

Maine Vaccine Board

FINANCIAL REPORT

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maine Vaccine Board
Concord, New Hampshire

Opinion

We have audited the accompanying financial statements of Maine Vaccine Board, which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Maine Vaccine Board as of June 30, 2022 and 2021, 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 Maine Vaccine Board 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 Maine Vaccine Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

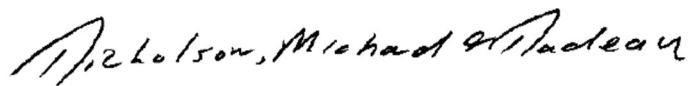
Auditor's Responsibilities for the Audit of the Financial Statements

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 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.

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 Maine Vaccine Board'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 Maine Vaccine Board'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.

A handwritten signature in black ink that reads "Michael A. Anderson". The signature is written in a cursive style with a large initial "M".

Waterville, Maine
October 20, 2022

MAINE VACCINE BOARD
STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2022	2021
Assets		
Cash and cash equivalents	\$ 9,281,143	\$ 10,075,207
Assessments receivable	128,784	15,091
Accrued interest	<u>4,349</u>	<u>4,118</u>
Total Assets	<u>\$ 9,414,276</u>	<u>\$ 10,094,416</u>

LIABILITIES and NET ASSETS

Current Liabilities		
Accounts payable	\$ -	\$ 6,508
Total Current Liabilities	<u>-</u>	<u>6,508</u>
Assessments Collected in Excess of Vaccine Funding and Administrative Activities	<u>9,414,276</u>	<u>10,087,908</u>
Total Liabilities	<u>9,414,276</u>	<u>10,094,416</u>
Net Assets	<u>-</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 9,414,276</u>	<u>\$ 10,094,416</u>

**See independent auditor's report.
The accompanying notes are an integral part of these financial statements.**

MAINE VACCINE BOARD
STATEMENTS OF ACTIVITIES
Years Ended June 30,

	2022	2021
Revenues		
Assessment revenue	\$ 13,595,892	\$ 13,114,387
Assessment interest	2,441	1,106
Investment income	37,402	47,421
Total Revenue	13,635,735	13,162,914
Program Expenses		
Vaccine replenishments	14,140,697	10,107,071
Administrative Expenses		
Servicing agent fees	153,288	152,021
Project management fees	-	17,235
Audit	7,000	8,800
Bank fees	8,382	7,227
Total Administrative Expenses	168,670	185,283
Total Expenses	14,309,367	10,292,354
Change in Net Assessments Collected	(673,632)	2,870,560
Vaccine Funding and Administrative Activities in Excess of Assessments Collected	673,632	(2,870,560)
Change in Net Assets	-	-
Net Assets at Beginning of Year	-	-
Net Assets at End of Year	\$ -	\$ -

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

MAINE VACCINE BOARD
STATEMENTS OF CASH FLOWS

Years Ended June 30,

	2022	2021
Cash flow from operating activities:		
Changes in net assets	\$ -	\$ -
Adjustments to reconcile changes in net assets to net cash flows from operating activities		
(Increase) decrease in assets:		
Assessments receivable	(113,693)	9,863
Accrued interest	(231)	(4,118)
Increase (decrease) in liabilities:		
Accounts payable	(6,508)	6,508
Vaccine funding and administrative activities in excess of assessments collected	(673,632)	2,870,560
Net cash flows from operating activities	<u>(794,064)</u>	<u>2,882,813</u>
Net change in cash and cash equivalents	(794,064)	2,882,813
Cash and cash equivalents at beginning of period	<u>10,075,207</u>	<u>7,192,394</u>
Cash and cash equivalents at end of period	<u>\$ 9,281,143</u>	<u>\$ 10,075,207</u>

**See accompanying independent auditor's report.
The accompanying notes are an integral part of these financial statements.**

Maine Vaccine Board

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Universal Childhood Immunization Program (Program) and the Maine Vaccine Board were established by the Maine State Legislature in 2010 (22 M.R.S.A § 1066) to provide all children from birth until 19 years of age in the State of Maine with access to a uniform set of vaccines as determined and periodically updated by the Maine Vaccine Board (Board). Through the Maine Center for Disease Control and Prevention's (CDC) Childhood Vaccine Program, the State of Maine purchases vaccines at favorable rates and distributes them to providers at no charge. Additionally, through a joint rule (Rule 95-695 Chapter 248) issued between the Department of Health and Human Services (DHHS) and the Maine Vaccine Board, the Board also determines the list of childhood vaccines available in the Maine Universal Childhood Immunization Program. The Board is comprised of 9 individuals including members of the medical profession, State of Maine employees, and insurance company employees.

The Childhood Immunization Fund (Fund) was established under the same legislation for the sole purpose of funding the Program, including the costs of vaccines provided under the Program to children and any costs the Board may incur for staff, a service agent, administrative support services, legal representation and contracted services. The Fund is administered by the Board or the service agent, which shall act as a fiduciary. The Fund is held in trust by the Treasurer of the State of Maine for the purpose of making payments under the provisions of the Program and is not available for general use of the State of Maine. The Treasurer of the State of Maine is the custodian of the Fund and may make disbursements only upon written direction from the Board or the service agent. No portion of the Fund may be used to subsidize any other State of Maine programs or budgets.

The servicing agent for most operations is KidsVax, LLC. Based in New Hampshire, KidsVax® was founded in 2002. It provides a range of administrative services for non-profit, governmental, and quasi-governmental organizations nationwide. The amounts paid to KidsVax® under the terms of the management agreement during the years ended June 30, 2022 and 2021 were \$153,288 and \$152,021, respectively.

Basis of Accounting Presentation

The Board's financial statements have been prepared on the accrual basis of accounting in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Cash and Cash Equivalents

The Board considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Assessment Credit Policy

Assessments receivable would include the running total of replenishment requests to date minus amounts collected to date through the end of the fiscal year, and is the amount that would be expected to be collected from assessed entities. There were no such receivables at June 30, 2022 and 2021. Assessments receivable would also include outstanding amounts due from assessed entities on quarterly assessment billings which amounted to \$128,784 and \$15,091 at June 30, 2022 and 2021, respectively.

Assessments are due quarterly, 45 days after the quarter ends. Interest is charged on late submission of assessments at a rate of .03 percent per day past due. Interest is added to the assessment if the submittal is made after the due date.

Maine Vaccine Board

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assessments Collected in Excess of Vaccine Funding and Administrative Activities

The Board has collected assessments in excess of amounts required to fund vaccines and associated administrative costs. The Board is a limited purpose entity and its primary purpose is to collect funds through mandatory assessments paid by assessed entities. Funds collected are dedicated solely to the specific purposes discussed above. Net assessments collected accumulate and will be used to reduce assessments in the succeeding Program year, for timely funding of future vaccine funding obligations of the Program, and for reasonable and necessary administrative costs of the Board.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions and the nature of those restrictions. The Board did not report any net assets at June 30, 2022 and 2021.

Revenue and Expense Recognition

The Board collects assessment revenue due from participating health plans, insurance companies and other payors. Each entity is required to pay the assessment based on the number of covered lives multiplied by the monthly assessment rate. Monthly assessment rates are determined by the provisions of the Program and are approved annually by the Board. The Board remits payments to the State of Maine to pay for vaccine costs each time a vaccine replenishment order for the Program is due and requested from the State of Maine.

Collection of assessment revenue and payments remitted to the State of Maine for vaccine replenishments are similar to agency transactions. Although these transactions are not considered revenue or expenses of the Board, they are included in the statement of activities to reflect gross amount of collections and replenishments. Other administrative expenditures of the Board are recognized when incurred.

Functional Expenses

The statements of activities present the natural classification detail of the Board's expenses. Vaccine replenishments are primarily related to program activities as outlined in 22 M.R.S.A § 1066. All other expenditures are considered administrative and the Board has determined that no allocation of administrative costs among program and supporting services was necessary for the years ended June 30, 2022 and 2021. As a result, the Board excluded a statement of functional expenses, as required by FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, and determined the exclusion did not materially affect the Board's financial statement presentation or impact the users of its financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Cash balances are maintained at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in certain accounts may exceed FDIC insurance. The Board has not experienced any losses in such accounts and management believes it is not exposed to any significant risk.

The fair value of the Board's financial instruments approximates their carrying amounts, either because the expected collection or payment period is relatively short or because the terms are similar to market terms.

Maine Vaccine Board

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes

The Board was established by the Maine State Legislature in 2010 (22 M.R.S.A § 1066) and as such is exempt from federal and state income taxes.

Subsequent Events

Management has evaluated subsequent events through October 20, 2022, the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (vaccine replenishments and administrative costs), within one year of the statement of financial position date, comprise the following as of June 30:

	2022	2021
Cash and cash equivalents	\$9,281,143	\$10,075,207
Assessments receivable	128,784	15,091
Accrued interest	4,349	4,118
	<u>\$9,414,276</u>	<u>\$10,094,416</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

The State of Maine sponsors an internal investment pool called the State of Maine Treasurer’s Cash Pool (TCP). The Board invests monies that are not needed for immediate use in the TCP, in accordance with the requirements of the Childhood Immunization Fund (see Note 1). The TCP is primarily comprised of investment vehicles with short maturities (certificates of deposit, commercial paper, corporate bonds, U.S. treasury bills, repurchase agreements and federal agency notes) and the Board characterizes the investments with the TCP as low risk. The TCP is not rated by external rating agencies. The Board is able to make withdrawals from the TCP at par with little advance notice and without penalty. The Board considers this investment vehicle a money market instrument and carries the amounts in the pool at cost. Cash balances of \$9,234,676 and \$10,020,022 were pooled and invested in the TCP at June 30, 2022 and 2021, respectively.

Cash balances of \$46,467 and \$55,185 were kept in a bank lockbox at June 30, 2022 and 2021, respectively, before being transferred to the TCP.

Total cash and cash equivalents are as follows as of June 30:

	2022	2021
Cash held in State of Maine TCP	\$9,234,676	\$10,020,022
Cash lockbox account	46,467	55,185
	<u>\$9,281,143</u>	<u>\$10,075,207</u>

NOTE 4 – CONCENTRATIONS

The Board collected assessment revenues of approximately \$9,000,000 and \$8,724,000 from four payers for the years ended June 30, 2022 and 2021, respectively. These combined assessment revenues represent 67% of 2022 and 2021 gross revenues collected, respectively.