

NATIONAL PERFORMANCE NETWORK, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the **National Performance Network, Inc. (NPN)** (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**National Performance Network, Inc.**  
New Orleans, Louisiana  
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**Auditors' Responsibility, Continued**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NPN as of June 30, 2021, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other 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 the Chief Executive Officer 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 statements taken as a whole.

INDEPENDENT AUDITORS' REPORT  
(CONTINUED)

To the Board of Directors of  
**National Performance Network, Inc.**  
New Orleans, Louisiana  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of NPN'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 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 NPN's internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

February 22, 2022

**NATIONAL PERFORMANCE NETWORK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

**ASSETS**

Cash and cash equivalents (NOTES 1 and 7)	\$ 1,411,053
Grants receivable	2,514,541
Accounts receivable	469
Deposits	2,250
Prepaid expenses	5,503
Investment (NOTES 3 and 8)	<u>3,350,918</u>
Total assets	<u><u>\$ 7,284,734</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 166,583
Grants payable	844,612
Accrued payroll and related liabilities	53,503
Note payable (NOTE 13)	<u>161,553</u>
Total liabilities	<u>1,226,251</u>
Net assets:	
Without donor restrictions	2,061,996
With donor restrictions (NOTE 10)	<u>3,996,487</u>
Total net assets	<u>6,058,483</u>
Total liabilities and net assets	<u><u>\$ 7,284,734</u></u>

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

**NATIONAL PERFORMANCE NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>REVENUES:</b>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Contributions:			
Foundation	\$ -	\$ 751,134	\$ 751,134
Corporation	-	4,500	4,500
Individual	57,227	-	57,227
Government grants:			
Federal	-	90,000	90,000
State	-	15,000	15,000
Partner contributions	220,000	-	220,000
Contract income	42,853	-	42,853
Investment earnings	645,863	-	645,863
Net assets released from restrictions	<u>3,010,916</u>	<u>(3,010,916)</u>	<u>-</u>
 Total support and revenue	 <u>3,976,859</u>	 <u>(2,150,282)</u>	 <u>1,826,577</u>
 <b>EXPENSES:</b>			
Program services	3,069,110	-	3,069,110
Supporting services:			
Management and general	<u>647,321</u>	<u>-</u>	<u>647,321</u>
 Total expenses	 <u>3,716,431</u>	 <u>-</u>	 <u>3,716,431</u>
Changes in net assets	260,428	(2,150,282)	(1,889,854)
Net assets, beginning of year	<u>1,801,568</u>	<u>6,146,769</u>	<u>7,948,337</u>
Net assets, end of year	<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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services	Supporting Services Management and General	Total Expenses
Contracted admin fees	\$ -	\$ 23,674	\$ 23,674
Contract personnel	-	43,580	43,580
Equipment	1,102	4,020	5,122
Fees and services	15,596	38,958	54,554
Insurance	-	10,817	10,817
Miscellaneous	-	2,205	2,205
Payroll taxes and benefits	106,367	70,911	177,278
Phone and internet	2,159	4,892	7,051
Postage and delivery	98	50	148
Printing	2,102	97	2,199
Professional fees	65,199	88,911	154,110
Program grants	1,844,979	-	1,844,979
Program activities	480,459	-	480,459
Promotions and marketing	3,167	-	3,167
Professional development	5,433	943	6,376
Rent and office expenses	35,428	10,583	46,011
Salaries and wages	506,219	341,119	847,338
Subsidy travel	500	-	500
Supplies	-	5,669	5,669
Travel	302	892	1,194
<b>Total expenses</b>	<b>\$ 3,069,110</b>	<b>\$ 647,321</b>	<b>\$ 3,716,431</b>

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

**NATIONAL PERFORMANCE NETWORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in net assets	\$ (1,889,854)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Unrealized gains	(418,975)
Changes in assets and liabilities:	
Decrease in grants receivable	1,493,500
Decrease in accounts payable	(24,679)
Increase in accrued expenses	12,713
Increase in grants payable	<u>526,112</u>
Net cash used in operating activities	<u>(301,183)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Proceeds from sale of investments	3,675,016
Purchase of investments	<u>(3,645,664)</u>
Net cash provided by investing activities	<u>29,352</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from loan payable	<u>161,553</u>
Net cash provided by financing activities	<u>161,553</u>

Net decrease in cash and cash equivalents	(110,278)
Cash and cash equivalents, beginning of year	<u>1,521,331</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,411,053</u></u>

**SUPPLEMENTAL SCHEDULE OF CASH FLOW  
INFORMATION:**

Cash paid during the year for:	
Interest	<u><u>\$ -</u></u>

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

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

**National Performance Network, Inc. (NPN)** 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. NPN 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, NPN subsidizes artists' and presenters' projects.

Basis of Accounting

NPN's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

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 affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. 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 (that is when a stipulated time restriction ends or purpose restriction is accomplished), 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 THE FINANCIAL STATEMENTS

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

For the purposes of the statement of cash flows, NPN considers all highly liquid investments with maturities of three (3) months or less at the date of acquisition to be cash equivalents.

Grant Revenue

Grant revenue represents the amounts due from Foundations and other organizations. Accounts are considered overdue if uncollected within ninety (90) days of the original invoice. NPN writes off uncollectible accounts as they are identified.

Investments

In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the statement of activities as changes in net assets. See Note 3.

Depreciation of Property and Equipment

Depreciation of equipment, furniture and leasehold improvements is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 5 to 19 years.

Property and equipment are stated at cost. Additions, renewals, and betterments that add materially to the productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs, which do not extend the useful life of the applicable assets, are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the statement of activities.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes

NPN is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

NPN files as tax-exempt organizations. Should that status be challenged in the future, tax years ended June 30, 2018 and later remain open for examination by the taxing authorities.

Grants Payable

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

Revenue and Support

NPN receives its support and revenue primarily from private foundations. Grants and contributions received, as well as collectible unconditional promises to give, are recognized in the period received or unconditionally pledged. Grants and contributions with donor-imposed restrictions are reported as increases 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 reported in the Statement of Activities and changes in net assets as net assets are released from restriction. Pledged contributions are recorded as receivables when a firm pledge is made and collectability is reasonably determinable. If a pledge is to be received over a period of more than one year, the respective non-current amount is recorded at the net present value of future contributions as a non-current receivable.

**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and functions benefited. The expenses that are allocated are compensation and benefits, which are allocated on the basis of time spent on program areas; occupancy costs, which are allocated based on usage studies conducted annually. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of **NPN**.

Basis of Reporting

Prior to the 2021 fiscal year, **NPN** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **NPN** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **NPN** are included in this category.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

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 of the following at June 30, 2021:

Cash and cash equivalents	\$ 1,411,053
Grants and accounts receivable	2,515,010
Investments	<u>3,350,918</u>
	7,276,981
Less amount not available to be used within one year:	
Net assets with donor restrictions	<u>(3,996,487)</u>
Financial assets available for general expenditures within one year	<u>\$ 3,280,494</u>

NOTE 3 - INVESTMENTS:

Investments and net investment earnings, and their classification in the statement of financial position and statement of activities at June 30, 2021 are summarized as follows:

	Cost	Fair Value	Carrying Value
Equity securities	\$ 920,282	\$1,242,310	\$1,242,310
Mutual funds and EFT's	1,593,244	1,720,885	1,720,885
Fixed income	322,782	329,041	329,041
Real Estate Investment Trust	<u>38,923</u>	<u>58,682</u>	<u>58,682</u>
Total	<u>\$2,875,231</u>	<u>\$3,350,918</u>	<u>\$3,350,918</u>
Interest and dividends	\$ 78,890		
Realized gains	189,909		
Unrealized gains	418,975		
Investment fees	<u>(41,911)</u>		
Net investment earnings	<u>\$645,863</u>		

**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - RISK MANAGEMENT:**

NPN is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which NPN carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 5 - CONCENTRATION OF REVENUE SOURCE:**

Contributions and grant revenue accounts for 62% of NPN's total support for the year ended June 30, 2021. If the amount of revenue received should fall below budgeted levels, NPN's operating results could be adversely affected.

**NOTE 6 - FACILITY LEASE:**

NPN conducts its operations from a facility that is leased under a noncancelable operating lease that the initial term of the lease began on October 1, 2018 and expires on September 30, 2023. For the year ended June 30, 2021, facility lease expense amounted to \$29,615. Minimum future rental payments under this noncancelable lease for each of the next (2) two fiscal years and in the aggregate are:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 32,050
2023	<u>35,350</u>
	<u>\$ 67,400</u>

**NOTE 7 - CONCENTRATION OF CREDIT RISK:**

NPN maintains non-interest-bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on deposit accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. Total uninsured cash balance at June 30, 2021 was \$206,498.



**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - FAIR VALUE MEASUREMENTS:

FASB Accounting Standards Codification 820, *Fair Value Measurements*, provides a framework for measuring fair value that requires any entity to determine fair value based on exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities as follows:

- Level 1 asset and liability fair values are based on quoted prices in active market for identical assets and liabilities.
- Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

Fair values of investments measured on a recurring basis at June 30, 2021 are as follows:

		<u>FAIR VALUE MEASUREMENTS AT REPORTING DATE USING</u>
	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Equity securities	\$1,242,310	\$1,242,310
Mutual funds and ETF's	1,720,885	1,720,885
Fixed income	329,041	329,041
REIT	<u>58,682</u>	<u>58,682</u>
	<u>\$3,350,918</u>	<u>\$3,350,918</u>

**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 9 - PROGRAM EXPENSES:

During the year ended June 30, 2021, NPN provided subsidies totaling \$1,844,979 to artists and artistic organizations under various programs it administers. Under certain programs, the subsidy provided by NPN is expected to be matched by one or more participating partners, as detailed below, for NPN 's four major programs for the year ended June 30, 2021:

	<b>Subsidy Provided by National Performance Network, Inc.</b>	<b>Anticipated Matching Subsidy from Partner Organizations</b>
Artist engagement	\$ 273,912	\$ 385,821
Creation and development program	1,165,000	3,351,910
LANE program	<u>50,000</u>	<u>78,000</u>
	1,488,912	3,815,731
Unmatched subsidies	447,742	-0-
Prior year subsidy adjustment	<u>(91,675)</u>	<u>0-</u>
	<u>\$1,844,979</u>	<u>\$3,815,731</u>

Under the terms of the subsidy agreements, NPN has no additional financial obligation or liability associated with the failure of the participating partners to pay the commissioned artist the partner matching subsidy.

**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available based on restrictions for the following grantors:

Doris Duke Charitable Foundation	\$1,044,855
The Andrew Mellon Foundation	873,373
Ford Foundation	919,500
Surdna Foundation	755,535
National Endowment for the Arts	40,000
Compton Foundation	10,685
Quixote Foundation	15,839
Nathan Cummings Foundation	28,912
Ruth Fertel Foundation	23,067
South Arts	70,000
Greater New Orleans Foundation	23,849
Southern Arts for Social Change	104,103
Other grants	<u>86,769</u>
 Total net assets with donor restrictions	 <u>\$3,996,487</u>

NOTE 11 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors of NPN is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2021.

NOTE 12 - RETIREMENT SYSTEM:

NPN has a 403(b) retirement plan covering all employees over 21 years old having at least one year of service and exceeding 1,000 hours of service. Contributions to the plan are at the discretion of the Board of Directors. For the year ended June 30, 2021, NPN contributions to the plan totaled \$13,000.

**NATIONAL PERFORMANCE NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 13 - NOTE PAYABLE:

NPN obtained a U.S. Small Business Administration (SBA) loan under the Paycheck Protection Program from a financial institution in the amount of \$161,553. The note is dated April 6, 2021, with 1% interest, and will mature in two (2) years from the date of the note on April 6, 2023.

The Paycheck Protection Program provides a direct incentive for small businesses to keep their workers on the payroll during the Coronavirus (COVID-19) crisis.

NPN's payments on the note are deferred for a period of six (6) months from the date of the note; however, interest will begin to accrue from the date of the note and continue until the note is paid in full at the maturity date.

The payment begins after the deferment period (seven (7) from the month the note was dated).

The note is subject to an expected forgivable portion. The amount of the loan forgiveness shall not exceed the principal amount of the loan and is subject to SBA Rules and Regulations consistent with the Paycheck Protection Program Rules.

NOTE 14 - NEW PRONOUNCEMENTS:

The FASB issued Accounting Standards Update No. 2016-02 affecting ASC 842, *Leases*, which provides guidance for any entity that enters into a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 *Leases*. The primary objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2022 and interim periods within fiscal years beginning after December 15, 2023. NPN is currently assessing the impact of this new pronouncement on its financial statements.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 15 - SUBSEQUENT EVENTS:

NPN is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. NPN performed such an evaluation through February 22, 2022, the date which the financial statements were available to be issued.

NPN's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on NPN's subsequent financial statements. Possible effects may include, but not limited to, disruption of NPN's operations and related re-venue, unavailability of products and supplies used in operations and possible decline in assets held by NPN.

**SCHEDULE I**

**NATIONAL PERFORMANCE NETWORK, INC.  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2021**

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None of the Chief Executive Officer's compensation, benefits and other payments were paid with public funds.

See independent auditors' report on supplementary information.



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INDEPENDENT AUDITORS' 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.**

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. (NPN)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 February 22, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NPN'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NPN's internal control. Accordingly, we do not express an opinion on the effectiveness of NPN's internal control.

INDEPENDENT AUDITORS' 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  
(CONTINUED)

**Internal Control over Financial Reporting, Continued**

*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 NPN'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*.



INDEPENDENT AUDITORS' 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  
(CONTINUED)

**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 NPN's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NPN's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the use of the Board of Directors, its management, grantor agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

February 22, 2022

**NATIONAL PERFORMANCE NETWORK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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We have audited the financial statements of the **National Performance Network, Inc.** as of and for the year ended June 30, 2021, and have issued our report thereon dated February 22, 2022. 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 audit of the financial statements as of June 30, 2021, resulted in an unmodified opinion.

**SECTION I - Summary of Auditors' Results**

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported**; material weaknesses: **No**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Significant deficiencies in internal control over major programs: **Not Applicable**  
Material weaknesses: **Not Applicable**.
- D. The type of report issued on compliance for major programs: **Not Applicable**.
- E. Any audit findings which are required to be reported under section 200.516 of OMB Uniform Guidance: **Not Applicable**.
- F. Major program: **Not Applicable**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **Not Applicable**
- H. Auditee qualified as a low-risk auditee under section 200.520 of OMB Uniform Guidance: **Not Applicable**
- I. A management letter was issued: **No**.

**NATIONAL PERFORMANCE NETWORK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION II - Findings Related to the Financial Statements Required  
In Accordance with Government Auditing Standards**

No matters were reported.

**SECTION III - Federal Award Findings and Questioned Cost**

No matters were reported.

**NATIONAL PERFORMANCE NETWORK, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**Section I - Internal Control and Compliance Material to the Financial Statements**

No matters reported.

**Section II - Internal Control and Compliance Material to Federal Awards**

No matters reported.

**Section III - Management Letter**

No comments reported.