

NPOWER INC. AND AFFILIATE

Brooklyn, New York

**CONSOLIDATED FINANCIAL STATEMENTS AND
CONSOLIDATING SUPPLEMENTARY INFORMATION**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

NPOWER INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
NPower Inc. and Affiliate
Brooklyn, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NPower Inc. and Affiliate (collectively, the "Organization") which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of NPower Canada, a related entity, as disclosed in Note 1, which statements reflect total assets of \$211,688 as of December 31, 2016, and total revenues, gains and other support of \$1,046,206 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, in accordance with Canadian Auditing Standards issued by the Canadian Auditing and Assurance Standards Board, and were prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Canadian Accounting Standards Board. We have applied audit procedures on the conversion adjustments to the financial statements of NPower Canada, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for NPower Canada, prior to these conversion adjustments, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors. 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 consolidated financial statements are free from material misstatement.

Board of Directors
NPower Inc. and Affiliate

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NPower Inc. and Affiliate as of December 31, 2016, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The consolidated financial statements of NPower Inc. and Affiliate as of and for the year ended December 31, 2015 were audited by a predecessor auditor, whose report dated July 5, 2016 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Consolidating Supplementary Information

The consolidating supplementary information on pages 15 to 16 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the information as of and for the year ended December 31, 2016 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

New York, New York
June 28, 2017

CONSOLIDATED FINANCIAL STATEMENTS

NPOWER INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2016
(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,778,479	\$ 1,846,727
Contributions receivable	692,800	944,144
Accounts receivable, net of allowance for uncollectible accounts of \$5,000 in 2016 and 2015	387,654	166,343
Prepaid expenses	<u>23,514</u>	<u>14,360</u>
Total Current Assets	4,882,447	2,971,574
Contributions Receivable, long-term	126,887	-
Security Deposit	43,172	12,422
Fixed Assets, net	<u>233,168</u>	<u>56,164</u>
TOTAL ASSETS	<u>\$ 5,285,674</u>	<u>\$ 3,040,160</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 185,511	\$ 222,590
Accrued vacations payable	97,455	67,663
Accrued salaries, bonuses and related benefits	290,012	144,881
Deferred income	<u>35,000</u>	<u>106,591</u>
Total Current Liabilities	607,978	541,725
Deferred rent	<u>17,646</u>	<u>-</u>
Total Liabilities	<u>625,624</u>	<u>541,725</u>
NET ASSETS		
Unrestricted	545,063	1,710,514
Temporarily restricted	<u>4,114,987</u>	<u>787,921</u>
Total Net Assets	<u>4,660,050</u>	<u>2,498,435</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,285,674</u>	<u>\$ 3,040,160</u>

See accompanying notes to consolidated financial statements.

NPOWER INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Year Ended December 31, 2016
(with summarized comparative totals for 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 5,863,623	\$ 4,114,987	\$ 9,978,610	\$ 4,871,665
In-kind contributions	1,432,395	-	1,432,395	654,826
Special events income, net of \$291,487 and \$363,769 in direct expenses for 2016 and 2015, respectively	1,508,760	-	1,508,760	1,674,403
Program service fees	1,196,976	-	1,196,976	744,557
Interest income	9,204	-	9,204	615
Net assets released from restrictions	<u>787,921</u>	<u>(787,921)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>10,798,879</u>	<u>3,327,066</u>	<u>14,125,945</u>	<u>7,946,066</u>
EXPENSES				
Program services				
Technology Service Corps	8,169,667	-	8,169,667	5,262,592
The Community Corps	<u>1,926,603</u>	<u>-</u>	<u>1,926,603</u>	<u>1,691,984</u>
Total Program Services	<u>10,096,270</u>	<u>-</u>	<u>10,096,270</u>	<u>6,954,576</u>
Supporting services				
Management and general	1,182,665	-	1,182,665	557,479
Fundraising	<u>688,153</u>	<u>-</u>	<u>688,153</u>	<u>576,397</u>
Total Supporting Services	<u>1,870,818</u>	<u>-</u>	<u>1,870,818</u>	<u>1,133,876</u>
Total Expenses	<u>11,967,088</u>	<u>-</u>	<u>11,967,088</u>	<u>8,088,452</u>
Change in Net Assets before Other Items	(1,168,209)	3,327,066	2,158,857	(142,386)
OTHER ITEMS				
Foreign currency translation gain (loss)	<u>2,758</u>	<u>-</u>	<u>2,758</u>	<u>(22,432)</u>
Change in Net Assets	(1,165,451)	3,327,066	2,161,615	(164,818)
NET ASSETS, Beginning of Year	<u>1,710,514</u>	<u>787,921</u>	<u>2,498,435</u>	<u>2,663,253</u>
NET ASSETS, END OF YEAR	<u>\$ 545,063</u>	<u>\$ 4,114,987</u>	<u>\$ 4,660,050</u>	<u>\$ 2,498,435</u>

See accompanying notes to consolidated financial statements.

NPOWER INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2016 (with summarized comparative totals for 2015)

	Program Services			Supporting Services		Total Expenses 2016	Total Expenses 2015
	Technology Service Corps	The Community Corps	Total	Management and General	Fundraising		
Salaries	\$ 5,193,079	\$ 589,353	\$ 5,782,432	\$ 404,075	\$ 442,915	\$ 6,629,422	\$ 3,999,254
Payroll Taxes and Employee Benefits	1,062,922	108,251	1,171,173	66,625	93,016	1,330,814	966,482
Rent	331,312	39,477	370,789	33,589	32,169	436,547	177,863
Professional Fees	391,189	1,127,185	1,518,374	539,831	48,431	2,106,636	872,623
Subcontractors	-	-	-	-	-	-	23,549
Stipends	297,883	-	297,883	-	-	297,883	693,491
Equipment Leases	35,904	2,220	38,124	1,207	2,316	41,647	29,522
Printing and Marketing	29,314	686	30,000	19,632	1,622	51,254	538,309
Office Supplies	248,815	17,574	266,389	-	10,430	276,819	152,002
Travel, Conferences and Food	173,277	15,525	188,802	20,265	30,064	239,131	151,434
Insurance	-	-	-	49,403	-	49,403	38,075
Postage and Delivery	6,740	576	7,316	399	1,335	9,050	9,644
Dues and Subscriptions	2,267	3,960	6,227	7,578	1,440	15,245	13,776
Information Technology	83,423	21,099	104,522	10,359	16,791	131,672	148,915
Depreciation and Amortization	35,678	-	35,678	15,555	-	51,233	24,099
Repairs and Maintenance	6,789	426	7,215	231	347	7,793	15,187
Licenses	206,064	-	206,064	927	1,975	208,966	115,145
Software and Hardware - Clients	39,760	-	39,760	-	-	39,760	83,576
Uncollectible Accounts	3,390	-	3,390	-	5,000	8,390	801
Miscellaneous	21,861	271	22,132	12,989	302	35,423	34,705
TOTAL EXPENSES	\$ 8,169,667	\$ 1,926,603	\$ 10,096,270	\$ 1,182,665	\$ 688,153	\$ 11,967,088	\$ 8,088,452

See accompanying notes to consolidated financial statements.

NPOWER INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2016 (with comparative totals for 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,161,615	\$ (164,818)
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Deferred rent	17,646	-
Depreciation and amortization	51,233	24,099
Decrease (increase) in assets:		
Contributions receivable	124,457	371,611
Accounts receivable	(221,311)	32,723
Prepaid expenses	(9,154)	29,256
Security deposits	(30,750)	(603)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(37,079)	71,953
Accrued vacations payable	29,792	25,138
Accrued salaries, bonuses and related benefits	145,131	85,831
Deferred income	(71,591)	106,591
Net Cash Flows from Operating Activities	2,159,989	581,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(228,237)	(31,072)
Proceeds from the sale of investments	-	25,040
Net Cash Flows from Investing Activities	(228,237)	(6,032)
Net Change in Cash and Cash Equivalents	1,931,752	575,749
CASH AND EQUIVALENTS, Beginning of Year	1,846,727	1,270,978
CASH AND EQUIVALENTS, END OF YEAR	\$ 3,778,479	\$ 1,846,727

See accompanying notes to consolidated financial statements.

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 1 - Description of Organization

Nature of Operations

The accompanying consolidated financial statements include the accounts of the following entities (collectively referred to as the "Organization"):

NPower Inc. ("NPower") is a national nonprofit that provides IT services and training to nonprofits and young adults and military veterans by harnessing the power of technology and the support of socially responsible companies and corporate IT volunteers. NPower was incorporated on November 15, 2000 in the State of New York.

NPower Canada ("NC") was incorporated in Canada on January 13, 2014. NC is a national organization that mobilizes the tech community and provides individuals, nonprofits and schools opportunities to build tech skills and achieve their potential.

NPower is the sole member of NC. NPower received \$50,000 from NC in 2016 for use of the NPower Technology Service Corps and the Community Corps trademarks. This transaction was eliminated in consolidation.

NPower's services are delivered through the following programs - The Community Corps and Technology Service Corps. Our community of corporate partners, nonprofits, foundations, dedicated staff, and skilled volunteers provides NPower with unparalleled reach to have a profound impact on thousands of local communities and hundreds of young adults and veterans.

The Community Corps matches nonprofit organizations with skilled IT professionals who provide services on a pro bono basis across a range of project scopes and a skills matching algorithm. In 2016, our community of over 2,750 nonprofits and schools, and approximately 11,000 volunteers, joined together to dedicate approximately 36,000 volunteer hours to inspire the next generation of STEM (Science, Technology, Engineering and Mathematics) professionals and to help nonprofits use technology more effectively.

The Technology Service Corps is a 22-week classroom and internship training program for urban young adults between the ages of 18 and 25 and military veterans that results in career enhancing opportunities including jobs, technical certification and qualification for higher education. In 2016, the program operated in New York (Brooklyn and Harlem), New Jersey (Jersey City), Texas (Dallas and Fort Worth), Maryland (Baltimore) and California (San Mateo and Alameda) and provided the following training programs: Cisco Core A+ Certification, Cyber Security, and ITIL and ServiceNow TechCareer Accelerator. Approximately 650 young adults and veterans were accepted into the program in 2016 and over 1,800 graduates participate in the alumni network.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting and Principles of Consolidation

The consolidated financial statements of NPower Inc. and Affiliate have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

All material intercompany transactions and balances have been eliminated in the consolidation.

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 2 - Summary of Significant Accounting Policies (cont.)

The net assets of the Organization are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Organization.

Temporarily restricted - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying consolidated statement of activities and change in net assets as net assets released from restrictions.

Permanently restricted - Net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of Organization. The Organization had no permanently restricted net assets as of December 31, 2016 and 2015.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of 90 days or less on the date of purchase to be cash equivalents. Cash equivalents are carried at fair value which approximates cost.

Contributions Receivable

Contributions receivable, which consist of unconditional promises to give, are recognized as revenue in the year the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not recorded until they are confirmed to be receivable by the donor.

Accounts Receivable

Receivables are recorded for services rendered but unpaid, and are included in accounts receivable.

Allowance for Doubtful Accounts

NPower determines whether an allowance for uncollectible accounts should be provided for contributions and accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Contributions receivable are recorded as bad debt when all reasonable collection efforts have been exhausted. Accounts receivable are written off against the allowance for doubtful accounts when they are for a previous year's receivable and against the bad debts when they are within the current year, and when all reasonable collection efforts have been exhausted. NPower does not charge interest on outstanding receivables.

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Fixed Assets

Fixed assets are stated at cost. NPower capitalizes all property and equipment having a cost in excess of \$2,500 with a useful life of greater than one year. Depreciation is computed on the straight-line method over the useful lives of the assets. Amortization of leasehold improvements is computed on the straight-line method over the lesser of the term of the lease or their estimated useful lives.

Deferred Revenue

The Organization receives fees in advance of providing certain services, generally pursuant to contractual agreements. Deferred revenue represents amounts received as of fiscal year-end for services to be provided subsequent thereto.

Revenue Recognition

Program service fees are recognized when earned. Clients are charged fees based on a contractual agreement.

Contributions

Contributions are reported at fair value on the date they are received as unconditional promises to give. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions. Donor restricted contributions received and expended in the same year are reflected as unrestricted contributions.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Contributions of services are recognized by NPower as both revenue and expense in the accompanying statements of activities and change in net assets, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Donated Use of Facilities

NPower received the free use of facilities for the year ended December 31, 2016, the fair rental value of which was recorded as contribution income and as rent expense in the accompanying financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the Organization totaled \$39,724 for the year ended December 31, 2016.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of consolidated 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 disclosure of contingent assets, and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

The assets and liabilities of NC, which are stated in Canadian dollars, are translated to U.S. dollars (USD) using the exchange rate in effect at the date of the consolidated statement of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying consolidated financial statements.

Tax Status

NPower qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and qualifies as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required. NC is tax-exempt under Canadian tax laws.

Accounting for Uncertainty in Income Taxes

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax provisions that require adjustment to the consolidated financial statements to comply with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 740, "Accounting for Uncertainty in Income Taxes".

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Prior Year Summarized Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with NPower Inc. and Affiliate's consolidated financial statements for the year ended December 31, 2015, from which the information was derived.

Adopted Accounting Standard

In August 2014, the FASB issued Accounting Standards Update ("ASU") 2014-15, "*Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*". The core principle of ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 defines the term substantial doubt and requires an assessment for a period of one year after the date the consolidated financial statements are issued (or available to be issued). ASU 2014-15 became effective for the Organization as of January 1, 2016. The adoption did not have a material impact on the Organization's consolidated financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*". The core principle of Accounting Standards Update ("ASU") 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2014-09 on the Organization's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*". The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the consolidated statement of financial position sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

In August 2016, the FASB issued ASU 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*". The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in consolidated financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-14 on the Organization's consolidated financial statements.

Evaluation of Subsequent Events

Management has evaluated subsequent events through June 28, 2017, the date the consolidated financial statements are available for issuance, for inclusion or disclosure in the consolidated financial statements.

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 3 - Contributions Receivable

Contributions receivable as of December 31, 2016 consists of unconditional promises to give as follows:

Amounts Due in:	
Less than one year	\$ 692,800
One to five years	<u>126,887</u>
Total	<u>\$ 819,687</u>

As of December 31, 2016, the discount on amounts receivable in future years was not material and, therefore, was not recognized.

NOTE 4 - Fixed Assets, Net

Fixed assets, net, consists of the following as of December 31, 2016:

Leasehold Improvements	\$ 109,255
Furnishings and Equipment	<u>166,434</u>
	275,689
Less Accumulated Depreciation and Amortization	<u>42,521</u>
Total Fixed Assets	<u>\$ 233,168</u>

NOTE 5 - Temporarily Restricted Net Assets

At December 31, 2016, temporarily restricted net assets are available for the following purpose:

Technology Service Corps	\$ 2,816,462
Infrastructure	1,142,733
The Community Corps	<u>155,792</u>
Total Temporarily Restricted Net Assets	<u>\$ 4,114,987</u>

For the year ended December 31, 2016, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

The Community Corps	\$ 129,000
Technology Service Corps	512,500
Technology Service Corps - Canada	<u>146,421</u>
Total Releases	<u>\$ 787,921</u>

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 6 - Foreign Currency Translation Adjustments

Foreign currency translation adjustments associated with consolidating the accounts of NPower's affiliate, NPower Canada, are reported in the consolidated statement of activities and change in net assets. The amount of accumulated translation adjustments is included in unrestricted net assets in the consolidated statements of financial position.

The accumulated foreign currency translation adjustments for the year ended December 31, 2016 is as follows:

Balance, at beginning of year	\$ (28,663)
Foreign Currency Translation Gain	<u>2,758</u>
Balance, at end of year	<u>\$ (25,905)</u>

NOTE 7 - Commitments

The Organization is obligated under various non-cancellable operating leases for certain of its facilities, expiring through August 2026. Future minimum lease payments under these operating leases at December 31, 2016 are as follows:

2017	\$ 401,999
2018	330,833
2019	261,758
2020	231,217
2021	238,874
Thereafter	<u>811,256</u>
Total	<u>\$ 2,275,937</u>

Rent expense for the year ended December 31, 2016 totaled \$400,058.

The Organization has various equipment leases which expire on various dates through October 2021. Equipment rental expense for 2016 was \$41,647. All equipment leases are non-cancellable.

Future minimum lease payments under these equipment leases at December 31, 2016 are as follows:

2017	\$ 46,578
2018	42,920
2019	42,188
2020	40,962
2021	<u>12,995</u>
Total	<u>\$ 185,643</u>

NPOWER INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE 8 - Concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. From time to time, the cash balances exceed the Federal Deposit Insurance Corporation coverage limit. Management believes that credit risk related to cash and cash equivalents is minimal, as the Organization places its cash with high credit quality financial institutions.

As of December 31, 2016, approximately 80% of total contributions receivable was due from four separate donors, with each representing greater than 10% of total contributions receivable.

For the year ended December 31, 2016, 23% of total revenues was from one donor.

NOTE 9 - Retirement Plan

NPower has a defined contribution annuity retirement plan which covers substantially all eligible employees, as defined. The discretionary pension contribution expense for the year ended December 31, 2016 was \$10,144.

Employees of NC may participate in a group registered retirement savings plan ("RRSP"). There are no employer contributions to the RRSP.

NOTE 10 - In-Kind Contributions

For the year ended December 31, 2016, NPower received the following noncash donations:

Consulting	\$ 1,030,515
Workshops and Research	95,225
Legal Services	90,905
Architectural Services	15,990
Office Space	70,000
Clothing	90,000
Equipment	<u>39,760</u>
Total In-Kind Contributions	<u>\$ 1,432,395</u>

CONSOLIDATING SUPPLEMENTARY INFORMATION

NPOWER INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION As of December 31, 2016

	NPower	NC	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,620,913	\$ 157,566	\$ -	\$ 3,778,479
Contributions receivable	692,800	-	-	692,800
Accounts receivable, net	339,208	48,446	-	387,654
Prepaid expenses	17,838	5,676	-	23,514
Total Current Assets	4,670,759	211,688	-	4,882,447
Contributions Receivable, long-term	126,887	-	-	126,887
Security Deposit	43,172	-	-	43,172
Fixed Assets, net	233,168	-	-	233,168
Interest in Net Assets of Affiliate	164,710	-	(164,710)	-
TOTAL ASSETS	\$ 5,238,696	\$ 211,688	\$ (164,710)	\$ 5,285,674
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 138,533	\$ 46,978	\$ -	\$ 185,511
Accrued vacations payable	97,455	-	-	97,455
Accrued salaries, bonuses and related benefits	290,012	-	-	290,012
Deferred income	35,000	-	-	35,000
Total Current Liabilities	561,000	46,978	-	607,978
Deferred rent	17,646	-	-	17,646
Total Liabilities	578,646	46,978	-	625,624
NET ASSETS				
Unrestricted	545,063	164,710	(164,710)	545,063
Temporarily restricted	4,114,987	-	-	4,114,987
Total Net Assets	4,660,050	164,710	(164,710)	4,660,050
TOTAL LIABILITIES AND NET ASSETS	\$ 5,238,696	\$ 211,688	\$ (164,710)	\$ 5,285,674

See accompanying notes to consolidated financial statements.

NPOWER INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Year Ended December 31, 2016

	NPower			NC	Total before		Total
	Unrestricted	Temporarily Restricted	Total		Unrestricted	Eliminations	
CHANGE IN UNRESTRICTED NET ASSETS FROM OPERATIONS							
REVENUE, GAINS AND OTHER SUPPORT							
Contributions	\$ 5,024,871	\$ 4,114,987	\$ 9,139,858	\$ 838,752	\$ 9,978,610	\$ -	\$ 9,978,610
In-kind contributions	1,432,395	-	1,432,395	-	1,432,395	-	1,432,395
Special events, net	1,508,760	-	1,508,760	-	1,508,760	-	1,508,760
Program service fees	1,042,280	-	1,042,280	204,696	1,246,976	(50,000)	1,196,976
Interest income	9,204	-	9,204	-	9,204	-	9,204
Earnings of affiliate	18,289	-	18,289	-	18,289	(18,289)	-
Net assets released from restrictions	<u>787,921</u>	<u>(787,921)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Unrestricted Revenue, Gains and Other Support	<u>9,823,720</u>	<u>3,327,066</u>	<u>13,150,786</u>	<u>1,043,448</u>	<u>14,194,234</u>	<u>(68,289)</u>	<u>14,125,945</u>
EXPENSES							
Program services							
Technology Service Corps	7,272,061	-	7,272,061	897,606	8,169,667	-	8,169,667
The Community Corps	<u>1,926,603</u>	<u>-</u>	<u>1,926,603</u>	<u>-</u>	<u>1,926,603</u>	<u>-</u>	<u>1,926,603</u>
Total Program Services	<u>9,198,664</u>	<u>-</u>	<u>9,198,664</u>	<u>897,606</u>	<u>10,096,270</u>	<u>-</u>	<u>10,096,270</u>
Supporting services							
Management and general	1,134,955	-	1,134,955	97,710	1,232,665	(50,000)	1,182,665
Fundraising	<u>655,552</u>	<u>-</u>	<u>655,552</u>	<u>32,601</u>	<u>688,153</u>	<u>-</u>	<u>688,153</u>
Total Supporting Services	<u>1,790,507</u>	<u>-</u>	<u>1,790,507</u>	<u>130,311</u>	<u>1,920,818</u>	<u>(50,000)</u>	<u>1,870,818</u>
Total Expenses	<u>10,989,171</u>	<u>-</u>	<u>10,989,171</u>	<u>1,027,917</u>	<u>12,017,088</u>	<u>(50,000)</u>	<u>11,967,088</u>
Change in Net Assets before Other Items	<u>(1,165,451)</u>	<u>3,327,066</u>	<u>2,161,615</u>	<u>15,531</u>	<u>2,177,146</u>	<u>(15,531)</u>	<u>2,161,615</u>
OTHER ITEMS							
Foreign currency translation gain	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,758</u>	<u>2,758</u>	<u>(2,758)</u>	<u>-</u>
Change in Net Assets	<u>(1,165,451)</u>	<u>3,327,066</u>	<u>2,161,615</u>	<u>18,289</u>	<u>2,179,904</u>	<u>(18,289)</u>	<u>2,161,615</u>
NET ASSETS, Beginning of Year	<u>1,710,514</u>	<u>787,921</u>	<u>2,498,435</u>	<u>146,421</u>	<u>2,644,856</u>	<u>(146,421)</u>	<u>2,498,435</u>
NET ASSETS, END OF YEAR	<u>\$ 545,063</u>	<u>\$ 4,114,987</u>	<u>\$ 4,660,050</u>	<u>\$ 164,710</u>	<u>\$ 4,824,760</u>	<u>\$ (164,710)</u>	<u>\$ 4,660,050</u>

See accompanying notes to consolidated financial statements.