

1 **Washington Vaccine Association**
2 **Finance Committee Meeting**
3 **September 17, 2020, 3:00-4:00 p.m. (PT)**
4

5 **I. Attendance.** The meeting was held by remote webinar only due to Covid-19. The following individuals
6 participated:

Directors

Patricia Auerbach, MD, Chair,
UnitedHealthcare
Jason Farber, Esq., Davis Wright
Tremaine, LLP
Randy Parker, Carpenters Trusts of Western
Washington

Helms & Company, Inc.

Patrick Miller, Administrative Director
Lisa White, Customer and Financial Support
Specialist
Tony Mendez, Senior Consultant
Leslie Walker, CPA, Mason+Rich

WVA Executive Director

Julia Zell, Esq.

Others

Derek LeBrun, Sound Physicians
Polly Sidwell, Morgan Stanley

7 **II. Summary of Actions Taken and/or Recommended**
8

9 **A. Actions Taken (votes adopted)**
10

- 11 1. To approve the meeting minutes of the May 21, 2020, Finance Committee meeting.
12 2. To recommend to the WVA Board of Directors the adoption and publication of the 2019-2020 audited
13 financial statements and governance letter.
14

15 **III. Welcome & Introductions**

16 At 3:01 p.m., a quorum having been established, Chairperson Auerbach called the meeting to order. Ms. Zell
17 announced that the meeting was being recorded for the benefit of the minute-taker and would be deleted following the
18 final approval of the minutes. Mr. Miller took attendance.
19

20 **IV. Calendar Consent Items**
21

22 Meeting Minutes

23 Chairperson Auerbach asked the Committee to review the Consent Calendar and for a motion to accept the meeting
24 minutes of May 21, 2020.
25

26 Upon motion duly made and seconded, it was unanimously

27 **VOTED:** To approve the meeting minutes of the May 21, 2020, Finance Committee meeting.
28

29 Helms will post these minutes as approved to the public website.

30 **V. Overview of Draft 2019-2020 Audited Financials**
31

32 Chairperson Auerbach welcomed Allen Gilbert to the meeting and invited him to begin his presentation. Mr. Gilbert
33 began with the balance sheet and stated that total assets of \$74,544, 864 have increased since last year. The increase
34 in receivables is likely due to a change in methodology and the organization now has a more accurate number. He
35 noted the increase in investments and its contribution to the balance sheet. There were two adjustments made which
36 resulted in accounts payable of \$326,045. These were made as a result of the Department of Health (DOH) cost
37 recovery charge and amounts accrued to Apple Health payers and payers involved in the MRM re-billing project.

38 Mr. Gilbert reviewed the Statement of Activities and stated that it was more informative now in the new format
39 which mimics the new, monthly financial statements. He noted the increase in investment income. Mr. Parker asked
40 how much did investments increase, and Mr. Gilbert replied they increased \$1.65M compared to last year. Mr.
41 Gilbert noted the increase in administrative expenses due to the Administrator switch and further stated that they
42 were reasonable given the benefits of the transition. Mr. Gilbert reviewed the Statements of Cash Flow and pointed
43 out a decrease in cash and cash equivalents of \$228,303. page on (13), stating there is a \$228,000 reduction in
44 available cash compared to last year.

45 Mr. Gilbert asked if there were any questions and there were none. Ms. Walker stated that the auditor's draft letter
46 did not identify any issues regarding internal controls, indicating a successful transition in the Administrator. Ms.
47 Walker let the Board know that an Executive Session with the Board is an opportunity to discuss any questions
48 directly with the auditor. Mr. Gilbert was asked to remain present for the remainder of the meeting so that he could
49 participate in an Executive Session if desired.

50 Chairperson Auerbach asked the Committee to review the Consent Calendar and for a motion to accept the 2019-
51 2020 audited financial statements and governance letter as drafted.

52
53 Upon motion duly made and seconded, it was unanimously

54 **VOTED:** To recommend to the WVA Board of Directors the adoption and publication of the
55 2019-2020 audited financial statements and governance letter.

56
57 Helms will post the document is the public website and email a copy of the document to the full Board.
58

59 **VI. Financial Status Report**

60 Monthly Unaudited Financials

61 Mr. Miller reviewed the unaudited financial statements as of August 31, 2020. Beginning on page 2, he stated that
62 the total vaccine remittances to the State of Washington exceed the collections. Some of this was expected given the
63 reductions in the July 1, 2020 vaccine assessment grid and some is related to the reduction in receipts as the
64 Department of Health has kept orders in line with the prior year during the COVID-19 pandemic. This will be
65 discussed further with regards to the reserve target and the memorandum attached to the meeting packet.
66

67 Mr. Miller stated that in October there will be a write down of some of the Members Estimated Collectible
68 Assessments given there is inventory we do not expect to receive remittances for. He outlined the three different
69 comparative timeframes in the Statement of Activities and Changes in Net Assets. He then turned to the
70 Administrative Budget Status reports. There are three different comparative timeframes included and Mr. Miller
71 focused on the two months ended August 31, 2020 report.

72 Overall, the organization is about \$70,000 under budget for the first two months of the fiscal year. We have moved
73 more quickly than expected in terms of data being processed electronically, and that has reduced costs greater than
74 expected by nearly \$20,000. Additionally, travel has been less, but Ms. Zell is starting to make routine trips to WA
75 again. Ms. Zell stated that while printing and postage are currently under budget, upcoming printing needs and
76 mailings will begin to spend down these funds. The largest item that is overbudget in the past two months is legal by
77 \$24,000.

78 Mr. Miller asks if there are any questions about financial statements from August and there were none.

79 Reserve Target

80 Mr. Miller reviewed the cash projections memorandum dated September 10th. He began by saying that we are
81 burning down cash at a greater rate than as to what was expected in the spring. Figure 1 shows the expected cash
82 position as of June 30, 2020, 2021, 2022, and 2023 that was approved by the Board in the spring. June 30, 2020
83 ended \$3.6M below target at \$56.9M due to the COVID-19 impact. The DOH has kept their monthly request

84 amounts level despite a decrease in our remittance receipts. Mr. Miller stated that the very last line on page one
85 should read “2021” instead of “2020”.

86 Mr. Miller stated that there is still ample cash on hand and funds from Morgan Stanley have been used to offset
87 receipts. We can also make another price grid adjustment for next July 1 depending on how the rest of the year
88 looks. Ms. Zell stated that there will be no adjustment to the fund split situation with the DOH for a year, this is
89 being monitored.

90 The figures on page 2 represent two different cash burn down scenarios. The first assumes that beginning in
91 September receipts will equal the spring projections and the second assumes we will lost \$1M per month more than
92 the spring projections. The first results in having \$42.M as of June 30, 2021 while the second results in having
93 \$32.1M on the same date. Mr. Miller stated that the reality will likely be somewhere between these figures and we
94 are tracking this monthly. Mr. Parker thanked Mr. Miller for putting the information together and there are no
95 questions.

96 Ms. Zell indicated that the reserve target will be reviewed going forward and that in the spring we set aside \$10
97 Million for a potential COVID-19 vaccine purchase that would occur sometime in 2021. Mr. Miller stated than in
98 the first few months of FY2021 that the DOH’s request has been slightly less than the April 2020 projections they
99 supplied.

100 Mr. Lebrun added that it appears the WVA has approximately five months of reserves set aside for available cash as
101 needed. He observed that it is a fluid situation and updates or deviations to the grid planned pricing might be
102 indicated down the road. Chairwoman Auerbach asked how the 2% vaccine material wastage amount changes with
103 decreased visits due to COVID-19. Ms. Zell stated that the DOH considers anything above 3% waste (excluding flu
104 vaccine) to be a cause for concern. Ms. Walker stated that the DOH provides an estimate of waste each month in
105 their remittance request. Ms. Zell stated that the last fund split review driven by KidsVax amounted to a larger
106 percentage being designated to the WVA. Discussion ensued regarding how the overall visits during COVID-19
107 have declined and that the fund split needs to continue to be reviewed.

108 Mr. Miller stated that we would ultimately like to receive trended IIS ordering system data and vaccine registry
109 system data as additional data points to use alongside the monthly remittances and the monthly DOH requests. Ms.
110 Zell stated she has made these requests to the DOH.

111 Morgan Stanley Investment Report

112 Chairwoman Auerbach invited Ms. Sidwell from Morgan Stanley to provide a financial update/overview and review
113 of the performance report she provided in advance. Ms. Sidwell stated that the overall portfolio value is at \$44
114 million and is comprised of corporate bonds and bonds insured by the government and the FDIC. There has been
115 significant income production in the past year due to moving funds from cash to investment funds. Controls are in
116 place to ensure that the WVA’s investment policies are being adhered to. With regard to interest rates, the Federal
117 Reserve has stated that interest rates are going to stay low for a very long time, perhaps up to five years for the
118 shorter-term bonds and investments utilized by the WVA.

119 No questions were presented to Ms. Sidwell. Chairwoman Auerbach thanked her for her participation.

120

121 **VII. Closing**

122 Chairwoman Auerbach asked if there were any other matters. Being none, the meeting adjourned at 4:07 PST and
123 transitioned to an Executive Session with Mr. Gilbert.