

**NH Vaccine Association – Audit Committee Meeting**

**June 21, 2017 – 8:30 a.m. – 9:30 a.m.**

**Conference Room – KidsVax®**

**Presiding Officer: David Fredenburg, M.D., Chair**

**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  
Laura Condon – Public Board Representative

Directors Absent:

David Sky – NHID  
Jason Margus - Anthem

Others:

Mark McCue, Esq. – Hinckley Allen  
Beth Anne Ptak – Meritain (T)

KidsVax:

Nicole G. Price  
Claire Roberge  
Terry Mills

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

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

1. To approve the September 27, 2016, Audit Committee Meeting minutes as presented.
2. To recommend to the full Board Carew & Wells, PLLC as the New Hampshire Vaccine Association's program auditor for the 2016/2017 FYE audit.
3. To recommend the NHVA Expense Budget for 2017/2018 subject to the changes suggested at this meeting to the full board.

**III. Minutes** - At approximately 8:40 a.m., a quorum having been established the meeting was called to order.

**Consent Items**

Upon motion made and seconded, it was unanimously

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

**Auditor Engagement Letter** – The audit engagement letter prepared by Carew & Wells was reviewed. Ms. Roberge reported that the agreement remained substantively unchanged from last year, with no increase in fees. The Committee has been pleased with the services provided by Carew & Wells over the past three years and agreed that they would like to continue using their services. The Committee will recommend to the full Board the engagement of Carew & Wells as the auditor for New Hampshire Vaccine Association for FYE17.

Upon motion made and seconded, it was unanimously

**VOTED:** To recommend to the full Board Carew & Wells, PLLC as the New Hampshire Vaccine Association's program auditor for the 2016/2017 FYE audit.

**NHVA Expense Budget** – Ms. Price provided a brief overview of the NHVA Expense Budget for 2017/2018.

44 The bank fees and service charges are more stable now that the lockbox system is in place and those fees  
45 have been incorporated into the budget as an ongoing expense. The line items for public information  
46 expense and publications expense, although not needed the past couple of years, have been kept in the  
47 budget as a buffer in case they are needed in the future. TRICARE was not included in the budget for next  
48 year. The goal is that there will be no additional expense needed, and that resolution will be reached with  
49 arrears, as well as TRICARE being incorporated into the various state programs moving forward in 2017.  
50 Original development of the website was a separate budgeted expense, but now that the development is  
51 complete, the expenses related to website maintenance and publication of the annual report fall within  
52 the KidsVax® contract. There was also discussion about the legal fees and D & O insurance and the need to  
53 be mindful of the cost of these items to ensure the NHVA seeks competitive pricing. After further  
54 discussion, it was the sense of the Committee to relabel the Estimated Expense Budget heading in column  
55 D to “Approved Budget” rather than “Preliminary” and column E to “Proposed” rather than “Preliminary”  
56 for added clarification.

57  
58 Upon motion made and seconded, it was unanimously

59  
60 **VOTED:** To recommend the NHVA Expense Budget for 2017/2018 subject to the changes  
61 suggested at this meeting to the full board.  
62

63 **Other Matters** – Dr. Fredenburg notified the Committee that he may be relocating this year. Although his  
64 plans have not been finalized, he indicated his willingness to continue as Treasurer, but offered the option  
65 for an individual interested in the audit area to take over the role.  
66

67 Upon motion made and seconded, it was unanimously

68  
69 **VOTED:** To move to adjourn the Audit Committee Meeting at 9:05 a.m.  
70

What: New Hampshire Vaccine Association (NHVA) – Audit Committee Meeting  
Date and Time: Wednesday, June 21, 2017 – 8:30 – 9:15 a.m.  
Location: KidsVax® Conference Room, 125 North State Street, Concord, NH  
Public Call-In: **Please register at:**  
**Registration URL:** <https://attendee.gotowebinar.com/register/4359909232630484737>  
**Webinar ID: 221-652-127**  
**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.***

<b>Approx. Time</b>	<b>Topic/[Anticipated Action]</b>	<b>Presented by:</b>
8:30 – 8:35 a.m.	1. Welcome and Introductions	D. Fredenburg
8:35 – 8:40 a.m.	2. Consent Items	
	* a. Approve Audit Committee Meeting Minutes of 9/27/16	D. Fredenburg
	b.	
8:40 – 8:55 a.m.	* 3. Recommend Carew & Wells as the auditors for the NHVA FY17 audit	D. Fredenburg
8:55 – 9:15 a.m.	* 4. Recommend NHVA Expense Budget for 2017/2018	D. Fredenburg
9:15 a.m.	<b>[Adjourn]</b>	

\*Indicates agenda item attached



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

**NH Vaccine Association – Audit Committee Meeting**  
**September 27, 2016 – 8:30 a.m. – 9:30 a.m.**  
**Conference Room – KidsVax®**  
**Presiding Officer: Susan Tenney**

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

Others:

Mark McCue, Esq. – Hinckley Allen  
 Larry Hart, Compass Health Analytics, Inc.  
 Karen Carew, Carew & Wells  
 Shauna Ferguson, Carew & Wells

KidsVax:

Fred L. Potter (T)  
 Nicole G. Price  
 Claire Roberge  
 Terry Mills  
 Matthew Miller (T) – WebEx Monitor

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

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

1. To approve the June 21, 2016, Audit Committee Meeting minutes as presented.
2. To recommend publication of the 2015/2016 audited financials to the Board of Directors, as amended at the meeting.
3. To move into executive session to speak with the auditors about the relationship with management and other confidential matters.

**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 Mr. Margus, it was unanimously

**VOTED:** To approve the June, 21, 2016, Audit Committee Meeting minutes as presented.

**Report by Outside Auditor** – Karen Carew of Carew & Wells presented the audited financials for FYE 2016 to the Audit Committee. The Communications of Governance letter was distributed. As an auditor, they are required to communicate with the Board and other individuals in addition to management as to the work completed, the nature of the work, and any of their findings. This was a very typical letter with nothing unusual to report. There are a few accounting estimates that were used in preparing the financial statements related to the estimate of the vaccine expense, any balance due or collectible accounts receivable, and also the fair value of short term investments, which identify a healthy total return. Ms. Carew explained that sometimes, in order to obtain a better interest rate, there may be an unrealized loss in the meantime, but it all nets out in the overall composition of securities and is intended to both maximize the interest while protecting the underlying funds. With respect to performing the audit, Ms. Carew reported no difficulties. There were no differences of opinion between the auditors and management with respect to the presentation of the information. There were no misstatements identified during the audit. The typical reclassification done in allocating some of the return out across the different pieces was done. The total return on dividends and interest was accurately recorded. There were no disagreements with management. They were asked to provide representations that they have disclosed and provided all pertinent financial information needed by the auditors or other users of the financial statement.

The Management letter was also distributed. This year, there were no new recommendations by the auditors for strengthening internal controls. The last recommendation with respect to interest only receivables has been implemented and a policy was adopted and everything looked very good.

The Auditor's Opinion letter was reviewed and reports a clean opinion. Based on their work, they are confident that there are no material misstatements or anything missing from the financial statements that should be added or disclosed that they are aware of in order to comply with GAAP. Ms. Carew provided a brief summary of the Statements of Financial Position and indicated that there have been some significant swings between cash and cash equivalents and the short term investments in terms of both the composition of those, as well as combined. They declined by about \$14 M primarily due to the increased assessments in the prior year. The assessments were lowered this year because a significant portion had been assessed and raised earlier. Those funds have been remitted to the State as expected and now the financials reflect that decline and movement toward a more normal operational level. As discussed earlier, there are no assessment receivables this year, whereas last year there was \$103,000. This year, KidsVax® made some additional changes with respect to followup with insurers regarding outstanding payments if they have not remitted payment within two weeks of the deadline. This process has effectively eliminated any outstanding receivables during the current year. There was a brief overview of the Net Assets. The unrestricted net assets are funds held for sufficient cash flow and temporary restricted net assets are what is held for either remittance to the State or in the event the program should close, it gets returned back to the payers. The Statements of Activities and Change in Net Assets was also briefly discussed. All of the revenue was raised from assessment income and returned on that. The net assets released from restrictions is the portion of that revenue that is released to cover operating expenses, include administrative services, professional fees, and insurance. There were no significant changes within expenses other than the professional fees which were approximately \$25,000 higher for the TRICARE collections and expenses incurred with that. Assessment income this year was much lower than the prior year, consistent with the reduced \$0.14 assessment rate that was put into effect in order to provide a refund to payers. Return on investments is also higher at \$55,000 due to the \$18 M invested for 12 months. This will come back down next year. The only other large change was the remittance to the State of New Hampshire, climbing to \$19 M, which was the combination of two factors; it includes a \$6.1 M increase in the assessments to New Hampshire and it also included a \$1.1 M deficiency from the prior year that was remitted to the State.

No significant changes were made to the Notes to Financial Statements. A more significant note pertains to Related Party Transactions, Note C. The RSA established this entity to collect and remit the assessments, making NHVA a related party with the State of New Hampshire, along with the Board of Directors. The note clearly indicates that there were no direct transactions with either the three directors who are employees of assessable entities or the assessable entities under the same terms and conditions as all other assessable entities. Mr. Sky asked if there is a note that identifies that part of the \$19 M was \$1.5 M from the prior year. Ms. Carew indicated that there is currently not a note in that regard. After further discussion, and at the direction of the Committee, Ms. Carew will add an additional sentence to the note under Expense Allocation to include the short-fall deficiency payment to the State for the prior year in the amount of \$1,107,265. Ms. Carew indicated her desire to keep the notes consistent for comparability. Therefore, going forward, she will leave that sentence in place even if no deficiency is being paid and would indicate that there was no deficiency in the current year. Note D, Short Term Investments and Note G Subsequent Events were briefly summarized. There were no subsequent events to disclose. Ms. Condon requested clarification regarding Note E, Termination of the Association. Ms. Carew indicated that in the event of termination, any unexpended assessments, interest, etc. would be used to either cover the expenses of the organization in the wrap-up of the termination or assessments would be returned to payers.

In closing, Ms. Carew indicated her willingness to answer questions concerning any audit period for items that the Committee would like her to look at or consider while she is completing the audit, and invited the Committee members to reach out to her at any time.

Upon motion made by Ms. Condon and seconded by Mr. Margus, it was unanimously

VOTED: To recommend publication of the 2015/2016 audited financials to the Board of Directors, as amended at the meeting.

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

VOTED: To move into executive session to speak with the auditors about the relationship with management and other confidential matters.

To adjourn the Audit Committee Meeting at 9:30 a.m.



April 17, 2017

Board of Directors and Management  
New Hampshire Vaccine Association  
c/o KidsVax, LLC  
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, 2017.

We will audit the financial statements of New Hampshire Vaccine Association, which comprise the statement(s) of financial position as of June 30, 2017, 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 the 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 judgement, 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 August 8, 2017 and to complete your information returns and issue our report no later than September 1, 2017.

Our fees for these services will be **\$8,500**, which includes five 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*

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

Line ↓	Column →	** Budget information in last Assessment Setting worksheet approved by board **					2016/17 Budget Worksheet Items	
		A	B	C	D	E	Actuals thru 5/31/17	Projected thru 6/30/17
			Financials 6/30/2016	Original Budget for 06/30/16	Budgets Preliminary for 2016/2017	Preliminary for 2017/2018		
01.	Administrative Fees (KidsVax®)							
02.	Annual Comprehensive Services Base Fee		109,020	109,027	112,025 1	115,106 1	102,669	112,025
03.	Variable Compensation		9,106	12,141 2	12,475 2	12,818 2	-	-
09.	Subtotal		118,126	121,168	124,500	127,924	102,669	112,025
10.	Bank Fees & Service Charges		2,505	500 3	3,980 3	3,980 3	4,214	4,597
11.	Auditing Fees		8,500	10,700	9,000 5	9,000 5	8,500	8,500
12.	Legal Fees		9,560	15,000	16,500	16,500	5,921	6,459
13.	Public Information Expense		-	1,000 5	1,000 4	1,000 4		
14.	Insurance Expense (D&O)		6,135	7,500	7,055	8,113	5,458	5,954
15.	Publications		-	600	600	600		
19.	Subtotal		26,700	35,300	38,135	39,193	24,093	25,510
29.	Subtotal Administrative Costs		144,826	156,468	162,635	167,117	126,762	137,535
21.	Special Projects (as approved by board in advance)							
22.	TRICARE collections project		25,000	-	-	-	25,000	25,000
23.			-	-	-	-	-	-
24.			-	-	-	-	-	-
29.	Subtotal		25,000	0	0	0	25,000	25,000
99.	Total Administrative costs & Special Projects		\$ 169,826	\$ 156,468	\$ 162,635	\$ 167,117	151,762	162,535
22.	Budgeted for Bad Debt		-		to be set as part of assessment work	to be set as part of assessment work		

## NOTES:

- 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.
- 10% of each year's base held back and awarded pursuant to "Variable Compensation" upon board vote.
- Fees for quarterly investment analysis and fees for monthly lockbox analysis.
- Two template compilations, photo expenses for current NHVA template, PowerPoint templates.
- Based upon engagement letter for \$8,500 audit fee + \$500 for out-of-pocket fees.

June 21, 2017  
Audit Committee Meeting  
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. All board policy and the final form of votes is exclusively the province of the Board acting collectively as a Board of Directors.

Items under Agenda Section 2:

VOTED: To approve the minutes of the September 27, 2016 Audit Committee meeting.

[To approve the minutes of the September 27, 2016 Audit Committee meeting with the changes suggested at this meeting.]

Items under Agenda Section 3:

VOTED: To approve the Audit Committee's recommendation of 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 2016/2017 FYE audit.

[To approve the Audit Committee's recommendation of 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 2016/2017 FYE audit subject to the changes suggested at this meeting.]

Items under Agenda Section 4:

VOTED: To approve the Audit Committee's recommendation of the NHVA Expense Budget for 2017/2018.

[To approve the Audit Committee's recommendation of the NHVA Expense Budget for 2017/2018 subject to the changes suggested at this meeting.]