

**AGENDA**

**Audit Committee**

**September 26, 2018**

**8:00am-9:45am**

**Endowment for Health, 1 Pillsbury Street, 3<sup>rd</sup> Floor, Concord, NH**

**<https://zoom.us/j/438437988>**

**Password: vaccine**

**US: +1 646 876 9923 or +1 669 900 6833**

**Meeting ID: 438 437 988**

<b>Time</b>	<b>Agenda Item</b>
<b>8:00-8:05</b>	1. Welcome and Introductions (Sky)
<b>8:05-8:10</b>	2. Review and Acceptance of the June 20, 2018 Minutes (Sky) - <b>Vote</b>
<b>8:10-8:40</b>	3. Auditor's Report and Financials (Carew & Wells)
	a. Review and Acceptance of FY2018 Auditor's Report (Carew & Wells) - <b>Vote</b>
	b. Plan for CY Q3 2018 Transition Testing Plans (Carew & Hastings)
<b>8:40-8:55</b>	4. Transition Updates (Miller)
	a. Update on August 15 Assessment Status to Date
	b. Minuteman Health Proof of Claim Update
	c. Annual Report Data to Helms
<b>8:55-9:25</b>	5. Review and Recommendation of FY2019 Administrative Budget (Miller, Hastings) – <b>Vote</b>
<b>9:25-9:45</b>	6. Executive Session (Sky)
<b>9:45</b>	7. Adjournment

**Directions:** <https://nhvaccine.org/wp-content/uploads/2018/09/DIRECTIONS-TO-HELMS.pdf>

**NH Vaccine Association – Audit Committee Meeting  
June 20, 2018 – 8:30 a.m. – 9:15 a.m.  
Conference Room – KidsVax®  
Presiding Officer: Susan Tenney, Chair**

**I. Attendance.** Participating in all or part of the meeting by telephone (T) were the following individuals:

Directors:

Susan Tenney – Harvard Pilgrim Health Care  
David Sky – NHID  
Jason Margus – Anthem (T)  
Laura Condon – Public Board Representative  
Sean Lyons, Cigna (T)

KidsVax:

Nicole G. Price  
Fred L. Potter  
Claire Roberge

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

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

1. To approve the minutes of the September 26, 2017 Audit Committee meeting.
2. To recommend to the full board Carew & Wells, PLLC as the New Hampshire Vaccine Association's program auditor and to authorize the Audit Committee chair to enter into an engagement letter for the 2017/2018 FYE audit.
3. To recommend the NHVA Expense Budget for 2018/2019 subject to changes suggested at the meeting to the full board.

**III. Minutes**

At approximately 8:35 a.m., a quorum having been established Chairwoman Tenney called the meeting to order. Chairwoman Tenney asked if anyone had any items to be added to the agenda. Chairwoman Tenney went on to state they would be tabling the discussion of any overpayment of assessment collections due to the NHVA from the State.

**Consent Items** – Chairwoman Tenney asked the Committee if there were any questions, concerns, or comments regarding the September 26, 2017 Audit Committee meeting minutes.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To approve the minutes of the September 26, 2017 Audit Committee meeting as presented.

**Recommend Carew & Wells as the auditors for the NHVA FY18 audit**– Chairwoman Tenney opened the floor to any discussion regarding the recommendation of Carew & Wells as auditors. There was none.

Upon motion duly made and seconded, it was unanimously

**VOTED:** To recommend Carew & Wells, PLLC, to the Board as the New Hampshire Vaccine Association's program auditor and to authorize the Audit Committee chair to enter into an engagement letter for the 2017/2018 FYE audit.

**Recommend NHVA Expense Budget for the NHVA FY2018/2019** - Chairwoman Tenney began stating the budget was basically the same as last year, however, there is still uncertainty as to what the fees will be. The Committee discussed amending the budget to include administrative fees of \$125,000. Ms. Condon asked about increasing the legal fee budget. Chairwoman Tenney explained the extra expense was mainly due to the preparation of the RFP. After discussion and understanding that there is still work to be done on the RFP, the Committee is recommending the budget for legal fees be increased from \$15,000 to \$20,000. Chairwoman Tenney reported NHVA's D & O insurance has decreased. The Committee agreed to leave the amount budgeted for D&O insurance the same.

Upon motion duly made and seconded, the majority of the Board with one vote cast by Ms. Condon in opposition

**VOTED:** To recommend to the full Board the FY2018/2019 NHVA expense budget with the increase of the legal fees to \$20,000 and the addition of administrative fees of \$125,000.

54 The Committee discussed what the best way to receive reimbursement for payments made to DHHS for vaccines in excess  
55 of the actual amount needed. Last year there was an excess of \$3,267,371 and there will likely be an overpayment this  
56 year as well. It was determined by the Committee further discussion would need to include DHHS.

57  
58 Upon motion duly made and seconded, it was unanimously

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60 **VOTED:** To recommend the Board designate a subcommittee to include DHHS to examine the options  
61 regarding NHVA's overpayment of vaccine assessments.

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63 Upon motion duly made and seconded, it was unanimously

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65 **VOTED:** To adjourn the Audit Committee Meeting at 8:56 a.m.

DRAFT

July 25, 2018

Board of Directors  
New Hampshire Vaccine Association  
c/o KidsVax.org  
PO Box 1885  
Concord, NH 03302-1885

We have audited the financial statements of New Hampshire Vaccine Association for the year ended June 30, 2018, and have issued our report thereon dated July 25, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 30, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by New Hampshire Vaccine Association are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Non-for-Profit Entities (ASU 2016-14). ASU 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. New Hampshire Vaccine Association has not yet determined the impact of the new standard on its consolidated financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the vaccine expense is based on the amount projected and requested for remittance by the State of New Hampshire. We evaluated the key factors and assumptions used to develop the vaccine estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the balance due and collectible in accounts receivable is based on the assumption that the amount of covered lives self-reported by the payor is accurate and not subject to change materially. We evaluated the key factors and assumptions used to develop the balance due and collectible in accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated July 25, 2018

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of New Hampshire Vaccine Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Carew & Wells, PLLC

**NEW HAMPSHIRE  
VACCINE ASSOCIATION**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2018 AND 2017**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
New Hampshire Vaccine Association  
Concord, NH

We have audited the accompanying financial statements of New Hampshire Vaccine Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 auditor's 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Continued on next page*



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Vaccine Association, as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carew & Wells, PLLC  
Concord, New Hampshire

July 25, 2018

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF FINANCIAL POSITION**  
AS OF JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 3,697,484	\$ 4,087,040
Short term investments	256,143	252,630
Prepaid expenses	<u>3,473</u>	<u>6,473</u>
<b>Total Current Assets</b>	<u>3,957,100</u>	<u>4,346,143</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 3,957,100</u></u>	 <u><u>\$ 4,346,143</u></u>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<i>Current Liabilities</i>		
Accrued expenses	\$ 4,334	\$ 2,000
Assessment refund	<u>66</u>	<u>92</u>
 <b>TOTAL CURRENT LIABILITIES</b>	 <u>4,400</u>	 <u>2,092</u>
<i>Net Assets</i>		
Unrestricted net assets	250,000	250,000
Temporarily restricted net assets	<u>3,702,700</u>	<u>4,094,051</u>
<b>TOTAL NET ASSETS</b>	<u>3,952,700</u>	<u>4,344,051</u>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	 <u><u>\$ 3,957,100</u></u>	 <u><u>\$ 4,346,143</u></u>

*The accompanying notes are an integral part of these financial statements.*

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF ACTIVITIES  
AND CHANGES IN NET ASSETS**  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE AND OTHER SUPPORT</b>		
Net assets released from restrictions		
Assets released for operations	\$ 178,953	\$ 175,359
<b>EXPENSES</b>		
Administrative services	127,553	124,500
Professional fees	43,202	39,541
Insurance	5,954	5,954
License and fees	75	75
Bank & investment fees	2,169	5,289
<b>Total Expenses</b>	<u>178,953</u>	<u>175,359</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<u>-</u>	<u>-</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Assessment income, less uncollectible amounts of \$58,270 in 2017	18,588,579	20,165,670
Interest on late assessments	1,569	3,340
Bank interest	13,895	13,690
Return on investments	2,704	5,245
Net assets released from restrictions		
Remittance to the State of New Hampshire	(18,819,145)	(19,653,132)
Assets released for operations	<u>(178,953)</u>	<u>(175,359)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>(391,351)</u>	<u>359,454</u>
<b>CHANGES IN NET ASSETS</b>	<u>(391,351)</u>	<u>359,454</u>
<b>Net Assets, Beginning of Year</b>	<u>4,344,051</u>	<u>3,984,597</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,952,700</u>	<u>\$ 4,344,051</u>

*The accompanying notes are an integral part of these financial statements.*

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF CASH FLOWS**  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (391,351)	\$ 359,454
<i>Adjustments to reconcile changes in net assets</i>		
Net realized & unrealized (gain) loss on investments	-	1,769
(Increase) decrease in:		
Prepaid expenses	3,000	-
Increase (decrease) in:		
Accrued expenses	2,334	2,000
Assessment refund	(26)	92
<i>Total Adjustments</i>	<u>5,308</u>	<u>3,861</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(386,043)</u>	<u>363,315</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	<u>(3,513)</u>	<u>(4,976)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(3,513)</u>	<u>(4,976)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 (389,556)	 358,339
<i>Cash, Beginning of Year</i>	<u>4,087,040</u>	<u>3,728,701</u>
<i>Cash, End of Year</i>	<u>\$ 3,697,484</u>	<u>\$ 4,087,040</u>

*The accompanying notes are an integral part of these financial statements.*

NEW HAMPSHIRE VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

**A | NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

New Hampshire Vaccine Association is a nonprofit corporation established pursuant to Chapter 126-Q of the New Hampshire Revised Statutes Annotated. The Association was formed to assess certain entities for a portion of the cost of vaccines provided for children in New Hampshire. The Association accomplishes its mission by assessing "assessable entities," as defined by RSA 126-Q:1,II. That definition encompasses all insurers, all government health benefit plans and essentially all third party administrators administering health benefits for any child in New Hampshire. The Association remits funds to the State of New Hampshire so that the NH Department of Health and Human Services is able to purchase and distribute, without charge to health care providers in the State of New Hampshire, all federally-recommended childhood vaccines.

***Basis of Accounting***

The financial statements of New Hampshire Vaccine Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

***Basis of Presentation***

The Association is required to report information regarding its financial position and activities according to classes of net assets:

*Unrestricted* net assets include revenues and expenses which are not subject to any restrictions. Unrestricted net assets can be designated by the Executive Board for special projects and expenditures.

*Temporarily Restricted* net assets include revenue for which time or use restrictions have not yet been met. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. In accordance with RSA 126-Q, all assessment revenue including interest on late assessments and investment income are considered temporarily restricted until remitted to the State or released for operating expenses.

*Permanently Restricted* net assets include assets that are invested in perpetuity and only the income or a portion thereof can be made available for program operations in accordance with donor restrictions. The Association had no permanently restricted net assets at June 30, 2018 and 2017.

***Estimates***

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

***Reclassifications***

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. There was no change on prior period net assets.

NEW HAMPSHIRE VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

***Cash and Cash Equivalents***

New Hampshire Vaccine Association considers all short-term highly liquid investments with original maturities of three months or less to be cash equivalents with the exception of temporary cash and money market funds held in the investment account.

***Investments***

New Hampshire Vaccine Association carries investments in debt and equity securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

***Assessment Receivables***

Assessment receivables are stated at the amount the Association expects to collect from covered lives self-reported by assessable entities. The Association evaluates collectability by considering factors such as historical experience, the age of the accounts receivable balance, current economic conditions, and other circumstances, which may affect an entity's ability to pay. Past due receivables are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because the effects of the direct write off method approximate those of the allowance method. During the fiscal year ended, June 30, 2018, the Association wrote off \$58,270 of assessment receivables reported in the current fiscal year from one assessable entity which is insolvent and no longer in operation (see Note E). The Association charges a late fee at a rate of 18% per annum (about 1.5% monthly) on all past due assessments until paid in full or written off as uncollectible.

***Assessment Revenue***

During the year ended, June 30, 2014, the New Hampshire Revised Statute Annotated (RSA) 126-Q was amended. The amendment allowed the Association to develop an operational plan to collect assessments on a quarterly basis from assessable entities based on child covered lives for the cost of vaccines. Assessable entities self-report the number of covered lives for each month of the quarter. The assessment is due 45 days after the close of the preceding quarter. Assessment revenue is recognized as an increase in temporarily restricted net assets at that time.

RSA 126-Q and the Plan of Operation do not provide any requirement for the Association to identify or verify the self-reported covered lives of assessable entities. Accordingly, revenue is recognized as self-reported by the assessable entities. Any subsequent adjustments in covered lives reported to the Association are treated as an increase or decrease in assessment revenue at that time.

***Restricted Revenue***

RSA 126-Q restricts all revenue, including assessments, interest on late payment of assessments, and investment income. Unexpended assessments (including related interest earned) are included in reducing the next year's assessment rate.

NEW HAMPSHIRE VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

***Expense Allocation***

Due to the limited purpose of the Association's mandate as defined in RSA 126-Q, the remittance of assessments to the State comprises the entirety of program activities. The remittance is reflected on the financial statements as a release of temporarily restricted net assets. All remaining expenses are related to management and general activities. Total program expense (remittance to the State) for the years ended June 30, 2018 and 2017 were \$18,819,145 and \$19,653,132, respectively. Total management and general expenses for the years ended June 30, 2018 and 2017 were \$178,953 and \$175,359, respectively. The costs to administer this program (management and general) are about 1% of total expenses in fiscal years ended June 30, 2018 and 2017.

***Income Tax Status***

The Association was organized as a nonprofit corporation under RSA 292. On January 20, 2004, the Internal Revenue Service ruled that the Association was a nonprofit 501(c)(3) organization, furthermore that it was not a private foundation within the meaning of Internal Revenue Code Section 509(a). Accordingly, the Association has not made any provision for income taxes. In addition, the Internal Revenue Service ruled that the Association met the requirements set forth in Revenue Procedure 95-48, 1995-2 CB 418 section 4.02(b) and 4.03. Therefore, the Association is not required to file Form 990 annually.

For the years ended June 30, 2018 and 2017, management has evaluated its tax positions in accordance with financial accounting standards board (FASB) accounting standards codification (ASC) 740-10, *Accounting for Uncertain Tax Positions*. This evaluation includes consideration that the Association is operating in compliance with its tax-exempt status and that there are no matters that would create taxable income. The Association's management does not believe they have taken uncertain tax positions, therefore, a liability for income taxes associated with uncertain tax positions has not been recognized.

***Upcoming Accounting Pronouncements***

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities* (ASU 2016-14). ASU 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. New Hampshire Vaccine Association has not yet determined the impact of the new standard on its consolidated financial statements.

**B | CONCENTRATIONS**

***Revenue***

The Association derives nearly all of its revenue from assessments of licensed insurers in the State of New Hampshire. In addition 51% of the assessments are derived from 3 assessable entities. Given the requirements of RSA 126-Q, the Plan of Operations and the industry within which assessable entities operate, management does not believe the Association is exposed to significant risk from the concentration of assessment revenue, nor from a concentration with a particular assessable entity.

NEW HAMPSHIRE VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

**C | RELATED PARTY TRANSACTIONS**

***State of New Hampshire***

The Association collects assessments for the State of New Hampshire. The organizations are financially interrelated as they meet the following criteria:

1. The State of New Hampshire has the ability to influence the Association's operating and financial decisions.
2. The State of New Hampshire has an ongoing economic interest in the net assets of the Association.

The Association transfers monies to the State of New Hampshire to fund a specified portion of the cost of providing vaccines for children in the State of New Hampshire. The Association transferred \$18,819,145 and \$19,653,132 to the State of New Hampshire in 2018 and 2017, respectively.

***Board of Directors***

In accordance with RSA 126-Q, the board composition includes three (3) directors who are also employees of assessable entities. There were no direct transactions with either the directors or the assessable entities which did not meet the same terms and conditions as all other assessable entities.

**D | SHORT TERM INVESTMENTS**

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Association's short term investments are comprised of money market funds reported at fair value based on quoted market prices (Level 1) as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<i>Fiscal year ended June 30, 2018</i>			
Money market	\$ <u>256,143</u>	\$ <u>256,143</u>	\$ <u>-</u>
<i>Fiscal year ended June 30, 2017</i>			
Money market	\$ <u>252,630</u>	\$ <u>252,630</u>	\$ <u>-</u>

The return on investments is reported as a change in temporarily restricted net assets in the Statement of Activities. Investment return is summarized as follows:

	2018	2017
Interest & dividend income	\$ 2,704	\$ 7,014
Realized gains (losses)	-	(5,489)
Unrealized gains (losses)	-	3,720
Return on investment	\$ <u>2,704</u>	\$ <u>5,245</u>



NEW HAMPSHIRE VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

**E | COMMITMENTS AND CONTINGENCIES**

***Risk of Reconsideration of Assessments***

The Association's plan of operation provides that assessable entities are assessed a fee based upon the number of covered lives as self-reported. No request for reconsideration of any assessment or refund of payment made shall be considered by the Association with respect to any request which is not filed with the Association, in writing, on or before that date which is six months after the first due date for the corresponding assessment year. The Association's plan of operations also states that any overpayments are first considered in connection with the assessment determination for the following year and may, depending upon the cash flow needs of the Association, be spread over multiple years. As a result, the Association does not record a commitment or contingency related to this matter.

***Termination of the Association***

In the event of dissolution of the Association, unexpended assessments, including unexpended funds from prior assessments, shall be returned to assessable entities in proportion to their respective assessments paid over the most recent 8 quarters preceding the discontinuation of the Association's operations. As there are no plans to dissolve, the Association does not record a commitment or contingency related to this matter.

***TRICARE Assessment***

Through its administrator, KidsVax®, the Association has been pursuing collection from the Federal Defense Agency ("DHA") assessments for TRICARE child beneficiaries resident in the State of New Hampshire. Effective December 23, 2016, Congress adopted Section 719 of the 2017 National Defense Authorization Act ("NDAA") which authorized the DHA to make payments to the Association and certain other state vaccine programs. The 2017 NDAA provides for reimbursement of the amount assessed by the Association further limited to an amount that may not exceed the amount the Department would reimburse an entity under the TRICARE program for providing vaccines.

The DHA subsequently hired Kennell and Associates, Inc., to assist the DHA with implementation of Section 719. In a memorandum dated May 25, 2018, Kennell and Associates, Inc., assessed the value of payment due to the Association by TRICARE under NDAA17 Section 719 for underpayments from December 23, 2010 to March 31, 2018. The memorandum calculates the amount assessed by the Association for that period is \$5,234,115 and the inflation-adjusted TRICARE per capita limitation for the same period is \$3,365,380. DHA's settlement offer of \$3,365,380 indicates the amount would be paid within 10 business days of receipt of a settlement release. Negotiations as to the final settlement amount continue. It is possible that a portion of an increased settlement would be paid over time along with future assessments subsequently due the Association. It is premature to forecast the probability of success; however, any amounts ultimately paid as a result of the assessment will be credited to the change in net assets in the year received.

Section 718 of the 2018 NDAA requires DHA to reimburse entities carrying out State vaccination programs for costs of vaccines provided to covered beneficiaries without further limitation. Martin's Point USFHP began making regular quarterly assessment payments in NH on February 15, 2018 and has continued reporting on covered lives timely in accordance with the Association's Plan of Operation.

NEW HAMPSHIRE VACCINE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS

***Minuteman Health, Inc. Assessment***

As of December 31, 2017, Minuteman Health, Inc. ("MHI"), is no longer in operation and the Massachusetts Commissioner of Insurance has been appointed to liquidate MHI under the supervision of the Massachusetts Supreme Judicial Court for Suffolk County (Docket No. SJ-2017-0288). MHI self-reported an assessment of \$58,270 for 5,602 covered lives for the quarter ended, December 31, 2017 (due February 15, 2018) which remained unpaid as of June 30, 2018. The Association has determined collectability is uncertain and has written off the receivable as of June 30, 2018 pending settlement of the debt. MHI is insolvent but does have adequate assets to pay all of its obligations to members and their healthcare providers in full. The Association will file a proof of claim form against MHI on or before August 31, 2018. It is premature to forecast the probability of success; however, any amounts ultimately paid as a result of the assessment will be credited to the change in net assets in the year received.

**F | DESIGNATION OF NET ASSETS**

***Unrestricted Net Assets***

It is the policy of the Board of Directors of the Association to designate appropriate sums of unrestricted net assets to assure adequate cash flow for operations. As of June 30, 2018 and 2017, the board designated balance for this purpose was \$250,000.

***Temporarily Restricted Net Assets***

The Association is a limited purpose entity whose funds are dedicated for remittance to the State of New Hampshire to fund a specified portion of the cost of providing recommended vaccines to children regardless of income or insurance coverage. The Association has collected assessments in excess of amounts required to be remitted to the State. These unexpended assessments will be applied to the determination of future assessments, or reasonable and necessary operating costs of the Association. As of June 30, 2018 and 2017, unexpended assessments reported as temporarily restricted net assets totaled \$3,702,700 and \$4,094,051, respectively.

**G | SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 25, 2018, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. The Association did not identify any subsequent events that would require disclosure in these financial statements.

Proposed Expense Budget Fiscal Year 2019 (07.01.2018-06.30-2019)

Description	2017/18 FY Budget	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	Proposed FY Budget 2018/2019	Less One Time Expenses 2018/2019
<b>COST, EXPENSE AND OTHER DEDUCTIONS</b>															
<b>Administrative &amp; Professional Services</b>	<b>127,924</b>	10,660	-	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	93,994	93,994
Annual Administrator Contract Transition (\$10K) + Assessment Development (\$5K) (Helms)		20,000	20,000	20,000	20,000	20,000	20,000	-	-	-	-	-	-	15,000	
TRICARE Washington (Fred)		12,447	10,976	10,976	-	-	-	-	-	-	-	-	-	120,000	
Incentive + Transition (Kidsvax)														34,398	
Special Projects (approved by board in advance)		-	-	-	-	-	-	-	-	-	-	-	-	-	
Accounting Expense	9,000	875	875	875	2,375	875	875	875	875	875	875	875	875	12,000	10,500
Legal Fees	16,500	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	2,125	25,500	25,500
<b>Total Administrative &amp; Professional Services</b>	<b>153,424</b>	<b>46,107</b>	<b>48,976</b>	<b>42,309</b>	<b>32,833</b>	<b>31,333</b>	<b>31,333</b>	<b>11,333</b>	<b>11,333</b>	<b>11,333</b>	<b>11,333</b>	<b>11,333</b>	<b>11,333</b>	<b>300,892</b>	<b>129,994</b>
<b>Office &amp; Other Expenses &amp; Costs</b>															
Bank Fee & Service Charges	3,980	360	360	360	360	360	360	360	360	360	360	360	360	4,320	4,320
Public Information (Website)/Hosting Fee	1,000	1,710	1,751	41	41	41	41	41	41	41	41	41	41	3,871	410
(Website) Maintenance		-	-	125	125	125	125	125	125	125	125	125	125	1,250	1,250
Publications	600	-	-	60	60	60	60	60	60	60	60	60	60	600	600
Bad Debt Expense (Done on Assessment analysis)		-	-	-	-	-	-	-	-	-	-	-	-	-	
Postage & Shipping		-	-	75	-	-	75	-	-	75	-	-	-	300	300
Telephone (Conference line)		-	-	-	-	-	-	-	-	-	-	-	-	-	
Printing		-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Office &amp; Other Expenses &amp; Costs</b>	<b>5,580</b>	<b>2,070</b>	<b>2,111</b>	<b>661</b>	<b>586</b>	<b>586</b>	<b>661</b>	<b>586</b>	<b>586</b>	<b>661</b>	<b>586</b>	<b>586</b>	<b>661</b>	<b>10,341</b>	<b>6,880</b>
<b>Board</b>															
Insurance (D&O)	8,113	700	700	700	700	700	700	700	700	700	700	700	700	8,400	8,400
Board Meetings		-	-	100	-	-	200	-	-	100	-	-	100	500	500
<b>Total Board</b>	<b>8,113</b>	<b>700</b>	<b>700</b>	<b>800</b>	<b>700</b>	<b>700</b>	<b>900</b>	<b>700</b>	<b>700</b>	<b>800</b>	<b>700</b>	<b>700</b>	<b>800</b>	<b>8,900</b>	<b>8,900</b>
<b>Contingency</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COST, EXPENSE AND OTHER DEDUCTIONS</b>	<b>167,117</b>	<b>48,877</b>	<b>51,787</b>	<b>43,770</b>	<b>34,119</b>	<b>32,619</b>	<b>32,894</b>	<b>12,619</b>	<b>12,619</b>	<b>12,794</b>	<b>12,619</b>	<b>12,619</b>	<b>12,794</b>	<b>320,133</b>	<b>145,774</b>