
NATIONAL PERFORMANCE NETWORK, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2022



NATIONAL PERFORMANCE NETWORK, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Performance Network, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of National Performance Network, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2022, and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Performance Network, Inc. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 National Performance Network, Inc. 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 opinions.

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 National Performance Network, Inc.'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 and *Government 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 consolidated 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 National Performance Network, Inc.'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 National Performance Network, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statements of financial position, the consolidating statements of activities, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 16, are presented for purposes of additional analysis and are not a required part of the consolidated 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 statements of financial position, the statements of activities, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
December 16, 2022

NATIONAL PERFORMANCE NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 1,515,897	\$ 1,411,053
Grants receivable	2,926,625	2,514,541
Prepaid expenses	8,222	8,222
Investments	3,722,034	3,350,918
Total current assets	8,172,778	7,284,734
 <u>TOTAL ASSETS</u>	 \$ 8,172,778	 \$ 7,284,734

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 77,651	\$ 166,583
Grants payable	936,297	844,612
Accrued payroll and related liabilities	127,669	53,503
Note payable	-	161,553
Total current liabilities	1,141,617	1,226,251
 <u>NET ASSETS</u>		
Without donor restrictions	1,676,507	2,061,996
With donor restrictions	5,354,654	3,996,487
Total net assets	7,031,161	6,058,483
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 \$ 8,172,778	 \$ 7,284,734

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

NATIONAL PERFORMANCE NETWORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>			<u>2021</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<u>REVENUES</u>						
Contributions:						
Foundation	\$ 1,000	\$ 4,807,095	\$ 4,808,095	\$ -	\$ 751,134	\$ 751,134
Corporation	-	5,500	5,500	-	4,500	4,500
Individual	112,053	-	112,053	57,227	-	57,227
Government grants:						
Federal	-	100,000	100,000	-	90,000	90,000
State	-	10,000	10,000	-	15,000	15,000
Partner contributions	246,926	-	246,926	220,000	-	220,000
Contract income	155,442	-	155,442	42,853	-	42,853
Investment return, net	(595,582)	-	(595,582)	645,863	-	645,863
SBA loan forgiveness income	161,553	-	161,553	-	-	-
Net assets released from restrictions	3,564,428	(3,564,428)	-	3,010,916	(3,010,916)	-
Total revenues and other support	<u>3,645,820</u>	<u>1,358,167</u>	<u>5,003,987</u>	<u>3,976,859</u>	<u>(2,150,282)</u>	<u>1,826,577</u>
<u>EXPENSES</u>						
Program expenses	3,436,307	-	3,436,307	3,069,110	-	3,069,110
Supporting Services						
Fundraising	143,680	-	143,680	107,988	-	107,988
Management and general	451,322	-	451,322	539,333	-	539,333
Total expenses	<u>4,031,309</u>	<u>-</u>	<u>4,031,309</u>	<u>3,716,431</u>	<u>-</u>	<u>3,716,431</u>
<u>CHANGE IN NET ASSETS</u>	(385,489)	1,358,167	972,678	260,428	(2,150,282)	(1,889,854)
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	<u>2,061,996</u>	<u>3,996,487</u>	<u>6,058,483</u>	<u>1,801,568</u>	<u>6,146,769</u>	<u>7,948,337</u>
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 1,676,507</u>	<u>\$ 5,354,654</u>	<u>\$ 7,031,161</u>	<u>\$ 2,061,996</u>	<u>\$ 3,996,487</u>	<u>\$ 6,058,483</u>

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

NATIONAL PERFORMANCE NETWORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program	Fundraising	Management and General	Total	Program	Fundraising	Management and General	Total
Program grants	\$ 1,450,602	\$ -	\$ -	\$ 1,450,602	\$ 1,845,479	\$ -	\$ -	\$ 1,845,479
Program activities	998,621	-	-	998,621	483,626	-	-	483,626
Salaries and wages	655,813	103,554	236,902	996,269	506,219	68,300	272,819	847,338
Payroll taxes and benefits	134,128	14,580	44,994	193,702	106,367	14,284	56,627	177,278
Rent and office expenses	58,719	8,897	21,352	88,968	40,889	5,788	19,523	66,200
Contracted admin fees	-	-	80,842	80,842	-	-	23,674	23,674
Fees and services	26,226	2,868	30,700	59,794	15,596	2,684	36,274	54,554
Professional fees/Contract personnel	54,634	8,291	19,990	82,915	65,199	15,815	116,676	197,690
Travel	33,209	1,800	7,685	42,694	302	-	892	1,194
Professional development	15,476	2,345	5,628	23,449	5,433	252	691	6,376
Insurance	8,879	1,345	3,229	13,453	-	865	9,952	10,817
Miscellaneous	-	-	-	-	-	-	2,205	2,205
	<u>\$ 3,436,307</u>	<u>\$ 143,680</u>	<u>\$ 451,322</u>	<u>\$ 4,031,309</u>	<u>\$ 3,069,110</u>	<u>\$ 107,988</u>	<u>\$ 539,333</u>	<u>\$ 3,716,431</u>

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

NATIONAL PERFORMANCE NETWORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 972,678	\$ (1,889,854)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized loss (gain)	645,755	(418,975)
SBA loan forgiveness income	(161,553)	-
Changes in operating assets and liabilities:		
Grants receivable	(412,084)	1,493,500
Accounts payable	(88,932)	(24,679)
Grants payable	91,685	526,112
Accrued expenses	74,166	12,713
Net cash provided by (used in) operating activities	<u>1,121,715</u>	<u>(301,183)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	-	3,675,016
Purchase of investments	<u>(1,016,871)</u>	<u>(3,645,664)</u>
Net cash provided by (used in) investing activities	<u>(1,016,871)</u>	<u>29,352</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from notes payable (SBA)	-	161,553
Net cash provided by financing activities	<u>-</u>	<u>161,553</u>
Net change in cash and cash equivalents	104,844	(110,278)
Cash and cash equivalents, beginning of year	<u>1,411,053</u>	<u>1,521,331</u>
Cash and cash equivalents, end of year	<u>\$ 1,515,897</u>	<u>\$ 1,411,053</u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

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

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies

Organization

The National Performance Network Inc. (the Organization) is a Louisiana nonprofit 501 (c) (3) corporation. National Performance Network, Inc. was founded in 1985 to address a national dilemma: artistic isolation and economic restraints that constricted the flow of creative ideas within and among communities, independent artists, and locally engaged arts organizations in the United States. The Organization contributes to a more just and equitable world by building artists' power; advancing racial and cultural justice in the arts; fostering relationship-building and reciprocity between individuals, institutions and communities; and working towards systems change in arts and philanthropy. The Organization serves artists, art organizers, and a broad and diverse range of audiences and communities across the country through commissions, residencies, community cultural projects and other artistic activities. In certain programs, the Organization subsidizes artists' and presenters' projects.

Basis of Presentation

The accompanying statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. Contributions are recognized when received or when unconditionally promised.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2022, and 2021, the Organization held net assets with donor restrictions in the amount of \$5,354,654 and \$3,996,487 respectively.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. Included in cash and cash equivalents is \$1,042,031 and \$1,280,425 of money market funds at June 30, 2022, and 2021, respectively.

Grants Receivable

Grants receivable consist primarily of amounts due from foundations and other grantors. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, management believes the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Investment return, net is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Grants Payable

The Organization acts as an intermediary for partners within the network. Grants payable represents the amounts due to other organizations and individuals that passes through the Organization that have been received as of year end but have yet to be disbursed.

Contributions

The Organization recognizes contributions and government grants when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions and grants are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the specific nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

Contract Income

The Organization recognizes revenue from contract income when the performance obligations of transferring the products and providing the services are met. Contract income received in advance are deferred to the applicable period in which the related services are performed.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities based on time and effort of those activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs, such as salaries and wages, benefits, and payroll taxes are allocated based on time spent on program areas. After allocating all direct program and administrative expenses, percentages are determined to allocate the remaining indirect costs.

Income Tax Status

The Organization is exempt from income tax under IRC section 501 (c)(3), though it is subject to tax on income unrelated to its tax-exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status: to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization is not classified as a private foundation.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results and the results of future periods could differ from those estimates.

New Accounting Pronouncements – Adopted

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's year ending June 30, 2022. The adoption of this standard did not have a material impact on the Organization's financial statements.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard is effective for the Organization's year ending June 30, 2023. Management is still assessing the impact of this pronouncement.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,515,897	\$ 1,411,053
Grants receivable	2,926,625	2,514,541
Investments	<u>3,722,034</u>	<u>3,350,918</u>
Total financial assets	<u>8,164,556</u>	<u>7,276,512</u>
Less: Restricted net assets	<u>(5,354,654)</u>	<u>(3,996,487)</u>
 Total financial assets, less restricted funds	 <u>\$ 2,809,902</u>	 <u>\$ 3,280,025</u>

The Organization is substantially supported by restricted grants and contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. General expenditures of the Organization are met by unrestricted contributions and contract income generated and received throughout the year.

As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in money market funds.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

3. Grants Receivable

The grants receivable as of June 30, 2022, and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Doris Duke Charitable Foundation	\$ 2,158,000	\$ 683,291
Ford Foundation	384,375	768,750
Surdna Foundation	-	400,000
The Andrew Mellon Foundation	-	375,000
National Endowment for the Arts	140,000	150,000
New England Foundation for the Arts	52,250	25,000
REDCAT	12,000	3,000
Other Grants	180,000	109,500
Total	<u>\$ 2,926,625</u>	<u>\$ 2,514,541</u>

4. Notes Payable

On April 6, 2021, the Organization received a U.S. Small Business Administration (SBA) Paycheck Protection Program loan in the amount of \$161,553. This loan is forgivable if the Organization meets certain criteria. The loan has an interest rate of 1% and is due two years from the date of origination (April 6, 2023). The Paycheck Protection Program loan does not require any collateral or personal guarantees associated with this loan. The Organization's payments on the note were deferred for a period of six months from the date of the note. The note payable was forgiven by the SBA in July 2022 and the Organization recognized loan forgiveness income of \$161,553 on the statement of activities for the year ended June 30, 2022.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

5. Net Assets with Restrictions

The Organization has the following net assets with restrictions, as of June 30:

	<u>2022</u>	<u>2021</u>
Doris Duke Charitable Foundation	\$ 3,423,757	\$ 1,044,855
The Andrew Mellon Foundation	596,231	873,373
Ford Foundation	534,500	919,500
Surdna Foundation	450,000	755,535
National Endowment for the Arts	195,868	40,000
Compton Foundation	10,685	10,685
Quixote Foundation	15,839	15,839
Nathan Cummings Foundation	28,912	28,912
Ruth Fertel Foundation	-	23,067
South Arts	-	70,000
Greater New Orleans Foundation	24,690	23,849
Southern Arts for Social Change	43,505	104,103
Other grants	30,667	86,769
	<u> </u>	<u> </u>
Total Net Assets with Donor Restrictions	<u>\$ 5,354,654</u>	<u>\$ 3,996,487</u>

Net assets released from net assets with donor restrictions are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Doris Duke Charitable Foundation	\$ 1,221,098	\$ 1,290,145
The Andrew Mellon Foundation	741,142	532,209
Ford Foundation	385,000	234,000
Surdna Foundation	375,000	400,000
Community Organized Relief Effort (CORE)	225,070	-
National Endowment for the Arts	123,007	110,000
Tides Foundation: Lambent	125,000	125,000
VH1 Save the Music	30,852	98,035
Ruth Fertel Foundation	53,067	33,000
South Arts	70,000	30,000
Greater New Orleans Foundation	44,159	47,352
Southern Arts for Social Change	79,745	-
Other grants	91,288	110,995
	<u> </u>	<u> </u>
Total Net Assets with Donor Restrictions Released	<u>\$ 3,564,428</u>	<u>\$ 3,010,916</u>

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

6. Concentrations of Credit Risk

National Performance Network, Inc. has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). As of June 30, 2022, and 2021, the Organization's cash balances in excess of amounts covered by the FDIC were \$612,885 and \$206,498, respectively.

7. Revenue Concentration

The continued operations of National Performance Network, Inc. are dependent upon the renewal of current grants or the procurement of additional funding sources. For the years ended June 30, 2022, and 2021, corporate donors, foundation donors, or federal grants provided 98% and 46%, respectively of the Organization's total revenue and other support.

8. Risks and Uncertainties

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 quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and may continue to have an adverse impact on the economies and financial markets in the local area and around the world.

9. Employee Benefits

The organization sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The plan provides that employees who have attained the age of 21 and completed one year of service exceeding 1,000 hours may voluntarily contribute from 3 percent to 10 percent of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Directors each planning year. During the years ended June 30, 2022, and 2021, the Organization contributed \$24,000 and \$13,000 respectively.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2022, and determined no items required disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

NATIONAL PERFORMANCE NETWORK
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Catlin Strokosch, President & CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Meals and Parking	-
Registration fees	-
Conference travel	-
	<u>\$ -</u>

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

See independent auditor's report.

OTHER REPORTS



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*

To the Board of Directors of
National Performance Network, Inc.
New Orleans, Louisiana

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 National Performance Network, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered National Performance Network Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Performance Network Inc.'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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
December 16, 2022

NATIONAL PERFORMANCE NETWORK, INC

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2022

(A) Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: None reported
- Significant deficiency(ies) identified that are not considered to be material weakness None reported

Noncompliance material to the financial statements: No

Other matter: None

(B) Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None reported.