

**NEW HAMPSHIRE
VACCINE ASSOCIATION
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022**

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report	1-2
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-12



INDEPENDENT AUDITORS' REPORT

The Board of Directors
New Hampshire Vaccine Association

Opinion

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, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Hampshire Vaccine Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Vaccine Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Hampshire Vaccine Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hampshire Vaccine Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Carew & Wells, PLLC

Carew & Wells, PLLC
Concord, New Hampshire

August 31, 2023

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	June 30, 2023	June 30, 2022
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 2,293,531	\$ 5,294,329
Assessments receivable	-	-
Prepaid expenses	<u>1,960</u>	<u>1,960</u>
Total Current Assets	<u>2,295,491</u>	<u>5,296,289</u>
<i>Non-Current Assets</i>		
Investments	<u>4,481,859</u>	<u>5,336,422</u>
TOTAL ASSETS	<u><u>\$ 6,777,350</u></u>	<u><u>\$ 10,632,711</u></u>
LIABILITIES & NET ASSETS		
<i>Current Liabilities</i>		
Accounts payable	\$ -	\$ 1,400
Refundable overpayments by insurers	<u>-</u>	<u>63,939</u>
TOTAL LIABILITIES	<u>-</u>	<u>65,339</u>
<i>Net Assets</i>		
Net assets without donor restrictions	250,000	250,000
Net assets with donor restrictions	<u>6,527,350</u>	<u>10,317,372</u>
TOTAL NET ASSETS	<u>6,777,350</u>	<u>10,567,372</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 6,777,350</u></u>	<u><u>\$ 10,632,711</u></u>

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

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF ACTIVITIES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	June 30, 2023	June 30, 2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND OTHER SUPPORT		
Net assets released from restrictions		
Assets released for operations	\$ <u>134,675</u>	\$ <u>136,150</u>
OPERATING EXPENSES		
Administrative services	110,628	107,250
Legal fees	10,650	14,975
Accounting fees	9,350	9,350
Insurance	3,360	3,360
License and fees	-	75
Stationary & printing	421	479
Board meeting expenses	266	-
Website	-	661
<i>Total Operating Expenses</i>	<u>134,675</u>	<u>136,150</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>-</u>	<u>-</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Assessment income	13,873,499	12,316,544
TRICARE settlement income	-	468,630
Interest on late assessments	488	1,360
Bank and sweep interest	370,157	50,474
Return on investments	(48,562)	(276,701)
Net assets released from restrictions		
Remittance to the State of New Hampshire	(17,850,929)	(17,777,373)
Assets released for operations	<u>(134,675)</u>	<u>(136,150)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(3,790,022)</u>	<u>(5,353,216)</u>
CHANGES IN NET ASSETS	<u>(3,790,022)</u>	<u>(5,353,216)</u>
<i>Net Assets, Beginning of Year</i>	<u>10,567,372</u>	<u>15,920,588</u>
<i>Net Assets, End of Year</i>	<u>\$ 6,777,350</u>	<u>\$ 10,567,372</u>

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

NEW HAMPSHIRE VACCINE ASSOCIATION
STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	<u>\$ (3,790,022)</u>	<u>\$ (5,353,216)</u>
<i>Adjustments to reconcile changes in net assets</i>		
(Gain) on sale of investments	(2,781)	(1,227)
Unrealized (gain) loss on investments	111,584	313,232
(Increase) decrease in:		
Assessments receivable	-	5,486
Prepaid expenses	-	-
Increase (decrease) in:		
Accounts payable	(1,400)	1,400
Accrued expenses	-	(1,980)
Refundable overpayments by insurers	<u>(63,939)</u>	<u>63,939</u>
<i>Total Adjustments</i>	<u>43,464</u>	<u>380,850</u>
Net Cash Provided (Used) by Operating Activities	<u>(3,746,558)</u>	<u>(4,972,366)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(100,240)	(2,934,673)
Proceeds from sale & maturities of investments	<u>846,000</u>	<u>1,752,891</u>
Net Cash Used by Investing Activities	<u>745,760</u>	<u>(1,181,782)</u>
 NET INCREASE (DECREASE) IN CASH	 (3,000,798)	 (6,154,148)
<i>Cash, Beginning of Year</i>	<u>5,294,329</u>	<u>11,448,477</u>
<i>Cash, End of Year</i>	<u>\$ 2,293,531</u>	<u>\$ 5,294,329</u>

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

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

A | NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions are those currently available at the discretion of the board for use in the Association’s operations.

Net assets with donor restrictions are those subject to stipulations imposed by law. Restrictions may be temporary in nature; those restrictions would be met by actions of the Association or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor may stipulate the funds be maintained in perpetuity. The Association does not have any net assets with perpetual donor restrictions.

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.

Cash and Cash Equivalents

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

Investments

The Association carries investments in debt and equity securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investments includes any accrued investment income reportable by the broker managing the funds, as this income has been earned and not yet received.

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

Assessments Receivable

Assessments receivable are stated at the amount the Association expects to collect from covered lives self-reported by assessable entities. The Association evaluates collectability by considering factors such as historical experience, the age of the accounts receivable balance, current economic conditions, and other circumstances, which may affect an entity's ability to pay. Past due receivables are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because the effects of the direct write off method approximate those of the allowance method. The Association charges a late fee at a rate of 18% per annum (about 1.5% monthly) on all past due assessments until paid in full or written off as uncollectible.

Assessment Revenue

Assessable entities self-report the number of covered lives for each month of the quarter. The assessment is due 45 days after the close of the preceding quarter. Assessment revenue is recognized as an increase in temporarily restricted net assets at that time.

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

Restricted Revenue

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

Expense Allocation

Due to the limited purpose of the Association's mandate as defined in RSA 126-Q, the remittance of assessments to the State comprises the entirety of program activities. The remittance is reflected on the financial statements as a release of net assets with donor restrictions. All remaining expenses are related to management and general activities. Following is an analysis of expenses by natural and functional classifications:

	2023	2022
<i>Program Expense</i>		
Remittance to State of NH	\$ <u>17,850,929</u>	\$ <u>17,777,373</u>
<i>Management & General</i>		
Administrative services	110,628	107,250
Legal fees	10,650	14,975
Accounting fees	9,350	9,350
Insurance	3,360	3,360
License and fees	-	75
Stationary & printing	421	479
Board meeting expenses	266	-
Website	<u>661</u>	<u>661</u>
<i>Total Management & General</i>	<u>134,675</u>	<u>136,150</u>
 <i>TOTAL EXPENSES</i>	 \$ <u>17,985,604</u>	 \$ <u>17,913,523</u>

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NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

Income Tax Status

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

For the years ended June 30, 2023 and 2022, management has evaluated its tax positions in accordance with financial accounting standards board (FASB) accounting standards codification (ASC) 740-10, *Accounting for Uncertain Tax Positions*. This evaluation includes consideration that the Association is operating in compliance with its tax-exempt status and that there are no matters that would create taxable income. The Association's management does not believe they have taken uncertain tax positions, therefore, a liability for income taxes associated with uncertain tax positions has not been recognized.

B | CURRENT RESOURCES

Financial Assets Available to Meet Cash Needs for General Expenditures within One Year

The Association had \$2,293,531 and \$5,294,329 of cash and cash equivalents available within one (1) year of the balance sheet dates (June 30, 2023 and 2022) to meet cash needs for general expenditures.

None of the cash and cash equivalents are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. General expenditures include the required remittance to the State of New Hampshire and reasonable and necessary operating costs. Investments set aside for long-term investing are not included in the current resources available for general expenditures. However, these amounts could be drawn upon if needed by the Association.

Liquidity Management

The Association is substantially supported by assessment income. To manage liquidity, the Association maintains sufficient financial asset balances to satisfy general expenditures as they come due. The Association invests cash in excess of immediate operations in investments to provide a reasonable rate of return to offset the operating expenses and reduce the total cost of the program to insurers.

In determining assessment rates, the Board of Directors have designated \$250,000 to ensure adequate cash flow for operating expenses. In addition, for the years ended, June 30, 2023 and 2022, the Association reserved \$5 million of the available restricted net assets used in setting the assessment rates. This reserve provides for consistent and stable assessment rates to insurers over time.

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

CONCENTRATIONS

Revenue

The Association derives nearly all of its revenue from assessments of licensed insurers in the State of New Hampshire. In addition, 52% and 49% of the assessments were derived from three (3) assessable entities for the years ended, June 30, 2023 and 2022, respectively. Given the requirements of RSA 126-Q, the Plan of Operations and the industry within which assessable entities operate, management does not believe the Association is exposed to significant risk from the concentration of assessment revenue, nor from a concentration with a particular assessable entity.

C | INVESTMENTS

Composition of Investments

Investments are comprised of the following at June 30, 2023 and 2022:

	2023	2022
Fixed Income Funds (Level 1 measured at fair value)		
Negotiable Certificates of Deposit	\$ 4,298,953	\$ 5,224,490
Federate Government Money Market	176,710	105,615
Accrued income on investments	<u>6,195</u>	<u>6,317</u>
Total Investments	<u>\$ 4,481,858</u>	<u>\$ 5,336,422</u>

Investments include funds in excess of those necessary for immediate operating needs, including the funds reserved to stabilize assessment rates over time.

Fair Value Measurements

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

	Cost	Fair Value	Unrealized Gain (Loss)
<i>As of June 30, 2023</i>			
Negotiable Certificates of Deposit	\$ 4,681,146	\$ 4,298,953	\$ (382,193)
Money market funds	176,710	176,710	-
Accrued income on investments	<u>6,195</u>	<u>6,195</u>	<u>-</u>
Total Investments	<u>\$ 4,864,051</u>	<u>\$ 4,481,858</u>	<u>\$ (382,193)</u>
<i>As of June 30, 2022</i>			
Negotiable Certificates of Deposit	\$ 5,495,106	\$ 5,224,490	\$ (270,616)
Money market funds	105,615	105,615	-
Accrued income on investments	<u>6,317</u>	<u>6,317</u>	<u>-</u>
Total Investments	<u>\$ 5,607,038</u>	<u>\$ 5,336,422</u>	<u>\$ (270,616)</u>

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

Return on Investments

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

	2023	2022
Interest and dividends	\$ 79,767	\$ 53,984
Realized gain (loss)	2,781	1,227
Unrealized gain (loss)	(111,584)	(313,232)
Investment fees	(19,526)	(18,680)
Total	\$ (48,562)	\$ (276,701)

D | COMMITMENTS AND CONTINGENCIES

TRICARE Assessment

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

In a memorandum dated November 29, 2018, the Association has accepted a stipulated sum of \$3,970,307 with regards to arrearages for the TRICARE specified assessments from July 17, 2010 to September 30, 2018. This stipulated sum was \$1,492,489 less than the TRICARE increment (the difference between the TRICARE inflation and vaccine adjusted per capita cap, and the total Association assessments amounts). The remaining TRICARE increment (arrearage) was incorporated into future TRICARE specific assessments and paid over multiple years. Given that collection was not certain and that the amounts collected could not be determined until future budgets and assessments were implemented, the TRICARE increment payments were recognized as revenue in quarterly assessment as they became determined and due. The final arrearage payment of \$468,630 was collected in fiscal year ended, June 30, 2022.

Risk of Reconsideration of Assessments

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

Termination of the Association

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

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

E | DESIGNATION OF NET ASSETS

Net Assets Without Donor Restrictions

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, 2023 and 2022, the board designated balance for this purpose was \$250,000.

Net Assets With Donor Restrictions

The Association is a limited purpose entity whose funds are dedicated for remittance to the State of New Hampshire to fund a specified portion of the cost of providing recommended vaccines to children regardless of income or insurance coverage. The Association has collected assessments in excess of amounts required to be remitted to the State. During the year ended, June 30, 2020, the Association reserved \$5 million of the available restricted net assets used in setting the assessment rates to provide for consistent and stable assessment rates to insurers over time. The remaining unexpended assessments will be applied to the determination of future assessments, or reasonable and necessary operating costs of the Association.

As of June 30, 2023 and 2022, net assets with donor restrictions is comprised of the following:

	2023	2022
<i>Unexpended assessments:</i>		
Available for rate setting	\$ 1,527,350	\$ 5,317,372
Reserved for rate stabilization	<u>5,000,000</u>	<u>5,000,000</u>
Net assets with donor restrictions	<u>\$ 6,527,350</u>	<u>\$ 10,317,372</u>

F | 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, primarily through changes in the statute and the State of New Hampshire's annual funding request. This funding request is based on the previous year's actual spending and is not determined by the Association.
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 purchasing vaccines for children in the State of New Hampshire. The Association transferred \$17,850,929 and \$17,777,373 to the State of New Hampshire in 2023 and 2022, respectively.

Board of Directors

In accordance with RSA 126-Q, the board composition includes three (3) directors who are also employees of assessable entities. There were no direct transactions with the directors and the assessable entities met the same terms and conditions as all other assessable entities.

(Continued on next page)

NEW HAMPSHIRE VACCINE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

G | SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition of disclosure through August 31, 2023, the date the financial statements were available to be issued. Management has determined there are no subsequent events that provide evidence that did not exist at the date of the statement of financial position but arose subsequently to that date which would materially affect the financial position of the Association or cause these financial statements to be misleading to the reader.