018	2705	x-GEHA	-16.61
	03/12/2018	2706	x-Health Net Health Plan of Oregon	-177.69
	03/12/2018	2707	x-Kaiser Foundation HP of WA - Options	-187.48
	03/12/2018	2708	x-Kaiser Foundation HP of Washington	-590.23
	03/12/2018	2709	x-MODA Health	-38.92
	03/12/2018	2710	x-Premiera Blue Cross	-333.48
	03/12/2018	2711	x-Regence BlueCross BlueShield of Oregon	-85.00
	03/12/2018	2712	x-Regence BlueShield	-1,180.41
	03/12/2018	2713	x-UMTA Trust	-186.80



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March 14, 2018

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," "we," "us," and "our") will provide for Washington Vaccine Association ("you," "your," or "the entity") for the year ended June 30, 2018.

Allen Gilbert is responsible for the services provided to you. He will be assisted by John Fisher, who 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, 2018, and the related statements of activities and cash flows for the year then ended, 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.

#### **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.

Draft for Discussion Purposes

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.

### **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 the parties (i.e., you and CLA) 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 2018.

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.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

### **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.

Draft for Discussion Purposes

### **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 the parties. 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 \$10,900. 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.

***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.

***Finance charges and collection expenses***

You agree that if any statement is not paid within 30 days from its billing 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 of Washington Vaccine Association's information in these cost comparison, performance indicator, and/or benchmarking reports.

**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 you and CLA. If you have any questions, please let us know. Please sign, date, and return the 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 the parties' respective responsibilities.

Sincerely,

**CliftonLarsonAllen LLP**

John T. Fisher, CPA  
Principal  
425-250-6024  
John.fisher@CLAconnect.com

**Response:**

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

Authorized governance signature: \_\_\_\_\_

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

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

Authorized management signature: \_\_\_\_\_

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

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

**Draft for Discussion Purposes**





**(Draft) Reserves Investment Policy – Washington Vaccine Association**  
(Adopted \_\_\_\_, 2018)

**Overview of WVA Reserves Investment Policy**

Washington Vaccine Association (WVA) is a Washington nonprofit corporation, exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The primary purpose of WVA is to collect and remit adequate funds from health carriers and third-party administrators to the Washington State Department of Health to pay timely the cost of vaccines administered to children in the State of Washington who are not eligible for free vaccines under one or more federal programs. WVA was created in April 2010 pursuant to the provisions of Chapter 70.290, RCW.

The Board of Directors of WVA (Board) has determined that to carry out its statutory and charitable purpose WVA should maintain minimum reserves **[in amounts projected from time to time by the Board to cover several months of vaccines costs plus the next flu season purchases]** to provide liquidity to fund the costs of such vaccines by timely (just in time) deposits to the State's universal vaccine purchase account.

The purpose of this Reserves Investment Policy is to establish the responsibility, authority, and guidelines for the investment of WVA reserve funds maintained from time to time.

**Reserves Investment Policy Review**

This Reserves Investment Policy has been adopted by the Board and will be reviewed periodically by the Board or a delegated Board committee as required to remain consistent with the objectives of WVA and with current financial trends. Changes to this Reserves Investment Policy shall require Board approval.

**Prudence and Good Faith**

Persons responsible for managing and investing WVA funds shall act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances as set out in the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 24.55 RCW.

**Investment Objectives and Principles**

The objectives of WVA's investment program are, in order of priority:

- Safety and preservation of principal by investing in a high quality, diversified portfolio of securities as described in "Investment Guidelines."

- Liquidity of investments that is sufficient to meet WVA's projected funding requirements and provide liquidity for unanticipated funding needs.
- Conservative market rates of return on invested funds consistent with the above stated objectives.

<b>Investment Guidelines</b>
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## 1. **Maturity:**

Individual security maturities should not exceed 60 months (5 years). The weighted average maturity of the portfolio shall not exceed 36 months. No more than 20% of the portfolio will carry maturities beyond 36 months. A maturity or effective maturity by definition shall include puts, announced calls or other structural features which will allow the holder to redeem the investments at a quantifiable price consistent with liquidity, safety and preservation of capital.

## 2. **Eligible Investments:**

Eligible investments shall include only the following investments:

**United States Government Securities:** Marketable securities which are direct obligations of the U.S.A., issued by or guaranteed as to principal and interest by the U.S. Government and supported by the full faith and credit of the United States.

**United States Government Agency Securities:** Debt securities issued by the Government Sponsored Enterprises, Federal Agencies and certain **international institutions** which are not direct obligations of the United States, but involve US Government sponsorship and are fully guaranteed by government agencies or enterprises, including but not limited to:

- Federal Farm Credit Bank (FFCB)
- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC)
- Federal National Mortgage Association (FNMA)

**Corporate Debt Instruments:** All commercial paper and other short-term, unsecured promissory notes issued by corporations or financial institutions including but not limited to Master Notes, Medium-Term Notes, Deposit Notes, Eurodollar Notes and Yankee Notes and bonds. Corporate Debt must have either short term or long-term ratings. At the time of purchase, a security must have at least 2 short-term ratings of A-1 or P-1 or F1 or higher (S&P, Moody's and Fitch, respectively), or at least 2 long-term debt ratings of A, A2, or A or higher (S&P, Moody's, and Fitch, respectively).

**Money Market Mutual Funds:** Shares of an open-end investment company fund registered under the Investment Company Act of 1940 and rated AAA by at least one major rating agency (S&P, Moody's, or Fitch). The investments of that fund should comply with the SEC regulations under Rule 2a-7 and maintain a constant net asset value, offer daily liquidity and carry an average weighted maturity that does not exceed 90 days. An investment consultant shall routinely evaluate WVA's investment portfolio to ensure its compliance with this Investment Policy.

**FDIC Insured Certificates of Deposit:** Marketable certificate of deposit (CDs) in separately insured ownership categories of less than \$250,000 each insured by the Federal Deposit Insurance Corporation.

**Bank Deposit and Checking Accounts:** No limit will be placed on bank deposit or checking accounts as long as they are 100% guaranteed by FDIC coverage. Where FDIC limits expire or are otherwise exceeded, the board will set prudent operating limits in consideration of the overall economic and operating benefits to WVA; credit quality of the bank; and overall risk environment.

**Issuer Concentration Limits** – In order to provide adequate issuer risk diversification the following issuer limits apply, based on the portfolio size at the time of purchase:

1. No limit on AAA money funds that otherwise meet policy parameters;
2. No limit on US Treasury individual securities;
3. Maximum of 10% individual securities backed by any qualifying Agency issuer; and
4. Maximum of 5% individual securities of any corporate or bank issuer, with a total maximum limit of corporate bond holdings to not more than 50% of the total portfolio..

### **Benchmarking, Performance, and Communications**

The investment performance of the portfolio will be measured and evaluated against an appropriate blend of commonly accepted performance benchmark indexes.

At a minimum, quarterly performance and strategy outlook reviews should be held with the investment manager and the Board or its delegated committee. The investment manager or consultant will provide timely reporting on capital market developments affecting the portfolio and present a course of action if necessary. Investments may be sold prior to maturity due to changes in credit quality, market condition, or for uncertain capital needs; however, prudence and overall caution shall be exercised to minimize any potential losses.

### **Delegation of Authority**

The Board shall be authorized to delegate certain responsibilities to professional experts in various fields to assist WVA in developing an investment strategy aligned with WVA's objectives consistent with UPMIFA. Professionals may include investment management consultants, investment managers, custodians of investments, attorneys, auditors, and any others who may assist WVA in meeting its responsibilities and obligations to prudently administer the investments of WVA. The Board shall engage a qualified investment manager to evaluate performance of the portfolio and support compliance with this Reserves Investment Policy.

Approved and adopted on this \_\_\_\_ day of \_\_\_\_\_, 2018.

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John Sobeck, M.D., Chairman

## **Washington Vaccine Association AUDIT / COMPLIANCE COMMITTEE CHARTER**

### **Overall Roles and Responsibilities**

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The Audit / Compliance Committee (ACC) is responsible to provide informed, vigilant, and effective oversight of the Washington Vaccine Association (WVA) financial reporting process and internal control environment. The ACC's role is to act on behalf of the board of directors and oversee all material aspects of the organization's financial reporting, internal controls, and audit functions. The ACC's role includes a particular focus on the qualitative aspects of financial reporting, organization processes for the management of risk, and compliance with significant, applicable tax, legal, ethical, and regulatory requirements.

The role also includes coordination with other board committees and maintenance of strong, positive working relationships with management, external auditors, legal counsel, and other committee advisors.

### **Specific Responsibilities**

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The specific responsibilities of the ACC include:

- Review the ACC's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Directors. Consider changes that are necessary as a result of new laws or regulations.
- Conduct executive sessions with the outside auditors, Executive Director, and the Controller and/or Internal Control professional of its outside administrator. Circumstances may dictate that additional executive sessions may be needed with the Controller, or others as desired by the ACC.
- Hire independent auditors, counsel, or other consultants as necessary. (This may take place any time during the year.)
- Appoint the independent auditors to be engaged by the WVA, establish the audit fees of the independent auditors, and pre-approve any non-audit services provided by the independent auditors, including tax services, before the services are rendered.
- Review with the independent auditor, CFO and Controller, the audit scope and plan of the independent auditors.
- Review the Federal Form 990, if required, to ensure compliance on all financial sections.
- Annually review with each public accounting firm that performs an audit (1) all critical accounting policies and practices used by the WVA and (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the WVA, the ramifications of each alternative, and the treatment preferred by the WVA.
- Review at the completion of each year's external audit all material written communications between the independent auditors and management, such as any,

the WVA's annual financial statements and related footnotes, the independent auditors' audit of the financial statements and their report thereon, the independent auditors' judgments about the quality, not just the acceptability, of the WVA's accounting principles as applied in its financial reporting, any significant changes required in the independent auditors' audit plan, any serious difficulties or disputes with management encountered during the audit, or schedule of unadjusted differences.

- Evaluate the independent auditors.
- **[Note – this paragraph is not currently applicable since WVA has no employees, but is preserved in case WVA should hire employees in the future.]**  
Review with management the policies and procedures regarding expense accounts, perks, and transactions between the WVA and Directors, officers, and any key employees; consider the results of any review of these areas by the internal auditor or the independent auditors.
- Inquire of management, and the independent auditors about significant risks or exposures facing the WVA; assess the steps management has taken or proposes to take to minimize such risks to the WVA; and periodically review compliance with such steps.
- Review with management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet transactions, if any.
- Periodically review with the outside general counsel and the Executive Director, legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related WVA compliance policies, and programs and reports received from regulators.
- Prepare and review periodically any code of conduct/ethics to ensure that it is adequate and up-to-date. Review with the Executive Director and WVA's general counsel the results of their review of the monitoring of compliance with the WVA's code of conduct/ethics. **[Note: KidsVax.org™ recommends that presentation of a draft code to the ACC be one of the KidsVax's 2013-14 tasks.]**
- Establish procedures for the confidential, anonymous submission by any WVA employee or contractor or employee of any WVA contractor concerns regarding financial misconduct, dishonesty, or questionable accounting or auditing matters. Review any submissions that have been received, the current status, and the resolution, if one has been reached.
- At least once every five years discuss whether or not either (i) the outside auditors should be requested to designate a successor audit manager and/or (ii) WVA should, through its administrator, process an RFP for a successor public accounting firm to conduct its audits. Follow up as determined appropriate by the ACC.
- At least once every three years engage outside general counsel in a general legal review of WVA operations and confirm implementation by management of any recommendations confirmed by the ACC as a result of such review.

## Meetings

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The ACC shall meet as frequently as needed to fulfill its charter and to address matters on its agenda, but not less frequently than two times per year. The ACC may ask members of management or others to attend the meeting and provide pertinent information as necessary. The ACC shall request members of management, counsel, and external auditors, as applicable, to participate in ACC meetings, as necessary, to carry out the committee's responsibilities.

Periodically (at least annually), the ACC shall meet in private session with only the ACC members. This meeting will normally take place in August, September or October of each year when the auditors will review the results of the annual audit through the preceding fiscal year end. It shall be understood that external auditors, or counsel, may at any time request a meeting with the ACC or committee chair with or without management's attendance. *In any case, the ACC shall meet at least annually in executive session separately with external auditors.*

## Annual Committee Goals

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Annually, the ACC may consider whether there is a particular goal or focus area on which it should concentrate its work in the forthcoming year, in addition to its ongoing responsibilities. For example, goals for this committee might include:

- Review request for proposal for audit firm.
- Evaluate the WVA's internal control processes.
- Evaluate the effectiveness of key policies related to records retention, whistleblower, and records retention.

## Members

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The ACC shall consist of at least three members assigned through the normal nomination and governance practices of the WVA. The Board of Directors may also assign up to two non-board members who offer special financial expertise who shall serve as voting member of the ACC. Adequate financial expertise should be represented on the ACC. At least one member of the ACC shall be an individual who is financially sophisticated in the sense that she or he has comfort and experience in reviewing financial audit reports and participating in board oversight of audit processes. To ensure that the ACC is independent, none of the ACC members may be employees of WVA or its outside administrator. Neither the auditor nor the outside general counsel should serve as a member of the ACC, but should only serve in an advisory capacity.

Reviewed by Committee

Approved by the Board

Date: May \_\_\_\_, 2013

Date\_\_\_\_\_

Chair\_\_\_\_\_