
LOUISIANA HEALTH CARE QUALITY FORUM

FINANCIAL STATEMENTS

DECEMBER 31, 2020

RICHARD  CPAS

LOUISIANA HEALTH CARE QUALITY FORUM

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

LOUISIANA HEALTH CARE QUALITY FORUM

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Independent Auditors' Report

To the Board of Directors
Louisiana Health Care Quality Forum:

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Health Care Quality Forum (a nonprofit organization) (the Quality Forum), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 the Quality Forum as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of the Quality Forum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Quality Forum's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 24, 2021

LOUISIANA HEALTH CARE QUALITY FORUM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	2020	2019 (as restated)
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 566,760	\$ 391,929
Investment securities	200,168	182,777
Accounts receivable, net	1,142,586	1,734,477
Prepaid expenses	365,916	366,707
Total current assets	<u>2,275,430</u>	<u>2,675,890</u>
<u>PROPERTY & EQUIPMENT, NET</u>	<u>203,203</u>	<u>227,486</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,478,633</u>	<u>\$ 2,903,376</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 892,280	\$ 1,668,730
Payroll liabilities	30,192	24,483
Other liabilities	17,640	17,136
Deferred revenue	263,086	288,600
Note payable - SBA	156,902	-
Current portion of note payable	148,075	98,023
Total current liabilities	<u>1,508,175</u>	<u>2,096,972</u>
<u>NOTE PAYABLE, LONG TERM</u>	<u>537,342</u>	<u>676,355</u>
Total liabilities	<u>2,045,517</u>	<u>2,773,327</u>
<u>NET ASSETS</u>		
Without donor restrictions	433,116	34,402
With donor restrictions	-	95,647
Total net assets	<u>433,116</u>	<u>130,049</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,478,633</u>	<u>\$ 2,903,376</u>

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

LOUISIANA HEALTH CARE QUALITY FORUM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019 (as restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	<u>REVENUES AND SUPPORT</u>					
Cooperative endeavor agreements	\$ 3,472,139	\$ -	\$ 3,472,139	\$ 3,549,340	\$ 120,784	\$ 3,670,124
Program income	1,301,384	-	1,301,384	1,226,605	-	1,226,605
Contract income	-	-	-	-	4,771	4,771
Other income	18,395	-	18,395	18,072	-	18,072
Net assets released from restrictions	95,647	(95,647)	-	54,272	(54,272)	-
Total revenues and support	<u>4,887,565</u>	<u>(95,647)</u>	<u>4,791,918</u>	<u>4,848,289</u>	<u>71,283</u>	<u>4,919,572</u>
<u>EXPENSES</u>						
Program Services:						
DHH	990,518	-	990,518	749,886	-	749,886
HIE	1,517,018	-	1,517,018	1,583,058	-	1,583,058
IAPD	972,830	-	972,830	730,749	-	730,749
LaPOST	20,390	-	20,390	49,991	-	49,991
DPSC	160,738	-	160,738	806,027	-	806,027
Other	1,935	-	1,935	8,717	-	8,717
Supporting Services:						
General and administrative	825,422	-	825,422	786,812	-	786,812
Total expenses	<u>4,488,851</u>	<u>-</u>	<u>4,488,851</u>	<u>4,715,240</u>	<u>-</u>	<u>4,715,240</u>
Change in net assets	398,714	(95,647)	303,067	133,049	71,283	204,332
Beginning of year net assets	34,402	95,647	130,049	(98,647)	24,364	(74,283)
End of year net assets	<u>\$ 433,116</u>	<u>\$ -</u>	<u>\$ 433,116</u>	<u>\$ 34,402</u>	<u>\$ 95,647</u>	<u>\$ 130,049</u>

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

LOUISIANA HEALTH CARE QUALITY FORUM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services		
	DHH	HIE	IAPD	LaPOST	DPSC	Other	Total Program Services	Management and General	Total
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702	\$ 1,702
Bad Debt Expense	-	45,813	-	-	-	750	46,563	-	46,563
Business Registration Fees	-	274	75	-	-	-	349	1,185	1,534
Participation Costs - Analytics	-	489,500	-	-	112,427	-	601,927	-	601,927
Participation Costs - LaHIE	-	279,283	-	-	-	-	279,283	-	279,283
Accounting Fees	-	-	-	-	-	-	-	94,633	94,633
Communication / Media	-	-	-	-	-	-	-	200	200
Legal Fees	-	60	18,573	-	44,279	-	62,912	480	63,392
Outside Contract Services	986,108	28,575	270,551	75	-	-	1,285,309	27,884	1,313,193
Professional Consultants	-	110,000	-	-	-	575	110,575	60,000	170,575
Depreciation	-	877	-	-	-	-	877	37,031	37,908
Equipment Rental	-	-	-	-	-	-	-	7,771	7,771
Rent	-	-	-	-	-	-	-	145,643	145,643
Dues & Subscriptions	-	5,226	1,219	-	-	-	6,445	36,123	42,568
Insurance	9	19,718	2,078	-	-	3	21,808	48,760	70,568
Meals	-	663	48	-	-	-	711	4,797	5,508
Other Costs - Operations	972	2,324	7,082	-	2,583	-	12,961	18,227	31,188
Postage	-	-	-	133	-	-	133	871	1,004
Printing & Copying	-	-	-	-	-	-	-	1,668	1,668
Supplies	-	263	-	-	-	-	263	6,401	6,664
Telephone	-	221	1,659	-	1,449	3	3,332	13,789	17,121
Travel	-	4,060	-	-	-	-	4,060	1,239	5,299
HRA Expenses	274	11,501	21,372	-	-	174	33,321	6,281	39,602
401K Match	89	9,471	15,188	-	-	15	24,763	7,985	32,748
Health Insurance	855	65,699	72,418	857	-	295	140,124	17,469	157,593
Payroll Processing Fees	5	1,043	1,394	-	-	3	2,445	657	3,102
Payroll Tax Expense	153	26,808	34,362	-	-	29	61,352	16,623	77,975
Salaries	2,053	390,851	526,811	19,325	-	88	939,128	266,546	1,205,674
Interest	-	24,788	-	-	-	-	24,788	1,457	26,245
Total	\$ 990,518	\$ 1,517,018	\$ 972,830	\$ 20,390	\$ 160,738	\$ 1,935	\$ 3,663,429	\$ 825,422	\$ 4,488,851

The accompanying notes are an integral part of this financial statement.

LOUISIANA HEALTH CARE QUALITY FORUM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services						Total Program Services	Supporting Services	Total
	DHH	HIE	IAPD	LaPOST	DPSC	Other		Management and General	
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,325	\$ 2,325
Bad Debt Expense	-	62,258	-	-	-	-	62,258	-	62,258
Business Registration Fees	-	4,250	500	2,500	-	1,495	8,745	3,265	12,010
Participation Costs - Analytics	-	494,500	-	-	805,994	-	1,300,494	-	1,300,494
Participation Costs - LaHIE	-	266,007	-	-	-	-	266,007	-	266,007
Accounting Fees	-	-	-	-	-	-	-	79,426	79,426
Legal Fees	-	-	5,100	-	-	-	5,100	1,149	6,249
Outside Contract Services	744,889	30,349	32,968	12,891	19	4	821,120	26,237	847,357
Professional Consultants	-	146,600	41,490	-	-	-	188,090	60,000	248,090
Depreciation	-	1,198	-	-	-	-	1,198	30,397	31,595
Equipment Rental	-	-	-	-	-	-	-	6,995	6,995
Rent	-	-	-	-	-	-	-	142,211	142,211
Dues & Subscriptions	-	1,007	43,502	-	-	-	44,509	25,806	70,315
Insurance	12	17,582	1,926	82	-	16	19,618	46,181	65,799
Meals	-	-	169	96	-	-	265	5,557	5,822
Other Costs - Operations	567	55	8,097	1,991	-	-	10,710	37,197	47,907
Postage	156	-	-	777	-	-	933	567	1,500
Printing & Copying	-	-	8,230	3,270	-	-	11,500	3,630	15,130
Committee / Board Meetings	-	-	-	-	-	-	-	242	242
Supplies	-	87	520	211	-	-	818	3,817	4,635
Telephone	20	572	2,283	-	14	98	2,987	15,704	18,691
Travel	-	12,941	7,982	467	-	1,472	22,862	10,309	33,171
HRA Expenses	105	14,970	10,761	1,529	-	121	27,486	8,176	35,662
401K Match	106	8,592	16,374	823	-	175	26,070	5,696	31,766
Health Insurance	1,382	58,687	47,152	3,422	-	1,223	111,866	18,646	130,512
Payroll Processing Fees	9	1,281	1,322	46	-	11	2,669	706	3,375
Payroll Tax Expense	189	28,360	28,839	1,290	-	313	58,991	16,277	75,268
Salaries	2,451	405,556	473,534	20,596	-	3,789	905,926	234,881	1,140,807
Interest	-	28,206	-	-	-	-	28,206	1,415	29,621
Total	\$ 749,886	\$ 1,583,058	\$ 730,749	\$ 49,991	\$ 806,027	\$ 8,717	\$ 3,928,428	\$ 786,812	\$ 4,715,240

(Continued)

The accompanying notes are an integral part of this financial statement.

LOUISIANA HEALTH CARE QUALITY FORUM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u> (as restated)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 303,067	\$ 204,332
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debts	46,563	62,258
Depreciation and amortization	37,908	31,595
Unrealized (gain) loss on investments	(17,391)	(17,310)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	545,328	(993,711)
(Increase) decrease in prepaid expenses	791	(219,406)
Increase (decrease) in accounts payable	(776,450)	787,510
Increase (decrease) in accrued payroll liabilities	5,709	(387)
Increase (decrease) in other liabilities	504	(5,323)
Increase (decrease) in deferred revenue	(25,514)	217,202
Net cash provided by operating activities	<u>120,515</u>	<u>66,760</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	<u>(13,625)</u>	<u>(173,348)</u>
Net cash used in investing activities	<u>(13,625)</u>	<u>(173,348)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from SBA Loan	156,902	-
Payments on notes payable	<u>(88,961)</u>	<u>(53,312)</u>
Net cash provided by (used in) financing activities	<u>67,941</u>	<u>(53,312)</u>
Net change in cash	174,831	(159,900)
Cash, beginning of year	<u>391,929</u>	<u>551,829</u>
Cash, end of year	<u>\$ 566,760</u>	<u>\$ 391,929</u>

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

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organization

The Louisiana Health Care Quality Forum (“the Quality Forum”) is a non-profit corporation established in 2007 and organized under Internal Revenue Service Section 501 (c) (3). The Quality Forum serves as a neutral convener, bringing providers, purchasers, payers and consumers together to drive improvements in health care quality, safety and value for Louisiana residents.

Basis of Accounting

In accordance with generally accepted accounting principles, the accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statements of the Quality Forum have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). The operations of the Quality Forum are accounted for as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Quality Forum and/or the passage of time.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Quality Forum considers all highly liquid investments with a maturity date of three months or less to be cash equivalents.

Property and Equipment

Fixed assets are recorded at historical cost and depreciated over the estimated useful lives of the assets using the straight line and method. Contributed property and equipment are recorded at fair value at the date of donation. The following is a summary of the estimated useful lives used:

Furniture	7 years
Equipment	5 Years
Computers	3 Years
Software	3 Years

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued) **Property and Equipment (continued)**

The Quality Forum capitalizes all assets that cost in excess of \$1,000 with a useful life exceeding one year. Routine repairs and maintenance are expensed as incurred.

Revenues from Cooperative Endeavor Agreements and Other Contracts

The Quality Forum earns revenue under Cooperative Endeavor Agreements (“CEA’s”) as described in Note 11 and other contracts as described in Note 10. Under the terms of these CEA’s and other contracts, the Quality Forum recognition of revenue occurs when milestones within these agreements are met. The Quality Forum defers revenue recognition on invoices included in the accounts receivable until milestones are met.

Contributions

The Quality Forum follows ASC 958-605 for accounting for contributions received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

Functional Expenses

The costs of program and supporting services activities has been summarized on a functional basis in the statements of activities and statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries, benefit and related expenses for certain individuals have been allocated among the programs and supporting services benefited. The allocation between functions is based on time spent by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

Compensated Absences

Employees of the Quality Forum are entitled to general paid time (GPT) for purposes of vacation, holidays, personal business, illness, and other factors. The liability for GPT is accrued monthly and adjusted annually to reflect each employees’ maximum number of hours carried over to the next fiscal year.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Quality Forum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and from Louisiana income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. The Quality Forum is classified by the Internal Revenue Service as a public charity. Accordingly, no provision for income taxes has been included in the financial statements. However, income from certain activities not directly related to the Quality Forum's tax-exempt purpose is subject to taxation as unrelated business income.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Quality Forum may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Quality Forum and various positions related to the potential sources of unrelated business taxable income (UBIT).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that could affect reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results and the results of future periods could differ from those estimates.

New Accounting Pronouncements - Adopted

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Quality Forum has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented, except as provided for in the ASU.

The FASB has issued ASU No. 2014-09, Revenue from Contracts with Customers, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. On May 20, 2020, FASB voted to defer the effective date of ASU No. 2014-09 by one year to include nonpublic companies that have not yet issued their financial statements.

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

2. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Operating account	\$ 565,397	\$ 390,488
Savings account	1,127	1,123
Petty cash	<u>236</u>	<u>318</u>
Total Cash	<u>\$ 566,760</u>	<u>\$ 391,929</u>

3. Investments

Investments at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Fidelity Government Cash Reserves	\$ 15,681	\$ 12,136
iShares TIPS Bond ETF	98,290	89,759
iShares TR Intermediate TR CRP ETF	<u>86,197</u>	<u>80,882</u>
Total Investments	<u>\$ 200,168</u>	<u>\$ 182,777</u>

For the years ended December 31, 2020 and 2019, the Quality Forum had \$17,391 and \$17,310, respectively, in investment income included in the statements of activities as Other income, consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends	\$ 1,183	\$ 4,538
Unrealized gains	16,208	13,192
Fees	<u>-</u>	<u>(420)</u>
Total investment income, net	<u>\$ 17,391</u>	<u>\$ 17,310</u>

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

4. Accounts Receivable

Accounts receivable at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u> (as restated)
Louisiana Department of Health & Hospitals	\$ 694,006	\$ 555,970
Louisiana Department of Public Safety and Corrections	205,807	805,690
Ochsner Health	150,000	220,000
Other	248,324	275,682
Less: allowance for doubtful accounts	<u>(155,551)</u>	<u>(122,865)</u>
Total	<u>\$ 1,142,586</u>	<u>\$ 1,734,477</u>

Management has evaluated all receivables at December 31, 2020 and 2019, to determine their collectability. For the years ended December 31, 2020 and 2019, the amount for allowance for doubtful accounts was based on an evaluation of past-due fees due from Louisiana hospitals and providers.

5. Property and Equipment

Property and equipment at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Facility construction	\$ 3,216	\$ 6,515
Furniture and equipment	325,505	325,505
Software	<u>652,773</u>	<u>750,485</u>
	981,494	1,082,505
Less: accumulated depreciation	<u>(778,291)</u>	<u>(855,019)</u>
Total	<u>\$ 203,203</u>	<u>\$ 227,486</u>

Depreciation expense for the years ended December 31, 2020 and 2019, amounted to \$37,908 and \$31,595, respectively.

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

6. Note Payable

An accounts payable vendor was converted to a note payable in May 2018 in the amount of \$920,000. The Quality Forum has the following note payable at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
3.4% note payable to Orion Health due in varying monthly installments through May 2024	\$ 685,417	\$ 774,378
Total	685,417	774,378
Less current portion	<u>(148,075)</u>	<u>(98,023)</u>
Non-current portion	<u>\$ 537,342</u>	<u>\$ 676,355</u>

Principal payments required in future years as of December 31, 2020, are as follows:

<u>Year</u>	
2021	134,632
2022	194,065
2023	231,478
2024	<u>125,242</u>
Total	<u>\$ 685,417</u>

7. Note Payable -SBA

On May 8, 2020, the Quality Forum received a U.S. Small Business Administration (SBA) Paycheck Protection Program loan in the amount of \$156,902. The loan is potentially forgivable if the Quality Forum meets certain criteria. The loan has an interest rate of 1% and is due five years from the date of origination. The Paycheck Protection Program loan does not require any collateral or personal guarantees associated with this loan. The Quality Forum asserts the funds were used in accordance with the SBA requirements, and thus the Quality Forum has met certain criteria for loan forgiveness.

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

8. Availability and Liquidity

The following represents the Quality Forum's financial assets at December 31, 2020:

Financial assets at year end:

Cash and cash equivalents	\$ 566,760
Investment securities	200,168
Accounts receivable, net	<u>1,142,586</u>
Total financial assets	<u><u>\$ 1,909,514</u></u>
Less amounts not available to be used within one year or unavailable for general expenditures:	
Assets with donor restrictions, programs	<u>-</u>
	<u><u>\$ -</u></u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,909,514</u></u>

As part of the Quality Forum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

9. Retirement Plans

Effective on May 16, 2013, the Quality Forum enrolled in the Louisiana Health Care Quality Forum 401(k) Plan. This plan is for the exclusive benefit of all eligible employees and their beneficiaries with the intention to provide a measure of retirement security for the future. To be eligible to participate, an employee must have completed one year of service or worked 1000 hours. The amount an employee can contribute to the plan is limited by the Internal Revenue Service in the amount that can be contributed as Salary Deferral. The amount of the Quality Forum's contribution to the plan is at the discretion of the Board of Directors; the Board of Directors has established a 4% employer contribution rate.

The Quality Forum's contributions to the plans for the years ended December 31, 2020 and 2019, amounted to \$32,748 and \$31,766, respectively.

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

10. Contract Revenue

LaPOST

The Louisiana Physician Orders for Scope of Treatment (“LaPOST”) is an initiative of the Quality Forum focused on providing consumers and health care professionals with the information, education, and resources necessary to make educated decisions about end-of-life care. The Quality Forum receives funding from multiple sources to support outreach and education efforts throughout the state for this initiative.

TX/LA Telehealth Agreement

On October 1, 2014, the Quality Forum entered into a subcontract agreement with Texas Tech University Health Sciences Center. The Quality Forum’s role is to provide a Project Coordinator to assist in developing the TX/LA Telehealth Resource Center. The agreement has been renewed annually with the latest extension granted September 1, 2019. The agreement ended May 2020.

11. Cooperative Endeavor Agreement Income

LDH Bureau of Health Services Financing

On April 1, 2017, the Quality Forum entered into a cooperative endeavor agreement with the LDH, Bureau of Health Services Financing. Under this agreement, the Quality Forum is contracted to provide technical and consultative support as described in detail in the Implementation-Advance Planning Document Update for Health Information Technology.

The Quality Forum will implement and / or provide support for the following initiatives: Medicaid Provider Outreach, Patient-Centered Medical Home Transformation, HIE Integration Assistance, LA Emergency Department Information Exchange, development of a LaPOST Registry, and implementation of an electronic health records (“EHR”) system in Louisiana’s correctional facilities. The term of this agreement was extended to September 30, 2019. The Quality Forum entered into a new cooperative endeavor agreement dated October 1, 2019 through September 30, 2020. The Quality Forum entered into a new cooperative endeavor agreement dated October 1, 2020 through September 30, 2021.

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

11. Cooperative Endeavor Agreement Income (continued)

LDH Office of Public Health

On July 1, 2017, the Quality Forum entered into a cooperative endeavor agreement with the LDH, Office of Public Health to provide a certified EHR system for use at all parish health units along with ongoing support for EHR adoption and meaningful use assistance. The term of this agreement expired on June 20, 2018. The Quality Forum entered into a second cooperative endeavor agreement beginning on July 1, 2019 for a period of three months. The Quality Forum entered into a third cooperative endeavor agreement beginning on October 1, 2018 for a period of six months. The Quality Forum entered into a fourth cooperative endeavor agreement beginning April 1, 2019 through September 30, 2019; the Quality Forum entered into a fifth cooperative endeavor agreement dated October 1, 2019 through November 30, 2019; the sixth cooperative endeavor agreement dated December 1, 2019 through June 30, 2021.

LDH Office of Aging and Adult Services

On January 1, 2018, the Quality Forum entered into a six-month cooperative endeavor agreement with the LDH, Office of Aging and Adult Services with the purpose of providing education and resources to nursing facility administrators, staff, patients, and caregivers on Advance Care Planning and the LaPOST document. The term of this agreement ended on June 30, 2018. The Quality Forum entered into a new cooperative endeavor agreement on March 1, 2019 through November 30, 2019.

Department of Public Safety and Corrections

On December 1, 2016, the Quality Forum entered into a cooperative endeavor agreement with the Department of Public Safety and Corrections to provide a certified EHR system to Louisiana's correctional facilities that will be integrated with the LA Health Information Exchange ("LaHIE"). Per the cooperative endeavor agreement, deliverables include software and support, subscription to LaHIE, ongoing support for EHR adoption and meaningful use support. The term of this agreement expires on June 30, 2021.

12. Fair Value Measurements

Generally accepted accounting principles (GAAP) provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (level 1 investments) and the lowest priority to unobservable inputs (level 3 measurements).

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

12. Fair Value Measurements (continued)

The three levels of the fair value hierarchy under the framework are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Quality Forum has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement determined using model-based techniques that include option pricing model, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Quality Forum's investment assets at fair value as of December 31, 2020 and 2019. There have been no changes in the methodologies used at December 31, 2020.

<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Money Market Fund	\$ 15,681	\$ -	\$ -	\$ 15,681
Exchange Traded Funds	184,487	-	-	184,487
Total	<u>\$ 200,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,168</u>

<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Money Market Fund	\$ 12,136	\$ -	\$ -	\$ 12,136
Exchange Traded Funds	170,641	-	-	170,641
Total	<u>\$ 182,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,777</u>

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

13. Leases

On October 1, 2014, the Quality Forum signed a 7-year lease for office space. The lease was amended in May 2017 returning a portion of the space to the landlord and reducing annual rent. The lease was amended in April 2019 to reflect the relocation of the Quality Forum to a smaller space. The terms of the second amendment begin in 2020 and end on January 11, 2022, with the option to extend an additional year. On February 7, 2020, the third amendment to lease extended the lease through January 11, 2023.

Future minimum lease payments related to these leases are as follows:

<u>Years ended December 31,</u>	
2021	\$ 145,034
2022	<u>147,844</u>
	<u>\$ 292,878</u>

The Quality Forum's lease expense for the years ended December 31, 2020 and 2019, amounted to \$145,643 and \$142,211, respectively.

14. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019, consist of:

Restricted by donors for	<u>2020</u>	<u>2019</u>
LaPOST	<u>\$ -</u>	<u>\$ 95,647</u>
Total	<u>\$ -</u>	<u>\$ 95,647</u>

Net assets were released from restrictions as follows during the years ended December 31, 2020 and 2019:

Satisfaction of purpose restrictions	<u>2020</u>	<u>2019</u>
LaPOST	<u>\$ 95,647</u>	<u>\$ 49,502</u>
TX/LA Telehealth	<u>-</u>	<u>4,770</u>
Total	<u>\$ 95,647</u>	<u>\$ 54,272</u>

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

15. Concentrations of Credit Risk

The Quality Forum maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the Quality Forum's deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the Quality Forum's cash exceed federally insured limits by \$299,463 and \$122,749, respectively.

The Quality Forum receives the majority of its support from cooperative endeavor agreements with the Louisiana Department of Health and Hospitals (DHH). During each of the years ended December 31, 2020 and 2019, approximately 66% and 58%, respectively, of the total support of the Quality Forum was received from DHH.

16. Restatement of Prior Years Net Assets

Accounts receivable and revenue were restated for the fiscal year ending December 31, 2019 by the amount of \$87,500 related to an HIE Integration Program with DHH that met billing milestones during 2019.

The following table is a summary of net assets:

	2019 (as previously reported)	Restatement	2019 (as restated)
<u>STATEMENT OF FINANCIAL POSITION</u>			
<u>CURRENT ASSETS</u>			
Accounts receivable, net	\$ 1,646,977	\$ 87,500	\$ 1,734,477
<u>NET ASSETS</u>			
Without donor restrictions	\$ (53,098)	\$ 87,500	\$ 34,402
Total net assets	\$ 42,549	\$ 87,500	\$ 130,049
<u>STATEMENT OF ACTIVITIES</u>			
<u>REVENUES AND SUPPORT</u>			
Cooperative endeavor agreements	\$ 3,582,624	\$ 87,500	\$ 3,670,124
Change in net assets	\$ 116,832	\$ 87,500	\$ 204,332
<u>STATEMENT OF CASH FLOWS</u>			
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Change in net assets	\$ 116,832	\$ 87,500	\$ 204,332
Changes in operating assets and liabilities:			
(Increase) in accounts receivable	\$ (906,211)	\$ (87,500)	\$ (993,711)

LOUISIANA HEALTHCARE QUALITY FORUM

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

17. Subsequent Events

The Quality Forum has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2021, and determined that the following item requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of international Concern: and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantine in certain areas, and forced closures of certain types of businesses. The Quality Forum may be impacted by disruptions in the economy and business operations associated with the coronavirus (COVID-19) pandemic. Management is assessing risks related to COVID-19, which creates uncertainty in the timing of revenue recognition on contracts with DHH and hospitals and could negatively impact changes in net assets and cash flows. In March 2021, the Quality Forum receives a second SBA Paycheck Protection Program loan in the amount of \$218,870 under similar terms to the first loan as described in Note 7. On June 15, 2021, the Quality Forum submitted a formal application to the SBA for forgiveness of the first award in the amount of \$156,902.

LOUISIANA HEALTH CARE QUALITY FORUM

Supplementary Information

December 31, 2020

LOUISIANA HEALTH CARE QUALITY FORUM
Schedule of Compensation, Benefits, and
Other Payments to Agency Head or Chief Executive Officer
For the year ended December 31, 2020

Agency Head Name: Cindy Munn, Chief Executive Officer

Purpose	Amount
Salary (Salary, Bonus, PTO)	\$ 233,028
Benefits - insurance	13,581
Benefits - retirement	-
Deferred compensation (contributions made by the agency)	8,762
Benefits - other (Disability Ins., Life Ins., HRA)	6,197
Car allowance	-
Vehicle provided by government	-
Cell phone	2,400
Dues	200
Vehicle rental	-
Per diem	-
Reimbursements (Meals reimbursed directly to Cindy)	-
Travel (reimbursed directly to Cindy)	319
Conference travel (Travel paid directly by LHCQF)	-
Housing	-
Unvouchered expenses	-
Special Meals (Networking, strategic planning meals)	-
Other	-
	<u>\$ 264,487</u>

See independent auditors' report.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Louisiana Health Care Quality Forum

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Health Care Quality Forum, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Quality Forum's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Quality Forum's internal control. Accordingly, we do not express an opinion on the effectiveness of The Quality Forum's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Quality Forum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 24, 2021