

What: WVA Finance Committee Meeting
 Date & Time: April 8, 2021; 3:00-4:00 p.m. PT
 Location: Zoom/Webinar Meeting

To register for the meeting, please review the [Public Comment Protocol](#) then email wvameetings@wavaccine.org at least two business days in advance of the meeting.

WVA Agendas are subject to revision up to and including the time of the meeting.

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 Finance Committee Meeting

Approx. Time	Page		Topic/ Anticipated Action (Votes are in Red)	Presented by:
3:00- 3:05			1. Welcome & Introductions a. Notification of Recording	J. Zell
3:05-3:10	Pg 3-4	*	2. Calendar Consent Items a. Vote to Approve February 18, 2021 Meeting Minutes	P. Auerbach
3:10-3:50	Pg 5-22	*	3. Financial Updates/Assessment Grid/Administrative Budget a. Portfolio Update b. Financial Overview c. Proposed 2021-22 WVA Assessment Grid i. Vote to Recommend 2021-22 WVA Assessment Grid to the Board	P. Sidwell P. Miller P. Miller/J.Zell
	Pg 23	*	d. Proposed 2021-22 WVA Administrative Budget i. Vote to Recommend 2021-22 WVA Administrative Budget	P. Miller/J.Zell
3:50-4:00	Pg 24-32	*	4. Annual Auditor Selection a. Vote to Approve CLA as 2020-21 Auditor	J. Zell
4:00			5. Closing	P. Auerbach
*Indicates agenda item attached Red text indicates an action item				

April 8, 2021

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 February 18, 2021 meeting minutes.

[To approved February 18, 2021 meeting with the changes suggested at the meeting.]

Items under Agenda Section 3:

VOTED: To recommend the 2021-22 WVA Vaccine Assessment Grid to the Board for adoption.

[To recommend the 2021-22 WVA Vaccine Assessment Grid to the Board for adoption with the changes suggested at the meeting.]

VOTED: To approve 2021-22 WVA Annual Administrative Budget.

[To approve the 2021-22 WVA Annual Administrative Budget in accordance with the changes suggested at the meeting.]

Items under Agenda Section 4:

VOTED: To approve CliftonLarsonAllen LLP as auditor for 2020-2021.

[To approve CliftonLarsonAllen LLP as auditor for 2020-21 with the changes suggested at the meeting.]

**Washington Vaccine Association
Finance Committee Meeting
February 18, 2021; 3:00-4:00 p.m. (PST)**

Attendance. This meeting was conducted solely by webinar. Participating in all or part of the meeting were the following individuals:

Directors

Patricia Auerbach, MD, MBA, FACP, Chair,
UnitedHealthcare
Jason Farber, Esq., Davis Wright Tremaine LLP¹
Randy Parker, Carpenters Trusts of Western
Washington

Helms & Company, Inc.

Patrick Miller, MPH, WVA, Administrative Director
Leslie Walker, CPA, Mason+Rich, PA
Alyssa McKeon, Project Support Leader

Others

Anne Redman, Esq., Perkins Coie, LLP

WVA

Julia G. Zell, MA., Esq., Executive Director

I. Summary of Actions Taken and/or Recommended

Actions Taken

- i. To recommend the changes to the WVA's Investment Policy Statement with the "not permitted" language regarding investments in the healthcare sector.

Follow up Tasks/Action Items

- Ms. Zell and Ms. Redman will collaborate with make appropriate changes to the WVA's interest provisions in the Plan of Operation for the Board of Directors to review at its April 2021 meeting.
- Helms will incorporate the Committee's comments regarding the FY2022 vaccine assessment grid into the financial modeling process.

II. Welcome and Introductions

Welcome and Introductions

Ms. Zell called the meeting to order at 3:03pm. Ms. Zell announced that the meeting would be recorded for the benefit of the minute taker, to be deleted once the minutes are approved.

III. Financial Overview

Status Update

Mr. Miller reviewed the WVA financial statements for the seven months ended January 31, 2021. He noted that total vaccine collections fell below the vaccine remittances to the State of WA in January 2021 in alignment with projections. He noted that overall the WVA's administrative expenses are ahead of budget, but detailed line items exceeding budgeted amounts.

Plan of Operation Interest and Late Assessment Provision Discussion

After introducing the topic at the January Board meeting, the Board referred the interest and late assessment provision in the Plan of Operation to the Finance Committee for discussion. The current provision requires clarification as to when it may be levied on assessments and the Committee needs to discuss the appropriateness of the existing high interest rate. The Finance Committee discussed approaches that provide clarity for payers while ensuring there is no undue administrative burden on the WVA. After a discussion of various options, the Committee determined that a rate of 12% interest for late payments, which would be reviewed periodically, would be appropriate. The Committee requested that the Plan language describing the interest rate triggering event be clear and simple. Ms. Zell and Ms. Redman will take the feedback from the Committee under advisement and make appropriate changes to the Plan of Operation for the Board's review in April 2021.

¹ Mr. Farber departed at 3:31 pm

Assessment/Budget Process Discussion

Mr. Miller reviewed the WVA's cash position, the FY2022 budget, and vaccine grid development meeting materials. Committee members discussed with Mr. Miller and Ms. Zell the previously planned trajectory for decreasing cash reserves. The Committee recommended that the WVA continue the same trajectory and work to keep the FY2022 Vaccine Grid at the same level as FY2021 without reducing assessments below the CDC contract price. Given the unpredictability of future Covid-19 vaccine funding, the Committee agreed that having a higher than previously planned reserve was prudent. Mr. Miller will bring the next version of the model to the March 2021 Executive Committee for review and comment.

IV. Investment Policy Statement Review

Ms. Zell reviewed the proposed changes to the Investment Policy Statement. She noted that there are three main changes; they are as follows: 1) to adjust the restriction on the overall maturity of the Portfolio from 20% to 40%; 2) to require liquidation of a security if the credit rating falls to either BAA1 or BBB+; and 3) to either prohibit or strongly discourage the WVA's investment in the healthcare or pharmaceutical sector. The Committee discussed the potential conflicts of interest if the WVA had holdings in healthcare or pharmaceutical companies; it and came to the recommendation that such investments should be prohibited. Dr. Auerbach requested a review of Morgan Stanley's management fees and performance of the WVA's investment portfolio over the last two years as well as the current fee structure. Ms. Zell agreed to follow-up with the Chair following the meeting.

Dr. Auerbach asked for a motion to recommend the changes to the WVA's Investment Policy Statement as discussed. Upon motion duly made and seconded, it was unanimously

VOTED: To recommend to the Board the proposed changes to the WVA's Investment Policy Statement with the "not permitted" language in the investment restrictions section.

V. Closing

With no further business before the Committee, Dr. Auerbach closed the meeting at 4:01pm.



Ensuring Funds for Childhood Vaccines

2021-22 Vaccine Assessment Grid Development

Presented to the
Washington Vaccine Association
Finance Committee
April 8, 2021

Patrick Miller, MPH
Leslie Walker, CPA

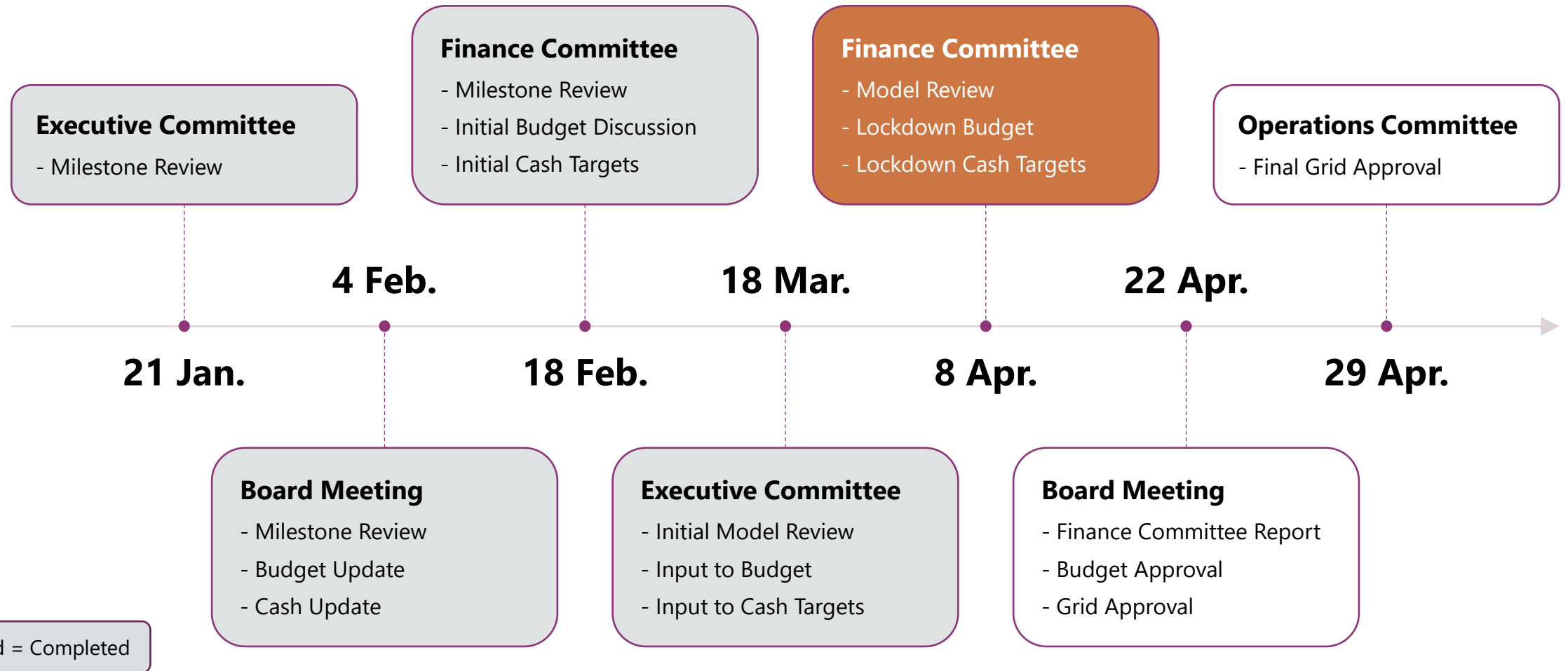
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Presentation Overview

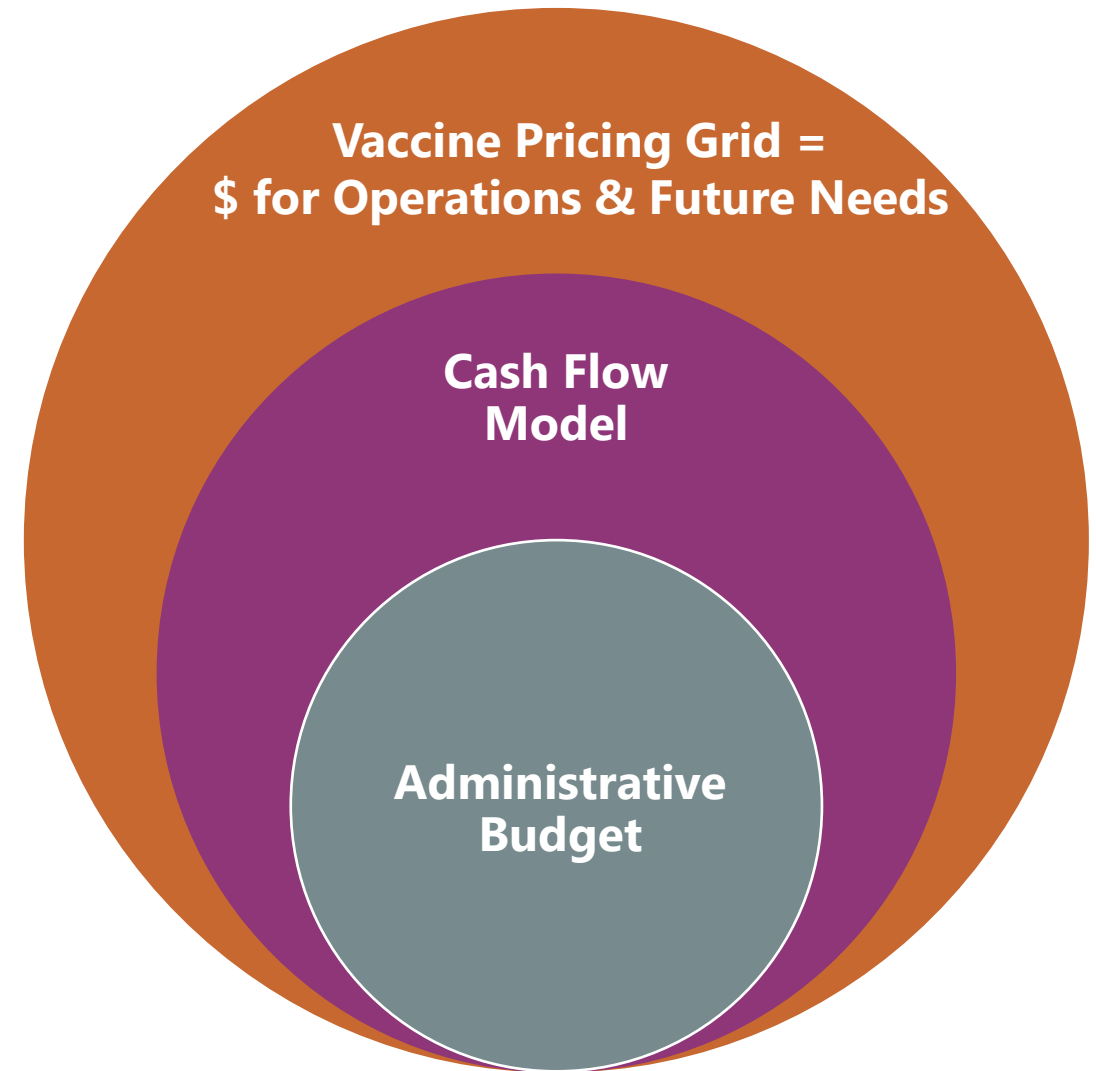
1. Timeline
2. Integrated Approach
3. Historical Charts
4. Model
 - a) Cash Flow Model Assumptions Summary
 - b) Notes Related to DOH Projections
 - c) Administrative Budget Summary
 - d) Administrative Budget Components
 - e) Model Detail
 - f) Vaccine Pricing Grid
5. Discussion

1. FY22 Budget & Vaccine Grid Development Process

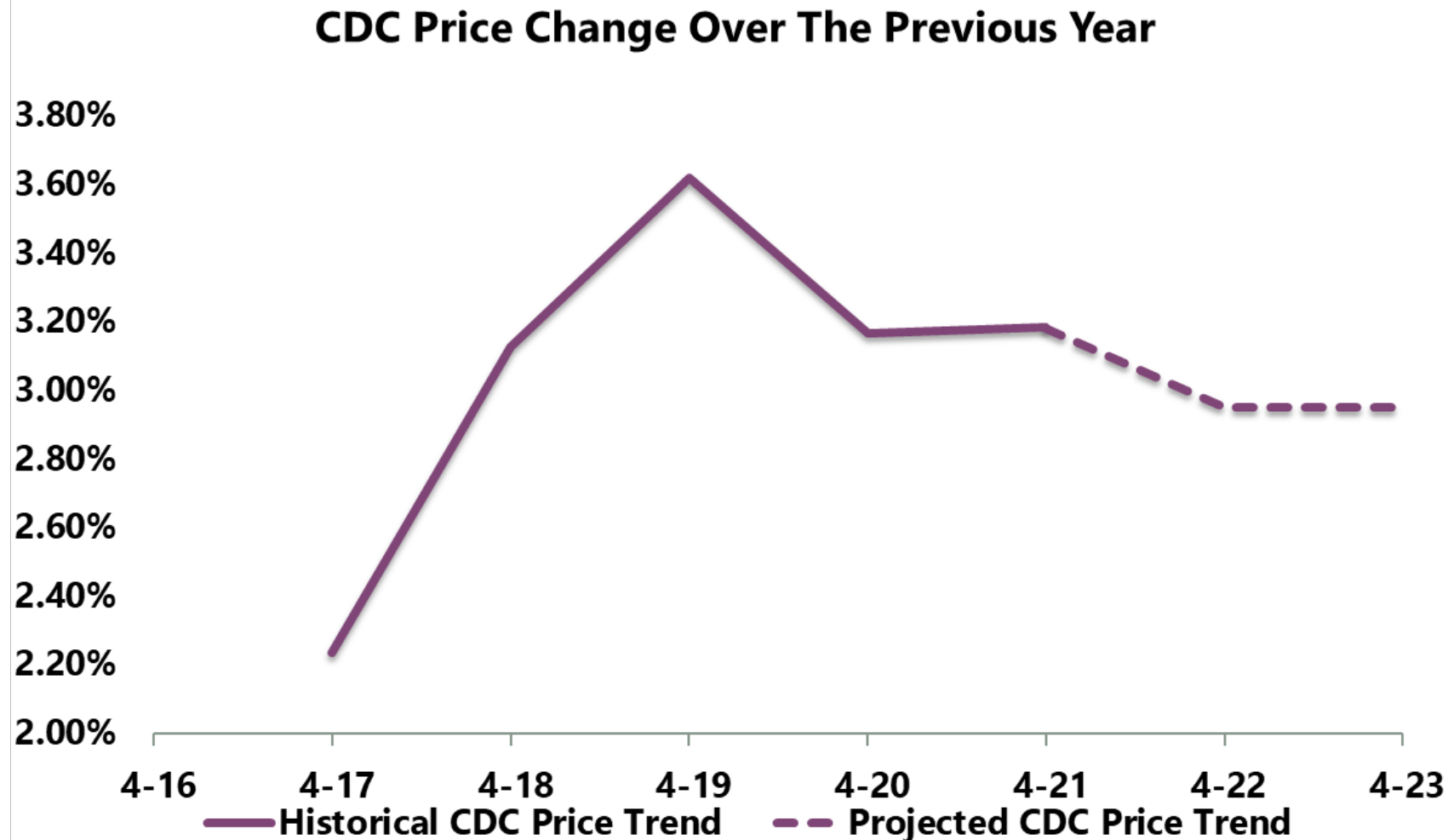


2. Integrated Approach

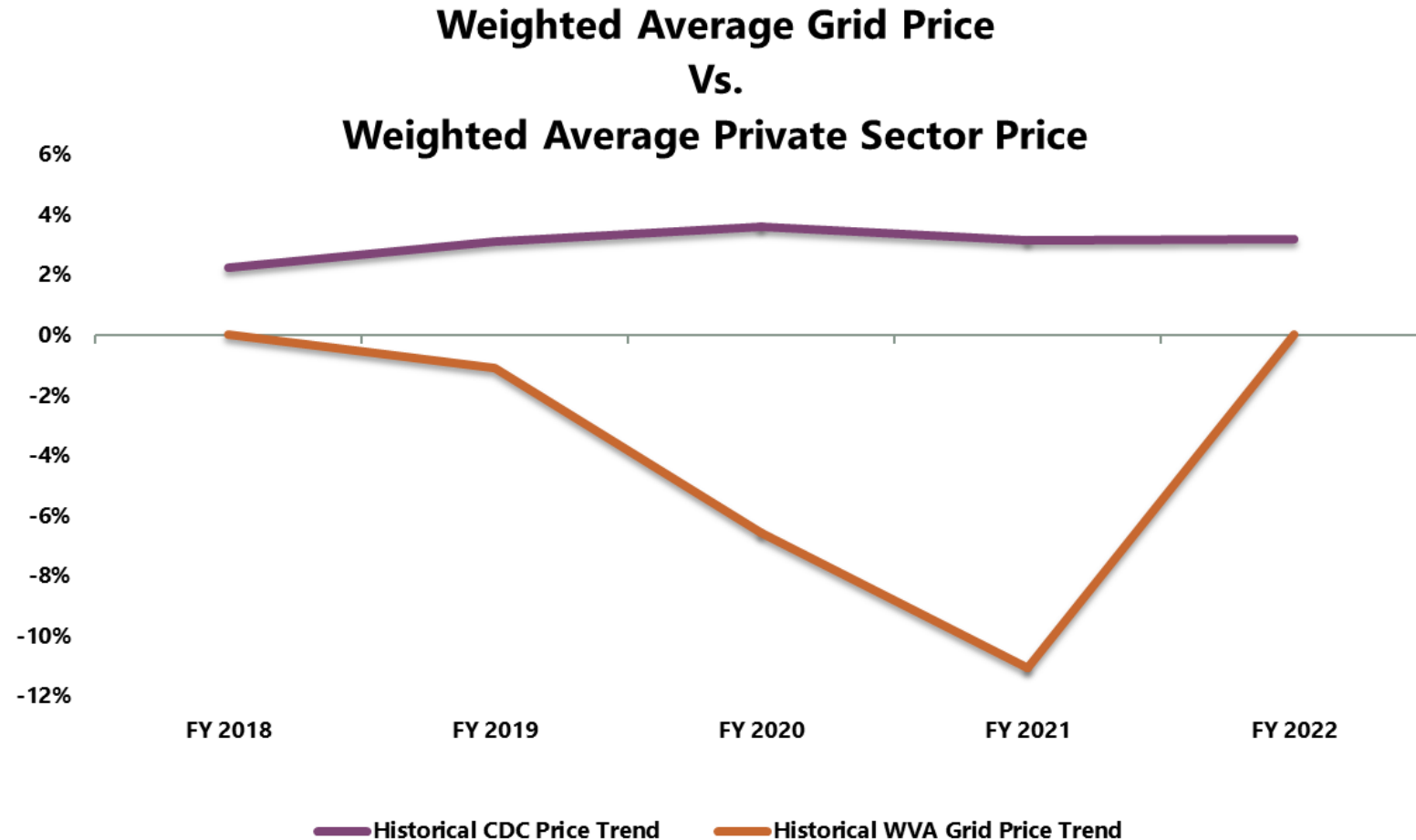
1. There is a nested relationship between the administrative budget, the cash flow model, and the vaccine pricing grid that was not considered in prior years
2. Goals of the 2021-22 vaccine pricing grid process include:
 1. Providing grid stability across prior year to minimize year-to-year fluctuation
 2. Reducing cash on hand to a Board-approved level
 3. Allowing for reasonable reserves



3. CDC Price Change Over the Previous Year

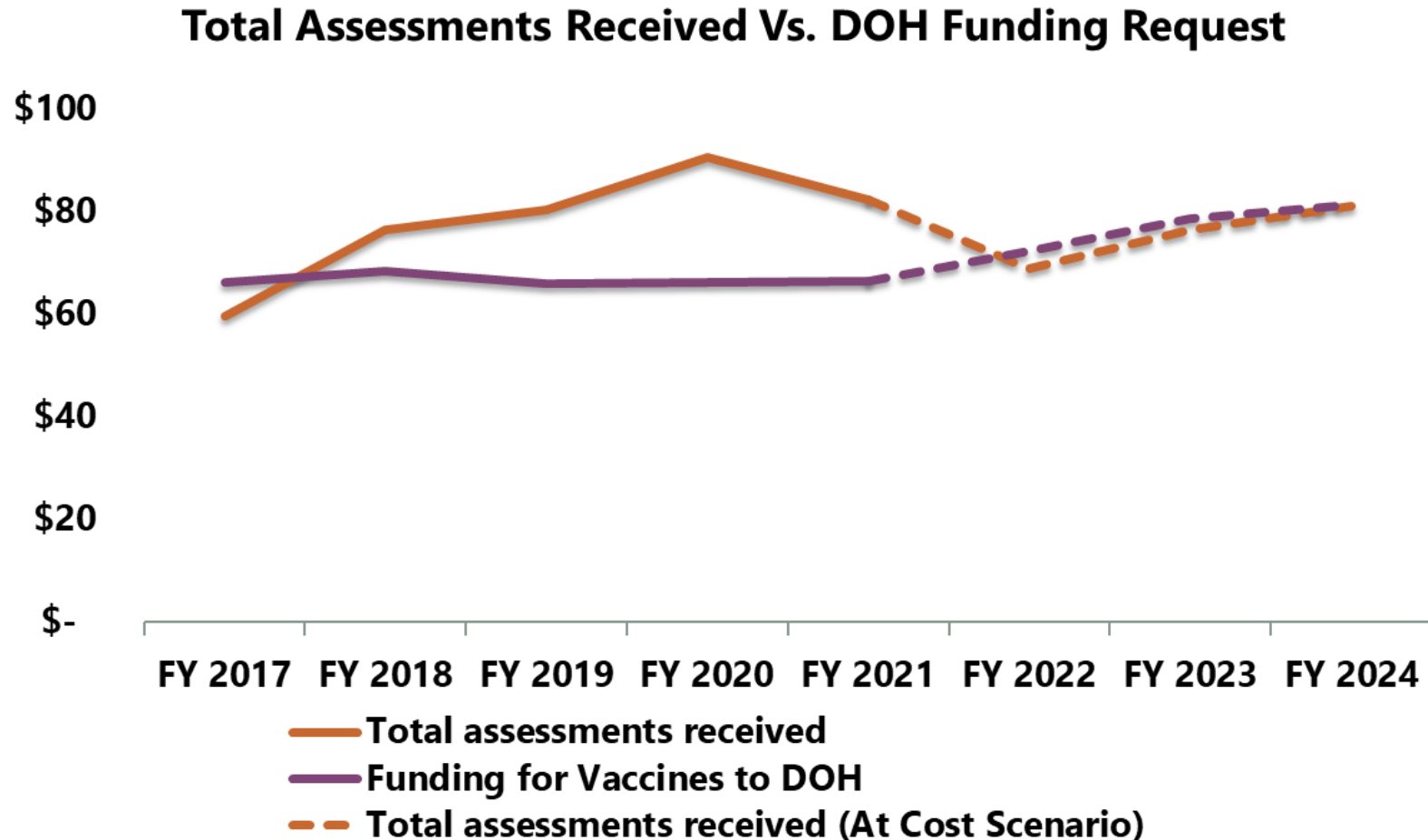


3. Weighted Average Grid Price Vs. Weighted Average Private Sector Price

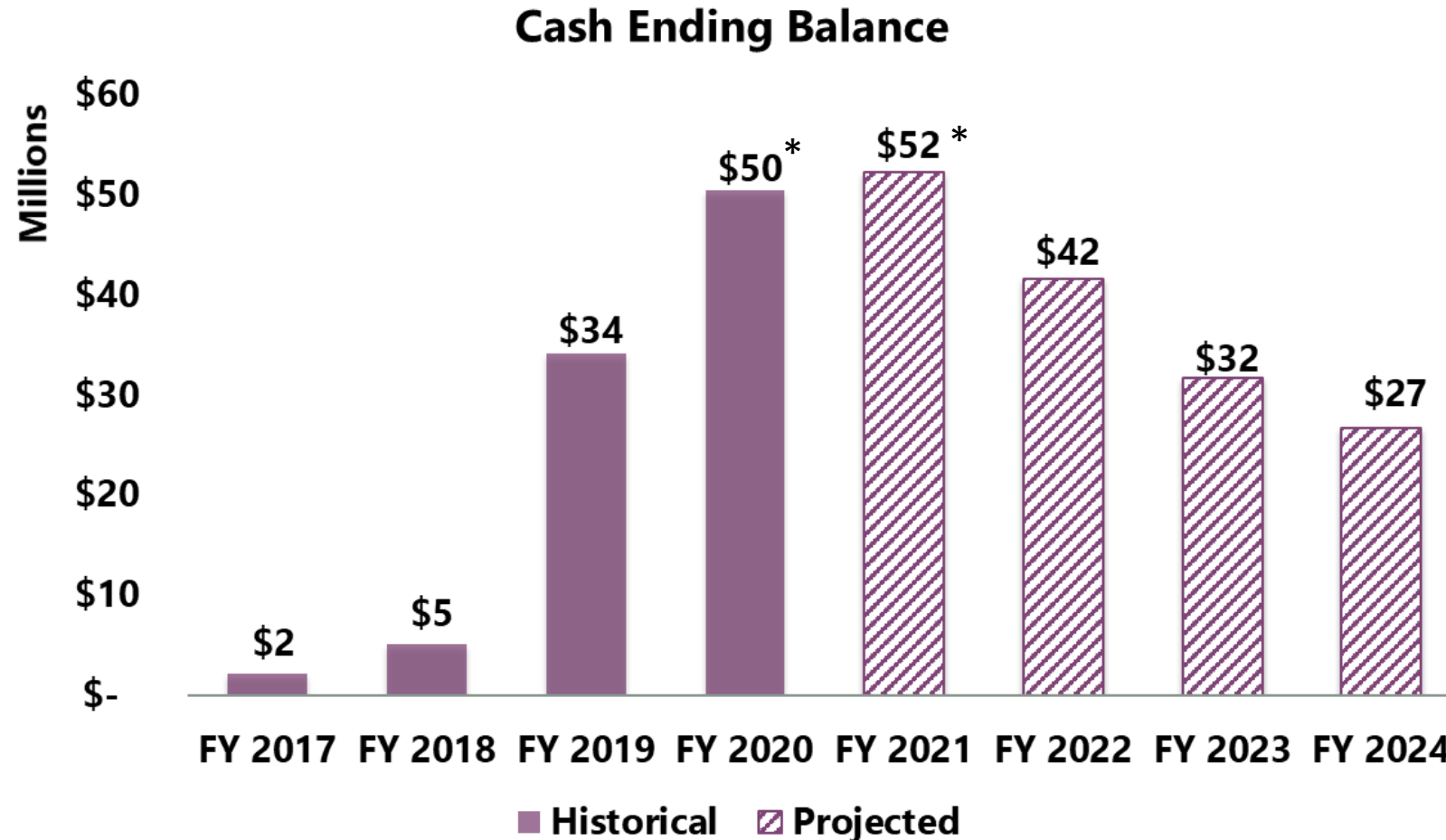


The CDC private sector weighted average grid price is greater than the WVA weighted average grid price.

3. Total Assessments Received Vs. DOH Funding Request



3. Historical and Projected End of FY Cash Balance – FY2017-24



* As of April 2020, the end of fiscal year projections for FY2020 and FY2021 were \$60M and \$48M respectively.

4.a. Cash Flow Model Assumptions Summary

Adjustment Variables	Assumptions		
	FY2022	FY2023	FY2024
Assessment Grid as Percent of Prior Year	100%	106%	106%
DOH Indirect Charge	1.4%	1.4%	1.4%
DOH Cost Recovery Fee	1.4%	1.4%	1.4%
Vaccine Wastage	2.4%	2.4%	2.4%
Denials	13.0%	12.0%	11.0%
Denial Recoveries	3.5%	3.0%	2.0%
Administrative Budget	\$2.1M	\$2.1M	\$2.1M
Cash “Burn Down” Amount	\$10.6M	\$9.9M	\$5.0M
Ending Balance	\$41.6M	\$31.7M	\$26.7M
CDC Price Increase	3.0%	3.0%	3.0%

4.b. Notes Related to DOH Projections

- The pandemic's impact on WVA
 - Doses ordered by providers fell and then mostly recovered
 - DOH's FY22 projections assume a 5% reduction with recovery in FY23
 - VFC-eligible Medicaid enrollment for Washington children <19 has steadily increased between April to December 2020
 - Contingency fund projections for COVID-19 vaccines were adjusted by DOH by 3% for FY22 and FY23 and will be monitored
- Two new vaccines
 - MenQuadfi expected release in April 2021 to replace Menactra
 - Vaxelis expected release in June 2021 to be offered as an alternative to several combinations of vaccines¹
- Adjustments to periodic changes in VFC fund split
 - Federal FY2020 Population Estimates Survey VFC population was 53% and non-VFC eligible is 47%; the non-VFC population includes State privately insured, CHIP and CHP funding sources

1. Hexavalent replacement to prevent diphtheria, tetanus, pertussis, polio, Haemophilus influenzae type b, and hepatitis B (DTaP-IPV-Hib-HepB)

4.c. Administrative Budget Summary

WVA Budget Summary		Forecast			
	Projected Actual	Budgeted Total	Budgeted Total	Budgeted Total	Budgeted Total
	FY 2021	FY 2021	FY 2022	FY 2023	FY 2024
Direct Processing Costs					
Subtotal	1,005,804	1,046,981	1,012,716	1,117,974	1,117,974
Executive Director Costs and Related Support Fees					
Subtotal	239,636	304,694	415,291	408,476	408,476
Provider and Payer Education and Outreach					
Subtotal	82,438	198,996	170,000	170,000	170,000
Administrative Costs					
Subtotal	318,899	310,615	314,181	314,181	314,181
Other Discretionary Expenditures					
Subtotal	40,250	166,000	108,647	114,445	114,445
Total Budget	1,687,027	2,027,286	2,020,835	2,125,076	2,125,076

4.d. Administrative Budget Components

Direct Processing Costs

Helms & Company, Inc. | OrboGraph | Clearinghouse Processing | Lockbox and Bank Fees

ED Costs and Related Support Fees

Salary | Payroll Taxes | Leased Employee Fees | Travel | Technology Support

Provider and Payer Education and Outreach

Education Materials Design and Printing | Postage | Website & Information Technology | Technical Consultant | Conferences | Advertising | Hospitality | Subcontractor Assistance

Administrative Costs

Legal | Audit | Investment Management | Registered Agent | Rent | Board Meetings | Insurance

Other Discretionary Expenditures

ED Merit and Bonus Pool | Recovery and Compliance | Direct Healthcare Practice Recoveries

4.e.

WVA Financial Model	Historical		Projected Actual		Forecast Period - Absorbs Inflation		
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Assumptions							
Assessment Grid as Percent of Prior Year					100.0%	106.0%	106.0%
DOH Indirect Charge					1.4%	1.4%	1.4%
DOH Cost Recovery Fee					1.4%	1.4%	1.4%
Vaccine Wastage					2.4%	2.4%	2.4%
Denials					13.0%	12.0%	11.0%
Denial Recoveries					3.5%	3.0%	2.0%
Projected Unknown					11.9%	11.9%	11.9%
Inflows/Outflows							
Assessment Revenue	84,137,375	87,262,137	79,804,611	75,547,829	68,794,912	76,394,902	80,978,597
Vaccine Replenishment	65,835,583	65,491,991	61,491,029	75,547,829	72,226,547	78,666,267	81,259,271
Investment Income	-	51,903	1,716,186	260,000	-	-	-
TRICARE Expense Offset	-	-			-	-	-
Gross Revenue	18,301,792	21,822,049	20,029,769	260,000	(3,431,634)	(2,271,365)	(280,674)
Administrative Cost							
Indirect	-	-	(1,133,128)	(1,060,241)	(1,023,069)	(1,104,336)	(1,140,838)
DOH Cost Recovery Fee	-	-	(462,339)	(1,047,626)	(1,023,069)	(1,104,336)	(1,140,838)
Vaccine Wastage	-	-	(1,490,121)	(1,496,256)	(1,733,437)	(1,887,990)	(1,950,222)
Denials	-	-	(8,081,070)	(9,821,218)	(8,943,339)	(9,167,388)	(8,907,646)
Denial Recoveries	-	-		3,852,990	2,407,822	2,291,847	1,619,572
Projected Unknown				8,977,088	8,174,662	9,077,743	9,622,407
Refunds			(467,342)	(348,859)	(348,000)	(420,000)	(420,000)
Cash Flow Delay				(2,221,379)	(2,628,559)	(3,215,707)	(280,674)
Administrative Budget	(1,189,899)	(1,821,862)	(1,986,592)	(1,700,717)	(2,020,835)	(2,125,076)	(2,125,076)
Total Administrative Cost	(1,189,899)	(1,821,862)	(13,620,592)	(4,866,218)	(7,137,823)	(7,655,244)	(4,723,316)
Revenue in Excess of Expenditures	17,111,893	20,000,187	6,409,177	(4,606,218)	(10,569,458)	(9,926,609)	(5,003,990)
Effect on Cash Reserves							
Cash Reserves Beginning Balance	9,582,053	34,130,094	50,477,971	56,887,148	52,280,933	41,711,476	31,784,867
Cash Generated/ (Used)	24,538,923	16,347,877	6,409,177	(4,606,218)	(10,569,458)	(9,926,609)	(5,003,990)
Cash Reserves Ending Balance	34,130,094	50,477,971	56,887,148	52,280,930	41,711,476	31,784,867	26,780,877

Adjustment Variables

4.f. Vaccine Pricing Grid

Washington Vaccine Association Assessment Grid

FOR ALL CLAIMS WITH A DATE OF SERVICE ON OR AFTER **JULY 1, 2021**.

Please note that this WVA Assessment Grid, effective July 1, 2021, replaces the grid last updated on July 1, 2020. The grid lists vaccines and their corresponding CPT codes that are part of the dosage-based assessment (DBA) process for providers, health insurance carriers, and third party administrators. There are other childhood vaccines (and corresponding CPT codes) that are not included in the DBA process and, therefore, no assessment is needed. The availability of specific vaccine brands are determined by the manufacturer and not all brands of flu vaccine are offered through the Childhood Vaccine Program (CVP). **The green column is the assessment amount per dose as of July 1, 2021.**

CPT Code	NDC Code / Packaging	CPT Code Description	Tradename	WVA Assessment Amount per dose as of 7/1/2020	CDC Private Sector Cost/Dose 4/1/21	WVA Assessment Amount per dose as of 7/1/2021	Percent Change 7/1/2020 to 7/1/2021
90620	58160-0976-20 (10 pack – 1 dose syringe)	Meningococcal recombinant protein and outer membrane vesicle vaccine, serogroup B (MenB-4C), 2 dose schedule, for intramuscular use	Bexsero®	\$120.84	\$191.75	\$120.84	0.0%
	58160-0976-06 (1 pack – 1 dose syringe)						
90621	00005-0100-10 (10 pack – 1 dose syringe)	Meningococcal recombinant lipoprotein vaccine, serogroup B (MenB-FHbp), 2 or 3 dose schedule, for intramuscular use	Trumenba®	\$117.17	\$157.35	\$115.17	0.0%
90633	58160-0825-11 (10 pack – 1 dose vial)	Hepatitis A vaccine (HepA), pediatric/adolescent dose-2 dose schedule, for intramuscular use	Havrix®	\$20.72	\$34.85	\$20.72	0.0%
	58160-0825-52 (10 pack – 1 dose syringe)						
	00006-4095-02 (10 pack – 1 dose syringe)		Vaqta®		\$34.60		
90647	00006-4897-00 (10 pack – 1 dose vial)	Haemophilus influenzae type b vaccine (Hib), PRP-OMP conjugate, 3 dose schedule, for intramuscular use	PedvaxHIB®	\$13.54	\$27.25	\$13.54	0.0%
90648	49281-0545-03 (5 pack – 1 dose vial)	Haemophilus influenzae type b vaccine (Hib), PRP-T conjugate, 4 dose schedule, for intramuscular use	ActHIB®	\$9.46	\$17.63	\$9.46	0.0%
	58160-0818-11 (10 pack – 1 dose vial)		Hiberix®		\$11.57		
90651	00006-4119-03 (10 pack – 1 dose vial)	Human Papillomavirus vaccine types 6, 11, 16, 18, 31, 33, 45, 52, 58, nonavalent (9vHPV), 2 or 3 dose schedule, for intramuscular use	Gardasil®9	\$189.08	\$239.29	\$189.08	0.0%
	00006-4121-02 (10 pack – 1 dose syringe)						

SAMPLE: Refer to Spreadsheet

Discussion

MEMORANDUM

TO: Julia Zell, Executive Director & WVA Finance Committee
FROM: Leslie Walker, CPA (Mason+Rich PA), Patrick Miller, MPH (Helms)
SUBJECT: 2021-22 WVA Vaccine Assessment Grid Recommendation
DATE: April 1, 2021

Introduction

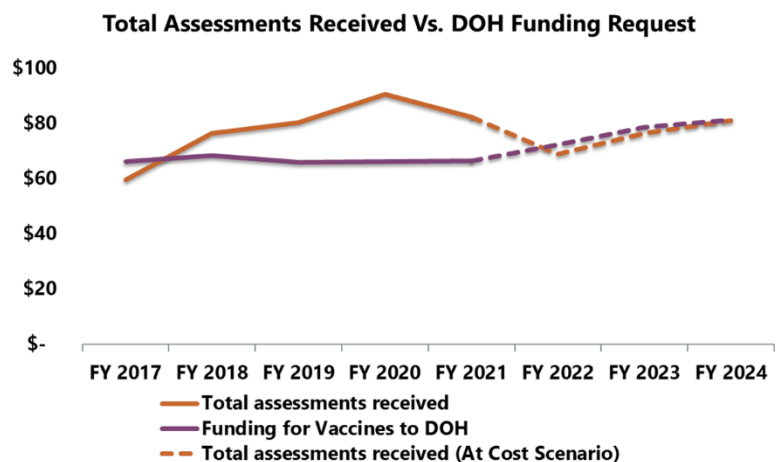
The purpose of this memorandum is to provide the Washington Vaccine Association's ("WVA") Board of Directors ("Board") and Operations Committee with Helms & Company's recommendations for the 2021-22 Vaccine Assessment Grid ("Grid") and a description of the underlying assumptions. The 2021-22 Grid was developed in partnership with the Washington Department of Health ("DOH") and is based upon the new model developed for the 2020-21 Grid. The administrative budget, cash flow projections, and the Grid are integrated into a unified model which allows input from the Board. The purpose of the model is to allow the Board flexibility in setting a series of adjustment factors to produce different scenarios over a three-year time horizon. These scenarios meet the desired reduction of cash and subsequently the WVA's collections through Grid changes so that the Association can meet its funding obligations.

Grid History Summary

The last two Grids saw reductions in Grid prices with a two percent net reduction for the 2019-20 Grid and a 13.7% reduction for the 2020-21 Grid. As shown in **Figure 1**, the two percent reduction adjustment had some reduction on cash, however, cash still grew due to the FY2020 Grid being priced nearly 12% above the vaccine remittances to the State of Washington.

The 2020-21 Grid price was lowered by 13.7% which did bring cash down, however, recoveries as of March 31, 2021 exceeded \$5.5M which was \$2.9M greater than budgeted recoveries for the year. The total cash on hand as of June 30, 2021, is expected to be \$53M which is \$4M lower than the \$57M as of June 30, 2020¹. The pandemic also created unpredictability in the modeled assessments receipts given the impact on delayed pediatric vaccine trends.

Figure 1: Total Assessments Received Vs. DOH Funding Request



The proposed 2021-22 Grid prices will stay the same as the 2020-21 Grid prices and will absorb inflation of the CDC prices in order to continue to reduce cash reserves.

Setting FY2022-FY2024 Cash Targets

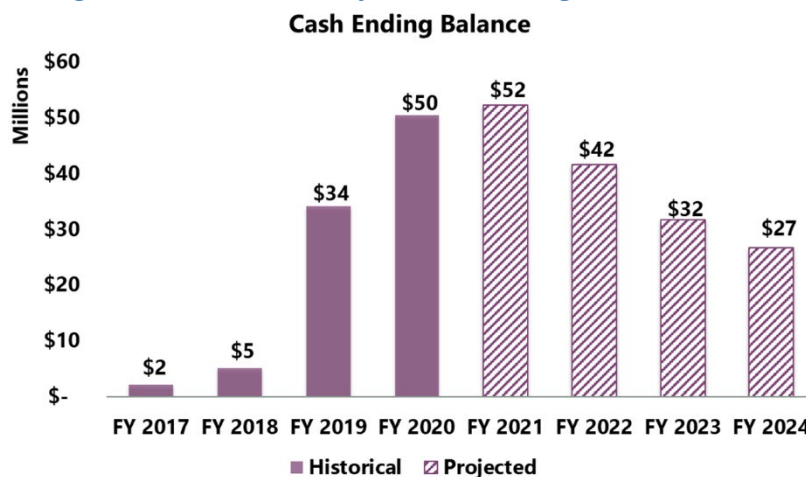
¹ The end of year projection of \$53M cash on hand will be re-adjusted after the March 31, 2021 unaudited financial statements are completed.



The Finance Committee has set the goal of continuing to reduce cash and setting reduction targets while also ensuring reserves for the eventual COVID-19 vaccine costs expected to begin in 2022 or 2023. The model created for the upcoming FY assumes cash decreasing over the next three years with end of fiscal year cash balances of \$41.6M, \$31.7M, and \$26.7M, respectively (**Figure 2**). The model targets reductions of \$10.6M, \$9.9M, and \$5.0M over the next three fiscal years, respectively. This allows the Grid price to remain fairly constant over a three-year period while bringing cash reserves down.

Figure 2: Historical and Projected Cash Ending Balances

Until recent years, the WVA has not had significant amounts of cash on hand. In 2015, the organization was in a significant deficit position and required a line of credit to be established to continue operations. The line of credit was ultimately retired and adjustments were made to the Grid in order to build cash reserves. It is important to recognize that these reserves were created through assessment funds paid by the insurance carriers and third-party administrators and not via State of Washington expenditures.



FY2022-2024 Grid Assumptions

The following assumptions were made in the financial model with respect to setting the 2021-22 Grid prices and projecting the cash flow through FY2024:

1. The Department of Health's (DOH) March 2021 projections of vaccine utilization formed the underpinnings of the initial model for the April 8, 2021 Finance Committee meeting and the April 22, 2021 Board meeting. The DOH projects roughly a five percent reduction in vaccine material in FY2022, and a nominal increase for FY2023 with 1,109,650 and 1,152,260 doses in FY2022 and FY2023, respectively.
2. On April 1, 2021, the Centers for Disease Control ("CDC") updated its Vaccine Price List² for the CDC cost per dose and the private sector cost per dose. The cost per dose increased 3% over the prior year. The April 1, 2021 CDC prices were used for the development of the 2020-21 Grid³. No COVID-19 vaccines are included. It is expected that the CDC will replace Menactra with MenQuadfi in April 2021 and that Vaxelis will be added in June 2021.
3. The Assessment Grid as a Percentage of Prior Year will be flat at 100%, meaning that the proposed Grid prices will equal last year's Grid prices.
4. The Department of Health's Indirect Rate will be held steady at 1.4% for the next three fiscal years.
5. The Department of Health's Cost Recovery Fee is expected to hold steady at an average of 1.4% for the upcoming fiscal year⁴.
6. Based upon remittance data, the current DBA denial rate is currently estimated to be 13%. We expect this to drop to 12% and 11% in the latter two fiscal years based upon planned denial recovery activities.
7. The denial recovery rate is expected to be 3.5% in FY2021 and 3% and 2% in the latter two fiscal years.

² <https://www.cdc.gov/vaccines/programs/vfc/awardees/vaccine-management/price-list/index.html>

³ The 3% will be verified once the April 1, 2021 CDC price list is made available. It is due on April 1.

⁴ 1.4% is the average for the first ten months of FY2021.



Analysis of Changes

The attached 2021-22 Grid update has been reviewed with the Department of Health⁵. The total projected assessments in FY2022 are \$64,797,912. For ease of identification, the 2020-21 Grid prices are shown in grey and the 2021-22 Grid prices are in green. The Grid prices stayed the same as the prior year while absorbing the cost of inflation resulting in a reduction of cash on hand at the end of FY2022.

#

⁵ Occurring April 1, 2021.

WVA Budget Summary		Forecast				
		Projected Actual	Budgeted Total	Budgeted Total	Budgeted Total	Budgeted Total
		FY 2021	FY 2021	FY 2022	FY 2023	FY 2024
1	Direct Processing Costs					
2	Helms & Company, Inc.	785,184	785,184	830,184	935,442	935,442
3	Lockbox Conversion and Clearinghouse Intake (OrboGraph)	141,656	195,054	113,136	113,136	113,136
4	Clearinghouse Intake Processing (Avality, Zelis)	29,671	16,200	24,396	24,396	24,396
5	Lockbox and Bank Fees	47,513	48,275	45,000	45,000	45,000
6	CollaborateMD (FY2021 only)	1,780	2,268	-	-	-
7	Subtotal	1,005,804	1,046,981	1,012,716	1,117,974	1,117,974
8						
9	Executive Director Costs and Related Support Fees					
10	Executive Director Salary	205,611	206,046	216,471	212,226	212,226
11	Payroll Taxes	12,973	20,898	131,090	128,520	128,520
12	Leased Employee per Check Fee	2,730	2,730	2,730	2,730	2,730
13	Executive Director Travel and Lodging, Education, and Other	13,732	71,000	60,000	60,000	60,000
14	Technology Support (Desktop and Telephony)	4,590	4,020	5,000	5,000	5,000
15	Subtotal	239,636	304,694	415,291	408,476	408,476
16						
17	Provider and Payer Education and Outreach					
18	Education Materials, Development and Printing	33,313	75,000	45,000	45,000	45,000
19	Postage	194	20,000	20,000	20,000	20,000
20	Website and Information Technology	4,085	15,000	15,000	15,000	15,000
21	Technical Consultant - Margaret Lane	7,054	12,000	12,000	12,000	12,000
22	Conferences and Education Sessions, Incl. Travel and Meals	2,000	7,000	7,000	7,000	7,000
23	Provider Office Training Sessions, Incl. Travel and Meals	4,000	12,000	5,000	5,000	5,000
24	Advertising and Sponsorships	3,848	2,000	2,000	2,000	2,000
25	Hospitality	1,944	3,996	4,000	4,000	4,000
26	Subcontractor Assistance	26,000	52,000	60,000	60,000	60,000
27	Subtotal	82,438	198,996	170,000	170,000	170,000
28						
29	Administrative Costs					
30	Legal Counsel	97,435	60,000	80,000	80,000	80,000
31	Audit Fees	15,467	18,000	15,000	15,000	15,000
32	Government Relations, Incl. Travel, Meals and Consultants	5,000	12,500	12,500	12,500	12,500
33	Registered Agent Fee	150	150	150	150	150
34	Bank Fees	-	18,000	-	-	-
35	Investment Management Fees	123,289	112,000	127,500	127,500	127,500
36	Office Supplies and Equipment	8,520	5,400	5,400	5,400	5,400
37	Rent	5,767	6,715	6,715	6,715	6,715
38	Other Admin Support Provided by Lessor	400	1,200	501	501	501
39	Board Retreat and Meetings	13,332	20,000	12,000	12,000	12,000
40	Insurance			-	-	-
41	Cyber Liability	10,786	24,000	11,865	11,865	11,865
42	Board D & O	38,608	32,000	41,050	41,050	41,050
43	General Liability	145	650	1,500	1,500	1,500
44	Subtotal	318,899	310,615	314,181	314,181	314,181
45						
46	Other Discretionary Expenditures					
47	Conversion/Implementation Cost (FY2020 only)	16,500	-	-	-	-
48	Executive Director Merit and Bonus Pool	5,250	100,000	21,647	42,445	42,445
49	Recovery and Compliance (Health Revenue 360/Helms)	10,500	42,000	63,000	48,000	48,000
50	Direct Healthcare Practice Recoveries	8,000	24,000	24,000	24,000	24,000
51	Covid-19 Expenses (FY2021 only)	15,590	-	-	-	-
52	Subtotal	40,250	166,000	108,647	114,445	114,445
53						
54	Total Budget	1,687,027	2,027,286	2,020,835	2,125,076	2,125,076



CliftonLarsonAllen LLP
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March 9, 2021

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

Dear Board of Directors:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for Washington Vaccine Association ("you," "your," or "the entity") for the year ending June 30, 2021.

Allen Gilbert is responsible for the services provided to you.

Audit services

We will audit the financial statements of Washington Vaccine Association, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ending, and the related notes to the financial statements.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of your financial statements and related notes.

Audit objective

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

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

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

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

Management responsibilities

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

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

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

Draft for Discussion Purposes

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

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

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

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

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

Use of financial statements

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

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

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

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

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

Engagement administration and other matters

We expect to begin our audit in early August 2021.

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

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

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

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

Mediation

Draft for Discussion Purposes

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

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

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

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

Time limitation

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

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

Fees

Our professional fees will be billed based on the time involved and the degree of responsibility and skills required. Based on our preliminary estimates, the total professional fees for the engagement should approximate \$14,800. We will also bill for expenses (including internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. This estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the fees and expenses will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee and expense estimate. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and related fees and to reimburse us for all out-of-pocket expenditures through the date of termination.

Unanticipated services

Draft for Discussion Purposes

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

Bookkeeping services

Bookkeeping services are not audit services. Bookkeeping services include the following activities:

- Account reconciliations
- Bank statement reconciliations
- Analyzing transactions for proper recording
- Processing immaterial adjustments through the financial statements
- Adjusting the financial statements for new activities and new disclosures

Additional work resulting from unanticipated changes in your organization or accounting records

If your organization undergoes significant changes in key personnel, accounting systems, and/or internal control, we are required to update our audit documentation and audit plan. The following are examples of situations that will require additional audit work:

- Revising documentation of your internal control for changes resulting from your implementation of new information systems

- Deterioration in the quality of the entity's accounting records during the current-year engagement in comparison to the prior-year engagement
- Significant new accounting issues
- Significant changes in your volume of business
- New or unusual transactions
- Changes in audit scope or requirements resulting from changes in your activities
- Erroneous or incomplete accounting records
- Evidence of material weaknesses or significant deficiencies in internal control
- Regulatory examination matters
- Implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements
- New financial statement disclosures

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the

services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Other fees

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

Finance charges and collection expenses

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

Consent

Consent to use financial information

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

Agreement

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

Sincerely,

CliftonLarsonAllen LLP

Allen D. Gilbert, CPA
Signing Director
425-250-6022
allen.gilbert@CLAconnect.com

Response:

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

Authorized Governance Signature: _____

Printed Name: _____

Title: _____

Date: _____

Authorized Management Signature: _____

Printed Name: _____

Title: _____

Date: _____

Draft for Discussion Purposes