
NATIONAL PERFORMANCE NETWORK, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2023



NATIONAL PERFORMANCE NETWORK, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of National Performance Network, Inc.

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, 2023 and 2022 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 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 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 17, are presented for purposes of additional analysis and are 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 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 19, 2023, 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 19, 2023

NATIONAL PERFORMANCE NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 785,125	\$ 1,515,897
Accounts receivable	100,754	173,000
Grants receivable - current	3,050,900	1,003,625
Prepaid expenses	8,222	8,222
Investments	3,712,922	3,722,034
Total current assets	7,657,923	6,422,778
<u>NON-CURRENT ASSETS</u>		
Grants receivable - long term, net	3,387,126	1,750,000
Total non-current assets	3,387,126	1,750,000
<u>TOTAL ASSETS</u>	\$ 11,045,049	\$ 8,172,778

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 108,962	\$ 77,651
Grants payable	942,839	936,297
Accrued payroll and related liabilities	126,985	127,669
Total current liabilities	1,178,786	1,141,617
<u>NET ASSETS</u>		
Without donor restrictions	4,182,018	1,676,507
With donor restrictions	5,684,245	5,354,654
Total net assets	9,866,263	7,031,161
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 11,045,049	\$ 8,172,778

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

NATIONAL PERFORMANCE NETWORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<u>REVENUES</u>						
Contributions:						
Foundation	\$ 2,960,815	\$ 3,463,620	\$ 6,424,435	\$ 1,000	\$ 4,807,095	\$ 4,808,095
Corporation	-	5,000	5,000	-	5,500	5,500
Individual	39,445	-	39,445	112,053	-	112,053
Government grants:						
Federal	-	25,000	25,000	-	100,000	100,000
State	-	26,100	26,100	-	10,000	10,000
Partner contributions	114,001	-	114,001	246,926	-	246,926
Contract income and registration	101,989	-	101,989	155,442	-	155,442
Investment return, net	292,241	-	292,241	(595,582)	-	(595,582)
SBA loan forgiveness income	-	-	-	161,553	-	161,553
	<u>3,508,491</u>	<u>3,519,720</u>	<u>7,028,211</u>	<u>81,392</u>	<u>4,922,595</u>	<u>5,003,987</u>
Net assets released from restrictions	<u>3,190,129</u>	<u>(3,190,129)</u>	<u>-</u>	<u>3,564,428</u>	<u>(3,564,428)</u>	<u>-</u>
Total revenues and other support	<u>6,698,620</u>	<u>329,591</u>	<u>7,028,211</u>	<u>3,645,820</u>	<u>1,358,167</u>	<u>5,003,987</u>
<u>EXPENSES</u>						
Program expenses	3,685,918	-	3,685,918	3,436,307	-	3,436,307
Supporting Services						
Fundraising	96,068	-	96,068	143,680	-	143,680
Management and general	411,123	-	411,123	451,322	-	451,322
Total expenses	<u>4,193,109</u>	<u>-</u>	<u>4,193,109</u>	<u>4,031,309</u>	<u>-</u>	<u>4,031,309</u>
<u>CHANGE IN NET ASSETS</u>	2,505,511	329,591	2,835,102	(385,489)	1,358,167	972,678
<u>NET ASSETS, BEGINNING 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>
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 4,182,018</u>	<u>\$ 5,684,245</u>	<u>\$ 9,866,263</u>	<u>\$ 1,676,507</u>	<u>\$ 5,354,654</u>	<u>\$ 7,031,161</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, 2023 AND 2022

	2023				2022			
	Program	Fundraising	Management and General	Total	Program	Fundraising	Management and General	Total
Program grants	\$ 1,674,777	\$ -	\$ -	\$ 1,674,777	\$ 1,450,602	\$ -	\$ -	\$ 1,450,602
Program activities	862,741	-	-	862,741	998,621	-	-	998,621
Salaries and wages	699,799	60,852	253,551	1,014,202	655,813	103,554	236,902	996,269
Payroll taxes and benefits	150,422	13,080	54,501	218,003	134,128	14,580	44,994	193,702
Rent and office expenses	55,996	4,869	20,288	81,153	58,719	8,897	21,352	88,968
Contracted admin fees	43,619	-	-	43,619	-	-	80,842	80,842
Fees and services	69,723	6,063	25,262	101,048	26,226	2,868	30,700	59,794
Professional fees/Contract personnel	78,200	6,800	28,334	113,334	54,634	8,291	19,990	82,915
Travel	30,165	2,623	21,768	54,556	33,209	1,800	7,685	42,694
Professional development	13,431	1,168	4,866	19,465	15,476	2,345	5,628	23,449
Insurance	7,045	613	2,553	10,211	8,879	1,345	3,229	13,453
Miscellaneous	-	-	-	-	-	-	-	-
	<u>\$ 3,685,918</u>	<u>\$ 96,068</u>	<u>\$ 411,123</u>	<u>\$ 4,193,109</u>	<u>\$ 3,436,307</u>	<u>\$ 143,680</u>	<u>\$ 451,322</u>	<u>\$ 4,031,309</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, 2023 AND 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,835,102	\$ 972,678
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gain (loss)	(243,350)	645,755
Discount to net present value	250,142	-
SBA loan forgiveness income	-	(161,553)
Changes in operating assets and liabilities:		
Accounts receivable	72,246	(172,531)
Grants receivable	(3,934,543)	(239,553)
Accounts payable	31,311	(88,932)
Grants payable	6,542	91,685
Accrued payroll and related liabilities	(684)	74,166
Net cash provided by (used in) operating activities	(983,234)	1,121,715
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	700,000	-
Purchase of investments	(447,538)	(1,016,871)
Net cash provided by (used in) investing activities	252,462	(1,016,871)
Net change in cash and cash equivalents	(730,772)	104,844
Cash and cash equivalents, beginning of year	1,515,897	1,411,053
Cash and cash equivalents, end of year	\$ 785,125	\$ 1,515,897

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

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 and 2022, the Organization held net assets with donor restrictions in the amount of \$5,684,245 and \$5,354,654 respectively.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 \$718,579 and \$1,454,581 of money market funds at June 30, 2023 and 2022, respectively.

Receivables

Receivables consist primarily of accounts and grants receivable. These are 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.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

1. Summary of Significant Accounting Policies (continued)

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.

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 preformed

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 statements of functional expenses present 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.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

1. Summary of Significant Accounting Policies (continued)

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.

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. The Organization implemented this standard during the year ended June 30, 2023. The adoption of this standard did not have a material impact on the Organization’s financial statements.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 785,125	\$ 1,515,897
Accounts receivable	100,754	173,000
Grants receivable	6,438,026	1,003,625
Investments	<u>3,712,922</u>	<u>3,722,034</u>
Total financial assets	<u>11,036,827</u>	<u>6,414,556</u>
Less: amounts not available to be used within one year or unavailable for general expenditures		
Net assets with donor restrictions	5,684,245	5,354,654
Grants receivable - long term	987,268	-
	<u>6,671,513</u>	<u>5,354,654</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,365,314</u>	<u>\$ 1,059,902</u>

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

2. Liquidity and Availability (continued)

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.

3. Grants Receivable (long-term)

The grants receivable as of June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Doris Duke Charitable Foundation	\$ 1,954,000	\$ 2,158,000
Pilot House	1,987,268	-
Surdna Foundation	2,375,000	-
National Endowment for the Arts	125,000	140,000
CERF Foundation	124,500	-
New England Foundation for the Arts	39,125	52,250
Durfee Foundation	50,000	-
Ford Foundation	-	384,375
Theatre Communication Group	7,500	-
Louisiana Division of the Arts	5,275	-
Other Contributions	20,500	19,000
Total Grants receivable	<u>6,688,168</u>	<u>2,753,625</u>
Less: Grants receivable - current	(3,050,900)	1,750,000
Less: Discount on grants receivable - long term	<u>(250,142)</u>	-
Grants receivable - long term, net	<u>\$ 3,387,126</u>	<u>1,750,000</u>

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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.

5. Net Assets with Restrictions

The Organization has the following net assets with restrictions from program related activities, as of June 30:

	<u>2023</u>	<u>2022</u>
Doris Duke Charitable Foundation	\$ 2,191,490	\$ 3,423,757
Surdna Foundation	2,668,809	450,000
The Andrew Mellon Foundation	-	596,231
Ford Foundation	150,000	534,500
National Endowment for the Arts	108,820	195,868
CERF Foundation	124,500	-
Walder Foundation	100,000	-
Tides Foundation	99,327	-
Durfee Foundation	51,350	-
Southern Artists for Social Change	-	43,505
Nathan Cummings Foundation	28,912	28,912
Theatre Communication Group	20,000	-
Quixote Foundation	15,839	15,839
Compton Foundation	10,685	10,685
Ruth Fertel Foundation	5,000	-
Greater New Orleans Foundation	3,924	24,690
The Mertz Gilmore Foundation	25,000	-
Field Foundation	10,000	-
Other grants	<u>70,589</u>	<u>30,667</u>
Total net assets with donor restrictions	<u>\$ 5,684,245</u>	<u>\$ 5,354,654</u>

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

5. Net Assets with Restrictions (continued)

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

	<u>2023</u>	<u>2022</u>
Doris Duke Charitable Foundation	\$ 1,202,500	\$ 1,221,098
The Andrew Mellon Foundation	596,231	741,142
Ford Foundation	384,500	385,000
Surdna Foundation	455,535	375,000
Community Organized Relief Effort (CORE)	-	225,070
National Endowment for the Arts	112,048	123,007
CERF Foundation	-	-
Tides Foundation	149,800	125,000
Southern Artists for Social Change	-	79,745
Durfee Foundation	58,650	-
Greater New Orleans Foundation	58,266	44,159
VH1 Save the Music	46,748	30,852
Compton Foundation	-	-
Theatre Communication Group	30,000	-
Ruth Fertel Foundation	25,000	53,067
South Arts	-	70,000
Other grants	<u>70,851</u>	<u>91,228</u>
Total net assets with donor restrictions released	<u>\$ 3,190,129</u>	<u>\$ 3,564,368</u>

6. Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

6. Fair Value Measurements and Disclosures (continued)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost per share as a practical expedient as identified in the following, at June 30, 2023 and 2022:

June 30, 2023	Total	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate and government bonds	\$ 455,320	\$ -	\$ 455,320	\$ -
Bond mutual funds	791,477	791,477	-	-
Equity mutual funds	824,699	824,699	-	-
Common stocks	1,641,426	1,641,426	-	-
	<u>\$ 3,712,922</u>	<u>\$ 3,257,602</u>	<u>\$ 455,320</u>	<u>\$ -</u>

June 30, 2022	Total	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate and government bonds	\$ 460,040	\$ -	\$ 460,040	\$ -
Bond mutual fund	774,372	774,372	-	-
Equity mutual fund	837,332	837,332	-	-
Common stocks	1,650,290	1,650,290	-	-
	<u>\$ 3,722,034</u>	<u>\$ 3,261,994</u>	<u>\$ 460,040</u>	<u>\$ -</u>

NATIONAL PERFORMANCE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

7. Concentrations of Credit Risk

The Organization 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, 2023 and 2022, the Organization's cash balances in excess of amounts covered by the FDIC were \$272,143 and \$612,885, respectively.

8. Revenue Concentration

The continued operations of the Organization are dependent upon the renewal of current grants or the procurement of additional funding sources. For the years ended June 30, 2023 and 2022, corporate donors, foundation donors, or federal grants provided 92% and 98%, respectively of the Organization's total revenue and other support.

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, 2023 and 2022, the Organization contributed \$24,000 and \$24,000 respectively.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2023, 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, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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 19, 2023.

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 19, 2023

NATIONAL PERFORMANCE NETWORK, INC

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2023

(A) Summary of Auditor's 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.