
***NEW HAMPSHIRE VACCINE
ASSOCIATION***

FINANCIAL STATEMENTS

***FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012***

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MASON + RICH

PROFESSIONAL ASSOCIATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Vaccine Association

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, 2013 and 2012, and the related statements of activities and changes in net assets 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 audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

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, 2013 and 2012, 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.

Mason + Rich, P.A.

MASON + RICH, PROFESSIONAL ASSOCIATION
Certified Public Accountants

August 2, 2013

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NEW HAMPSHIRE VACCINE ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
<i>CURRENT ASSETS</i>		
Cash and Cash Equivalents	\$ 5,323,811	\$ 2,091,545
Prepaid Expenses	<u>4,483</u>	<u>4,483</u>
<i>Total Current Assets</i>	<u>5,328,294</u>	<u>2,096,028</u>
<i>TOTAL ASSETS</i>	<u>\$ 5,328,294</u>	<u>\$ 2,096,028</u>

LIABILITIES AND NET ASSETS

<i>CURRENT LIABILITIES</i>		
Accounts Payable	\$ <u>2,525</u>	\$ -
<i>TOTAL CURRENT LIABILITIES</i>	<u>2,525</u>	-
<i>NET ASSETS</i>		
Unrestricted Net Assets	250,000	250,000
Temporarily Restricted Net Assets	<u>5,075,769</u>	<u>1,846,028</u>
<i>Total Net Assets</i>	<u>5,325,769</u>	<u>2,096,028</u>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<u>\$ 5,328,294</u>	<u>\$ 2,096,028</u>

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF ACTIVITES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Net Assets Released From Restrictions		
Assets Released for Operations	\$ 82,199	\$ 75,796
EXPENSES		
Administration Expenses		
Administrative Services	63,336	61,632
Professional Fees	10,748	7,737
Total Administration Expenses	74,084	69,369
Office Expenses		
Office	524	910
Dues and Publications	2,200	258
Total Office Expenses	2,724	1,168
Board Expenses		
Insurance	5,370	5,247
Board Meetings	21	12
Total Board Expenses	5,391	5,259
TOTAL EXPENSES	82,199	75,796
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	-	-
TEMPORARILY RESTRICTED NET ASSETS		
Assessment Income	14,185,133	9,692,569
Investment Return	19,324	12,619
Net Assets Released From Restrictions		
Remittance to the State of New Hampshire	(10,892,517)	(9,690,757)
Assets Released for Operations	(82,199)	(75,796)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	3,229,741	(61,365)
INCREASE (DECREASE) IN NET ASSETS	3,229,741	(61,365)
NET ASSETS, BEGINNING OF YEAR	2,096,028	2,157,393
NET ASSETS, END OF YEAR	\$ 5,325,769	\$ 2,096,028

NEW HAMPSHIRE VACCINE ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 3,229,741	\$ (61,365)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Bond Premiums	-	5,450
(Increase) in Operating Assets:		
Prepaid Expenses	-	(1,624)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,525	-
Total Adjustments	<u>2,525</u>	<u>3,826</u>
<i>Net Cash Provided by (Used In) Operating Activities</i>	<u>3,232,266</u>	<u>(57,539)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(2,312,450)
Sale and Maturity of Investments	-	2,307,000
<i>Net Cash (Used In) Investing Activities</i>	<u>-</u>	<u>(5,450)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 3,232,266	 (62,989)
<i>Cash and Equivalents, Beginning of Year</i>	<u>2,091,545</u>	<u>2,154,534</u>
<i>Cash and Equivalents, End of Year</i>	<u>\$ 5,323,811</u>	<u>\$ 2,091,545</u>

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

A | ASSOCIATION AND NATURE OF OPERATIONS

The 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 insurers for a portion of the cost of vaccines provided for children in New Hampshire. The Association accomplishes its mission by assessing licensed insurers, currently writing or maintaining health insurance in New Hampshire, for a portion of the total non-federal program cost of providing vaccines for children in the State of New Hampshire as specified by RSA 126-Q:4.

The assessments collected are then transferred to the State of New Hampshire to fund a specified portion of the cost of providing vaccines

B | SUMMARY OF ACCOUNTING POLICIES

This summary of significant accounting policies of the New Hampshire Vaccine Association (the Association) is presented to assist in understanding the financial statements. These accounting policies are in conformity with accounting principles generally accepted in the United States.

Net Assets

The Association is required to report information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Descriptions of the net asset categories included in the Association's financial statements are as follows:

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

Temporarily restricted net assets include contributions 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.

Permanently restricted net assets include assets that are invested in perpetuity and only the income or a portion thereof (excluding capital gains restricted by State statute) can be made available for program operations in accordance with donor restrictions. The Association had no permanently restricted net assets at June 30, 2013 and 2012.

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued on next page)

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

Investments

During the year, the Association carries investments in marketable securities at their fair value on the statement of financial position. Realized and unrealized gains and losses on securities in the investment portfolio are allocated to each class of net assets on a specific-identification basis and are included in the accompanying statement of activities and changes in net assets. The association does not hold any investments as of June 30, 2013 and 2012.

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.

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.

For the year ended June 30, 2013 and 2012, 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. 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. Additionally, the Association did not recognize interest or penalties resulting from tax liabilities associated with recognizing uncertain tax positions for the years ended June 30, 2013 and 2012.

C | CONCENTRATIONS

Cash and Cash Equivalents

The Association maintains all its cash in one financial institution. The Association has substantially all of their cash deposited in money market accounts which are uninsured. Management does not believe they are exposed to significant risk because the cash held in money market accounts is a portfolio comprised of high quality fixed-income securities issued by banks, corporations, and the United States government.

Revenue

The Association derives nearly all of its revenue from assessments of licensed insurers in the State of New Hampshire. As of June 30, 2013 and 2012 certain carriers are not required by law to pay an assessment but instead make voluntary payments. Subsequent to year end this law has changed. Due to the changes in law, management believes they are not subject to risk in relation to voluntary payments at June 30, 2013. See Note H for more information. These payments accounted for approximately 7% of total assessments for the years ended June 30, 2013 and 2012.

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NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

D | 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 \$10,892,517 and \$9,690,757 to the State of New Hampshire in 2013 and 2012, respectively.

E | INVESTMENTS

During the year, as assessments are collected, the Association purchases certificates of deposit and bonds through a bank. The Association times the maturity of the certificates of deposit and bonds to coincide with the due date of the payments to the State of New Hampshire. After the funds are paid to the State of New Hampshire the remaining funds are not reinvested before year end. As a result, there were no securities being held in the investment portfolio as of June 30, 2013 and 2012. Additionally, the Association only purchased certificates of deposit during the year ended June 30, 2013, therefore, there was no investment activity for the year then ended. The amounts in the portfolio consist of money market funds, which are considered cash equivalents.

Proceeds and related gains and losses on the sale and maturity of held to maturity securities for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Total Cost	\$ -	\$ 2,319,190
Less Amortization of Bond Premium	-	(6,740)
Total Adjusted Cost Basis	-	2,312,450
Proceeds from the Maturity of Bonds and CDs	-	2,307,000
Realized Gain (Loss)	\$ -	\$ (5,450)

Investment income or loss (including realized gains and losses on investments, interest, dividends and bond premiums) is included in the investment return as follows:

	2013	2012
Interest and Dividend Income	\$ 19,314	\$ 24,809
Amortization of Bond Premium	-	(6,740)
Loss on Sale of Investments	-	(5,450)
Total Investment Return	\$ 19,314	\$ 12,619

(Continued on next page)

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

F | COMMITMENTS AND CONTINGENCIES

The Association's plan of operations provides that licensed insurers are assessed a fee based upon the number of covered lives as self-reported to the New Hampshire Health Plan. 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.

G | DESIGNATION OF 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, 2013 and 2012, the board-designated balance for this purpose was \$250,000.

H | SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 2, 2013, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date.

On July 24, 2013 the New Hampshire Revised Statutes Annotated (RSA) 126-Q was amended by the passing of House Bill 664. The amendment allows 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. Additionally, certain entities had been making voluntary contributions to the Association but moving forward contributions from self-insured groups will be mandatory.