

What: Board of Directors Meeting
Date & Time: Thursday, November 7, 2019; 2:00-4:00 p.m. (PST)
Location: Ellis, Li & McKinstry, Alki Conference Room, 2025 First Ave., PH-A, Seattle, WA 98121
Conference Line: (267) 930-4000; Conference ID: 103063718#

Notice: The meeting may be recorded for the benefit of the minute-taker. The WVA intends to delete the recording after the minutes are approved.

Agenda for Board of Directors Meeting

Approx. Time	Pg.	Topic/Anticipated Action	Presented by:
2:00-2:05 p.m.		1. Welcome & Introductions a. Notification of Recording	J. Sobeck
2:05-2:10 p.m.	4 8	2. Consent Calendar Items a. Special Board Meeting Minutes (September 19, 2019) b. Finance Committee Meeting Minutes (September 19, 2019) c. Vote to Approve Dr. Auerbach as a Board Member d. Vote to Approve Dr. Lam as a Board Member	J. Sobeck
2:10-2:25 p.m.	12 25	3. Financial Update a. Overview b. Final 2018-19 Audit c. Vote to Ratify Finance Committee Action d. Finance Committee Update	P. Smith J. Sobeck
2:25-2:45 p.m.		4. Administrative Services Transition a. Status Update b. Other Operational Changes i. Provider Liaison Role ii. Contractor Consolidation	J. Zell/ P. Miller
2:45-2:3:10 p.m.	40 42	5. ED/Committee Updates a. ED Report b. Vote to Approve 2018/19 Annual Report c. Vaccine Committee Update i. Vaccine Presentations	J. Zell P. Miller E. Marcuse
3:10-3:20 p.m.		6. Department of Health Updates	M. Roberts
3:20-3:30 p.m.	44 45 46	7. Board Development a. Annual Officer/Committee Chair Election & Reappointment i. Votes to Elect Officers/ Committee Chairs ii. Vote to Reappoint Members b. 2020 Meeting Schedule/Retreat c. Conflict of Interest and Code of Ethics Forms	J. Zell
3:30-3:55 p.m.		8. Executive Session (Board Members and GC only) a. Fund-Source Overview b. Cost Recovery c. ED Performance Review d. Vote to Approve ED Annual Performance Award e. Vote to Approve ED Inflation Adjustment	S. Allen A. Redman
3:55-4:00 p.m.		9. Closing	J. Sobeck

**November 7, 2019 WVA Meeting of the Board of Directors
Proposed Form of Votes**

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

Items under Agenda Section 2:

- VOTED: To approve the minutes of the September 19, 2019 Special Board Meeting.
[To approve the minutes of the September 19, 2019 Special Board Meeting with the changes suggested at the meeting.]
- VOTED: To approve the minutes of the September 19, 2019 Finance Committee Meeting.
[To approve the minutes of the September 19, 2019 Finance Committee Meeting with the changes suggested at the meeting.]
- VOTED: To confirm Dr. Auerbach as a Board Member whose term expires in 2022 pursuant to RCW 70.290.030 (3)(c).
- VOTED: To confirm Dr. Lam as a Board Member whose term expires in 2022 pursuant to RCW 70.290.030 (3)(c).

Items under Agenda Section 3:

- VOTED: To ratify the action of the Finance Committee in adopting and authorizing publication of the 2018/19 Financial Statements and independent auditor's report.
[To ratify the action of the Finance Committee in adopting and authorizing publication of the 2018/19 Financial Statements and independent auditor's report with the changes suggested at the meeting.]

Items under Agenda Section 5:

- VOTED: To approve the 2018-19 WVA Annual Report as presented to the Board.
[To approve the 2018-19 WVA Annual Report with the changes suggested at the meeting.]

Items under Agenda Section 7:

- VOTED: To approve the 2020 WVA officer and committee chairs listed as presented to the Board at the meeting.
[To approve the 2020 WVA officer and committee chairs listed as presented to the Board, with the changes suggested at the meeting.]

VOTED: To approve the individuals listed to serve on the WVA's Finance, Operations, and Vaccine Committee as presented to the Board at the meeting.

[To approve the individuals listed to serve on the WVA's Finance, Operations, and Vaccine Committee as presented to the Board with the changes suggested at the meeting.]

Items under Agenda Section 8 - EXECUTIVE SESSION:

Presented by Outside Counsel.

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**Washington Vaccine Association
Finance Committee Meeting
September 19, 2019; 3:00-4:00 p.m. PDT
Held at Cigna: 701 5th Ave, Seattle, WA 98104**

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

Directors

John Sobeck, MBA, MD, Chair, Cigna
Jason Farber, Esq., Davis Wright Tremaine

Others

Julia Zell, MA, Esq., Executive Director
Ashley Kittrell, Minute-taker
Polly Sidwell, Morgan Stanley
Peter Smith, KidsVax
Norm Roberge, KidsVax
Claire Roberge, KidsVax
Allen Gilbert, CliftonLarsonAllen

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the minutes of the May 23, 2019 Finance Committee Meeting as presented.
2. To adopt and publish the 2018/19 audited financials.

Welcome and Introductions

At approximately 3:05 p.m., a quorum having been established, Chairman John Sobeck called the meeting to order. Julia Zell noted the recording of the meeting for the benefit of the minute taker and that the recording will be deleted following approval of the minutes.

Consent Calendar Items

Chairman Sobeck asked for comments or edits to the draft minutes of the May 23, 2019 Finance Committee Meeting. There being no changes it was unanimously

VOTED: To approve the minutes of the May 23, 2019 Finance Committee Meeting as presented.

Financial Update

Investments

Polly Sidwell provided a general overview of recent changes to the Federal Reserve's interest rates and the current financial market. The odds of a recession appear high due to ongoing international trade and geopolitical issues. Both interest and inflation rates remain low in part because of global issues and overall slow growth.

Regarding the Washington Vaccine Association's (WVA) investments, the Reserves Portfolio has accumulated more than \$40MM. The performance and return of the Reserves Portfolio is 3.05% after fees. MS was able to capture higher yields and has placed slightly more than 50% of funds in corporate bonds. Responding to Chairman Sobeck's question regarding whether there is a higher interest in bond purchasing when large companies acquire bonds, Ms. Sidwell agreed that it has been a big year for corporate issuance of bonds partly due to global trends. Further discussion ensued. Overall yields are expected to decline.

Continuing with updates, Ms. Sidwell informed the Committee that \$1.7MM in income has been earned in the Reserves Portfolio overall. \$825,827 has been earned in 2019. The WVA's investment policy statement is well-diversified. The typical duration is one and a half years, and the investment policy requires the total duration to be under three years. Referring to the handout, Ms. Sidwell explained that the ultra-short liquidity fund is useful because it can be used as needed. The portfolio has approximately \$3.5MM, an increase of 1.5%, and the year-to-date earnings are approximately \$67,000.

Overview

Ms. Zell asked Peter Smith to give an overview of the WVA's current fiscal position, including the July 1, 2019 assessment grid reduction model projections. She explained that the Executive Committee has discussed the possibility of an early assessment grid reduction. The grid change from July is just now showing the collection impact of the 2% reduction. The Department of Health's (DOH) recently increased their transaction fee for operational activities from 1.2% to 1.4% as well as a cost recovery fee of 4% that will begin in October. The 4% fee has been budgeted since January 2019. There is \$12.3MM in operating funds. The September reimbursement request of \$8.9MM (\$3.5MM of annual flu pre-purchase and \$5.4MM for vaccines) for October has not yet been received.

Reserve Target – Grid Reductions

Referring to page four of the meeting packet, Mr. Smith explained that there are two off-cycle projection models reflecting a 1% and 2% reduction to the current assessment grid that includes the 2% reduction that went into effect July 2019. Cash growth has slowed in the last few months as anticipated. The net liquidity on page four of the model increases until April/May and then tapers to \$50MM and will likely decrease another \$2MM. Other factors in the model are the interest earned from the MS funds, which offsets operations, and the projected reimbursements from the DOH. Mr. Smith recommended the WVA consider the 2% reduction that would reduce cash flow by \$2MM over 12 months and result in a \$32MM reserve level by June 2021.

Chairman Sobeck asked if there is a reason for the rapid decrease in the projection during certain months and if there are factors the Board needs to consider. Mr. Smith replied that the WVA absorbs the approximately 4% increase in the CDC contract rates that take effect in April. Ms. Zell clarified that the 2019 increase in vaccine costs resulted in a 5.75% increase and was somewhat surprising.

Ms. Zell stated that another alternative that would not require a change in the assessment grid is to stop receiving money in settlement reports as well as allow major participating payers to offset assessment payments by a reduction of 2.5%. Although this method has not been modeled, KV staff researched this option and there would be a further reduction in collections. Mr. Smith agreed and stated that it would be approximately \$2MM per year.

Norm Roberge asked Ms. Zell if the DOH has estimated the public and private split. Ms. Zell explained that the DOH reviews practice profiles and makes the population estimates annuals based upon CDC guidelines. KV has asserted that WVA cash projection versus actual collections demonstrates that they population estimated are out of alignment, favoring the WVA. Ms. Zell noted that all parties are aware of the issue and are reviewing the estimates. Ms. Zell asked Mr. Roberge to provide additional details. Chairman Sobeck asked Mr. Smith how the projected interest through 2021 in the model was estimated since it's not expected to remain consistent. Mr. Smith replied that it is more conservative in the model and will be revised.

Discussion ensued regarding the possibility of moving forward with a 2% grid assessment reduction in January and how factors such as timing, notification requirements, operational changes for providers, and the new WVA vendor need to be considered.

2018-2019 Audited Financials

Overview

Allen Gilbert provided an overview of the 2018/19 audited financials and governance letter. The independent auditors report reflects the highest level of assurance that can be given. Mr. Gilbert pointed out key numbers including an increase on page 3 of the report from \$44MM in assets at the end of 6/20/18 to just over \$62MM at the end of 2019. The cash flow statement on page 6 shows a decrease of \$29MM in cash that was used for investments as well as approximately \$16 million dollars for operations. There is a new investment footnote on pages 11-12 that details various asset levels. Pages 4-5 show the statement of activities for 2018-19 and a 7% decrease in net assessment activity. Part of the audit examines vaccine purchases, which shows a decrease of approximately 3%.

The investment income section was added to reflect the various investment earnings in interest and dividends, realized gains, unrealized appreciation, and investment expenses. There is a new requirement for nonprofit organizations to report program expenses and administrative expenses. The administrative expenses have changed since Ms. Zell is now an employee of WVA; overall, the WVA operation costs are comprised of payroll and administrator costs. There is a \$232,000 decrease in special projects, a \$210,000 decrease in legal and accounting fees, and a total decrease of \$500,000 for this year. The change of assets for the year is \$18MM. Mr. Gilbert noted a minor reporting change from “net assets without restrictions” as opposed to “net assets.”

Mr. Gilbert also highlighted changes and disclosures of new reporting standards. There are new revenue recognition standards that go into effect across all industries beginning next year and will have little impact on the WVA.

Mr. Gilbert reported that WVA currently has sufficient funds for operations for ten and a half months. Chairman Sobeck asked if there are reserve requirements or restrictions. Ms. Zell responded that WVA can build reserves and there is no limit in the bylaws. She added that there are several factors including the current transition costs, increasing operating costs, and the off-cycle assessment grid change that could potentially impact cash flows, but that she would continue to bring the matter before the Board for their consideration.

After asking for questions about the financial statements, Mr. Gilbert reviewed the governance letter. The governance letter reviews any significant findings; the stated that there are no material weaknesses, internal control deficiencies, or recommendations for improvement. He noted that the letter also identifies new reporting standards and disclosures reflected in the footnotes. Finally, the letter also includes estimated collectible assessments. No difficulties were encountered or adjustments needed throughout the audit.

The next steps include approving the financial statements, after which CLA provides the management representation letter, and issue the report.

Questions & Comments

There being no questions or comments, Chairman Sobeck asked for a motion to recommend publication of the 2018/19 Audited Financials. There being no changes it was unanimously

VOTED: To adopt and approve publication of the 2018/19 Audited Financials.

Other Matters from Committee Members

1 There being no other matters by Committee Members, Chairman Sobeck proceeded to the Executive
2 Session.

3
4 Executive Session (KidsVax® and public excluded)

5
6 Closing

7 There being no further business, Chairman Sobeck adjourned the meeting at 4:00 p.m.

DRAFT



OCTOBER 29, 2019

Washington Vaccine Association
Board of Directors
PO Box 94002
Seattle, WA 98124-9402

WVA Program Savings Calculation for FYE June 30

Dear Directors,

Below is our calculation of the savings that the program has created in the fiscal years ended June 30, 2019 and June 30, 2018.

	<u>FY 6/2019</u>	<u>FY 6/2018</u>
A. CDC Survey Market Comparison costs: (Actual doses per brand x CDC market survey)	\$90,434,475	\$91,976,142
B. WVA Program costs:		
Cost of vaccine replenishments	\$63,139,509	\$65,491,991
+ Operating Cost	1,310,555	1,821,862
+/- Net change in assessment rates	-	-
+/- Net Interest Expense/(Income).	(1,158,897)	(51,903)
= Total Program Cost	<u>\$63,291,167</u>	<u>\$67,261,950</u>
C. WVA Program Savings (A – B = C)	\$27,143,308	\$24,714,192
D. Program Savings Percentage (C / A = D)	30.01%	26.87%

Notes:

1. In any program like this it is not possible to calculate savings with 100% accuracy. There are a number of reasons for this including the fact that some providers may continue to bill for some private supply.
2. The market comparison used for each dose is an average of prices given in response to the survey conducted annually by the CDC (<http://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/>). Information is not provided on volume or location purchased. This CDC survey just addresses vaccine costs. It does not include other costs such as management fees, financing costs or other overhead, which some providers properly include in billings. Neither does it include normal payer administration costs for individual claims administration.
3. We believe this is a fair representation of the cost savings for the vaccines themselves. Payments to providers for administration of vaccines, of course, are completely outside of this system.
4. KidsVax.org will continue to track this metric periodically to aid the WVA in monitoring its program effectiveness.

Sincerely,

Peter M. Smith
Financial & Internal Control Analyst

cc: Julia Zell, Executive Director



WASHINGTON VACCINE ASSOCIATION
UNAUDITED FINANCIAL STATEMENTS
FOR THE MONTH OF AND THE THREE (3) MONTHS ENDING
SEPTEMBER 30, 2019

Prepared by KidsVax, LLC

Washington Vaccine Association Statement of Financial Position As of September 30, 2019

A

1	ASSETS	
2	Current Assets	
3	Cash and Cash Equivalents	\$ 5,120,767.02
4	Investments	45,421,731.00
5	Members Estimated Collectible Assessments	5,426,046.00
6	Prepaid Vaccine	9,012,233.31
7	Prepaid Administrative Services	-
8		
9	Total Current Assets	<u>64,980,777.33</u>
10		
11	Total Assets	<u><u>\$ 64,980,777.33</u></u>
12		
13	LIABILITIES AND NET ASSETS	
14	Current Liabilities	
15	Accounts Payable	\$ 3,000.00
17	Other Accruals	-
18		
19	Total Current Liabilities	<u>3,000.00</u>
20		
21	Assessments Collected in Excess of Vaccine Funding	
22	and Administrative Activities	<u>64,977,777.33</u>
23		
24	Total Liabilities	64,980,777.33
25		
26	Net Assets - Unrestricted	<u>-</u>
27		
28	Total Liabilities and Net Assets	<u><u>\$ 64,980,777.33</u></u>

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

WVA Board Meeting 2019-11-07
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	A	B	C	D	E	F
	Month Ending September 30, 2019			For 3 Months Ending September 30, 2019		
	Administrative	Vaccine	Total	Administrative	Vaccine	Total
1 CHANGE IN UNRESTRICTED NET ASSETS						
	Revenues / Vaccine Expenses					
2 Assessment Activity:						
3 Assessments Estimated from Replenishment	\$ 777,822.00	\$ 7,219,840.00	\$ 7,997,662.00	\$ 2,176,755.00	\$ 20,774,574.00	\$ 22,951,329.00
4 Estimated Over (Under) Collections	(17,360.89)	(174,473.00)	(191,833.89)	105,301.50	172,306.00	277,607.50
5 Refunds	(15,171.41)	-	(15,171.41)	(55,363.67)	-	(55,363.67)
6 Assessments	745,289.70	7,045,367.00	7,790,656.70	2,226,692.83	20,946,880.00	23,173,572.83
7 Vaccine Replenishments	-	(7,092,489.01)	(7,092,489.01)	-	(20,647,222.85)	(20,647,222.85)
8 Interest Income on Assessments	-	-	-	-	-	-
9 Net Assessment Activity	745,289.70	(47,122.01)	698,167.69	2,226,692.83	299,657.15	2,526,349.98
10 Investment Activity:						
11 Investment income - Morgan Stanley	65,742.22	-	65,742.22	395,885.99	-	395,885.99
12 Investment Management Expenses	-	-	-	(30,131.03)	-	(30,131.03)
13 Interest Income - KeyBank	13,676.43	-	13,676.43	34,990.28	-	34,990.28
14 Net Investment Activity	79,418.65	-	79,418.65	400,745.24	-	400,745.24
15 Net Revenues	824,708.35	(47,122.01)	777,586.34	2,627,438.07	299,657.15	2,927,095.22

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

WVA Board Meeting 2019-11-07
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	A	B	C	D	E	F
	Month Ending September 30, 2019			For 3 Months Ending September 30, 2019		
	Administrative	Vaccine Other Expenses	Total	Administrative	Vaccine	Total
16 Administrative Expenses:						
17 General Administrative Services:						
18 Personnel and Related Costs:						
19 ED - Base Salary	16,666.67	-	16,666.67	50,000.01	-	50,000.01
20 ED - Performance Award						
21 ED - Employment Costs	583.34	-	583.34	3,789.81	-	3,789.81
22 ED - Travel ID-WA	1,758.39	-	1,758.39	1,872.71	-	1,872.71
23 ED - Education	-	-	-	-	-	-
24 ED - Business Travel	3,655.00	-	3,655.00	9,882.03	-	9,882.03
25 ED - Conferences	1,429.29	-	1,429.29	1,679.29	-	1,679.29
26 Administrative Services:						
27 KidsVax, LLC - Fixed Contract	36,484.00	-	36,484.00	113,665.14	-	113,665.14
28 KidsVax, LLC - Authorized Additional Exp.	-	-	-	-	-	-
28 KidsVax, LLC - Performance Award	-	-	-	-	-	-
29 Total General Administrative Services	60,576.69	-	60,576.69	180,888.99	-	180,888.99
30 Special Projects Services:						
31 TRICARE - Administrative Services	126.00	-	126.00	2,721.96	-	2,721.96
32 TRICARE - Legislative Services	-	-	-	24,007.49	-	24,007.49
33 TRICARE - Exp. Offset from Other SVPs	-	-	-	(100,000.00)	-	(100,000.00)
34 TRICARE - Travel	-	-	-	-	-	-
35 Medical Revenue Managers - Denied Claims Recovery	3,000.00	-	3,000.00	9,000.00	-	9,000.00
36 Supplemental Reports	-	-	-	-	-	-
37 Total Special Projects Services	3,126.00	-	3,126.00	(64,270.55)	-	(64,270.55)
38 Legal and Accounting:						
39 Outside Legal Counsel	-	-	-	3,966.40	-	3,966.40
40 TRICARE - Legal Fees	-	-	-	-	-	-
41 Audit	-	-	-	13,900.00	-	13,900.00
42 Total Legal and Accounting	-	-	-	17,866.40	-	17,866.40
43 Other:						
44 Bank Fees - Other	1,251.47	-	1,251.47	3,678.05	-	3,678.05
45 Bank Fees - Lockbox	3,685.47	-	3,685.47	10,339.53	-	10,339.53
47 Communications	10,193.12	-	10,193.12	11,974.30	-	11,974.30
48 Insurance	-	-	-	30,814.00	-	30,814.00
49 Website and Information Technology	-	-	-	12,475.00	-	12,475.00
50 Conferences	-	-	-	-	-	-
51 Office Supplies and Services	1,767.85	-	1,767.85	7,407.01	-	7,407.01
52 Office Rentals (ELM, Storage)	-	-	-	218.00	-	218.00
53 Hospitality	835.17	-	835.17	1,415.58	-	1,415.58
54 Board Meetings	-	-	-	-	-	-
55 Interest Expense	-	-	-	-	-	-
56 Total Other	17,733.08	-	17,733.08	78,321.47	-	78,321.47
58 Total Administrative Expenses	81,435.77	-	81,435.77	212,806.31	-	212,806.31
59 Total Change in Unrestricted Net Assets	\$ 743,272.58	\$ (47,122.01)	\$ 696,150.57	2,414,631.76	299,657.15	2,714,288.91
60 Vaccine Funding and Administrative Activities in Excess						
61 of Assessments Collected				(2,414,631.76)	(299,657.15)	(2,714,288.91)
62 Change in Net Assets				\$ -	\$ -	\$ -

Unaudited - For Management Purposes Only
Prepared by KidsVax, LLC

Washington Vaccine Association
Statement of Cash Flows
For the Periods Ending

	B	C	D	E	F	G	H	I	J	K	L	M	N	P
	Month 9/30/2018	Month 10/31/2018	Month 11/30/2018	Month 12/31/2018	Month 1/31/2019	Month 2/28/2019	Month 3/31/2019	Month 4/30/2019	Month 5/31/2019	Month 6/30/2019	Month 7/31/2019	Month 8/31/2019	Month 9/30/2019	13 Month Average
1 Cash balance - beginning	\$ 34,483,179	\$ 32,998,223	\$ 35,847,267	\$ 39,834,544	\$ 42,762,506	\$ 44,423,448	\$ 46,564,200	\$ 48,455,299	\$ 50,316,645	\$ 50,836,486	\$ 50,477,971	\$ 49,980,636	\$ 51,155,207	\$ 44,471,970
Inflows:														
2 Vaccine collections	7,527,848	7,638,144	8,546,543	7,006,029	6,342,729	5,156,707	6,490,515	6,055,530	6,692,508	5,945,345	6,606,830	8,184,440	8,302,238	6,961,185
3 Interest income - payers	-	7,572	6,387	7,804	-	-	-	-	-	-	-	-	-	1,674
4 Investment income/ (loss)	21,553	14,530	58,286	126,482	162,464	67,748	199,600	112,494	176,102	243,748	61,527	238,486	65,742	119,136
5 Total inflows	7,549,400	7,660,246	8,611,216	7,140,315	6,505,193	5,224,456	6,690,116	6,168,024	6,868,610	6,189,093	6,668,356	8,422,926	8,367,980	7,081,995
Outflows:														
Program														
6 Vaccine remittance State of WA	(8,926,996)	(4,685,595)	(4,529,870)	(4,103,869)	(4,716,256)	(3,000,686)	(4,782,115)	(4,190,976)	(6,259,643)	(6,462,245)	(7,092,489)	(7,219,840)	(8,884,882)	(5,758,112)
Administration														
7 Administrative services	(94,383)	(95,434)	(84,087)	(66,722)	(82,440)	(74,653)	(5,154)	(79,532)	(79,008)	(78,091)	(71,104)	(98,368)	(63,305)	(74,791)
8 Denied claims recovery	(2,800)	(2,800)	(2,800)	(2,800)	(5,600)	-	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(3,000)	(3,000)	(2,831)
9 Legal fees	5,615	4,868	-	(30,770)	-	(891)	-	(2,111)	(2,352)	-	(3,377)	100,000	(4,161)	5,140
10 Audit fees	(6,800)	(4,100)	-	-	-	-	-	-	-	-	-	(2,600)	(11,300)	(1,908)
11 Bank / Investment Fees	(8,342)	(26,257)	(7,182)	(8,192)	(26,615)	(7,473)	(6,204)	(31,261)	(4,755)	(4,473)	5,861	6,372	8,739	(8,445)
12 Insurance	(650)	(717)	-	-	(11,492)	-	-	-	-	-	-	(30,702)	(112)	(3,359)
13 Website development	-	-	-	-	-	-	-	-	-	-	-	-	(12,475)	(960)
14 Board expenses	-	(1,167)	-	-	(1,848)	-	(2,743)	-	-	-	-	-	-	(443)
15 Total Administration	(107,360)	(125,608)	(94,069)	(108,485)	(127,995)	(83,017)	(16,901)	(115,703)	(88,915)	(85,364)	(71,420)	(28,298)	(85,614)	(87,596)
16 Net all other outflows	-	-	-	-	-	-	-	-	(210)	-	(1,781)	(218)	(10,193)	(954)
16 Total outflows	(9,034,356)	(4,811,203)	(4,623,938)	(4,212,354)	(4,844,251)	(3,083,704)	(4,799,016)	(4,306,678)	(6,348,768)	(6,547,609)	(7,165,691)	(7,248,356)	(8,980,689)	(5,846,662)
17 Net Cash Incr (decr) for period	(1,484,955)	2,849,043	3,987,278	2,927,962	1,660,942	2,140,752	1,891,100	1,861,345	519,842	(358,516)	(497,334)	1,174,571	(612,709)	1,235,332
18 Cash balance - end of period	\$ 32,998,223	\$ 35,847,267	\$ 39,834,544	\$ 42,762,506	\$ 44,423,448	\$ 46,564,200	\$ 48,455,299	\$ 50,316,645	\$ 50,836,486	\$ 50,477,971	\$ 49,980,636	\$ 51,155,207	\$ 50,542,498	\$ 45,707,302

Note: Cash balance includes amounts in KeyBank and Morgan Stanley

Washington Vaccine Association

Notes to Financial Statements

For the Three (3) Months Ending September 30, 2019

Items of interest in the Financial Statements for the two months ending September 30, 2019.

The cash flow statement included in this month's financial statement reflects 13 months of activity with an additional column (P) indicating a 13 month average.

Line 16 column P indicates that the WVA has increased its cash position by an average of \$1,235,332 over the thirteen months presented.

The new vaccine pricing grid took affect 07/01/2019 and is reflected in this month's financials.

WASHINGTON VACCINE ASSOCIATION
UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDING
SEPTEMBER 30, 2019

Prepared by KidsVax, LLC

Washington Vaccine Association Statement of Financial Position As of September 30, 2019

A

1	ASSETS	
2	Current Assets	
3	Cash and Cash Equivalents	\$ 5,120,767.02
4	Investments	45,421,731.00
5	Members Estimated Collectible Assessments	5,426,046.00
6	Prepaid Vaccine	9,012,233.31
7	Prepaid Administrative Services	-
8		
9	Total Current Assets	<u>64,980,777.33</u>
10		
11	Total Assets	<u><u>\$ 64,980,777.33</u></u>
12		
13	LIABILITIES AND NET ASSETS	
14	Current Liabilities	
15	Accounts Payable	\$ 3,000.00
17	Other Accruals	-
18		
19	Total Current Liabilities	<u>3,000.00</u>
20		
21	Assessments Collected in Excess of Vaccine Funding	
22	and Administrative Activities	<u>46,987,941.19</u>
23		
24	Total Liabilities	46,990,941.19
25		
26	Net Assets - Unrestricted	<u>-</u>
27		
28	Total Liabilities and Net Assets	<u><u>\$ 46,990,941.19</u></u>

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

WVA Board Meeting 2019-11-07
Page 21 of 55

	A	B	C	D	E	F
	Quarter Ending September 30, 2019			For Year Ending September 30, 2019		
	Administrative	Vaccine	Total	Administrative	Vaccine	Total
1 CHANGE IN UNRESTRICTED NET ASSETS						
	Revenues / Vaccine Expenses					
2 Assessment Activity:						
3 Assessments Estimated from Replenishment	\$ 2,176,755.00	\$ 20,774,574.00	\$ 22,951,329.00	\$ 2,176,755.00	\$ 20,774,574.00	\$ 22,951,329.00
4 Estimated Over (Under) Collections	105,301.50	172,306.00	277,607.50	105,301.50	172,306.00	277,607.50
5 Refunds	(55,363.67)	-	(55,363.67)	(55,363.67)	-	(55,363.67)
6 Assessments	2,226,692.83	20,946,880.00	23,173,572.83	2,226,692.83	20,946,880.00	23,173,572.83
7 Vaccine Replenishments	-	(20,647,222.85)	(20,647,222.85)	-	(20,647,222.85)	(20,647,222.85)
8 Interest Income on Assessments	-	-	-	-	-	-
9 Net Assessment Activity	2,226,692.83	299,657.15	2,526,349.98	2,226,692.83	299,657.15	2,526,349.98
10 Investment Activity:						
11 Investment income - Morgan Stanley	395,885.99	-	395,885.99	395,885.99	-	395,885.99
12 Investment Management Expenses	(30,131.03)	-	(30,131.03)	(30,131.03)	-	(30,131.03)
13 Interest Income - KeyBank	34,990.28	-	34,990.28	34,990.28	-	34,990.28
14 Net Investment Activity	400,745.24	-	400,745.24	400,745.24	-	400,745.24
15 Net Revenues	2,627,438.07	299,657.15	2,927,095.22	2,627,438.07	299,657.15	2,927,095.22

Washington Vaccine Association
Statement of Activities and Changes in Net Assets

WVA Board Meeting 2019-11-07
Page 22 of 55

	A	B	C	D	E	F
	Quarter Ending September 30, 2019			For Year Ending September 30, 2019		
	Administrative	Vaccine Other Expenses	Total	Administrative	Vaccine	Total
16 Administrative Expenses:						
17 General Administrative Services:						
18 Personnel and Related Costs:						
19 ED - Base Salary	50,000.01	-	50,000.01	50,000.01	-	50,000.01
20 ED - Performance Award						
21 ED - Employment Costs	3,789.81	-	3,789.81	3,789.81	-	3,789.81
22 ED - Travel ID-WA	1,872.71	-	1,872.71	1,872.71	-	1,872.71
23 ED - Education	-	-	-	-	-	-
24 ED - Business Travel	9,882.03	-	9,882.03	9,882.03	-	9,882.03
25 ED - Conferences	1,679.29	-	1,679.29	1,679.29	-	1,679.29
26 Administrative Services:						
27 KidsVax, LLC - Fixed Contract	113,665.14	-	113,665.14	113,665.14	-	113,665.14
28 KidsVax, LLC - Authorized Additional Exp.	-	-	-	-	-	-
29 KidsVax, LLC - Performance Award	-	-	-	-	-	-
30 Total General Administrative Services	180,888.99	-	180,888.99	180,888.99	-	180,888.99
31 Special Projects Services:						
32 TRICARE - Administrative Services	2,721.96	-	2,721.96	2,721.96	-	2,721.96
33 TRICARE - Legislative Services	24,007.49	-	24,007.49	24,007.49	-	24,007.49
34 TRICARE - Exp. Offset from Other SVPs	(100,000.00)	-	(100,000.00)	(100,000.00)	-	(100,000.00)
35 TRICARE - Travel	-	-	-	-	-	-
36 Medical Revenue Managers - Denied Claims Recovery	9,000.00	-	9,000.00	9,000.00	-	9,000.00
37 Supplemental Reports	-	-	-	-	-	-
38 Total Special Projects Services	(64,270.55)	-	(64,270.55)	(64,270.55)	-	(64,270.55)
39 Legal and Accounting:						
40 Outside Legal Counsel	3,966.40	-	3,966.40	3,966.40	-	3,966.40
41 TRICARE - Legal Fees	-	-	-	-	-	-
42 Audit	13,900.00	-	13,900.00	13,900.00	-	13,900.00
43 Total Legal and Accounting	17,866.40	-	17,866.40	17,866.40	-	17,866.40
44 Other:						
45 Bank Fees - Other	3,678.05	-	3,678.05	3,678.05	-	3,678.05
46 Bank Fees - Lockbox	10,339.53	-	10,339.53	10,339.53	-	10,339.53
47 Insurance	30,814.00	-	30,814.00	30,814.00	-	30,814.00
48 Conferences	-	-	-	-	-	-
49 Office Supplies and Services	7,407.01	-	7,407.01	7,407.01	-	7,407.01
50 Office Rentals (ELM, Storage)	218.00	-	218.00	218.00	-	218.00
51 Hospitality	1,415.58	-	1,415.58	1,415.58	-	1,415.58
52 Board Meetings	-	-	-	-	-	-
53 Interest Expense	-	-	-	-	-	-
54 Total Other	53,872.17	-	53,872.17	53,872.17	-	53,872.17
56 Total Administrative Expenses	188,357.01	-	188,357.01	188,357.01	-	188,357.01
57 Total Change in Unrestricted Net Assets	\$ 2,439,081.06	\$ 299,657.15	\$ 2,738,738.21	2,439,081.06	299,657.15	2,738,738.21
58 Vaccine Funding and Administrative Activities in Excess						
59 of Assessments Collected				(2,439,081.06)	(299,657.15)	(2,738,738.21)
60 Change in Net Assets				\$ -	\$ -	\$ -

Washington Vaccine Association
Statement of Cash Flows
For the Quarters Ending

	A	B	C	D
	Quarter 12/31/2018	Quarter 3/31/2019	Quarter 6/30/2019	Quarter 9/30/2019
1 Cash balance - beginning of period	\$ 32,998,223.28	\$ 42,762,505.85	\$ 48,455,299.27	\$ 50,477,970.64
Inflows:				
2 Vaccine collections	23,190,716.02	17,989,951.10	18,693,382.77	23,093,507.83
3 Interest income	21,762.46	-	-	-
4 Investment income/ (loss)	199,298.72	429,812.92	532,343.93	365,754.96
5 Total inflows	23,411,777.20	18,419,764.02	19,225,726.70	23,459,262.79
Outflows:				
Program				
6 Vaccine remittance State of WA	(13,319,333.74)	(12,499,057.36)	(16,912,863.86)	(23,197,211.33)
Administration				
7 Administrative services	(246,242.50)	(162,246.48)	(236,630.92)	(232,777.20)
8 Denied claims recovery	(8,400.00)	(8,400.00)	(8,400.00)	(8,800.00)
9 Legal fees	(25,902.75)	(891.10)	(4,462.20)	92,462.50
10 Audit fees	(4,100.00)	-	-	(13,900.00)
11 Bank Fees / Investment Mgmt. Fe	(41,631.43)	(40,292.22)	(40,488.35)	20,971.79
12 Insurance	(717.00)	(11,492.00)	-	(30,814.00)
13 Website development	-	-	-	(12,475.00)
14 Board expenses	(1,167.21)	(4,591.44)	-	-
15	(328,161)	(227,913)	(289,981)	(185,332)
16 Net all other outflows	-	-	(210)	(12,192)
16 Total outflows	(13,647,495)	(12,726,971)	(17,203,055)	(23,394,736)
17 Net Cash Incr (decr) for quarter	9,764,283	5,692,793	2,022,671	64,527
18 Cash balance - end of period	\$ 42,762,506	\$ 48,455,299	\$ 50,477,971	\$ 50,542,498

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

Unaudited - For Management Purposes Only
Prepared by KidsVax, LLC

Washington Vaccine Association
Notes to Financial Statements
For the Quarter Ending September 30, 2019

Items of interest in the Financial Statements for the quarter ending september 30, 2019.

During the quarter the WVA has increased its cash position by \$64,527.

**WASHINGTON VACCINE ASSOCIATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**



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**WASHINGTON VACCINE ASSOCIATION
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Washington Vaccine Association
Seattle, Washington

We have audited the accompanying financial statements of Washington Vaccine Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Washington Vaccine Association

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Vaccine Association as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
September 19, 2019

**WASHINGTON VACCINE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,921,995	\$ 34,120,976
Estimated Collectible Assessments	5,345,981	6,355,445
Prepaid Vaccines to Washington Department of Health	6,462,245	3,861,593
Total Current Assets	<u>16,730,221</u>	<u>44,338,014</u>
INVESTMENTS	<u>45,555,976</u>	<u>9,118</u>
Total Assets	<u><u>\$ 62,286,197</u></u>	<u><u>\$ 44,347,132</u></u>
LIABILITIES AND NET ASSETS WITHOUT RESTRICTIONS		
CURRENT LIABILITIES		
Accounts Payable	\$ 22,708	\$ 97,928
ASSESSMENTS COLLECTED IN EXCESS OF VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES	<u>62,263,489</u>	<u>44,249,204</u>
Total Liabilities	62,286,197	44,347,132
NET ASSETS WITHOUT RESTRICTIONS	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets Without Restrictions	<u><u>\$ 62,286,197</u></u>	<u><u>\$ 44,347,132</u></u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Administrative Activities	Vaccine Funding Activities	Total
CHANGE IN NET ASSETS WITHOUT RESTRICTION			
Assessment Activity:			
Assessments	\$ 11,431,254	\$ 69,682,340	\$ 81,113,594
Vaccine Replenishments	-	(63,139,509)	(63,139,509)
Tricare Expense Offset	191,858.00	-	191,858
Net Assessment Activity	11,623,112	6,542,831	18,165,943
Investment Income:			
Interest and Dividends	785,846	-	785,846
Realized Gain on Investments	6,404	-	6,404
Unrealized Appreciation of Fair Value	435,229	-	435,229
Total Investment Income	1,227,479	-	1,227,479
Less: Investment Expenses	(68,582)	-	(68,582)
Net Investment Income	1,158,897	-	1,158,897
Expenses:			
Administrative:			
Payroll	213,265	-	213,265
Third-Party Administrative Services	452,808	-	452,808
Special Projects Services	419,360	-	419,360
Legal and Accounting	95,917	-	95,917
Office Expenses	85,300	-	85,300
Other	43,905	-	43,905
Total Expenses	1,310,555	-	1,310,555
Total Change in Net Assets Without Restrictions	11,471,454	6,542,831	18,014,285
VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED	<u>(11,471,454)</u>	<u>(6,542,831)</u>	<u>(18,014,285)</u>
CHANGES IN NET ASSETS WITHOUT RESTRICTIONS	-	-	-
Net Assets Without Restrictions - Beginning of Year	-	-	-
NET ASSETS WITHOUT RESTRICTIONS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Administrative Activities	Vaccine Funding Activities	Total
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS			
Assessment Activity:			
Assessments	\$ 13,623,126	\$ 73,639,011	\$ 87,262,137
Vaccine Replenishments	-	(65,491,991)	(65,491,991)
Net Assessment Activity	13,623,126	8,147,020	21,770,146
Investment Income:			
Interest Income on Assessments	51,903	-	51,903
Expenses:			
Administrative:			
Third-Party Administrative Services	775,292	-	775,292
Special Projects Services	651,442	-	651,442
Legal and Accounting	306,813	-	306,813
Office	41,623	-	41,623
Other	46,692	-	46,692
Total Expenses	1,821,862	-	1,821,862
Total Change in Net Assets Without Restrictions	11,853,167	8,147,020	20,000,187
VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED	(11,853,167)	(8,147,020)	(20,000,187)
CHANGES IN NET ASSETS WITHOUT RESTRICTIONS	-	-	-
Net Assets Without Restrictions - Beginning of Year	-	-	-
NET ASSETS WITHOUT RESTRICTIONS - END OF YEAR	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Assessments Collected	\$ 82,314,916	\$ 90,615,562
Cash Remittances to Washington Department of Health for Vaccines	(65,740,161)	(64,339,330)
Administrative Expenses Paid	(1,385,776)	(1,780,094)
Cash Received from Interest and Dividend Income	785,846	51,903
Cash Paid for Investment Expenses	(68,582)	-
Net Cash Provided by Operating Activities	<u>15,906,243</u>	<u>24,548,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases	(103,283,388)	(9,118)
Proceeds from Investment Sales	58,178,164	-
Net Cash Used by Investing Activities	<u>(45,105,224)</u>	<u>(9,118)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,198,981)	24,538,923
Cash and Cash Equivalents - Beginning of Year	<u>34,120,976</u>	<u>9,582,053</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,921,995</u></u>	<u><u>\$ 34,120,976</u></u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Realized Gain on Investments	(6,404)	-
Unrealized Appreciation of Fair Value	(435,229)	-
(Increase) Decrease in:		
Estimated Collectible Assessments	1,009,463	3,353,425
Prepaid Vaccines to Washington Department of Health	(2,600,652)	1,152,661
Increase (Decrease) in:		
Accounts Payable	(75,220)	41,769
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	<u>18,014,285</u>	<u>20,000,186</u>
Net Cash Provided by Operating Activities	<u><u>\$ 15,906,243</u></u>	<u><u>\$ 24,548,041</u></u>

See accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 NATURE OF ORGANIZATION

Organization and Operations

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

The Association is a special purpose nonprofit corporation formed on April 1, 2010, to support the state government in developing and administering a new method for collecting funds to support the Universal Childhood Vaccine Program. The Washington legislature created the Association through the Washington Vaccine Association Act, now codified in RCW 70.290.010 – .900.

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

The Association's primary purpose is to collect funds through mandatory assessments paid by its members. Fund transfers are made to the state of Washington Department of Health (DOH) on a just-in-time basis for the on-going pre-purchase of vaccines. The vaccines are to be administered to children in the state of Washington who are under the age of 19 and who are not eligible for federally or state funded vaccines through existing programs.

The Association is operated under a Plan of Operation adopted by the board of directors as required by RCW 70.920.030 (5)(b). The Association's governance documents are available at the Association's website: www.wavaccine.org.

Termination of the Association

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

In the event of a voluntary or involuntary dissolution of the Association, funds remaining in the Universal Purchase Vaccine Account (UVPA) created in RCW 43.70.720 must be returned to members in proportion to their previous year's contribution, from any balance remaining.

WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared in accordance with the provisions of accounting standards generally accepted in the United States of America. Under those standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Association's net assets do not contain restrictions as of June 30, 2019 and 2018.

Adoption of New Accounting Standard

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in no change to the total previously reported net assets.

Concentration of Risk

Financial instruments that subject the Association to concentrations of credit risk consist of cash deposits. The Association places its cash deposits with high quality financial institutions. Deposits exceed federally insured limits as of June 30, 2019 and 2018.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

Investments in marketable equity securities, US Treasury securities, US Federal Agencies, corporate bonds, and certificates of deposit with original maturities greater than 90 days are reported at fair value. Realized and unrealized gains and losses are reflected in the statements of activities as changes in net assets without restrictions unless their use is restricted by a donor or by law.

WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated Collectible Assessments

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

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

Dosage Based Assessments

Funds collected from health insurers and TPAs of health plans in the state of Washington, (including administrative revenue and reserve portion discussed below), are determined using a Dosage Based Assessment methodology. At each vaccine administration of a child in the State of Washington, not otherwise eligible for state or federally-funded vaccine programs, the provider's office charges for and generates a claim for administrative services and also generates an item, resembling a claim form, on which the per-vaccine assessment is reported to the respective payor. The per-vaccine assessment amounts are established periodically by the Association. The payor pays the provider for the administration claim, and also pays the assessment amount to the Association, in a manner similar to payment of a claim for the cost of vaccines. The Association collects these assessments and remits payments to the State of Washington DOH to pay its allocated share of vaccine costs each time a vaccine replenishment order for the State's Universal Childhood Vaccine Program is due. The cost for each vaccine is negotiated by the Center for Communicable Diseases.

Remittance to Universal Purchase Account

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

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Assessments Collected in Excess of Vaccine Funding and Administrative Costs

The Association has collected assessments in excess of amounts required to be paid to the DOH through the end of the accounting period for childhood vaccine funding and administrative costs. The Association is a limited purpose entity whose funds are dedicated solely to the specific purposes discussed above. These excess assessment collections, which may accumulate from time to time, will be applied to (i) future vaccine funding obligations of the Association, and (ii) reasonable and necessary operating costs of the Association. The Association maintains a level of excess collections (reserves) to be able to meet DOH needs for vaccine purchases and ensure adequate funds for operations. As of June 30, 2019 and 2018, assessments collected in excess of vaccine funding and administrative activities totaled \$62,263,489 and \$44,249,204, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Vaccine replenishments are considered to be program expenses and all other expenses are administrative.

Income Taxes

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

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

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

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2018 financial statements in order to conform with the 2019 presentation with no effect on previously reported changes in net assets.

Subsequent Events

The board of directors and management has evaluated subsequent events through September 19, 2019, the date the financial statements were available to be issued.

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the exit price) in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement dates. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

In determining fair value, the Association uses various valuation approaches. The FASB established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Association. Unobservable inputs are inputs that reflect the Association's assumptions that market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets to which the Association has access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of asset or liability, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Association in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an organization-specific measure. Therefore, even when market assumptions are not readily available, the Association's own assumptions are set to reflect those that the Association believes market participants would use in pricing the asset or liability at the measurement date.

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 608,172	\$ -	\$ -	\$ 608,172
Mutual Funds	5,563,317	-	-	5,563,317
Corporate Bonds	-	18,645,662	-	18,645,662
US Treasuries	-	6,050,560	-	6,050,560
US Federal Agencies	-	4,489,157	-	4,489,157
Certificates of Deposit	-	10,199,108	-	10,199,108
Total Schedule of Investments	<u>\$ 6,171,489</u>	<u>\$ 39,384,487</u>	<u>\$ -</u>	<u>\$ 45,555,976</u>

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as June 30, 2018:

	Level 1	Level 2	Level 3	Total
Money Market Funds	<u>\$ 9,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,118</u>

**WASHINGTON VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Association is substantially supported by assessment income. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations come due. Financial assets in excess of near-term cash requirements are invested in various marketable securities.

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

The following table reflects the Association's financial assets available within one year to meet cash needs for general expenditures as of June 30:

	2019	2018
Cash and Cash Equivalents	\$ 4,921,995	\$ 34,120,976
Estimated Collectible Assessments	5,345,981	6,355,445
Investments	45,555,976	9,118
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	<u>\$ 55,823,952</u>	<u>\$ 40,485,539</u>

NOTE 5 REMITTANCE TO THE STATE OF WASHINGTON

Pursuant to the Association's statutory purposes, transfers of \$65,740,161 and \$64,339,330 were made by the Association to the state of Washington's UVPA during the years ended June 30, 2019 and 2018, respectively.

NOTE 6 CONTINGENCIES

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

November 7, 2019 Executive Director Overview

Assessment Collections as of 9/30/2019:	\$582 + Million
Remittances to State of WA since inception:	\$523 + Million
Members Estimated Collectible Assessments	5.4 + Million
Prepaid Vaccine Purchases:	\$9 + Million
Cash Balance:	\$5.1 + Million
Morgan Stanley	\$45.4 + Million

“All things are difficult before they are easy.” Thomas Fuller

Once again, I write as the harbinger of change for yet another year. After completing organizational restructuring last year, I would have liked to have spared the Board yet another period of unplanned, information-laden meetings, and numerous decision points. But hopefully, the work begun last year and continued this year will yield years of stability for the WVA and be accompanied by great leaps forward in all operations. After concluding initial implementation plans with the recently selected administrative services contractor Helms & Company, I am confident that Helms will be able to streamline WVA process, provide in-depth analytics on assessment collections, and will become a key partner in managing WVA contractors and furthering strategic partnerships.

The WVA is concluding yet another calendar year in a robust financial position with several months of operating capital in reserve. Despite recent economic trends, the WVA has continued to see approximately 3.05% return after fees on its bond portfolio due to the timely investment of the funds and careful management by Morgan Stanley. At its September meeting, the Finance Committee reviewed the WVA's cash position and debated the merits of recommending an off-cycle grid change to further reduce collections. However, after consultation with the Department of Health and being advised of an upcoming realignment in the overall percentage of vaccine purchases attributed to private insurance, and thus the WVA, the Committee agreed that the additional demands on providers and the State weighed in favor of keeping the grid steady until the scheduled July 1, 2020 change. Collections forecast will be revised to accommodate for the anticipated fund-source changes and the Committee will continue to monitor liquidity to avoid an excess of capital. The Committee anticipates being able to recommend that the WVA absorb inflation for another year in 2020 and will consider additional grid reductions.

The Finance Committee also approved the publication of the audited financial statements and governance letter, which were completed by CliftonLarsonAllen (CLA) in September. Additional footnotes were added this year to accommodate for the Association's new structure that includes an employee and describes reserve investment funds. Year over year, the WVA decreased operations expenses by \$500,000, bringing total costs to approximately 2% of total assessments

collected, the lowest percentage in several years. As expected, a clean auditors' opinion was issued. The auditors found no deficiencies in internal controls.

After many weeks of research, interviews, reference checks, special meetings, and deliberations, the WVA executed a new administration services contract with Helms & Co. (Helms) on October 28, 2019, effective immediately. The transition from KidsVax (KV) administration to Helms should be complete by 12/31/2019. A final audit of KV is underway by a respected NH audit firm and will be made available for the Board's review towards the beginning of next year. Though the next few months will require a lot of work from all parties, I am optimistic that the revisions outlined by Helms in their proposal to WVA processes, especially with respect to collections, will bring greater transparency and accountability to the dosage-based system.

With respect to other operational matters, the 2018/19 Annual Report is in its final stages of review and has been included in the Board packet for approval. This year, the report features updated explanatory content on the front page as this communication is intended to serve as an introduction to the WVA's core functions and purpose. The back page contains an infographic demonstrating the work the WVA, Department of Health, and other stakeholders invested in developing a provider vaccine storage, handling and accountability policy. The policy, which has been signed by all 1016 WA providers enrolled in the universal vaccine program, aims to reduce waste and provide education to providers, encouraging the responsible handling and use of vaccines.

I am delighted to report that the WVA's redesigned website, www.wavaccine.org, has been fully migrated to Helms control, and is fully functional. The website functions are more user-friendly, and the information has been streamlined and compressed, making materials easier to access. The WVA also purchased several stock photos, with the aid of our graphic designer and Helms, that are intended to be more representative of the full spectrum of pediatric patients. I am pleased with the end-result and encourage Board members to browse the site. Along with the content, the third-party administration registry, housed on the website, is also receiving an update. Helms has plans to verify all existing users and email lists and has made the registry and user access password protected, ensuring that outside users cannot retrieve TPA contact information with simply an EIN, one problem with the old system.

Lastly, I am excited to welcome two new Board members: Dr. Steven Lam with Regence and Dr. Patricia Auerbach with UnitedHealth. While I am deeply grateful for the time and expertise provided by departing members Derek LeBrun, Coordinated Care, and Laura McKenna, Regence, I am hopeful the newcomers can bring fresh insights to the Association. Thank you to the entire Board for steering the Association through its recent trials and ensuring that the proper mechanisms are in place to allow the WVA to fulfill its important function in the State's universal vaccine purchase program.

Respectfully submitted,



Julia G. Zell, M.A., J.D.
WVA, Executive Director



Annual Report



Dear Friends and Colleagues,

Undoubtably, my first full year as WVA chairman has proved to be one of change – some purposeful and metered, some wrought upon the Association by circumstance. However, despite the myriad challenges, the WVA Board utilized its expertise to set strategic goals and make necessary arrangements to ensure that the organization could begin attaining results in each focus area: **1)** maintaining payer equity, **2)** improving known areas of leakage in the assessment system, and **3)** reifying relationships with strategic partners and stakeholders.

After setting organizational aims, the Board voted to retain its Executive Director as a full-time employee beginning in January 2019 to manage operational integrity and outside vendors, execute Board policy, and oversee stakeholder relations. This structural change is anticipated to aid the Association in attaining its short and long-term goals.

This year, the WVA again succeeded in full payer participation, identified and corrected pockets of provider noncompliance, and exceeded its investment and liquidity reserve targets. As a result, the Association was able to absorb vaccine inflation costs for a third year and further reduced vaccine assessments by 2%. I am encouraged by the realization of these benchmarks and look forward to additional change that will enable the organization to better serve its important role in Washington State's Childhood Vaccine Program.

John A Sobeck, MD, MBA
Board Chair

A Powerful Model

WVA plays a crucial role in ensuring all Washington children have access to recommended vaccines despite rising national vaccine prices by stabilizing funding for vaccine purchase.

Our model has powerful benefits:

- **No Provider Financing Costs.** Instead of fronting significant dollars to keep vaccines on hand, providers receive and administer pediatric vaccines procured by the Washington Department of Health (Department) and use their existing billing system to trigger WVA's collection of funds from health plans for privately-insured children.
- **Consolidated Storage and Ordering.** Provider staff can avoid both navigating complex ordering systems and keeping separate storage inventories for vaccines based on insurance status. This allows for a blended stock of vaccines and a streamlined ordering process, supported by the Department.
- **Stable Vaccine Supply.** Providers can focus on patient needs and have the full compliment of recommended vaccines on hand to immunize kids.
- **Healthcare Savings.** The Department's bulk purchases of all pediatric vaccines from the Center for Disease Control's contracts with manufacturers provides significant cost savings versus private market costs.

Partnering to Manage Disease-Preventable Outbreaks

Washington State experienced multiple disease outbreaks in 2018 and 2019, most notably the measles. Vaccination is crucial in preventing outbreaks. During outbreaks, the Department works to ensure providers and local health jurisdictions have necessary support and access to vaccines to adequately respond to the outbreaks and populations affected. WVA's role is to assist the Department in securing these vaccines for children when ordering peaks during periods of outbreak.





WORKING TO ENCOURAGE RESPONSIBLE VACCINE STORAGE, MANAGEMENT, AND HANDLING

This year, the WVA partnered with the Department of Health and other stakeholders to develop a vaccine loss policy to encourage provider accountability in vaccine ordering, management, storage, and handling to meet a long-term goal to lower aggregate vaccine waste. The workgroup focused on ensuring that providers enrolled in the state universal vaccine program are properly educated and institute practices that limit the potential for vaccine loss. The WVA is proud to be part of this important initiative to safeguard the State's investment in this important vaccination initiative.

15 Workgroup members

7 Workgroup meetings

60⁺ Estimated hours spent developing vaccine loss policy

100%
OF PROVIDERS
SIGNED THE
POLICY



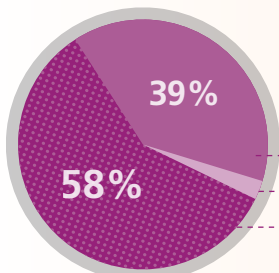
Out of 1016 different providers in Washington

55 

Providers that received education/training or follow-up (January - August 2019)

FINANCIALS

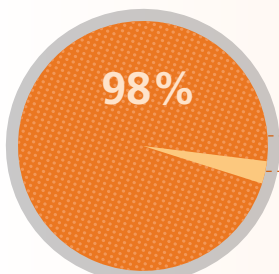
July 1, 2018 - June 30, 2019



Childhood Vaccine Funding Sources

Estimated Total: \$166,593,229

- WVA Vaccine Assessments
- 3% | State Childhood Healthcare Insurance Program
- Federal Vaccine for Children Funds



WVA Program Expenditures

Total: \$64,450,064

- Remittance to WA for Vaccine Costs*
- 2% | Operating Costs

*This chart reflects funding for WVA-funded vaccines. To view the complete financial analyses, please see the complete audited financials at www.wavaccine.org.

WVA Board of Directors

John Sobeck, MD, MBA, Chair
 PNW Market Medical Executive, Cigna

John B. Dunn, MD, MPH
 Medical Director for Preventative Care,
 Kaiser Permanente

Catherine Falanga
 Director of Provider Relations,
 Aetna Life Insurance Co.

Jason A. Farber, Esq.
 Partner, Davis Wright Tremaine LLP

Beth Harvey, MD
 South Sound Pediatric Associates

Derek LeBrun, MBA
 Sr. Director, Finance and Risk
 Management, Coordinated Care

Edgar K. Marcuse, MD, MPH, FPIDS
 Emeritus Professor of Pediatrics,
 University of Washington

Laura McKenna, CPhT
 Clinical Pharmacy Project Coordinator,
 Regence Group-Healthcare Services
 Seattle/Tacoma

Chad Murphy, BS, PharmD
 Vice President, Pharmacy Strategic
 Programs, Premera Blue Cross

Randy Parker
 Administrator, Carpenters
 Trust of Western Washington

Michele Roberts, MPH, MCHES
 Director, Office of Immunization and
 Child Profile, Washington State
 Department of Health

WVA Executive Director

Julia Zell, MA, Esq.

P 1.888.928.2224 | F 1.888.928.2242
info@wavaccine.org | www.wavaccine.org





October 16, 2019

Patricia Auerbach, MD, MBA, FACP
Chief Medical Officer
UnitedHealthcare
1111 3rd Avenue, Suite 1100
Seattle, WA 98101

Re: Appointment to Washington Vaccine Association Board of Directors

Dear Dr. Auerbach,

On behalf of the members of the Association of Washington Healthcare Plans, I am pleased to appoint you to the Washington Vaccine Association Board of Directors in accordance with RCW70.290.030 (3)(c).

(c) One member, representing health carriers not otherwise represented on the board under (a) or (b) of this subsection, who is elected from among the health carrier members not designated under (a) or (b) of this subsection.

The Washington State Legislature created the Washington Vaccine Association (WVA) in 2010 as a nonprofit to collect and remit adequate funds from health carriers and third-party administrators for the cost of vaccines provided to certain children in Washington. The board's role is to conduct activities related to funding vaccines.

Thank you for your willingness to serve as a health carrier representative on the WVA Board of Directors. If you have questions regarding the WVA or your Board appointment, please contact WVA Executive Director Julia G. Zell at (603)-724-5882 or jzell@wavaccine.org

Sincerely,

A handwritten signature in dark ink, appearing to read 'Julia G. Zell', is positioned below the word 'Sincerely,'.

Cc: Julia G. Zell, Washington Vaccine Association



2020 WVA Corporate Governance Calendar

(Board Meeting and Committee Meeting Schedules)

Month	Board Meeting 2-4 PM	Executive Committee 2:30-3:30 PM	Finance Committee 3-4 PM	Vaccine Committee 12:00-1:00 PM	Operations Committee 12:30-1:30 PM
January		X January 16			
February					
March		X March 5			
April	X April 23			X April 23	
May			X May 21		X May 7
June	X June 25	X June 13			
July					
August		X August 21			
September			X September 17		
October					X October 29
November	X November 5			X November 5	
December					

***All times are Pacific Standard Time**

- In-person WVA Board meetings are from 2:00 – 4:00 PM at the offices of Ellis, Li & McKinstry, generally on Thursdays.
- A written annual report may serve in lieu of an annual meeting of members. (Bylaws section 4.2)
- Officers are elected for 1-year terms at the annual meeting of the Board (Bylaws section 6.1)
- Committees may adjust their scheduled meeting dates or times for the convenience of their members.

Conflict of Interest Policy

Policy: Washington Vaccine Association (the “Association”) has been established by act of the Washington Legislature for the purpose of collecting and remitting adequate funds from health carriers and third party administrators for the cost of vaccines provided to certain children in the state of Washington. The Association will comply fully with all laws that relate to the conduct of its activities, including all tax law.

Purpose: The purpose of this policy is to protect the Association’s interests when it is contemplating entering into a transaction or arrangement, or making a decision, that might benefit the private interest of an officer or board member of the Association or member of a committee with board delegated powers or might result in a possible excess benefit transaction as defined by the Internal Revenue Code. The Association intends to conduct its affairs consistent with the requirements of tax-exempt status under the Internal Revenue Code.

Definitions:

Interested Person: Any board member, principal officer, or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, or a duality of interest, as defined below, is an interested person.

Financial Interest: A person has a financial interest in a transaction or arrangement or decision if the person has, directly or indirectly, through business, investment or family: (a) an ownership or investment interest in any entity with which the Association has a transaction or arrangement; or (b) a compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement; or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement or which will be affected by a decision of the Association. A “family member” includes a spouse, siblings (half or whole), children, grandchildren, and in-laws. “Business” includes those businesses which the person owns or controls at least 35%, or disregarded entities.

Duality of Interest: An interested person has a duality of interest with regard to a decision or action where in addition to the obligations of the interested person to the Association, the interested person has an obligation with regard to another organization or enterprise involved or implicated in the action of the Association. For instance, an interested person may serve as a board member of the Association and also as a board member of an organization engaging in a transaction with the Association. A duality of interest will be dealt with in the manner of a conflict of interest.

Conflict of Interest: A conflict of interest exists where an interested person has a financial interest or a duality of interest, in a proposed transaction or arrangement with the Association or decision by the Association. Examples of conflicts of interest include the following:

- a. Where an interested person makes a decision or does an act or is required to make a decision or perform an act that also involves an entity with which the person has

a financial relationship and that benefits financially from the sale, marketing, re-selling, or distribution of vaccines; examples of such relationships include direct employment or an investment interest, a consultancy or other contractor relationship, serving on a speakers bureau, receiving honoraria, research and/or travel support;

- b. Where an interested persons personally contracts with the Association or where he/she is a board member of another organization which is contracting with this Association;
 - c. Where an interested person has any direct or indirect interest in, or a relationship with, any individual or organization that proposes to enter, or has entered, into any transaction or arrangement with the Association involving the sale, re-sale, purchase, marketing, or distribution of any goods or services (including vaccines) or involving the investment or deposit of any funds of the Association;
 - d. Where an interested person in his or her capacity with the Association learns of an opportunity for profit or benefit which may be valuable to him/her personally or to another organization of which he/she is a member, or to other persons known to the interested person;
 - e. Where an interested person will receive compensation, directly or indirectly, from the Association for services; and,
 - f. Where a family or business relationship exists between the interested person and another interested person, consultants, or with staff of the Association.
- (This is not an exhaustive list.)

Procedures:

1. **Duty to Disclose:** An interested person will disclose any conflict of interest, be it real, potential, or apparent, *which is not immediately obvious* with regard to any matter being discussed in the person's presence during a meeting.

- a. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the interest and be given the opportunity to disclose all material facts to the board members or members of committees with board delegated powers considering the proposed transaction or arrangement or decision.
- b. Disclosure involving board members should be made to the board chair, who shall bring these matters, if material, to the board.
- c. Disclosure in the Association should be made to the chief executive (or if she or he is the one with the conflict, then to the board chair), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the board chair.
- d. The Washington law establishing the Association provides that board membership of the Association includes members selected from health carriers, third-party administrators, health plans, physicians, and a delegate of the Secretary of the Department of Health. A potential conflict of interest arises between the obligations of a board member of the Association and the board members' obligations to the organization or profession or position represented by the board

member. The representative capacities and experience of board members are valuable to the Association board of directors. Under these circumstances, board members are not required to specifically disclose their represented relationships in each instance so long as such relationships are obvious in the situation. The board member should annually disclose any such financial interest on the disclosure form required by this policy.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The board shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Association. The decision of the board on these matters will rest in their sole discretion, and their concern must be the welfare of the Association and the advancement of its purpose and *will be documented in the minutes*.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement or decision involving the possible conflict of interest.
- b. The chair of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement or make the proposed decision.
- c. After exercising due diligence, the board or committee shall determine whether the Association can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the board or committee shall determine by a majority vote of the disinterested board members whether the transaction or arrangement is in the Association's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, or duality of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the board member's response and after making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose an actual or possible conflict of interest, or duality of interest, it shall take or not take such disciplinary and/or corrective action as it, in its sole discretion, determines to be appropriate.

5. Records of Proceedings

The minutes of the board and all committees with board delegated powers shall contain:

- i. The names of the persons who disclosed or otherwise were found to have a financial interest or duality of interest, the nature of the financial interest or duality of interest, any action taken to determine whether a conflict of interest or duality of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
- ii. The names of the persons who were present for discussions and votes relating to the transaction or arrangement or decision, a brief summary of the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

6. Annual Statements

Each board member and member of a committee with board delegated powers shall annually sign a statement which affirms such person:

- i. Has received a copy of the conflicts of interest policy;
- ii. Has read and understands the policy;
- iii. Has agreed to comply with the policy; and,
- iv. Understands the Association is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

7. Periodic Reviews

To ensure the Association operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- i. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

- ii. Whether partnerships, joint ventures, and arrangements with management of the Association conform to the Association's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

8. **Use of Outside Experts**

When conducting the periodic reviews, the Association may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring periodic reviews are conducted.

Conflict of Interest Disclosure Statement

The Washington Vaccine Association (the “Association”) has adopted a conflict of interest policy to protect the Associations interest when it is contemplating entering into a transaction or arrangement or making a decision that might benefit the private interests of an officer or director or committee member of the Association. The existence of a conflict does not imply wrong doing on anyone’s part. But when conflicts do arise, they must be recognized and disclosed. Some relationships may create an appearance of conflict; those too, are important to manage so that the Association may maintain public confidence in the integrity of the Association’s activities and to maintain federal tax exempt status.

Thank you for your cooperation.

Please complete the following information, date and sign this statement below.

A. Name and position (e.g. director, officer, member of a committee with board delegated powers): _____

B. Occupation: _____

C. Current employer, if any: _____

D. Affirmation:

(1) I have received a copy of the Policy;

(2) I have read and understand the Policy;

(3) I agree to comply with the Policy; and

(4) I understand that the Washington Vaccine Association (the “Association”) is a tax-exempt organization (or intends to apply for tax-exempt status) and that in order to maintain the federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

E. Financial Interests:

The Policy requires that if you have a financial interest in a proposed transaction or arrangement with the Association, you must disclose the existence and nature of your financial interest to the board or board committee with board delegated powers considering the proposed transaction or arrangement. Please identify any such financial interest which you have disclosed in the past 12 months. If there is a financial interest you believe you should have disclosed, please describe any such interest here as well.

A person has a financial interest in a transaction or arrangement if the person has, directly or indirectly, through business, investment, or family¹: (a) an ownership or investment interest in any entity with which the Association has a transaction or arrangement, or (b) a compensation arrangement with the Association or with any entity or individual with which the Association has a transaction or arrangement, or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Association is negotiating a transaction or arrangement.

The Policy also requires you to report family or business relationships you may have with other members on the board, or with officers, with consultants, or with staff of the Association. The reportable relationships include: (a) whether you are employed by, or you employ, a board member, an officer, a consultant, or staff; (b) a business in which you and any one of the above-listed persons holds a key position or an aggregate of 10% ownership in the assets or income; (c) transactions between you and any of the above-listed persons individually, or through their 35% owned business, which exceeds \$5,000 in aggregate during the reporting year; and (d) family relationships with any of the above-listed persons. Describe any such relationship in detail below.

I affirm the accuracy and completeness of the information provided above.

Signature

Date

{2543.00001/M0171086.DOC; 5}

¹ Family members include spouse, siblings (half or whole), ancestors, children, grandchildren, and in-laws. Businesses include those in which you own or control at least 35%, or disregarded entities.



Code of Ethics

I. Integrity

All directors, officers, employees, if any, of the Washington Vaccine Association (WVA) and its key contractors, including KidsVax.org® or any successor organization or individuals providing Executive Director and administrative services to WVA, shall act with honesty, integrity, and openness in all of their dealings as representatives of WVA. WVA shall maintain a working environment that values integrity, fairness, and respect.

II. Mission and Vision

Our mission is established by State of Washington law and primarily is to assure that adequate funds are available to the State of Washington to purchase childhood vaccines for beneficiaries of WVA's members and to assist in the selection of vaccines to be made available under the State of Washington's universal childhood vaccination program.

We pursue our mission by:

- administering a dosage based assessment (DBA) system whereby the costs of childhood vaccines are shared equitably among all entities responsible for paying for vaccines for State of Washington resident children who are not eligible for vaccines under the federal Vaccines for Children program,
- refining this system based on what payers and providers tell us to assure that the DBA system operates effectively and efficiently,
- staying abreast of and helping to shape current best practices and paradigms in the childhood vaccine funding arena.

III. Compliance with Laws and Ethical Standards

WVA shall comply with all applicable federal, state, and local laws and regulations and shall seek the advice of counsel when necessary or appropriate. WVA shall also adhere to the highest ethical standards. Decisions and actions taken by the Board of Directors shall: (1) comply with applicable law, and (2) reflect the highest ethical standards as determined by the Board of Directors.

IV. Diversity

WVA shall, within the limits of its statutory authority, promote diversity and inclusiveness in its Board of Directors, management team or staff employed from time to time, if any, and contractors.

V. Evaluation

WVA shall develop and implement an evaluation procedure whereby the performance of the Board of Directors as a whole, and the Executive Director and administrative staff are evaluated periodically.

VI. Transparency

WVA shall provide comprehensive and timely information to the public, the media, and all stakeholders and shall be responsive in a timely manner to reasonable requests for information. All information about WVA shall fully and honestly reflect the policies and practices of WVA. All financial and program reports shall be complete and accurate in all material aspects.

The following governance documents shall be posted on WVA's website: Articles of Incorporation of Washington Vaccine Association, Bylaws of Washington Vaccine Association, Conflict of Interest Policy, Code of Ethics, Information Release Policy, Whistleblower Policy, Joint Venture Policy, Anti-Trust Compliance Policy, and Record Retention Policy, along with audited financial statements for the most recent three years.

VII. Confidentiality

All directors, officers, employees, and contractors have a duty to safeguard information that is proprietary to WVA. Information about WVA that is confidential or proprietary and obtained by a director, officer, employee or volunteer as a consequence of such person's association with WVA may not be disclosed to third parties unless expressly authorized by WVA.

VIII. Annual Affirmation Statement

WVA shall provide a copy of this Code of Ethics to every director, officer, employee, and contractor and request that each sign an affirmation statement upon taking office or providing services. Each year the Annual Affirmation Statement, attached, shall be signed by each director, officer, and employee, affirming that such person has received a copy of this Code of Ethics, has read and understands it, and agrees to comply with it.

All Annual Affirmation Statements shall be submitted to the Board President or the Board Secretary and then filed with the minutes of the first meeting of the Board of Directors held each year after January 31.

WVA ANNUAL AFFIRMATION STATEMENT

The Code of Ethics of WVA requires an annual affirmation that you have received, read, understand, and agree to comply with the Code of Ethics.

Please sign this Annual Affirmation Statement indicating your affirmation as described above.

Please return this Statement to the Executive Director of WVA each year by January 31.

Your name:_____ Date:_____