

NH Vaccine Association – Audit Committee Meeting
June 21, 2016 – 8:30 a.m. – 9:15 a.m.
Conference Room – KidsVax®
Presiding Officer: David Fredenburg, M.D.

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

Directors:

David Fredenburg, M.D., Chair – Healthcare Provider
Susan Tenney – Harvard Pilgrim Health Care
Jason Margus – Anthem
David Sky – NHID
Laura Condon – Public Board Representative

Others:

Mark McCue, Esq. – Hinckley Allen

KidsVax:

Fred L. Potter (T)
Nicole G. Price
Claire Roberge
Terry Mills

Absent:

Everett Lamm, M.D. – Healthcare Provider

Thomas Philbrick (T) – WebEx Monitor

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To approve the January 27, 2016, Audit Committee Meeting minutes as presented.
2. To recommend the full Board authorize KidsVax®, acting through their designees, Claire M. Roberge or Theresa M. Mills, to transfer funds from the BNH investment account to the BNH operating account as needed in accordance with NHVA established policies and procedures
3. To recommend the adoption of the NHVA Expense Budget for 2016/2017 to the full Board, as presented.
4. To have Dr. Fredenburg sign the Carew and Wells (auditors) engagement letter to audit FY16.

III. Minutes

Welcome and Introductions

At approximately 8:30 a.m., a quorum having been established the meeting was called to order.

Consent Items

Upon motion made by Mr. Sky and seconded by Ms. Tenney, it was unanimously

VOTED: To approve the January 27, 2016, Audit Committee Meeting minutes as presented.

Bank of New Hampshire (BNH) needs to have approval from the Board to authorize Claire M. Roberge and Theresa M. Mills to transfer funds between NHVA's investment account and operation account. Ms. Roberge explained funds between these accounts are transferred automatically quite often, except when there is occasion to prepare a manual check to the State Treasury. However, the bank does not currently have a Board authorization giving Ms. Roberge or Ms. Mills authority to transfer funds manually. BNH needs to maintain the Board vote in their files. Ms. Roberge requested that the Committee make this recommendation to the full Board at its upcoming Annual Meeting. After extensive discussion, it was the sense of the Committee to recommend the transfer authorization request to the full Board as follows, "The Board votes to authorize KidsVax®, acting through its designees, Claire M. Roberge or Theresa M. Mills, to transfer funds from the BNH investment account to the BNH operating account as needed in accordance with NHVA established policies and procedures."

Upon motion made by Ms. Tenney and seconded by Dr. Fredenburg, by 4 to 1, it was

VOTED: To recommend the Board authorize KidsVax®, acting through their designees, Claire M. Roberge or Theresa M. Mills, to transfer funds from the BNH investment account to the BNH operating account as needed in accordance with NHVA established policies and procedures.

1 Auditor Engagement Letter

2
3 The audit engagement letter prepared and received by Carew & Wells was reviewed. Ms. Roberge reported that no substantive
4 changes were made to the agreement and their fee remains the same as last year. Ms. Condon noted that the agreement indicates
5 that five bound copies of the audited financials are included in the cost of the audit, but that does not provide each Board member
6 with a copy. Ms. Roberge stated that KidsVax® makes additional copies for Board distribution. The auditors also provide the
7 final audited financials in .pdf format, which are then posted on the website. NHVA will move forward with the engagement of
8 Carew and Wells for the FY16 audit.
9

10 NHVA Expense Budget for 2016/2017

11
12 Ms. Price provided a brief overview of the recommended NHVA Expense Budget for the next fiscal year. She reported that the
13 amounts are fairly consistent with past years. However, line 10 reflects a proposed increase in bank fees and service charges for
14 next year which are attributable to the utilization of a full year of lockbox services. It is not anticipated that there will be
15 additional TRICARE expense for next year and are not included in the budget. The increase in administrative costs reflects the
16 percentage increase that is already written in.
17

18 Upon motion made by Mr. Sky and seconded by Ms. Tenney, it was unanimously

19
20 VOTED: To recommend the adoption of the NHVA Expense Budget for 2016/2017 to the full Board, as presented.
21

22 Upon motion made by Ms. Tenney and seconded by Mr. Sky, it was unanimously

23
24 VOTED: To adjourn the Audit Committee Meeting at 9:00 a.m.



c/o KidsVax®, LLC
 P.O. Box 1885 • Concord, NH 03302-1885
 tel 1.855.KidsVax (543.7829)
 fax 1.855.KidsFax (543.7329)
 www.nhvaccine.org

What: New Hampshire Vaccine Association (NHVA) – Audit Committee Meeting
 Date and Time: Tuesday, June 21, 2016 – 8:30 – 9:15 a.m.
 Location: KidsVax® Conference Room, 125 North State Street, Concord, NH
 Call-In: **Please register at:**

Registration URL: <https://attendee.gotowebinar.com/register/2859445289653927427>

Webinar ID: 145-110-475

After registering, you will receive a confirmation email containing information about joining the meeting.

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

Approx. Time	Topic/[Anticipated Action]	Presented by:
8:30 – 8:35 a.m.	1. Welcome and Introductions	D. Fredenburg
8:35 – 8:40 a.m.	2. Consent Items	D. Fredenburg
	* a. Approve Audit Committee Meeting Minutes of 1/27/2016	C. Roberge
	b. Vote to authorize Claire M. Roberge or Theresa M. Mills to transfer funds to and from the BNH investment account to the BNH operating account as needed.	
8:40 – 8:55 a.m.	* 3. Review letter of engagement for Carew & Wells, auditors	D. Fredenburg
8:55 – 9:15 a.m.	* 4. Recommend NHVA Expense Budget for 2016/2017	D. Fredenburg
9:15 a.m.	[Adjourn]	

*Indicates agenda item attached



NH Vaccine Association – Audit Committee Meeting
January 27, 2016 – 9:00 a.m. – 12:00 p.m.
Conference Room – KidsVax
Presiding Officer: David Fredenburg, M.D.

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

Directors:

David Fredenburg, M.D., Chair – Healthcare Provider
 Susan Tenney – Harvard Pilgrim Health Care
 Jason Margus – Anthem
 David Sky – NHID
 Laura Condon – Public Board Representative (T)

Others:

Mark McCue, Esq. – Hinckley Allen (T)
 Dona Murray – Bank of New Hampshire
 Kathy Crane – Bank of New Hampshire
 Julie A. Levesque – Infantine Insurance (T)

Absent:

Everett Lamm, M.D. – Healthcare Provider

KidsVax:

Fred L. Potter
 Claire Roberge
 Terry Mills
 Thomas Philbrick (T) – WebEx Monitor

II. Summary of Actions Taken and/or Recommended

A. Actions Taken (votes adopted)

1. To direct KidsVax® to revise the Diversification Limits within the Investment Policy to number one 50%, number two 50%, number three 25%, and number four 10%.
2. To direct KidsVax® to draft an NHVA Investment Policy based on the WVA Investment Policy, as previously directed, for review and comment by the Audit Committee prior to being brought to the full Board for approval at the March 9, 2016 Board meeting.
3. To approve the Audit Committee's recommendation of the Late Payment Policy to the full Board, as amended.
4. To recommend to the full Board adopting the Bank of New Hampshire's proposed fee agreement, as presented, of a percentage of NHVA's income at 12 basis points (.12%) of the invested assets based on market value, with a locked in rate of three years and without pursuing an RFP at this time.

B. Follow up Task/Action Items

1. KidsVax® will conform the WVA Investment Policy to the NHVA statutory specifications, including the noted changes to the Diversification Limits and the removal of number two under the Liquidity Requirements, as suggested by Mr. Sky. Mr. Margus's suggestion to revise the language in number one of the Liquidity Requirements to match the maturity dates with the projected liabilities will be incorporated as well.
2. Place D & O coverage with Navigators Insurance Company for the upcoming year.

III. Minutes

Welcome and Introductions

At approximately 9:00 a.m., a quorum having been established the meeting was called to order.

Bank of New Hampshire (BNH)

Asset Management/NHVA Investment Policy Discussion - Dona Murray and Kathy Krane with Bank of New Hampshire were invited to the meeting to discuss NHVA's current Investment Policy and to make recommendations regarding updates to the policy.

There was a brief introductory by Ms. Murray regarding the relationship between BNH and NHVA over the past three years. She indicated that due to the low interest rate environment during that time, BNH had decided to provide gratis services to NHVA, charging the Association only the \$500 fee the bank pays for having an account open at Bank of New York.

At the December 15, 2015 Board meeting, Ms. Murray and Ms. Krane reviewed an updated draft investment policy prepared by KV based on NHVA's current policy created many years ago. They feel that the current policy is outdated with respect to guiding principles for a Board or Finance Committee to direct an investment advisor. They compared the NHVA policy with a standard template they had used elsewhere. At the previous meeting, Mr. Potter also provided them with the Washington Vaccine Association (WVA) Investment Policy as a sample guideline for their review as well. After a thorough review, Ms. Murray and Ms. Krane feel that the WVA Investment Policy is a well-written policy which coincides with what they had drafted and has the further advantage of being customized for vaccine funding operations. It provides enough latitude to a portfolio manager to be able to provide some current income to the organization, as well as keeping it limited in terms of preservation of principal, which is primary to this account.

1 Mr. Potter provide a brief overview of the origin of the WVA Investment Policy, which was created by Morgan Stanley in conjunction
2 with WVA's outside general counsel. Further discussion ensued. On page one, the WVA Investment Policy specifically addresses the
3 purpose and scope of hiring someone to manage the assets, as well as the role of an investment advisor, covering the fiduciary
4 responsibility and the guidelines for reporting back. The second page of the Policy contains the actual investment guidelines.
5

6 Ms. Murray indicated that it is very well drafted as far as the amounts and what the debt instruments are and their amounts. The third
7 page provides some additional parameters for the investment manager regarding liquidity, restricted sectors, and the investment
8 performance. Ms. Murray proposed to the Committee that it seriously consider moving from the current investment guideline and policy
9 to something more in keeping with the WVA Investment Policy.
10

11 Further discussion ensued concerning the possibility of making quarterly distributions rather than an annual distribution. Dr. Fredenburg
12 inquired if that would make a difference in the wording of the Investment Policy. Ms. Murray indicated that it would, primarily in the
13 liquidity area, and depending on what the Committee decides, that language would need to be incorporated into the investment policy.
14 Mr. Potter indicated that Mr. Peter Smith maintains the liquidity plan for NHVA's annual distributions. However, he would need to
15 begin preparing that information on a quarterly basis were NHVA to move to quarterly distributions. KV would be able to supply that
16 information to BNH every quarter as part of the reporting packet. Since NHVA's inception, KV has been collecting annually and
17 disbursing six months later, but if KV begins collecting and disbursing each quarter, Mr. Potter indicated that a 10% permanent reserve is
18 what would be expected, but it's there to be spent if necessary. Further discussion ensued related to the suggestion of quarterly
19 distributions.
20

21 Ms. Condon inquired if the statute already determined that the distribution would be made as one annual payment. Mr. Potter responded
22 that he believes that is what it currently states, but that none of this has yet been decided. Dr. Fredenburg stated that to eliminate
23 additional work, it would be helpful if the revised policy would cover both eventualities, not that a decision or recommendation has been
24 made regarding quarterly versus annual distributions. Mr. Sky expressed his willingness to discuss this topic further with Ms. Condon
25 offline. Ms. Condon indicated that in her review of the current investment policy she did not find anything wrong and asked if
26 something is wrong with the current policy that creates the need to look at something that is more detailed and perhaps imposes
27 constraints on it. Mr. Sky went on to explain that the current policy limits investments to U.S. Treasury Obligations, which is fairly
28 limiting in this type of environment. The WVA Investment Policy allows corporates, government agencies, and a host of other
29 investment-type vehicles with constraints to address the risks inherent in those to continue to meet liquidity needs and principal
30 protection of the assets. It provides an investment manager more flexibility to achieve some return while continuing to maintain the
31 Association's objectives.
32

33 Ms. Condon expressed her concern with respect to the investment maturities being extended out to five years in the WVA policy when
34 the current NHVA policy sets a limit of 42 months. Extensive discussion ensued. Ms. Murray indicated that her opinion would be to
35 keep things extremely liquid in the current economic environment and then go forward on a more conservative approach in steps. It may
36 be a matter of two or more years until it all comes to fruition. She does not feel that the suggested policy changes would be overly
37 limiting to her. However, she did indicate that in the money market mutual funds, BNH currently uses the Federated Prime Value
38 Obligation Fund and it is rated A by Moody's as a mutual fund because it is a value fund and is allowed for a certain percentage of
39 second tier-type quality investments. The WVA policy mandates that it be AAA. Ms. Murray spoke to Federated and their Prime
40 Obligation Fund yield is at about three basis points for the SEC seven day yield right now. She will have to look into BNH's ability to
41 buy into that specifically for NHVA. They currently use the Value Fund for their other clients because it gives a little bit more yield as
42 far as the tiering of asset quality, but they are all within the same parameters.
43

44 Ms. Condon expressed her ongoing concern that NHVA is an entity that was not designed to hold assets long-term, that it seeks to collect
45 the funds necessary for the purchase of vaccines, and remit those funds to the State in a prompt fashion. She remains concerned about
46 the long timeframes and the 20% of the assets that could be placed in five-year investments. Lengthy discussion ensued. Ms. Murray
47 suggested that once the policy is adopted by the Board that it include the signature of the Board Chair, as well as tracking any
48 amendment dates at the bottom of the policy. The original policy should be maintained by the Association in its files for future
49 reference.
50

51 Upon motion made and seconded, it was unanimously
52

53 VOTED: To direct KidsVax® to revise the Diversification Limits within the Investment Policy to number one 50%, number
54 two 50%, number three 25%, and number four 10%.
55

56 Further discussion ensued. Mr. Potter indicated that KV will conform the WVA Investment Policy to the NHVA statutory specifications,
57 including the noted changes to the Diversification Limits and the removal of number two under the Liquidity Requirements, as suggested
58 by Mr. Sky. Mr. Margus's suggestion to revise the language in number one of the Liquidity Requirements to match the maturity dates
59 with the projected liabilities due to the once a year payout will be incorporated as well. In addition, Mr. Potter advised that it will also
60 reflect that it will go back to the date of purchase.
61

62 Upon motion made and seconded, it was unanimously
63

64 VOTED: To direct KidsVax® to draft an NHVA Investment Policy based on the WVA Investment Policy, as previously
65 directed, for review and comment by the Audit Committee prior to being brought to the full Board for approval at
66 the March 9, 2016 Board meeting.

1
2 Ms. Tenney inquired if BNH would be providing NHVA with a fee proposal for investment services. Ms. Murray indicated that BNH is
3 looking at a percentage of the NHVA income at 12 basis points (.12%) of the invested assets based on market value (there would be no
4 fee for anything held in a money market fund). BNH would be willing to lock that rate in for three years and then revisit it again at that
5 time. Further discussion ensued.

6
7 The representatives from Bank of New Hampshire then left the meeting.

8
9 Follow-up Items

10
11 *NHVA Late Payment Policy* – Mr. Potter explained that the language pertaining to the basis for the interest rate charge is contained in the
12 Plan of Operation. The Late Payment Policy came about because the audit review indicated a gap in this area prompting the auditors to
13 recommend that the Association have a formal Late Payment Policy approved by the Board. KV has been doing this administratively
14 and it has been discussed at previous Board meetings, but the auditors suggested that it be more specific. Attorney McCue recommended
15 having both. He felt it is appropriate to adopt the policy now because it is a directive toward NHVA's administrator. It is also
16 appropriate when the time is right to put into the Plan of Operation because that information is directed toward the carriers who are
17 paying the assessments so that they understand the process. The entire policy does not need to be recited in the Plan of Operation, but it
18 should be noted for the carriers and the Late Payment Policy should refer to the Plan of Operations.

19
20 Mr. Sky suggested that number one under Guidance be revised to read, "NHVA will, through its automated system, continue to compute
21 interest as specified in its Plan of Operation." Ms. Condon suggested revising the language under Purpose to read, "Collection for late
22 payment interest." She further suggested that the first sentence of the policy read, "This Late Payment Policy (the "Policy") shall direct
23 collection of interest on overdue assessments paid to NHVA by assessable entities and accounting for those receipts." Further discussion
24 ensued regarding the receipts of late payment interest being accounted for separately from the assessment funds. Ms. Condon would
25 prefer that section B be titled Policy rather than Guidance with the elimination of numbers three and four. Lengthy discussion ensued.
26 Ms. Tenney suggested revising number four under section B. to read, "Notwithstanding any of the other guidelines, the NHVA will not
27 pursue any past due interest amount under \$10.00." Ms. Condon recommended further revisions to number four to read,
28 "Notwithstanding any of the other guidelines, the NHVA will forego pursuit of any past due interest amount under \$10.00." After
29 further discussion, it was the sense of the Committee to eliminate section A. in its entirety with section B. becoming the policy. Number
30 one will incorporate the language to read, "NHVA will, through its automated system, continue to compute interest as specified in its
31 Plan of Operation." The effective date will also be revised.

32
33 Upon motion made and seconded, it was

34
35 VOTED: To approve the Audit Committee's recommendation of the Late Payment Policy to the full Board, as amended.

36
37 D & O Insurance Discussion

38
39 Julie Levesque from Infantine Insurance joined the meeting by telephone to review the D & O insurance policy with the Committee.
40 Each year KV renews the insurance policy within the budget authorized by the NHVA Board. This year, KV received a notice that the
41 premium was to be increased and there was a re-rating. Mr. Potter wrote to the agent asking for additional information and to research
42 additional quotes. In the meantime, KV also received a quote from another company. The original company has since reduced their
43 quote making both quotes now within budget. Ms. Levesque advised that NHVA continues to be covered until February 1, 2016. Mr.
44 Potter indicated that no action is necessary at this time since the original quote is now back within the budget guidelines. However, the
45 new quote is lower and eliminates the hammer clause, which is an advantage to the Association. Mr. Potter provided a brief explanation
46 of what the hammer clause provides. NHVA's current policy has a hammer clause and the new quote doesn't. It is both lower and omits
47 the hammer clause. Mr. Potter indicated that if the Committee agrees, NHVA would bind with the new company which has better
48 contract terms and a lower price. Ms. Levesque advised that the current policy has employment practices liability, but according to
49 NHVA's application, it did not want to pay for any such coverage. Mr. Potter reported that NHVA has no employees, only directors and
50 officers who conduct operations through a contractor. Ms. Levesque further advised that the second quote does not include the
51 employment practices liability. Ms. Levesque was commended for her work on behalf of the NHVA. It was the sense of the Committee
52 that KV action in placing the insurance with the new company would be appropriate and that formal Board review or action was not
53 needed.

54
55 After further discussion, it was the sense of the Audit Committee to retain BNH for investment services for another year, until the
56 assessment target is known, rather than pursuing an RFP at this time. It was further decided to lock in the BNH fee for the three-year
57 term offered.

58
59 Upon motion made and seconded, it was unanimously

60
61 VOTED: To recommend to the full Board adopting the Bank of New Hampshire's proposed fee agreement, as presented, of a
62 percentage of NHVA's income at 12 basis points (.12%) of the invested assets based on market value, with a locked
63 in rate of three years and without pursuing an RFP at this time.

64
65 At 11:15 a.m., it was unanimously voted to adjourn.


CAREW
WELLS
P L L C

May 2, 2016

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

We are pleased to confirm our understanding of the services we are to provide for New Hampshire Vaccine Association for the year ended June 30, 2016.

We will audit the financial statements of New Hampshire Vaccine Association, which comprise the statement of financial position as of June 30, 2016, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (the financial statements).

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 U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America 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 New Hampshire Vaccine Association's financial statements. Our report will be addressed to the Board of Directors of New Hampshire Vaccine Association. 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 or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, 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 Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. 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 of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. 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.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

The audit documentation for this engagement is the property of Carew & Wells, PLLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to State of New Hampshire pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of Carew & Wells, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the State of New Hampshire. The State of New Hampshire may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Other Services

We will assist in preparing the financial statements of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also 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, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include 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 and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization 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 Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations.

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

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Karen M. Carew, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately July 26, 2016 and to complete your information returns and issue our report no later than August 18, 2016.

Our fees for the audit will be **\$8,500**, which includes 5 bound copies of the financial statements. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. No additional expenses are estimated at this time. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. ***Our invoices for these fees will be due according to the following schedule: \$3,000 with the signed engagement letter, \$3,500 upon the start of fieldwork, and the balance of \$2,000 upon delivery of the draft financial statements.***

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Carew & Wells, PLLC

RESPONSE:

This letter correctly sets forth the understanding of New Hampshire Vaccine Association.

Signature: _____

Title: _____

Date: _____

NEW HAMPSHIRE VACCINE ASSOCIATION

Estimated Expense Budgets and Reference Data

**** Budget information in last Assessment Setting worksheet approved by board ****

Column →	A	B	C	D	E	2015/16 Budget Worksheet Items		
Line ↓								
		Financials 6/30/2015	Original Budget for 06/30/15	Preliminary for 2015/2016	Preliminary for 2016/2017	Actuals thru 5/31/16	Projected thru 6/30/16	
01.	Administrative Fees (CML Administrators d/b/a/ KidsVax®)							
02.	Annual Comprehensive Services Base Fee	106,118	106,109	109,027	112,025	99,914	109,020	
03.	Variable Compensation	16,500	11,790	12,141	12,475	-	12,141	
09.	Subtotal	122,618	117,899	121,168	124,500	99,914	121,161	
10.	Bank Fees & Service Charges	500	500	500	3,980	2,222	2,522	
11.	Auditing Fees	8,200	10,700	10,700	9,000	8,500	8,500	
12.	Legal Fees	14,162	15,000	15,000	16,500	8,489	9,489	
13.	Public Information Expense	-	1,000	1,000	1,000			
14.	Insurance Expense (D&O)	7,094	7,500	7,500	7,055	5,639	6,135	
15.	Publications	-	600	600	600			
19.	Subtotal	29,956	35,300	35,300	38,135	24,849	26,646	
29.	Subtotal Administrative Costs	152,574	153,199	156,468	162,636	124,763	147,807	
21.	Special Projects (as approved by board in advance)							
22.	TRICARE collections project	-	-	-	-	25,000	25,000	
23.		-	-	-	-	-	-	
24.		-	-	-	-	-	-	
29.	Subtotal	0	0	0	0	25,000	25,000	
99.	Total Administrative costs & Special Projects	\$152,574	\$153,199	\$ 156,468	\$ 162,636	149,763	172,807	
22.	Budgeted for Bad Debt	-		to be set as part of assessment work	to be set as part of assessment work			

NOTES:

- 1 2014 contract included \$50,000 supplement for setup of new system. Amount was \$115,000 with 2.75% cost adjustment each August 1. 10% of that is held back as variable compensation to secure acceptable performance, requiring board vote to approve.
- 2 10% of each year's base held back and awarded pursuant to "Variable Compensation" upon board vote.
- 3 Fees for purchase of T-bills; additional fees for lockbox.
- 4 Anticipate possible legislative support in 2014/15 and then more normal maintenance mode going forward.
- 5 Two template compilations, photo expenses for current NHVA template, PowerPoint templates
- 6 Based upon engagement letter for \$8,500 audit fee + \$500 for out-of-pocket fees.
- 7 Paid in August 2014 for contract year ending July 2014.