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**NEW HAMPSHIRE VACCINE  
ASSOCIATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2008 AND 2007**

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## INDEX TO FINANCIAL STATEMENTS

### **Financial Statements**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of New Hampshire Vaccine Association

We have audited the accompanying statements of financial position of the New Hampshire Vaccine Association, a nonprofit organization, as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Hampshire Vaccine Association, as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Mason + Rich, P.A.*

MASON + RICH, PROFESSIONAL ASSOCIATION  
Certified Public Accountants

August 27, 2008

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF FINANCIAL POSITION**  
AS OF JUNE 30, 2008 AND 2007

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**ASSETS**

|                                    | <b>2008</b>         | <b>2007</b>       |
|------------------------------------|---------------------|-------------------|
| <b><i>CURRENT ASSETS</i></b>       |                     |                   |
| Cash & Cash Equivalents            | \$ 1,146,188        | \$ 73,953         |
| Short-Term Investments             | -                   | 574,344           |
| Prepaid Expenses                   | 2,484               | 3,510             |
| Assessment Receivable              | 191,786             | -                 |
| Allowance for Doubtful Accounts    | <u>(191,786)</u>    | <u>-</u>          |
| <b><i>Total Current Assets</i></b> | <u>1,148,672</u>    | <u>651,807</u>    |
| <br>                               |                     |                   |
| <b>TOTAL ASSETS</b>                | <u>\$ 1,148,672</u> | <u>\$ 651,807</u> |

**LIABILITIES AND NET ASSETS**

|   |                     |                   |
|---|---------------------|-------------------|
| <b><i>CURRENT LIABILITIES</i></b>           |                     |                   |
| Accounts Payable                            | \$ <u>16</u>        | \$ <u>195</u>     |
| <br>  |                     |                   |
| <b><i>NET ASSETS</i></b>                    |                     |                   |
| Unrestricted Net Assets                     | 175,000             | 125,000           |
| Temporarily Restricted Net Assets           | <u>973,656</u>      | <u>526,612</u>    |
| <b><i>Total Net Assets</i></b>              | <u>1,148,656</u>    | <u>651,612</u>    |
| <br>  |                     |                   |
| <b>TOTAL LIABILITIES<br/>AND NET ASSETS</b> | <u>\$ 1,148,672</u> | <u>\$ 651,807</u> |

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*The Accompanying Notes are an Integral Part of These Financial Statements*

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF ACTIVITIES**  
 FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

|  | 2008          | 2007         |
|--|---------------|--------------|
| <b>REVENUE AND OTHER SUPPORT</b>           |               |              |
| Net Assets Released From Restrictions      |               |              |
| Assets Released for Operations             | \$ 260,014    | \$ 67,165    |
| <b>EXPENSES</b>                            |               |              |
| <i>Administration Expenses</i>             |               |              |
| Administrative Services                    | 55,272        | 53,784       |
| Bad Debt Expense                           | 191,786       | -            |
| Professional Fees                          | 5,519         | 5,527        |
| <i>Total Administration Expenses</i>       | 252,577       | 59,311       |
| <i>Office Expenses</i>                     |               |              |
| Office Expense                             | 41            | -            |
| Postage & Shipping                         | 122           | 99           |
| Printing                                   | 10            | 518          |
| Telephone                                  | 163           | 73           |
| Miscellaneous Expenses                     | 16            | 44           |
| <i>Total Office Expenses</i>               | 352           | 734          |
| <i>Board Expenses</i>                      |               |              |
| Insurance                                  | 7,020         | 7,020        |
| Board Meetings                             | 65            | 100          |
| <i>Total Board Expenses</i>                | 7,085         | 7,120        |
| <i>Total Expenses</i>                      | 260,014       | 67,165       |
| <b>INCREASE IN UNRESTRICTED NET ASSETS</b> |               |              |
|  | -             | -            |
| <b>TEMPORARILY RESTRICTED NET ASSETS</b>   |               |              |
| Assessment Income                          | \$ 17,609,516 | \$ 8,699,296 |
| Investment Return, Net of Fees             | 211,034       | 160,505      |
| Net Assets Released From Restrictions      |               |              |
| Remittance to the State of New Hampshire   | (17,063,492)  | (8,472,069)  |
| Assets Released for Operations             | (260,014)     | (67,165)     |

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The Accompanying Notes are an Integral Part of These Financial Statements

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF ACTIVITIES**  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

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|  | 2008                | 2007              |
|--|---------------------|-------------------|
| <i><b>INCREASE (DECREASE) IN TEMPORARILY<br/>RESTRICTED NET ASSETS</b></i> | <u>497,044</u>      | <u>320,567</u>    |
| <b>INCREASE (DECREASE)<br/>IN NET ASSETS</b>                               | 497,044             | 320,567           |
| <i>Net Assets, Beginning of Year</i>                                       | <u>651,612</u>      | <u>331,045</u>    |
| <i>Net Assets, End of Year</i>   | <u>\$ 1,148,656</u> | <u>\$ 651,612</u> |

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*The Accompanying Notes are an Integral Part of These Financial Statements*

NEW HAMPSHIRE VACCINE ASSOCIATION  
**STATEMENTS OF CASH FLOWS**  
 FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

|  | 2008         | 2007        |
|--|--------------|-------------|
| <b><i>CASH FLOW FROM OPERATING ACTIVITIES</i></b>  |              |             |
| Increase (Decrease) in Net Assets  | \$ 497,044   | \$ 320,567  |
| <b><i>Adjustments to Reconcile Change in Net Assets<br/>to Net Cash Provided by Operating Activities</i></b> |              |             |
| Amortization of Bond Discount  | (654)        | 173         |
| Unrealized (Gains) Losses  | -            | (1,585)     |
| Realized (Gains) Losses  | -            | 1,868       |
| Prepaid Expenses   | 1,024        | -           |
| Increase (Decrease) in Operating Liabilities   |              |             |
| Accounts Payable   | (179)        | (67)        |
| <b><i>Total Adjustments</i></b>  | 191          | 389         |
| <b><i>NET CASH PROVIDED (USED) BY<br/>OPERATING ACTIVITIES</i></b>   |              |             |
|  | 497,235      | 320,956     |
| <b><i>CASH FLOW FROM INVESTING ACTIVITIES</i></b>  |              |             |
| Purchases of Investments   | (2,400,000)  | (9,298,454) |
| Sales & Maturities of Investments  | 2,975,000    | 8,772,070   |
| <b><i>NET CASH PROVIDED (USED) BY<br/>INVESTING ACTIVITIES</i></b>   |              |             |
|  | 575,000      | (526,384)   |
| <b>INCREASE (DECREASE) IN<br/>CASH &amp; CASH EQUIVALENTS</b>  |              |             |
|  | 1,072,235    | (205,428)   |
| <b><i>Cash and Cash Equivalents, Beginning of Year</i></b>   | 73,953       | 279,381     |
| <b><i>Cash and Cash Equivalents, End of Year</i></b>   | \$ 1,146,188 | \$ 73,953   |

*The Accompanying Notes are an Integral Part of These Financial Statements*

NEW HAMPSHIRE VACCINE ASSOCIATION  
**NOTES TO THE FINANCIAL STATEMENTS**

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**A | SUMMARY OF SIGNIFICANT 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 to generally accepted accounting principles accepted in the United States.

***Purpose***

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.

***Basis of Presentation***

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

***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. As of June 30, 2008 and 2007, cash and cash equivalents were \$1,146,188 and \$73,953, respectively.

***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.

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NEW HAMPSHIRE VACCINE ASSOCIATION  
**NOTES TO THE FINANCIAL STATEMENTS**

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**B | CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS**

The Association maintains its cash balance at one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2008 and 2007, the Association's had no uninsured cash balances.

**C | RECEIVABLES**

Assessments receivable are stated at unpaid balances. The Association provides for losses on assessments receivable using the allowance method. The allowance, as represented on the statement of financial position, is based on experience, third-party contracts, and other circumstances, which may affect the ability of insurers to meet their obligations. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible assessments receivable when management determines the receivable will not be collected.

**D | INVESTMENTS**

The Association has adopted a cash management policy of investing in United States Treasury debt obligations with maturity dates that coincide with the Association's remittances to the State of New Hampshire. In accordance with SFAS No. 124, all investments in debt securities are presented in the financial statements at fair market value. There were no investments at June 30, 2008.

The following schedule summarizes the investment return in the statement of activities for the years ended June 30, 2008 and 2007:

|                                | <u>2008</u>       | <u>2007</u>       |
|--------------------------------|-------------------|-------------------|
| Investment Income              | \$ 210,378        | \$ 160,961        |
| Amortization of Bond Discount  | 656               | (173)             |
| Unrealized Gains (Losses)      | -                 | (1,868)           |
| Realized Gains (Losses)        | <u>-</u>          | <u>1,585</u>      |
| Total Investment Income        | 211,034           | 160,505           |
| Investment Fees                | <u>-</u>          | <u>-</u>          |
| Investment Return, Net of Fees | <u>\$ 211,034</u> | <u>\$ 160,505</u> |

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NEW HAMPSHIRE VACCINE ASSOCIATION  
**NOTES TO THE FINANCIAL STATEMENTS**

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**E | CONCENTRATION OF REVENUE RISK**

The Association derives 98% of its revenue from assessments of licensed insurers in the State of New Hampshire.

**F | 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, 2008 and 2007, the Board designated balance for this purpose was \$125,000 and \$175,000, respectively.

**G | 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 \$17,063,492 and \$8,472,069 to the State of New Hampshire in 2008 and 2007, respectively.