

**NATIONAL PERFORMANCE NETWORK, INC.**

FINANCIAL STATEMENTS

June 30, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of National Performance Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Performance Network, Inc. as of June 30, 2020 and 2019, 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.

## **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Head 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 as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2020 on our consideration of National Performance Network, Inc.'s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 National Performance Network, Inc.'s internal control over financial reporting and compliance.

December 2, 2020

*Wigmann Bazet + Company*

NATIONAL PERFORMANCE NETWORK, INC.  
STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,521,331	\$ 918,124
Certificate of deposits	-	1,390,000
Investments - current	2,624,071	-
Accounts receivable	469	3,046,495
Grants receivable	4,008,041	1,587,791
Prepaid expenses	5,503	12,087
Total current assets	<u>8,159,415</u>	<u>6,954,497</u>
Investments - noncurrent	337,224	-
Deposits	<u>2,250</u>	<u>2,000</u>
Total assets	<u>\$ 8,498,889</u>	<u>\$ 6,956,497</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 191,262	\$ 115,818
Grants payable	318,500	350,250
Accrued payroll and related liabilities	40,790	35,985
Total current liabilities	<u>550,552</u>	<u>502,053</u>
Total liabilities	<u>550,552</u>	<u>502,053</u>
<b>NET ASSETS</b>		
Net assets		
Without donor restrictions	1,801,568	1,799,954
With donor restrictions	<u>6,146,769</u>	<u>4,654,490</u>
Total net assets	<u>7,948,337</u>	<u>6,454,444</u>
Total liabilities and net assets	<u>\$ 8,498,889</u>	<u>\$ 6,956,497</u>

See accompanying Notes to Financial Statements.

NATIONAL PERFORMANCE NETWORK, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions			
Foundation	\$ -	\$ 4,290,414	\$ 4,290,414
Corporation	-	20,725	20,725
Individual	39,753	-	39,753
Government Grants			
Federal	-	105,000	105,000
State	-	10,000	10,000
Local	-	12,500	12,500
Partner contributions	127,320	-	127,320
Dues	10,347	-	10,347
Registration and admissions	49,961	-	49,961
Contract and rental income	92,777	-	92,777
Other	80,557	-	80,557
Net assets released from restrictions	2,946,360	(2,946,360)	-
Total revenues	<u>3,347,075</u>	<u>1,492,279</u>	<u>4,839,354</u>
Expenses			
Program services			
Program	2,714,812	-	2,714,812
Supporting services			
Management and general	596,542	-	596,542
Fundraising	34,107	-	34,107
Total expenses	<u>3,345,461</u>	<u>-</u>	<u>3,345,461</u>
Change in net assets	1,614	1,492,279	1,493,893
Net assets			
Beginning of year	<u>1,799,954</u>	<u>4,654,490</u>	<u>6,454,444</u>
End of year	<u>\$ 1,801,568</u>	<u>\$ 6,146,769</u>	<u>\$ 7,948,337</u>

See accompanying Notes to Financial Statements.

NATIONAL PERFORMANCE NETWORK, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues			
Contributions			
Foundation	\$ -	\$ 3,851,960	\$ 3,851,960
Corporation	-	48,650	48,650
Individual	42,427	-	42,427
Government Grants			
Federal	-	45,000	45,000
State	-	10,275	10,275
Partner contributions	122,000	-	122,000
Dues	12,457	-	12,457
Registration and admissions	64,629	-	64,629
Contract and rental income	134,869	-	134,869
Other	3,064,706	-	3,064,706
Net assets released from restrictions	<u>3,042,295</u>	<u>(3,042,295)</u>	<u>-</u>
Total revenues	<u>6,483,383</u>	<u>913,590</u>	<u>7,396,973</u>
Expenses			
Program services			
Program	2,771,563	-	2,771,563
Supporting services			
Management and general	773,688	-	773,688
Fundraising	<u>103,139</u>	<u>-</u>	<u>103,139</u>
Total expenses	<u>3,648,390</u>	<u>-</u>	<u>3,648,390</u>
Change in net assets	2,834,993	913,590	3,748,583
Net assets			
Beginning of year	<u>(1,035,039)</u>	<u>3,740,900</u>	<u>2,705,861</u>
End of year	<u>\$ 1,799,954</u>	<u>\$ 4,654,490</u>	<u>\$ 6,454,444</u>

See accompanying Notes to Financial Statements.

NATIONAL PERFORMANCE NETWORK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Programming Services	Supporting Services		Total Expenses
	Program	Fundraising	Management and General	
Contractor fees	\$ 20,317	\$ -	\$ 44,072	\$ 64,389
Equipment	943	-	4,567	5,510
Fees and services	29,239	-	51,786	81,025
Insurance	5,650	316	2,899	8,865
Investment fees	-	-	19,410	19,410
Occupancy	31,709	1,774	16,269	49,752
Payroll taxes and benefits	92,270	5,161	55,666	153,097
Phone and internet	4,028	225	2,067	6,320
Postage and delivery	125	18	58	201
Printing	1,943	-	1,196	3,139
Professional fees	87,239	-	93,968	181,207
Program grants	1,076,402	-	-	1,076,402
Program activities	831,933	-	34,205	866,138
Promotions and marketing	5,463	-	311	5,774
Salaries and wages	467,253	26,137	239,724	733,114
Travel	60,298	476	30,344	91,118
Total expenses	<u>\$ 2,714,812</u>	<u>\$ 34,107</u>	<u>\$ 596,542</u>	<u>\$ 3,345,461</u>

See accompanying Notes to Financial Statements.



NATIONAL PERFORMANCE NETWORK, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Programming Services	Supporting Services		Total Expenses
	Program	Fundraising	Management and General	
Contractor fees	\$ 55,487	\$ -	\$ 23,567	\$ 79,054
Depreciation	5,074	670	3,830	9,574
Equipment	3,375	-	9,760	13,135
Fees and services	5,366	998	14,835	21,199
Insurance	7,436	950	5,655	14,041
Interest	-	-	293	293
Loss on disposal of assets	268,870	35,512	202,921	507,303
Occupancy	36,902	4,549	31,818	73,269
Other	-	-	282	282
Payroll taxes and benefits	69,642	8,897	52,969	131,508
Phone and internet	1,399	83	8,140	9,622
Postage and delivery	157	89	735	981
Printing	5,857	-	548	6,405
Professional fees	44,698	-	47,534	92,232
Program grants	1,055,161	-	-	1,055,161
Program activities	731,190	32	54,550	785,772
Promotions and marketing	17,009	2,173	12,936	32,118
Salaries and wages	342,315	43,735	268,231	654,281
Travel	121,625	5,451	35,084	162,160
Total expenses	<u>\$ 2,771,563</u>	<u>\$ 103,139</u>	<u>\$ 773,688</u>	<u>\$ 3,648,390</u>

See accompanying Notes to Financial Statements.

NATIONAL PERFORMANCE NETWORK, INC.  
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,493,893	\$ 3,748,583
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	9,574
Forgiveness of debt	-	(18,680)
Loss on the disposal of assets	-	507,303
Net unrealized loss on investments	38,276	-
(Increase) decrease in operating assets:		
Accounts receivable	3,046,026	(3,046,495)
Grants receivable	(2,420,250)	(1,324,761)
Prepaid expenses	6,584	5,022
Deposits	(250)	(2,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	75,444	31,684
Grants payable	(31,750)	(85,671)
Accrued payroll and related liabilities	4,805	3,067
Net cash provided (used) by operating activities	<u>2,212,778</u>	<u>(172,374)</u>
Cash flows from investing activities:		
Redemptions of certificates of deposits	1,390,000	1,544,000
Purchases of certificates of deposits	-	(1,346,000)
Purchase of investments, net	(2,973,230)	-
Net reinvestment of realized investment return	(26,341)	-
Net cash (used) provided by investing activities	<u>(1,609,571)</u>	<u>198,000</u>
Cash flows from financing activities:		
Repayments of long-term debt	-	(2,280)
Net cash used by financing activities	<u>-</u>	<u>(2,280)</u>
Net increase in cash	603,207	23,346
Cash and cash equivalents at beginning of year	<u>918,124</u>	<u>894,778</u>
Cash and cash equivalents at end of year	<u>\$ 1,521,331</u>	<u>\$ 918,124</u>

See accompanying Notes to Financial Statements.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

1) Nature of activities

National Performance Network, Inc. (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.

2) Summary of significant accounting policies

The significant accounting policies followed by the Organization are summarized as follows:

(a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) 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.

(c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(d) Certificates of deposit

Investments as of June 30, 2019 represent certificates of deposit. Investments with a maturity of one year or less are classified as current.

(e) Grants receivable

Grants receivable represents amounts due from foundations and other organizations. Accounts are considered overdue if uncollected within ninety days of the original invoice. The Organization writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

(f) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Realized gains, including interest and dividend income amounted to \$45,751 in 2020, and are included in other revenue on the statement of activities. Net unrealized losses were \$(38,276) in 2020, and are included in other revenue on the statement of activities.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

2) Summary of significant accounting policies (continued)

(g) 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 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.

(h) Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Organization files Form 990 tax return in the U.S. federal jurisdiction and in various states.

The Organization adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Management of the Organization believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal, state and local, or income tax examinations by tax authorities beyond three years from the filing of those returns.

(i) Fundraising

All expenses associated with the fundraising event are expensed as incurred.

(j) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

(k) Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Organization may at times have cash on deposit at financial institutions that is in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

(l) Grants payable

The Organization acts as an intermediary for partners within the network. Grants payable represents amounts due to other organizations and foundations that pass 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  
For the Years Ended June 30, 2020 and 2019

2) Summary of significant accounting policies (continued)

(m) Unrestricted revenue and support

The Organization 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 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.

(n) 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 on a percentage based on usage; and supplies and telephone 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 the Organization.

3) Grants receivable

Grants receivable consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Doris Duke Charitable Foundation	\$ 1,541,291	\$ 1,433,291
Ford Foundation	1,153,125	-
Surdna Foundation	800,000	-
Andrew Mellon Foundation	375,000	-
National Endowment for the Arts	105,000	120,000
New England Foundation for the Arts	25,000	25,000
Ruth Fertel Foundation	5,000	-
Louisiana Division of the Arts	2,000	2,000
Other grant receivable	<u>1,625</u>	<u>7,500</u>
Total grants receivable	<u>\$ 4,008,041</u>	<u>\$ 1,587,791</u>

As of June 30, 2020, 87% of total grants receivable was from three entities. As of June 30, 2019, 90% of total grants receivable was from one entity.

4) Economic dependence

In 2020, the Organization received approximately 74% of its revenue from three funding sources. In 2019, the Organization received approximately 41% of its revenue from one funding source.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

5) Net assets with donor restrictions

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

	<u>2020</u>	<u>2019</u>
Doris Duke Charitable Foundation	\$ 2,290,000	\$ 3,000,000
The Andrew Mellon Foundation	1,369,582	1,390,881
Ford Foundation	1,153,500	-
Surdna Foundation	1,150,000	9,618
Community Foundation of Greater Atlanta	-	57,173
National Endowment for the Arts	60,000	-
Compton Foundation	10,685	33,500
Nathan Cummings Foundation	28,912	50,000
Other grants	<u>84,090</u>	<u>113,318</u>
Total net assets with donor purpose restrictions	<u>\$ 6,146,769</u>	<u>\$ 4,654,490</u>

6) Operating lease

The Organization entered into an operating lease for the building used to house operations. The lease is for a term of 60 months and commenced October 1, 2018. The lease expires in September 2023.

The minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 29,250
2022	31,800
2023	35,100
2024	9,000

Total rent expense under the operating leases was \$26,385 and \$36,228 for the years ended June 30, 2020 and 2019, respectively.

7) Related party transactions

Members of the Board of Directors were reimbursed for out-of-pocket expenses resulting from their participant in the Organization's activities in the amount of \$1,020 and \$571 for the years ended June 30, 2020 and 2019, respectively.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

8) Program expenses

During the years ended June 30, 2020 and 2019, the Organization provided subsidies totaling \$1,076,402 and \$1,055,161, respectively, to artists and artistic organizations under various programs it administers. Under certain programs, the subsidy provided by the Organization is expected to be matched by one or more participating partners, as detailed below, for the Organization's four major programs for the years ended June 30, 2020 and 2019:

	Subsidy Provided by National Performance Network		Anticipated Matching Subsidy from Partner Organizations	
	2020	2019	2020	2019
Artist Engagement Fund	\$ 215,393	\$ 283,687	\$ 556,300	\$ 600,798
Creation and Development Program	445,500	354,500	693,868	2,413,412
LANE Program	89,285	170,339	57,642	83,469
	750,178	808,526	1,307,810	3,097,679
Unmatched subsidies	376,224	249,556	-	-
Prior years subsidy adjustment	(50,000)	(2,921)	-	-
	\$ 1,076,402	\$ 1,055,161	\$ 1,307,810	\$ 3,097,679

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

9) Fair value measurement

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
  
- Level 2      Observable inputs (market data obtained from independent sources) other than quoted prices for the asset, either directly or indirectly observable, that reflect assumptions market participants would use to price the asset based on market data obtained from sources independent of the Organization
  
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
  
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

9) Fair value measurement (continued)

The investments are valued at fair value. The valuation methodologies used for assets measured at fair value are as follows:

*Mutual funds, EFTs, equities and certificates of deposit:* Valued at the net asset value of the shares held at year end.

*Corporate and agency bonds:* Valued at the present value of the expected future cash flows utilizing the minimum risk free rate of return. The valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in these methodologies used at June 30, 2020 and 2019.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020 and 2019:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		Fair Value		
As of June 30, 2020:				
Mutual funds, ETFs, and equities	\$ 2,624,071	\$ 2,624,071	-	-
Corporate and agency bonds	337,224	-	337,224	-
	<u>\$ 2,961,295</u>	<u>\$ 2,624,071</u>	<u>\$ 337,224</u>	<u>\$ -</u>
		Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		Fair Value		
As of June 30, 2019:				
Certificates of Deposit	\$ 1,390,000	\$ 1,390,000	\$ -	\$ -
	<u>\$ 1,390,000</u>	<u>\$ 1,390,000</u>	<u>\$ -</u>	<u>\$ -</u>



NATIONAL PERFORMANCE NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

10) 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:

Cash and cash equivalents	\$ 1,521,331
Receivables	4,008,510
Investments - current	<u>2,624,071</u>
	8,153,912
Less amount not available to be used within one year:	
Net assets with donor restrictions	<u>6,146,769</u>
Financial assets available to meet general expenditures	
over the next twelve months	<u>\$ 2,007,143</u>

11) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021.

FASB has issued ASU No. 2014-09, "Revenue from Contracts with Customers," to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2020.

The Organization is currently assessing the impact of these pronouncements on its financial statements

12) Supplemental disclosures of cash flows information

The Organization had noncash financing transactions of \$18,680 relating to the forgiveness of debt in 2019.

13) Subsequent events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the Organization's financial results. However, the related financial impact and duration cannot be reasonably estimated at this time.

The Organization has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.



**WEGMANN DAZET & COMPANY**

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*

Board of Directors  
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., which comprise the statement of financial position as of June 30, 2020, 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 2, 2020.

**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) 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 National Performance Network, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of National Performance Network, Inc.'s internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 2, 2020

*Wegmann Bazet & Company*

NATIONAL PERFORMANCE NETWORK, INC.  
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD  
For the Year Ended June 30, 2020

SUMMARY OF COMPENSATION

- None of the agency heads' compensation was derived from state and/or local assistance