



**What:** Finance Committee Meeting  
**Date & Time:** Thursday, September 17, 2020; 3:00-4:00 p.m. (PDT)  
**Location:** In-person/Webinar at ELM- 1700 7th Ave., Suite 1810 Seattle, WA 98101  
**Webinar Info:** Below  
<https://us02web.zoom.us/j/544680857?pwd=cXB5SzQ1U0lkdkkGbkZQTG4xbldKUT09>  
Dial: 1-253-215-8782 or 1-929-205-6099 Meeting ID: 544-680-857 Passcode 029539

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

Approx. Time	Pg.	Topic / <b>Anticipated Action</b>	Presented by:
3:00-3:10 p.m.		1. Welcome & Introductions a. Notification of Recording	J. Zell
3:10-3:15 p.m.	2-5	2. Calendar Consent Items: a. <b>Finance Committee Minutes (May 21, 2020)</b>	P. Auerbach
3:15-3:30 p.m.	6-20	3. Overview of Draft 2019-2020 Audited Financials a. Questions & Comments b. <b>Vote to Recommend Publication of the 2019/20 Audited Financials</b>	A. Gilbert
3:30-3:45 p.m.	21-40	4. Financial Update a. Financial Overview b. Reserve Target	P. Miller & L. Walker
3:45-3:50 p.m.		5. Investment Update	P. Sidwell
3:50-3:55 p.m.		6. Other Matters from Committee Members	Any
3:55-4:00 p.m.		7. Executive Session (Helms and public excluded)	P. Auerbach
4:00 p.m.		8. Closing	J. Zell

**September 17, 2020 WVA Meeting of the Finance Committee  
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 and committee members.

**Items under Agenda Section 2:**

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

[To approve the meeting minutes of the May 21, 2020, Finance Committee meeting with the changes suggested at the meeting.]

**Items under Agenda Section 3:**

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

[To recommend to the WVA Board of Directors the adoption and publication of the 2019-2020 audited financial statements and governance letter with the changes suggested at the meeting.]

Washington Vaccine Association  
Finance Committee Meeting  
May 21, 2020, 3:00-4:00 p.m. (PT)

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

Directors

Patricia Auerbach, MD, Chair,  
UnitedHealthcare  
Jason Farber, Esq., Davis Wright  
Tremaine, LLC  
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,  
Polly Sidwell, Morgan Stanley

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

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

1. To approve the meeting minutes of the February 18, 2020, Finance Committee meeting.
2. To approve CliftonLarsonAllen LLP as auditor for 2019-2020.
3. To recommend approval of WVA FY2021 Annual Operations Budget to the Board of Directors.

**III. Welcome & Introductions**

At 3:02 p.m., a quorum having been established, Chairperson Auerbach called the meeting to order. Ms. Zell announced that the meeting was being recorded for the benefit of the minute-taker and would be deleted following the final approval of the minutes, and that a quorum was present. Chairperson Auerbach asked participants to introduce themselves.

**IV. Calendar Consent Items**

Meeting Minutes

Chairperson Auerbach asked the Committee to review the Consent Calendar and for a motion to accept the meeting minutes of February 18, 2020.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To approve the meeting minutes of the February 18, 2020, Finance Committee meeting.

**V. Financial Status Report**

Monthly Unaudited Financials

Mr. Miller presented the April 2020 unaudited financial statements. He pointed out that we are moving to a new format for the July 2020 financial statements at the start of the new fiscal year. Changes will include graphical presentation of trends and more detailed budget-to-actual information by month for the administrative budget. He then reviewed several of the notes to the financial statements. He described the Member Estimated Collectible Assessments, which are detailed by month in the notes. These figures are a hybrid of both an estimation model and the use of DBA remittance data from payers where the WVA receives CPT code-level detail. This detail is expected increase and become more accurate over time. He then pointed out that the assessment revenues for March, April and May-to-date 2020 are lower than expected due to the COVID-19 pandemic. At the same time, the monthly funds requests from the

Department of Health (DOH) have remained static. The DOH is working within CDC guidelines. The result is that assessment collections are less than the remittances to the DOH. A total of \$1M was transferred this month from Morgan Stanley to KeyBank by the WVA out of reserve to meet the May 2020 DOH remittance request. Additionally, these past few months will have an impact on the rate of cash burn down that was unanticipated. There are, however, adequate funds with WVA's investment portfolio to cover the DOH requests. There were no questions about the financial statements as presented. Several Committee members stated that they look forward to the new formatting in July, and that the graphical trends are helpful. Ms. Allen asked if she could address the group and provide a DOH update. She stated that the school-based clinics have shut down for the remainder of the school year. They are working with these programs to ensure that vaccine is transferred to provider offices to reduce wastage. Orders from providers for April were 56% lower than normal, but on calls with the CDC this is not unusual. There has been an uptick in May orders as provider offices re-open or prepare to do so. The DOH is working on several campaigns with partners to ensure that vaccination occurs in order to keep the rates up. These include mailings and other opportunities. She stated that the DOH reviews the fund split in November or December, but it will be reviewed this year in about two more months. It is expected that CDC will provide additional guidance to Washington, but as only one of ten states with a universal vaccine program, this may take longer.

#### Morgan Stanley Investment Report

Ms. Sidwell began with a summary of her extensive background in markets, fixed income, cash management, and non-profit entities. She then provided an update on the market conditions, the WVA portfolio, and the strong cash position of the organization. There are two accounts under management: cash account liquidity fund and a reserves portfolio which holds the bulk of the assets. The reserves portfolio is governed by the organization's Reserves Investment Policy. The reserves portfolio consists of a combination of FDIC insured CDs, high quality corporate bonds, Treasury bonds, and agency bonds. It is very diversified and of high-quality investments. Ms. Sidwell stated that if the Committee only takes away one concept from her presentation, it is that the utmost goals are liquidity and capital preservation. In addition, income is being earned—approximately \$2.5M over time. As the organization's strategy to burn down cash reserves is implemented over the next three years, there will be a reduction in income earnings. She stated there is tight coordination between her team, Ms. Zell and Mr. Miller to ensure there is cash to meet the organization's needs. Ms. Sidwell then addressed the Federal Reserve's recent rate cutting policies. Ms. Sidwell concluded her remarks by commenting on the Reserves Investment Policy. She stated it was clear and succinct and was easy to manage to meet the objectives. She believes the Committee should consider extending the investment horizon from three to five years given that as a way to confront low interest rates. There was discussion regarding historic WVA policies. Ms. Zell stated that she will work with Ms. Sidwell this summer to review the Policy and bring a recommendation to the Committee in September. Ms. Zell stated that Attorney Redman is also involved in review of any policy changes. The Committee thanked Ms. Sidwell for her time, and Ms. Sidwell exited the call.

## **VI. Annual Auditor Selection**

### Annual Audit

Ms. Zell stated that CliftonLarsonAllen LLP, who has historically been the WVA auditor, was asked to draft an engagement letter, which is in the meeting packet. Given that FY2020 is a transition year with two Administrators and CliftonLarsonAllen LLP has historical understanding of the organization, the recommendation is to proceed again with that firm. Ms. Zell stated the costs are in line with prior years plus a fee to address differences in Administrator models. Mr. Miller stated that he and Ms. Walker have met twice this year with the CliftonLarsonAllen LLP team to review some of the administration and accounting changes. A question was asked as to if a multi-year fee should be sought? After discussion, it was determined to move forward with the current proposal. The audit will be prepared over the summer and will be ready to use for the Annual Report and the Board's review in November.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To approve CliftonLarsonAllen LLP as auditor for 2019/20.

94  
95 **VII. WVA FY2021 Annual Operations Budget**  
96

97 Ms. Zell stated that the first draft of the operations budget had been reviewed by the Board in April, but that several  
98 refinements and additional categories of expenses had been added since. She then asked Mr. Miller to review the  
99 budget and the accompanying memo. Mr. Miller thanked Ms. Zell, Ms. Walker and Mr. Mendez for their assistance  
100 in the preparation. Mr. Miller then described how the annual operations budget is part of the multi-year cash flow  
101 projection model that also generates the vaccine assessment grid pricing. The assessment grid was adopted at the May  
102 Operations Committee meeting. Mr. Miller described that the budget as presented is shown as a monthly document so  
103 that budget-to-actual reporting can be presented monthly. The budget document provides detail for the coming fiscal  
104 year, and a high-level view of the following two years. It is comprised of five sections: Direct Processing Costs;  
105 Executive Director Costs and Related Support Fees; Provider and Payer Education and Outreach; Administration  
106 Costs; and Other Discretionary Expenditures. Mr. Miller proceeded to review the detail line items under each of the  
107 five categories. Of particular note he stated that the budget includes more provider and payer outreach costs for new  
108 materials and a part time resource based in Washington to work with payers and providers. There is also line to be  
109 able to retain Margaret Lane in an advisory capacity regarding payer and provider communications. It is expected that  
110 lockbox and image conversion fees will be reduced as more electronic remittances are received from payers. Mr.  
111 Miller was asked about other differences between the prior budget and this one. He replied that the investment in  
112 information processing via the conversion of the remittances, checks and correspondence in the lockbox was  
113 significant. It is a transition from a paper-based to a digital environment designed to provide insights and controls on  
114 the open-DBA system. The Committee members remarked that they liked the clarity of the budget's new format and  
115 had no other questions. The monthly detail was seen as a positive.  
116  
117

118 Upon motion duly made and seconded, it was unanimously

119 **VOTED:** To recommend approval of WVA FY2021 Annual Operations Budget to the Board of Directors.  
120

121 **VIII. Closing**

122 Mr. Miller stated that as part of increased transparency the monthly bank reconciliations have been sent to the Finance  
123 Committee along with the financial statements. He asked if the Committee would like to receive the Morgan Stanley  
124 statements. The Committee asked that they receive quarterly reports. Mr. Miller stated he would send the most recent  
125 report to the Committee members after the meeting.  
126

127 Upon no further comments from any participant, Chairperson Auerbach thanked the Committee members for their  
128 attendance and Ms. Zell and the Helms team for their hard work. She adjourned the meeting at approximately 4:02  
129 p.m.

Board of Directors  
and Management of Washington Vaccine Association  
Seattle, Washington

In planning and performing our audit of the financial statements of Washington Vaccine Association as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Draft for Discussion Purposes Only**

This communication is intended solely for the information and use of management, board of directors, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 9, 2020

**WASHINGTON VACCINE ASSOCIATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

Draft for Discussion Purposes Only

**WASHINGTON VACCINE ASSOCIATION  
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YEAR ENDED JUNE 30, 2020**

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Draft for Discussion Purposes Only





## 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 statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year 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 audit 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 9, 2020

Draft for Discussion Purposes Only

**WASHINGTON VACCINE ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 4,693,692
Estimated Collectible Assessments	12,555,955
Prepaid Vaccines to Washington Department of Health	<u>5,101,761</u>
Total Current Assets	22,351,408

**INVESTMENTS**

52,193,456

Total Assets

\$ 74,544,864

**LIABILITIES AND NET ASSETS WITHOUT RESTRICTIONS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 326,045
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**ASSESSMENTS COLLECTED IN EXCESS OF VACCINE  
FUNDING AND ADMINISTRATIVE ACTIVITIES**

74,218,819

Total Liabilities

74,544,864

**NET ASSETS WITHOUT RESTRICTIONS**

-

Total Liabilities and Net Assets Without Restrictions

\$ 74,544,864

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**WASHINGTON VACCINE ASSOCIATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Administrative Activities	Vaccine Funding Activities	Total
<b>CHANGE IN NET ASSETS WITHOUT RESTRICTION</b>			
Assessment Activity:			
Assessments	\$ 7,614,400	\$ 73,423,339	\$ 81,037,739
Refunds	(624,992)	-	(624,992)
Waste	(1,490,121)	-	(1,490,121)
Denials and Price Variances	(4,801,762)	-	(4,801,762)
Cost Recovery Charge	(462,339)	-	(462,339)
Vaccine Replenishments	-	(61,491,993)	(61,491,993)
Net Assessment Activity	<u>235,186</u>	<u>11,931,346</u>	<u>12,166,532</u>
Investment Income:			
Interest and Dividends	1,463,891	-	1,463,891
Realized Gain on Investments	41,528	-	41,528
Unrealized Appreciation of Fair Value	<u>341,049</u>	<u>-</u>	<u>341,049</u>
Total Investment Income	1,846,468	-	1,846,468
Less: Investment Expenses	<u>(130,282)</u>	<u>-</u>	<u>(130,282)</u>
Net Investment Income	1,716,186	-	1,716,186
Expenses:			
Administrative:			
Third-Party Administrative Services	1,289,939	-	1,289,939
Executive Director Costs and Related Support	311,979	-	311,979
Provider and Payer Education and Outreach	63,234	-	63,234
Administrative Costs	208,506	-	208,506
Other Discretionary Expenditures	<u>53,730</u>	<u>-</u>	<u>53,730</u>
Total Expenses	<u>1,927,388</u>	<u>-</u>	<u>1,927,388</u>
Total Change in Net Assets Without Restrictions	23,984	11,931,346	11,955,330
<b>VACCINE FUNDING AND ADMINISTRATIVE ACTIVITIES IN EXCESS OF ASSESSMENTS COLLECTED</b>	<u>(23,984)</u>	<u>(11,931,346)</u>	<u>(11,955,330)</u>
<b>CHANGES IN NET ASSETS WITHOUT RESTRICTIONS</b>	-	-	-
Net Assets Without Restrictions - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS WITHOUT RESTRICTIONS - END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Assessments Collected	\$ 66,448,551
Cash Remittances to Washington Department of Health for Vaccines	(60,131,509)
Administrative Expenses Paid	(1,624,051)
Cash Received from Interest and Dividend Income	1,463,891
Cash Paid for Investment Expenses	(130,282)
Net Cash Provided by Operating Activities	<u>6,026,600</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Purchases	(70,938,632)
Proceeds from Investment Sales	64,683,729
Net Cash Used by Investing Activities	<u>(6,254,903)</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** (228,303)

Cash and Cash Equivalents - Beginning of Year 4,921,995

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 4,693,692

**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	(41,528)
Unrealized Appreciation of Fair Value	(341,049)
(Increase) Decrease in:	
Estimated Collectible Assessments	(7,209,974)
Prepaid Vaccines to Washington Department of Health	1,360,484
Increase (Decrease) in:	
Accounts Payable	303,337
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	11,955,330
Net Cash Provided by Operating Activities	<u><u>\$ 6,026,600</u></u>

See Accompanying Notes to Financial Statements.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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.

**Draft for Discussion Purposes Only**

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](http://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 (UVPV) 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, 2020**

**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, 2020.

**Accounting Pronouncements Adopted**

As of July 1, 2019, the Association early adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the year end June 30, 2020 (if chosen) is presented under FASB ASC Topic 606.

**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, 2020.

**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, 2020**

**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 (UVP) established pursuant to RCW 43.70.720. Funds transferred to the UVP 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, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

*Revenue from Exchange Transactions:* The Association recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Association records the following exchange transaction revenue in its statement of activities for the year ending June 30, 2020:

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, 2020, assessments collected in excess of vaccine funding and administrative activities totaled \$74,218,819.

**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, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Subsequent Events**

The board of directors and management has evaluated subsequent events through September 9, 2020, 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, 2020**

**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, 2020:

Draft for Discussion Purposes Only

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 17	\$ -	\$ -	\$ 17
Mutual Funds	6,890,819	-	-	6,890,819
Corporate Bonds	-	23,910,989	-	23,910,989
US Treasuries	-	1,044,020	-	1,044,020
US Federal Agencies	-	7,313,045	-	7,313,045
Certificates of Deposit	-	13,034,566	-	13,034,566
Total Schedule of Investments	<u>\$ 6,890,836</u>	<u>\$ 45,302,620</u>	<u>\$ -</u>	<u>\$ 52,193,456</u>

**NOTE 4 REMITTANCE TO THE STATE OF WASHINGTON**

Pursuant to the Association's statutory purposes, a transfer of \$61,954,332 was made by the Association to the state of Washington's UVPA during the year ended June 30, 2020. The transfers include a cost recovery administrative charge assessed by the State of Washington DOH.

**WASHINGTON VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 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:

Cash and Cash Equivalents	\$ 4,693,692
Estimated Collectible Assessments	12,555,955
Investments	<u>52,193,456</u>
Total Financial Assets Available to Meet Cash	
Needs for General Expenditures Within One Year	<u>\$ 69,443,103</u>

Draft for Discussion Purposes Only

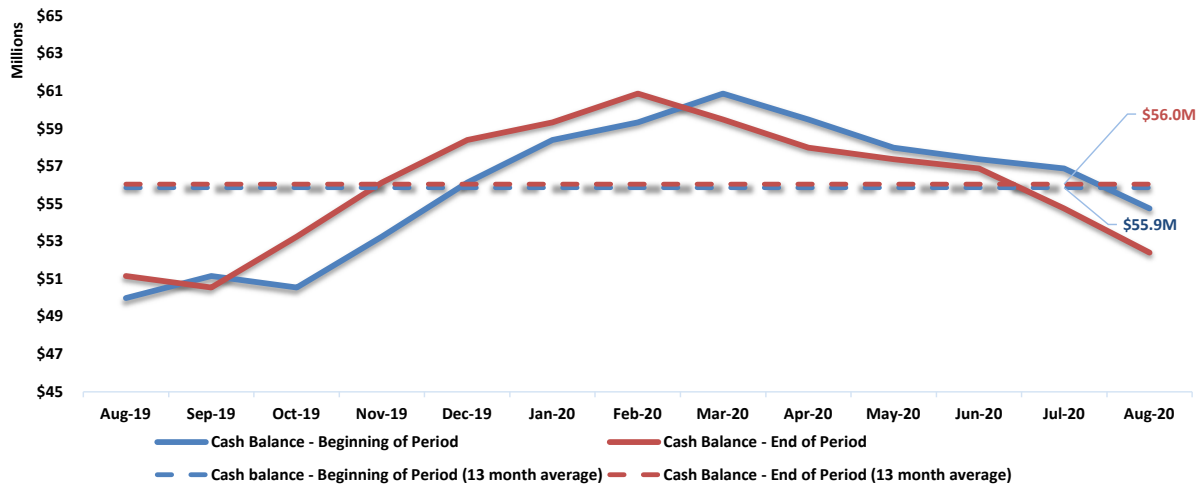
**NOTE 6 CONTINGENCIES**

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.

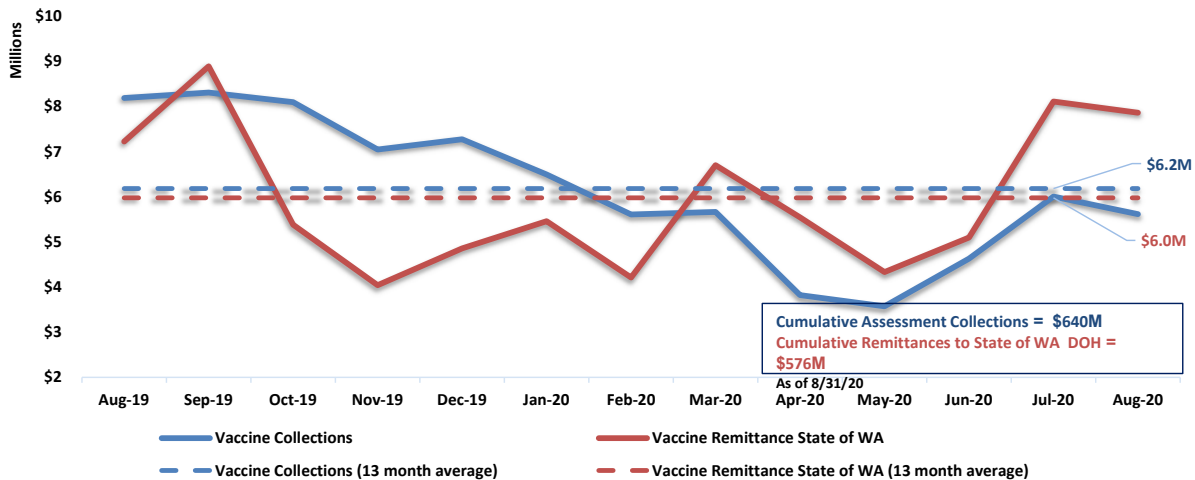
WASHINGTON VACCINE ASSOCIATION  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE MONTH ENDED  
August 31, 2020  
With Supplemental Informational Reporting

Prepared by  
Helms & Company, Inc., Administrator

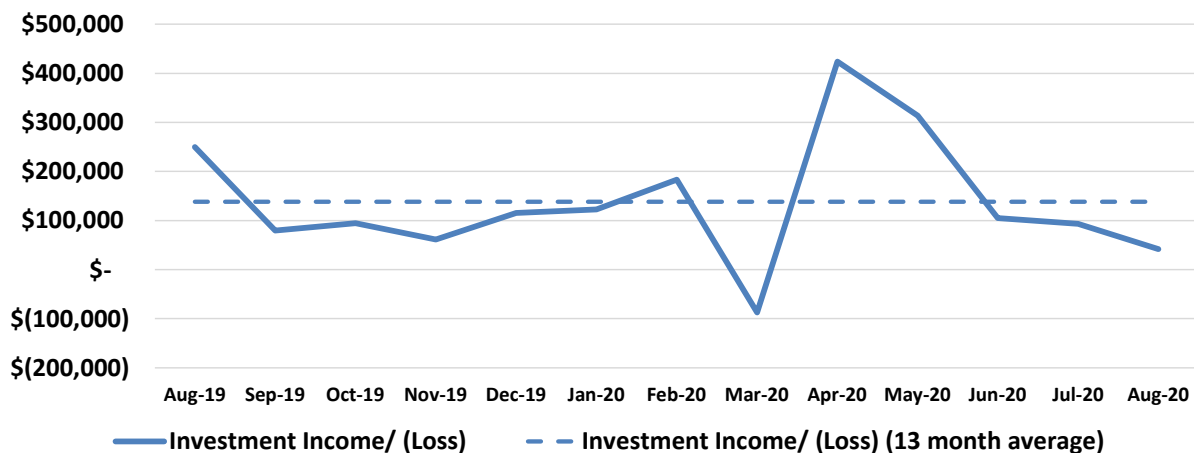
### Cash Balances Beginning and End of Period August 2019 - August 2020



### Total Vaccine Collections and Vaccine Remittances to State of WA August 2019 - August 2020



### Investment Income / (Loss) August 2019 - August 2020



Washington Vaccine Association  
Statement of Cash Flows  
For the Periods Ended

	E	F	G	H	I	J	K	L	M	M	O	P	Q	Q
	Month 8/31/2019	Month 9/30/2019	Month 10/31/2019	Month 11/30/2019	Month 12/31/2019	Month 1/31/2020	Month 2/29/2020	Month 3/31/2020	Month 4/30/2020	Month 5/31/2020	Month 6/30/2020	Month 7/31/2020	Month 8/31/2020	13 Month Average
1 Cash balance - beginning	\$ 49,980,636	\$ 51,155,207	\$ 50,542,716	\$ 53,255,278	\$ 56,133,802	\$ 58,400,151	\$ 59,339,593	\$ 60,865,088	\$ 59,489,029	\$ 57,990,368	\$ 57,377,494	\$ 56,887,146	\$ 54,756,134	\$ 55,859,433.93
<b>Inflows:</b>														
2 Vaccine collections	8,184,440	8,302,457	8,094,118	7,047,496	7,273,642	6,491,637	5,610,679	5,666,245	3,825,663	3,577,333	4,633,406	6,002,328	5,612,609	6,178,619.56
3 Interest income - payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Investment income/ (loss)	249,557	79,333	94,279	61,431	115,537	122,871	183,013	(87,471)	423,706	313,654	104,782	93,280	41,498	138,113
5 Total inflows	8,433,997	8,381,790	8,188,397	7,108,928	7,389,179	6,614,508	5,793,692	5,578,774	4,249,370	3,890,987	4,738,188	6,095,608	5,654,107	6,316,733
<b>Outflows:</b>														
<b>Program</b>														
6 Vaccine remittance State of WA	(7,219,840)	(8,884,882)	(5,382,263)	(4,043,758)	(4,858,333)	(5,457,734)	(4,210,312)	(6,700,296)	(5,545,185)	(4,329,177)	(5,101,201)	(8,109,512)	(7,860,758)	(5,977,173)
<b>Administration</b>														
7 Direct Processing Costs	(98,368)	(63,305)	(56,186)	(165,102)	(207,483)	(66,363)	(28,499)	(60,213)	(65,432)	(65,432)	(66,479)	(7,015)	(65,432)	(78,101)
8 Executive Director Costs and Support Fees							(19,783)	(18,392)	(28,841)	(43,093)	(20,417)	(18,673)	(21,723)	(13,148)
9 Provider and Payer Education and Outreach														-
10 Administrative Costs	61,999	(32,900)	(34,386)	(13,794)	(54,014)	(37,558)	(6,603)		(16,673)	(63,160)	(40,438)	(91,421)	(47,937)	(28,991)
11 Other Discretionary Expenditures	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(113,411)	(3,000)	(175,932)	(91,900)	(3,000)				(30,942)
12 Total Administration	(39,369)	(99,205)	(93,572)	(181,896)	(264,497)	(217,332)	(57,885)	(254,537)	(202,846)	(174,684)	(127,335)	(117,109)	(135,092)	(151,181)
13 Net all other outflows	(218)	(10,193)	-	(4,750)	-	-	-	-	-	-	-	-	-	(1,166)
14 Total outflows	(7,259,427)	(8,994,280)	(5,475,835)	(4,230,403)	(5,122,830)	(5,675,066)	(4,268,197)	(6,954,833)	(5,748,031)	(4,503,861)	(5,228,536)	(8,226,621)	(7,995,850)	(6,129,521)
15 Net Cash Incr (decr) for period	1,174,571	(612,490)	2,712,562	2,878,524	2,266,349	939,442	1,525,495	(1,376,059)	(1,498,661)	(612,874)	(490,348)	(2,131,013)	(2,341,743)	187,212
16 Cash balance - end of period	\$ 51,155,207	\$ 50,542,716	\$ 53,255,278	\$ 56,133,802	\$ 58,400,151	\$ 59,339,593	\$ 60,865,088	\$ 59,489,029	\$ 57,990,368	\$ 57,377,494	\$ 56,887,146	\$ 54,756,134	\$ 52,414,390	\$ 56,046,646

Note: Cash balance includes amounts in KeyBank and Morgan Stanley

**Washington Vaccine Association**  
**Statement of Financial Position**  
**As of August 31, 2020**

**ASSETS**

1	Current Assets		
2	Cash and Cash Equivalents	\$	6,109,982
3	Accounts Receivable		-
4	Investments		46,304,408
5	Members Estimated Collectible Assessments		15,054,192
6	Prepaid Vaccine		7,771,774
7	Prepaid Administrative Services		-
8	Total Current Assets		<u>75,240,356</u>
9	Total Assets	\$	<u><u>75,240,356</u></u>

**LIABILITIES AND NET ASSETS**

10	Current Liabilities		
11	Accounts Payable	\$	82,132
12	Other Accruals		-
13	Total Current Liabilities		<u>82,132</u>
14	Assessments Collected in Excess of Vaccine Funding and Administrative Activities		<u>75,158,224</u>
15	Total Liabilities		75,240,356
16	Net Assets - Unrestricted		<u>-</u>
17	Total Liabilities and Net Assets	\$	<u><u>75,240,356</u></u>



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

		Month Ended August 31, 2020			Month Ended August 31, 2019		
		A	B	C	D	E	F
		Administrative	Vaccine	Total	Administrative	Vaccine	Total
		Revenues / Vaccine Expenses					
1	Assessment Activity:						
2	Assessments	\$ 113,250	\$ 5,575,067	\$ 5,688,317	\$ 725,677	\$ 7,092,489	\$ 7,818,166
3	Estimated Over (Under) Collections	-	-	-	30,536	704	31,240
4	Refunds	(55,556)	-	(55,556)	(15,189)	-	(15,189)
5	Estimated 2% Waste	(160,348)	-	(160,348)	-	-	-
6	Estimated Price Variance and Denial	(28,443)	-	(28,443)	-	-	-
7	DOH Replenishment	-	(4,934,936)	(4,934,936)	-	(7,092,489)	(7,092,489)
8	DOH Cost Recovery Admin Charge	(88,984)	-	(88,984)	-	-	-
9	Interest Income on Assessments	-	-	-	-	-	-
10	Net Assessment Activity	(220,081)	640,131	420,050	741,024	704	741,728
11	Investment Activity:						
12	Interest and Dividend Income - Morgan Stanley	61,310	-	61,310	92,924	-	92,924
13	Realized Gain/(Loss) on Investments - Morgan Stanley	(598)	-	(598)	-	-	-
14	Unrealized Gain/(Loss) on Investments - Morgan Stanley	(19,280)	-	(19,280)	145,562	-	145,562
15	Investment Management Expenses	(11,616)	-	(11,616)	-	-	-
16	Interest Income - KeyBank	66	-	66	11,164	-	11,164
17	Net Investment Activity	29,882	-	29,882	249,650	-	249,650
18	Net Revenues	(190,199)	640,131	449,932	990,674	704	991,378

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

	A	B	C	D	E	F
	Month Ended August 31, 2020			Month Ended August 31, 2019		
	Administrative	Vaccine	Total	Administrative	Vaccine	Total
	Other Expenses					
19 Administrative Expenses:						
20 Direct Processing Costs						
21 Helms & Company (Previously KidsVax)	65,432	-	65,432	40,697	-	40,697
22 Lockbox Image Conversion and Clearinghouse Intake (OrboGraph)	6,030	-	6,030	-	-	-
23 Clearinghouse Intake Processing (Avality, Zellis)	789	-	789	-	-	-
24 Lockbox Fees	3,643	-	3,643	3,550	-	3,550
25 CollaborateMD	378	-	378	-	-	-
26 Total Direct Processing Costs	76,272	-	76,272	44,247	-	44,247
27						
28 Executive Director Costs and Related Support Fees						
29 Executive Director Salary	17,167	-	17,167	18,256	-	18,256
30 Payroll Taxes	400	-	400	-	-	-
31 Leased Employee per Check Fee	195	-	195	-	-	-
32 Executive Director Travel and Lodging, Education, and Other	3,962	-	3,962	892	-	892
33 Technology Support (Desktop and Telephony)	1,410	-	1,410	-	-	-
34 Total Executive Director Costs and Related Support Fees	23,134	-	23,134	19,148	-	19,148
35						
36 Provider and Payer Education and Outreach						
37 Provider Education Materials, Development and Printing	5,125	-	5,125	-	-	-
38 Postage	-	-	-	-	-	-
39 Website and Information Technology	-	-	-	12,475	-	12,475
40 Technical Consultant - Margaret Lane	-	-	-	-	-	-
41 Conferences and Education Sessions, Including Travel and Meals	-	-	-	-	-	-
42 Provider Office Training Sessions, Including Travel and Meals	-	-	-	-	-	-
43 Advertising and Sponsorships	-	-	-	-	-	-
44 Hospitality	-	-	-	-	-	-
45 Subcontractor Assistance	-	-	-	-	-	-
46 Total Provider and Payer Education and Outreach	5,125	-	5,125	12,475	-	12,475
47						
48 Administrative Costs						
49 Legal Counsel	26,342	-	26,342	4,161	-	4,161
50 Audit Fees	-	-	-	11,300	-	11,300
51 Government Relations, Including Travel, Meals, and Consultants	-	-	-	-	-	-
52 Registered Agent Fee	-	-	-	-	-	-
53 Bank Fees	-	-	-	1,243	-	1,243
54 Investment Management Fees	-	-	-	-	-	-
55 Office Supplies and Equipment	-	-	-	4,606	-	4,606
56 Rent, ELM and Storage Facility	-	-	-	-	-	-
57 Other Admin Support Provided by Lessor	-	-	-	-	-	-
58 Board Retreat and Meetings	-	-	-	-	-	-
59 Insurance	-	-	-	30,814	-	30,814
60 Cyber Liability	-	-	-	-	-	-
61 Directors and Officers	-	-	-	-	-	-
62 General Liability	145	-	145	-	-	-
63 Total Administrative Costs	26,487	-	26,487	52,124	-	52,124
64						
65 Other Discretionary Expenditures						
66 Conversion/Implementation Cost	-	-	-	-	-	-
67 Tricare Legislative & Administrative Services	-	-	-	(99,729)	-	(99,729)
68 Executive Director and Other Contractor Bonus	-	-	-	-	-	-
69 Denied Claims Recovery Expenses	-	-	-	3,000	-	3,000
70 Direct Healthcare Practices Operations	-	-	-	-	-	-
71 Total Other Discretionary Expenditures	-	-	-	(96,729)	-	(96,729)

Unaudited - For Management Purposes - See Attached Notes  
Prepared by Helms And Company, Inc.

Financial Statements Page #6

9/9/2020

Meeting Packet Page #26

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

		A	B	C	D	E	F
		Month Ended August 31, 2020			Month Ended August 31, 2019		
		Administrative	Vaccine	Total	Administrative	Vaccine	Total
72	Total Administrative Expenses	131,018	-	131,018	31,265	-	31,265
73	Total Change in Unrestricted Net Assets	\$ (321,217)	\$ 640,131	\$ 318,914	\$ 959,409	\$ 704	\$ 960,113

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

	A For Two Months Ended August 31, 2020			D For Two Months Ended August 31, 2019		
	Administrative	Vaccine	Total	Administrative	Vaccine	Total
<b>1 CHANGE IN UNRESTRICTED NET ASSETS</b>						
	Revenues / Vaccine Expenses					
<b>2 Assessment Activity:</b>						
<b>3 Assessments</b>	\$ 331,393	\$ 11,349,217	\$ 11,680,610	\$ 1,398,933	\$ 13,554,734	\$ 14,953,667
<b>4 Estimated Over (Under) Collections</b>	-	-	-	122,662	346,779	469,441
<b>5 Refunds</b>	(89,447)	-	(89,447)	(40,192)	-	(40,192)
<b>6 Estimated 2% Waste</b>	(260,394)	-	(260,394)	-	-	-
<b>7 Estimated Price Variance and 3% Denial</b>	(65,337)	-	(65,337)	-	-	-
<b>8 DOH Replenishment</b>	-	(10,270,900)	(10,270,900)	-	(13,554,734)	(13,554,734)
<b>9 DOH Cost Recovery Admin Charge</b>	(181,090)	-	(181,090)	-	-	-
<b>10 Interest Income on Assessments</b>	-	-	-	-	-	-
<b>11 Net Assessment Activity</b>	<u>(264,875)</u>	<u>1,078,317</u>	<u>813,442</u>	<u>1,481,403</u>	<u>346,779</u>	<u>1,828,182</u>
<b>12 Investment Activity:</b>						
<b>13 Interest and Dividend Income - Morgan Stanley</b>	205,458	-	205,458	219,414	-	219,414
<b>14 Realized Gain/(Loss) on Investments - Morgan Stanley</b>	(2,605)	-	(2,605)	1,688	-	1,688
<b>15 Unrealized Gain/(Loss) on Investments - Morgan Stanley</b>	(68,187)	-	(68,187)	109,041	-	109,041
<b>16 Investment Management Expenses</b>	(23,714)	-	(23,714)	(30,131)	-	(30,131)
<b>17 Interest Income - KeyBank</b>	112	-	112	21,314	-	21,314
<b>18 Net Investment Activity</b>	<u>111,064</u>	<u>-</u>	<u>111,064</u>	<u>321,326</u>	<u>-</u>	<u>321,326</u>
<b>19 Net Revenues</b>	<u>(153,811)</u>	<u>1,078,317</u>	<u>924,506</u>	<u>1,802,729</u>	<u>346,779</u>	<u>2,149,508</u>

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

		A	B	C	D	E	F
		For Two Months Ended August 31, 2020			For Two Months Ended August 31, 2019		
		Administrative	Vaccine Other Expenses	Total	Administrative	Vaccine	Total
20	Administrative Expenses:						
21	Direct Processing Costs						
22	Helms & Company (Previously KidsVax)	130,864	-	130,864	77,181	-	77,181
23	Lockbox Image Conversion and Clearinghouse Intake	13,045	-	13,045	-	-	-
24	Clearinghouse Intake Processing (Availity, Zelis)	1,290	-	1,290	-	-	-
25	Lockbox Fees	7,323	-	7,323	6,654	-	6,654
26	CollaborateMD	378	-	378	-	-	-
27	Total Direct Processing Costs	152,900	-	152,900	83,835	-	83,835
28							
29	Executive Director Costs and Related Support Fees						
30	Executive Director Salary	33,943	-	33,943	36,540	-	36,540
31	Payroll Taxes	2,102	-	2,102	-	-	-
32	Leased Employee per Check Fee	390	-	390	-	-	-
33	Executive Director Travel and Lodging, Education, and	3,962	-	3,962	7,172	-	7,172
34	Technology Support (Desktop and Telephony)	1,410	-	1,410	-	-	-
35	Total Executive Director Costs and Related Support Fees	41,807	-	41,807	43,712	-	43,712
36							
37	Provider and Payer Education and Outreach						
38	Provider Education Materials, Development and Printing	5,954	-	5,954	-	-	-
39	Postage	23	-	23	-	-	-
40	Website and Information Technology	-	-	-	12,475	-	12,475
41	Technical Consultant - Margaret Lane	-	-	-	-	-	-
42	Conferences and Education Sessions, Including Travel	-	-	-	-	-	-
43	Provider Office Training Sessions, Including Travel and	-	-	-	-	-	-
44	Advertising and Sponsorships	-	-	-	1,781	-	1,781
45	Hospitality	-	-	-	-	-	-
46	Subcontractor Assistance	-	-	-	-	-	-
47	Total Provider and Payer Education and Outreach	5,977	-	5,977	14,256	-	14,256
48							
49	Administrative Costs						
50	Legal Counsel	34,042	-	34,042	3,966	-	3,966
51	Audit Fees	-	-	-	13,900	-	13,900
52	Government Relations, Including Travel, Meals, and	-	-	-	-	-	-
53	Registered Agent Fee	-	-	-	-	-	-
54	Bank Fees	-	-	-	2,427	-	2,427
55	Investment Management Fees	-	-	-	-	-	-
56	Office Supplies and Equipment	-	-	-	5,639	-	5,639
57	Rent, ELM and Storage Facility	-	-	-	218	-	218
58	Other Admin Support Provided by Lessor	-	-	-	-	-	-
59	Board Retreat and Meetings	-	-	-	-	-	-
60	Insurance	-	-	-	30,814	-	30,814
61	Cyber Liability	-	-	-	-	-	-
62	Directors and Officers	-	-	-	-	-	-
63	General Liability	145	-	145	-	-	-
64	Total Administrative Costs	34,187	-	34,187	56,964	-	56,964
65							
66	Other Discretionary Expenditures						
67	Conversion/Implementation Cost	-	-	-	-	-	-
68	Tricare Legislative & Administrative Services	-	-	-	(73,397)	-	(73,397)
69	Executive Director and Other Contractor Bonus	-	-	-	-	-	-
70	Denied Claims Recovery Expenses	-	-	-	6,000	-	6,000
71	Direct Healthcare Practices Operations	-	-	-	-	-	-

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

		A	B	C	D	E	F
		For Two Months Ended August 31, 2020			For Two Months Ended August 31, 2019		
		Administrative	Vaccine	Total	Administrative	Vaccine	Total
72	Total Other Discretionary Expenditures	-	-	-	-	-	-
		-	-	-	(67,397)	-	(67,397)
72	Total Administrative Expenses	234,871	-	234,871	131,370	-	131,370
73	Total Change in Unrestricted Net Assets	\$ (388,682)	\$ 1,078,317	\$ 689,635	\$ 1,671,359	\$ 346,779	\$ 2,018,138

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

		A	B	C	D	E	F
		Month Ended August 31, 2020			For 2 Months Ended August 31, 2020		
		Administrative	Vaccine	Total	Administrative	Vaccine	Total
		Revenues / Vaccine Expenses					
1	Assessment Activity:						
2	Assessments	\$ 113,250	\$ 5,575,067	\$ 5,688,317	\$ 331,393	\$ 11,349,217	\$ 11,680,610
3	Estimated Over (Under) Collections	-	-	-	-	-	-
4	Refunds	(55,556)	-	(55,556)	(89,447)	-	(89,447)
5	Estimated 2% Waste	(160,348)	-	(160,348)	(260,394)	-	(260,394)
6	Estimated Price Variance and 3% Denial	(28,443)	-	(28,443)	(65,337)	-	(65,337)
7	DOH Replenishment	-	(4,934,936)	(4,934,936)	-	(10,270,900)	(10,270,900)
8	DOH Cost Recovery Admin Charge	(88,984)	-	(88,984)	(181,090)	-	(181,090)
9	Interest Income on Assessments	-	-	-	-	-	-
10	Net Assessment Activity	(220,081)	640,131	420,050	(264,875)	1,078,317	813,442
11	Investment Activity:						
12	Interest and Dividend Income - Morgan Stanley	61,310	-	61,310	205,458	-	205,458
13	Realized Gain/(Loss) on Investments - Morgan Stanley	(598)	-	(598)	(2,605)	-	(2,605)
14	Unrealized Gain/(Loss) on Investments - Morgan Stanley	(19,280)	-	(19,280)	(68,187)	-	(68,187)
15	Investment Management Expenses	(11,616)	-	(11,616)	(23,714)	-	(23,714)
16	Interest Income - KeyBank	66	-	66	112	-	112
17	Net Investment Activity	29,882	-	29,882	111,064	-	111,064
18	Net Revenues	(190,199)	640,131	449,932	(153,811)	1,078,317	924,506

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

	Month Ended August 31, 2020			For 2 Months Ended August 31, 2020		
	A	B	C	D	E	F
	Administrative Other Expenses	Vaccine	Total	Administrative	Vaccine	Total
19 Administrative Expenses:						
20 Direct Processing Costs						
21 Helms & Company (Previously KidsVax)	65,432	-	65,432	130,864	-	130,864
22 Lockbox Image Conversion and Clearinghouse Intake (OrboGraph)	6,030	-	6,030	13,045	-	13,045
23 Clearinghouse Intake Processing (Availity, Zellis)	789	-	789	1,290	-	1,290
24 Lockbox Fees	3,643	-	3,643	7,323	-	7,323
25 CollaborateMD	378	-	378	378	-	378
26 Total Direct Processing Costs	76,272	-	76,272	152,900	-	152,900
27						
28 Executive Director Costs and Related Support Fees						
29 Executive Director Salary	17,167	-	17,167	33,943	-	33,943
30 Payroll Taxes	400	-	400	2,102	-	2,102
31 Leased Employee per Check Fee	195	-	195	390	-	390
32 Executive Director Travel and Lodging, Education, and Other	3,962	-	3,962	3,962	-	3,962
33 Technology Support (Desktop and Telephony)	1,410	-	1,410	1,410	-	1,410
34 Total Executive Director Costs and Related Support Fees	23,134	-	23,134	41,807	-	41,807
35						
36 Provider and Payer Education and Outreach						
37 Provider Education Materials, Development and Printing	5,125	-	5,125	5,954	-	5,954
38 Postage	-	-	-	23	-	23
39 Website and Information Technology	-	-	-	-	-	-
40 Technical Consultant - Margaret Lane	-	-	-	-	-	-
41 Conferences and Education Sessions, Including Travel and Meals	-	-	-	-	-	-
42 Provider Office Training Sessions, Including Travel and Meals	-	-	-	-	-	-
43 Advertising and Sponsorships	-	-	-	-	-	-
44 Hospitality	-	-	-	-	-	-
45 Subcontractor Assistance	-	-	-	-	-	-
46 Total Provider and Payer Education and Outreach	5,125	-	5,125	5,977	-	5,977
47						
48 Administrative Costs						
49 Legal Counsel	26,342	-	26,342	34,042	-	34,042
50 Audit Fees	-	-	-	-	-	-
51 Government Relations, Including Travel, Meals, and Consultants	-	-	-	-	-	-
52 Registered Agent Fee	-	-	-	-	-	-
53 Bank Fees	-	-	-	-	-	-
54 Investment Management Fees	-	-	-	-	-	-
55 Office Supplies and Equipment	-	-	-	189	-	189
56 Rent, ELM and Storage Facility	-	-	-	-	-	-
57 Other Admin Support Provided by Lessor	-	-	-	-	-	-
58 Board Retreat and Meetings	-	-	-	-	-	-
59 Insurance	-	-	-	-	-	-
60 Cyber Liability	-	-	-	-	-	-
61 Directors and Officers	-	-	-	-	-	-
62 General Liability	145	-	145	145	-	145
63 Total Administrative Costs	26,487	-	26,487	34,376	-	34,376
64						
65 Other Discretionary Expenditures						
66 Conversion/Implementation Cost	-	-	-	-	-	-
67 Tricare Legislative & Administrative Services	-	-	-	-	-	-
68 Executive Director and Other Contractor Bonus	-	-	-	-	-	-
69 Denied Claims Recovery Expenses	-	-	-	-	-	-
70 Direct Healthcare Practices Operations	-	-	-	-	-	-
Total Other Discretionary Expenditures	-	-	-	-	-	-

Unaudited - For Management Purposes - See Attached Notes  
Prepared by Helms And Company, Inc.

Financial Statements Page #12

9/9/2020

Meeting Packet Page #32



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

		A	B	C			D	E	F
		Month Ended August 31, 2020					For 2 Months Ended August 31, 2020		
		Administrative	Vaccine	Total			Administrative	Vaccine	Total
71	Total Administrative Expenses	131,018	-	131,018			235,060	-	235,060
72	Total Change in Unrestricted Net Assets	\$ (321,217)	\$ 640,131	\$ 318,914			\$ (388,871)	\$ 1,078,317	\$ 689,446

Washington Vaccine Association  
Administrative Budget Status  
For Month of August 31, 2020

	A Approved Budget	B Actual August 31, 2020	C Budget Variance
1 Direct Processing Costs			
2 Helms & Company	\$ 65,432	\$ 65,432	\$ -
3 Lockbox Image Conversion and Clearinghouse Intake (OrboGraph)	16,255	6,030	10,225
4 Clearinghouse Intake Processing (Availity, Zelis)	1,350	789	561
5 Lockbox Fees	3,400	3,643	(243)
6 CollaborateMD	189	378	(189)
7 Total Direct Processing Costs	86,626	76,272	10,354
8 Executive Director Costs and Related Support Fees			
9 Executive Director Salary	16,917	17,167	(250)
10 Payroll Taxes	1,716	400	1,316
11 Leased Employee per Check Fee	195	195	-
12 Executive Director Travel and Lodging, Education, and Other	3,000	3,962	(962)
13 Technology Support (Desktop and Telephony)	335	1,410	(1,075)
14 Total Executive Director Costs and Related Support Fees	22,162	23,134	(972)
15 Provider and Payer Education and Outreach			
16 Provider Education Materials, Development and Printing	6,250	5,125	1,125
17 Postage	5,000	-	5,000
18 Website and Information Technology	1,250	-	1,250
19 Technical Consultant - Margaret Lane	1,000	-	1,000
20 Conferences and Education Sessions, Including Travel and Meals	-	-	-
21 Provider Office Training Sessions, Including Travel and Meals	1,000	-	1,000
22 Advertising and Sponsorships	-	-	-
23 Hospitality	333	-	333
24 Subcontractor Assistance	-	-	-
25 Total Provider and Payer Education and Outreach	14,833	5,125	9,708
26 Administrative Costs			
27 Legal Counsel	5,000	26,342	(21,342)
28 Audit Fees	9,000	-	9,000
29 Government Relations, Including Travel, Meals, and Consultants	-	-	-
30 Registered Agent Fee	150	-	150
31 Bank Fees	1,500	-	1,500
32 Investment Management Fees	9,333	11,616	(2,283)
33 Office Supplies and Equipment	450	-	450
34 Rent, ELM and Storage Facility	150	-	150
35 Other Admin Support Provided by Lessor	100	-	100
36 Board Retreat and Meetings	-	-	-
37 Insurance			
38 Cyber Liability	-	-	-
39 Directors and Officers	32,000	-	32,000
40 General Liability	650	145	505
41 Total Administrative Costs	58,333	38,103	20,230
42 Other Discretionary Expenditures			
43 Conversion/Implementation Cost	-	-	-
44 Executive Director and Other Contractor Bonus	-	-	-
45 Denied Claims Recovery Expenses	3,500	-	3,500
46 Direct Healthcare Practices Operations	2,000	-	2,000
47 Total Other Discretionary Expenditures	5,500	-	5,500
48 Total Budget	187,454	142,634	44,820

**Washington Vaccine Association  
Administrative Budget Status  
For Two Months Ended August 31, 2020**

	A Approved Budget	B Actual August 31, 2020	C Budget Variance
1 Direct Processing Costs			
2 Helms & Company (Previously KidsVax)	\$ 130,864	\$ 130,864	\$ -
3 Lockbox Image Conversion and Clearinghouse Intake (OrboGraph)	32,509	13,045	19,464
4 Clearinghouse Intake Processing (Availity, Zelis)	2,700	1,290	1,410
5 Lockbox Fees	6,400	7,323	(923)
6 CollaborateMD	378	378	-
7 Total Direct Processing Costs	172,851	152,900	19,951
8 Executive Director Costs and Related Support Fees			
9 Executive Director Salary	33,834	33,943	(109)
10 Payroll Taxes	3,432	2,102	1,330
11 Leased Employee per Check Fee	390	390	-
12 Executive Director Travel and Lodging, Education, and Other	6,000	3,962	2,038
13 Technology Support (Desktop and Telephony)	670	1,410	(740)
14 Total Executive Director Costs and Related Support Fees	44,326	41,807	2,519
15 Provider and Payer Education and Outreach			
16 Provider Education Materials, Development and Printing	12,500	5,954	6,546
17 Postage	6,000	23	5,977
18 Website and Information Technology	2,500	-	2,500
19 Technical Consultant - Margaret Lane	2,000	-	2,000
20 Conferences and Education Sessions, Including Travel and Meals	-	-	-
21 Provider Office Training Sessions, Including Travel and Meals	2,000	-	2,000
22 Advertising and Sponsorships	-	-	-
23 Hospitality	666	-	666
24 Subcontractor Assistance	-	-	-
25 Total Provider and Payer Education and Outreach	25,666	5,977	19,689
26 Administrative Costs			
27 Legal Counsel	10,000	34,042	(24,042)
28 Audit Fees	9,000	-	9,000
29 Government Relations, Including Travel, Meals, and Consultants	-	-	-
30 Registered Agent Fee	150	-	150

**Washington Vaccine Association  
Administrative Budget Status  
For the Quarter Ending September 30, 2020**

	A Approved Budget	B Actual August 31, 2020	C Budget Variance
1 Direct Processing Costs			
2 Helms & Company (Previously KidsVax)	\$ 196,296	\$ 130,864	\$ 65,432
3 Lockbox Image Conversion and Clearinghouse Intake (OrboGraph)	48,764	13,045	35,719
4 Clearinghouse Intake Processing (Availity, Zelis)	4,050	1,290	2,760
5 Lockbox Fees	9,700	7,323	2,377
6 CollaborateMD	567	378	189
7 Total Direct Processing Costs	259,377	152,900	106,477
8 Executive Director Costs and Related Support Fees			
9 Executive Director Salary	50,751	51,110	(359)
10 Payroll Taxes	5,148	2,502	2,646
11 Leased Employee per Check Fee	585	585	-
12 Executive Director Travel and Lodging, Education, and Other	9,000	3,962	5,038
13 Technology Support (Desktop and Telephony)	1,005	1,410	(405)
14 Total Executive Director Costs and Related Support Fees	66,489	59,569	6,920
15 Provider and Payer Education and Outreach			
16 Provider Education Materials, Development and Printing	18,750	5,954	12,796
17 Postage	7,000	23	6,977
18 Website and Information Technology	3,750	-	3,750
19 Technical Consultant - Margaret Lane	3,000	-	3,000
20 Conferences and Education Sessions, Including Travel and Meals	-	-	-
21 Provider Office Training Sessions, Including Travel and Meals	3,000	-	3,000
22 Advertising and Sponsorships	-	-	-
23 Hospitality	999	-	999
24 Subcontractor Assistance	-	-	-
25 Total Provider and Payer Education and Outreach	36,499	5,977	30,522
26 Administrative Costs			
27 Legal Counsel	15,000	34,042	(19,042)
28 Audit Fees	18,000	-	18,000
29 Government Relations, Including Travel, Meals, and Consultants	-	-	-
30 Registered Agent Fee	150	-	150

## Washington Vaccine Association

## Notes to Financial Statements

For the Month Ended August 30, 2020

Balance Sheet

Line 6. The Prepaid Vaccine amount includes the amount requested by the Washington Department of Health (DOH) for the September 2020 replenishment of vaccines. The amount includes the administrative fee of 1.4%. The DOH cost recovery charge included with this request was \$88,984 and is associated with July 2020.

Profit and Loss

Line 1. Assessment Activity continues to be below the revenue received during the same period in the prior year. This is a result of the response to COVID-19 and the reduction in routine vaccinations. While the revenue has increased in recent months, we anticipate this overall trend of lowered revenues will continue and we are in communication with the DOH regarding their monthly funds transfer request.

Line 2. The amount reported as Assessments includes all assessments received in the month of July. The assessments are tracked in the accounting system using the date of service supplied by the provider's remittance advice. It is assumed that the provider utilized a vaccine which was purchased by the Department of Health in either the corresponding month or a prior month.

Line 6. The amount reported as 2% Waste is an estimate which was recorded through a journal entry. This estimate will be refined as we continue to process and track the amount of collectible assessments remaining from each DOH funding request. The amount remaining would likely represent vaccines which were not administered and would be considered waste. This will take several months of data before we are able to provide a more accurate estimate and therefore the 2% Waste estimate will be used for the next several months.

Line 6. The amount reported in July as Price Variance and Denials is the actual total of variances and denials identified through the lockbox transactions processed through OrboGraph.

Line 7. The DOH replenishment is the actual "cost" of the vaccines which are associated with the Assessments received in August.

Other

Based upon a review of detailed assessment remittance data, it appears that the Association may have received some remittances in error. Research is ongoing to determine the reasons for these remittances, the timeline of receipt, and the total dollar amount. Additionally, a process to resolve these items, as well as prevent future remittance errors from occurring will be developed.

Utilizing the assessment remittance database, the Association has been able to identify several instances whereby a payer has been incorrectly denying or underpaying assessments for a variety of reasons. Efforts are underway to contact payers to resolve these discrepancies and may result in additional assessment revenue attributable to the current fiscal year.

## MEMORANDUM

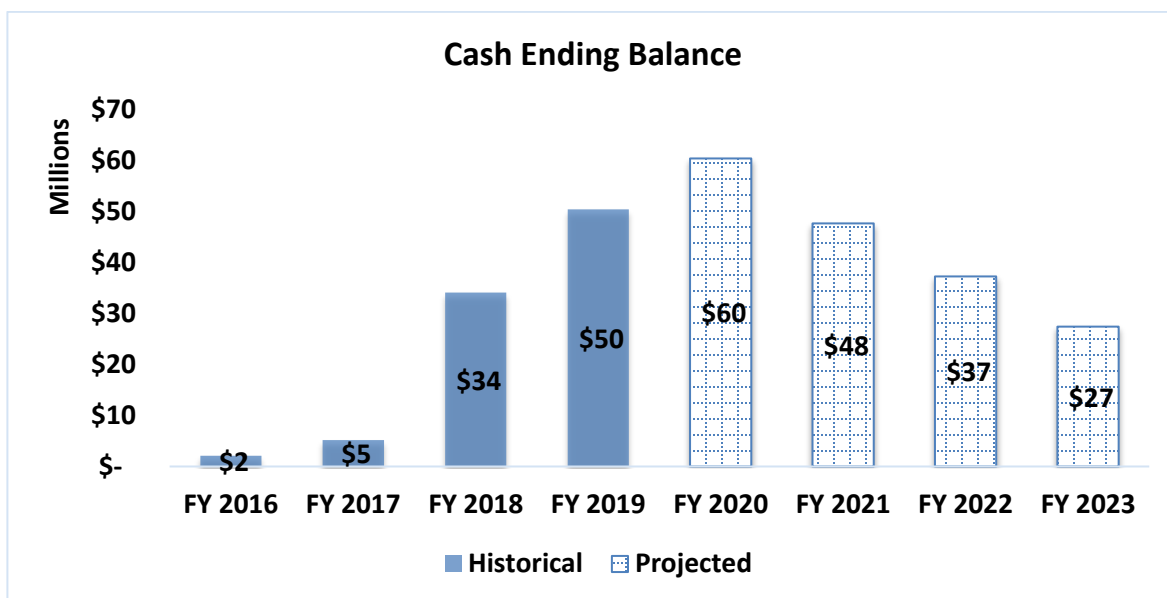
**DATE:** September 10, 2020  
**TO:** Finance Committee  
**CC:** Board of Directors, Julia Zell, Executive Director  
**FROM:** Patrick Miller, Helms & Company, Inc.  
**SUBJ:** Cash Projections

The purpose of this memo is to provide an update on cash projections given the impact of COVID-19, and to lay the groundwork for additional analysis that will occur during the remainder of the fiscal year.

As previously reported, there has been a decline in cash received compared with last year due to COVID-19. At the same time, the Department of Health funding requests have remained steady, resulting in a cash burn down rate that is higher than what was projected when the FY2021 vaccine pricing grid was developed.

As shown in **Figure 1**, when the FY2021 grid was developed, it was projected that there would be \$60.494M of cash as of June 30, 2020, with a declining cash balance over the next three years due primarily to grid price reductions.

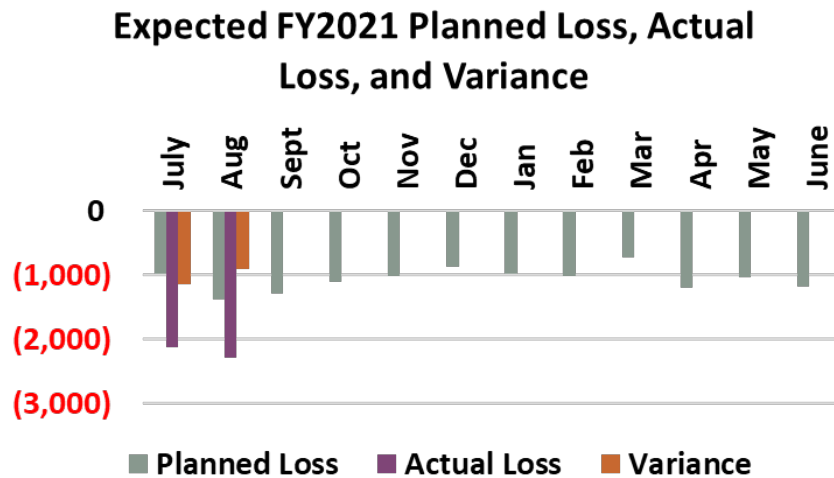
*Figure 1: Cash Ending Balance Projections During Vaccine Assessment Grid Development, May 7, 2020*



Given the impact of COVID-19, the actual cash on hand as of June 30, 2020, was \$56.887M resulting in a variance of \$3.607M as the fiscal year began. Every month in FY2021 was anticipated to contribute to the burning down of cash in order to arrive at a projected cash balance of \$47.731M on June 30, 2020.

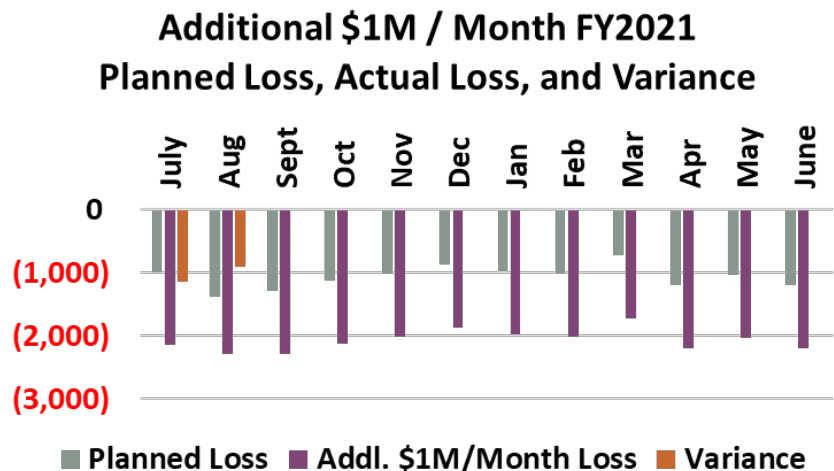
July and August 2020 saw a combined decrease of \$4.419M versus the projected decrease of \$2.367M resulting in a variance of \$2.052M YTD. If every month left in the fiscal year ran at the *projected loss* set in May, the WVA would have an ending balance of \$42.072M as of June 30, 2021 (**Figure 2**).

Figure 2: Expected FY2021 Planned Loss, Actual Loss, and Variance



If for the remaining ten months of the fiscal year WVA were to have an *additional \$1M per month* loss above the projected loss, the WVA would have an ending balance of \$32.072M as of June 30, 2021 (**Figure 3**).

Figure 3: Additional \$1M / Month FY2021 Planned Loss, Actual Loss, and Variance



It is important to note that the WVA has ample cash reserves should every month in the remainder of FY2021 run a deeper loss than projected. We are monitoring cash on a daily basis and have regular communications scheduled with our partner at Morgan Stanley. It is also

important to note that we expect to see increased remittances as the DOH works with providers to catch up on pediatric vaccinations missed during the initial months of the pandemic.

We will continue to keep the Finance Committee members and the Board updated in the coming months. Please reach out to Julia or myself with any questions.

# # #