

# **NPower Inc. and Affiliate**

Consolidated Financial Statements  
and Supplementary Information

December 31, 2024 and 2023

# **NPower Inc. and Affiliate**

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December 31, 2024 and 2023

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## **Independent Auditors' Report**

To the Board of Directors of  
NPower Inc. and Affiliate

### **Opinion**

We have audited the consolidated financial statements of NPower Inc. and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of NPower Canada, a related entity, as disclosed in Note 1, which statements reflect total assets of \$3,787,335 and \$5,006,676 as of December 31, 2024 and 2023, respectively, and total revenues, gains and other support of \$14,633,137 and \$13,796,808 for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, in accordance with Canadian Auditing Standards as 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 GAAP. 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 other auditors, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 20 to 21 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 organizations, and it 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 consolidating 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, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Baker Tilly US, LLP*

Uniondale, New York  
August 27, 2025

**NPower Inc. and Affiliate**

Consolidated Statements of Financial Position  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,778,397	\$ 3,467,465
Certificates of deposit	2,412,403	8,870,567
Contributions receivable	10,047,151	7,594,538
Accounts receivable, net	767,145	695,643
Prepaid expenses	399,722	545,095
Total current assets	17,404,818	21,173,308
Contributions Receivable, Long-Term, Net	487,491	720,000
Security Deposits	128,571	122,402
Right-of-Use Assets, Operating Leases	2,524,900	3,630,110
Fixed Assets, Net	969,831	1,492,207
Total assets	<u>\$ 21,515,611</u>	<u>\$ 27,138,027</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 529,691	\$ 732,231
Accrued vacations payable	620,952	412,943
Accrued salaries, bonuses and related benefits	137,612	528,719
Current portion of operating lease liabilities	716,922	875,795
Deferred income	372,736	152,480
Total current liabilities	2,377,913	2,702,168
Operating Lease Liabilities	2,006,521	2,969,071
Total liabilities	4,384,434	5,671,239
<b>Net Assets</b>		
Net assets without donor restrictions	4,907,479	7,577,114
Net assets with donor restrictions	12,223,698	13,889,674
Total net assets	17,131,177	21,466,788
Total liabilities and net assets	<u>\$ 21,515,611</u>	<u>\$ 27,138,027</u>

See notes to consolidated financial statements

**NPower Inc. and Affiliate**

## Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions of cash and other financial assets	\$ 31,096,948	\$ 10,142,262	\$ 41,239,210
Contributions of nonfinancial assets	376,393	-	376,393
Special events income, net of \$572,419			
in direct expenses	1,648,175	-	1,648,175
Program service fees	1,927,796	-	1,927,796
Interest income	41,282	-	41,282
Net assets released from restrictions	11,808,238	(11,808,238)	-
Total revenues, gains and other support	46,898,832	(1,665,976)	45,232,856
<b>Expenses</b>			
Program services:			
Training programs	40,268,421	-	40,268,421
Total program services	40,268,421	-	40,268,421
Supporting services:			
Management and general	5,941,712	-	5,941,712
Fundraising	3,137,546	-	3,137,546
Total supporting services	9,079,258	-	9,079,258
Total expenses	49,347,679	-	49,347,679
Change in net assets before other item	(2,448,847)	(1,665,976)	(4,114,823)
<b>Other Items</b>			
Foreign currency translation loss	(220,788)	-	(220,788)
Change in net assets	(2,669,635)	(1,665,976)	(4,335,611)
<b>Net Assets, Beginning</b>	7,577,114	13,889,674	21,466,788
<b>Net Assets, Ending</b>	\$ 4,907,479	\$ 12,223,698	\$ 17,131,177

See notes to consolidated financial statements

**NPower Inc. and Affiliate**

## Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions of cash and other financial assets	\$ 23,617,379	\$ 10,433,996	\$ 34,051,375
Contributions of nonfinancial assets	163,562	-	163,562
Special events income, net of \$473,932			
in direct expenses	1,383,119	-	1,383,119
Program service fees	1,305,545	-	1,305,545
Interest income	479,572	-	479,572
Net assets released from restrictions	10,468,036	(10,468,036)	-
Total revenues, gains and other support	37,417,213	(34,040)	37,383,173
<b>Expenses</b>			
Program services:			
Training programs	38,478,838	-	38,478,838
Total program services	38,478,838	-	38,478,838
Supporting services:			
Management and general	6,840,756	-	6,840,756
Fundraising	2,711,988	-	2,711,988
Total supporting services	9,552,744	-	9,552,744
Total expenses	48,031,582	-	48,031,582
Change in net assets before other item	(10,614,369)	(34,040)	(10,648,409)
<b>Other Item</b>			
Foreign currency translation loss	102,330	-	102,330
Change in net assets	(10,512,039)	(34,040)	(10,546,079)
<b>Net Assets, Beginning</b>	18,089,153	13,923,714	32,012,867
<b>Net Assets, Ending</b>	\$ 7,577,114	\$ 13,889,674	\$ 21,466,788

See notes to consolidated financial statements

**NPower Inc. and Affiliate**

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Training Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 26,755,911	\$ 2,186,904	\$ 2,282,804	\$ 31,225,619
Payroll taxes and employee benefits	5,318,295	409,352	463,081	6,190,728
Lease expense	1,047,418	261,301	112,909	1,421,628
Professional fees	1,753,803	1,348,698	144,413	3,246,914
Stipends	206,103	7,248	87	213,438
Equipment leases	44,418	9,911	-	54,329
Printing and marketing	499,098	214,658	1,314	715,070
Office supplies	50,395	41,646	1,057	93,098
Travel, conferences and food	634,005	158,945	43,251	836,201
Insurance	55,728	29,300	4,943	89,971
Postage and delivery	21,746	10,787	611	33,144
Dues and subscriptions	107,775	61,639	11,271	180,685
Information technology	1,748,750	248,811	50,087	2,047,648
Depreciation and amortization	479,432	453,822	-	933,254
Loss on disposal of fixed assets	-	4,420	-	4,420
Licenses	1,106,539	-	-	1,106,539
Software and hardware, clients	160,712	358,546	4,519	523,777
Facilities related	73,202	42,506	11,303	127,011
Miscellaneous	205,091	93,218	5,896	304,205
Total expenses	<u>\$ 40,268,421</u>	<u>\$ 5,941,712</u>	<u>\$ 3,137,546</u>	<u>\$ 49,347,679</u>

See notes to consolidated financial statements



**NPower Inc. and Affiliate**

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Training Programs</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries	\$ 23,761,274	\$ 2,803,478	\$ 1,758,112	\$ 28,322,864
Payroll taxes and employee benefits	4,616,262	502,523	352,208	5,470,993
Lease expense	1,012,929	285,369	106,284	1,404,582
Professional fees	2,965,435	1,872,301	169,329	5,007,065
Stipends	201,203	-	-	201,203
Equipment leases	59,311	3,751	3,524	66,586
Printing and marketing	563,285	239,286	1,676	804,247
Office supplies	68,232	57,136	1,550	126,918
Travel, conferences and food	974,678	162,746	140,113	1,277,537
Insurance	1,345	75,252	-	76,597
Postage and delivery	23,401	19,006	1,468	43,875
Dues and subscriptions	119,856	60,270	20,727	200,853
Information technology	1,748,106	102,749	48,138	1,898,993
Depreciation and amortization	930,157	135,556	20,757	1,086,470
Licenses	601,122	1,040	-	602,162
Software and hardware, clients	220,964	312,508	17,119	550,591
Facilities related	118,062	41,884	39,301	199,247
Uncollectible accounts	366,353	54,862	28,785	450,000
Miscellaneous	126,863	111,039	2,897	240,799
Total expenses	<u>\$ 38,478,838</u>	<u>\$ 6,840,756</u>	<u>\$ 2,711,988</u>	<u>\$ 48,031,582</u>

See notes to consolidated financial statements

**NPower Inc. and Affiliate**

Consolidated Statements of Cash Flows  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (4,335,611)	\$ (10,546,079)
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	933,254	1,086,470
Loss on disposal of fixed assets	4,420	-
Change in discount	(80,310)	61,303
Net accretion of operating leases	(8,689)	25,642
Net gain on lease remeasurement	(7,524)	-
(Increase) decrease in assets:		
Contributions receivable	(2,139,794)	(633,399)
Accounts receivable	(71,502)	(38,275)
Prepaid expenses	145,373	(49,070)
Security deposits	(6,169)	3,346
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(202,540)	(391,405)
Accrued vacations payable	208,009	120,678
Accrued salaries, bonuses and related benefits	(391,107)	(138,083)
Deferred income	220,256	(54,903)
Net cash flows from operating activities	<u>(5,731,934)</u>	<u>(10,553,775)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(416,409)	(812,169)
Proceeds from disposal of fixed assets	1,111	-
Redemption of certificates of deposit	6,458,164	1,774,092
Net cash flows from investing activities	<u>6,042,866</u>	<u>961,923</u>
Net change in cash and cash equivalents	310,932	(9,591,852)
<b>Cash and Cash Equivalents, Beginning</b>	<u>3,467,465</u>	<u>13,059,317</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 3,778,397</u>	<u>\$ 3,467,465</u>

See notes to consolidated financial statements

# NPower Inc. and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

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## 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 dedicated to creating opportunities in the technology sector for those who have traditionally faced barriers to entry. 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 charitable organization that provides participants with free in-demand digital and professional skills training, and connects them to new and rewarding career opportunities with some of Canada's largest employers.

NPower is the sole member of NC. NPower received \$25,000 from NC in 2024 and 2023 for use of the NPower trademark. The transaction was eliminated in consolidation.

NPower's services are delivered through the following programs:

*Tech Fundamentals* is up to a 20-week virtual classroom and internship training program for young adults between the ages of 18 and 26 and military veterans and their spouses that results in career enhancing opportunities including jobs, technical certification and qualification for higher education. In 2024, the program operated in New York (New York City), New Jersey (Newark), Texas (Dallas, Ft. Worth, Houston, and San Antonio), Maryland (Baltimore), Missouri (St. Louis and Kansas City), California (San Jose), Michigan (Detroit), North Carolina (Raleigh), and Ohio (Dayton) and provided the opportunity to earn industry-recognized certifications: CompTIA A+ and Tech+, a Google IT Support Certificate, and an IT Generalist Apprenticeship credential. In addition, trainees received exposure to Microsoft, Cisco, AWS and other leading technologies; mentoring from senior level IT professionals; employment readiness workshops; job placement assistance with access to a wide range of top employers; and a full range of ongoing social service and personal development support.

*Information Technology Support Specialist* an 18-week virtual classroom and internship training program designed to provide participants with the basics of IT networking, troubleshooting, and infrastructure. In 2024, the program operated in California (Los Angeles, San Jose and Sacramento) and provided an opportunity to earn industry-recognized certifications: CompTIA Tech+, Microsoft Certified 365 & Azure Fundamentals and a Google IT Support Certificate. In addition, trainees have an opportunity for a paid internship and apprenticeships, direct placement; exposure to Microsoft, Google and other leading technologies; mentoring from senior level IT professionals; employment readiness workshops; job placement assistance with access to a wide range of top employers; and a full range of ongoing social service and personal development support.

*Intermediate Certifications* were introduced in 2024 with the pilot of Path2TECH App Development. Intermediate courses are targeted to students with slightly more technology exposure or experience than our foundational course learners.

*App Development* is a virtual, intermediate training course that was piloted to serve women over the age of 21 in New York/New Jersey (Metro), Georgia (Atlanta), DC/MD/VA region and Texas (Dallas). The curriculum covers software development concepts include front and back-end app development, database administration and exposure to generative AI tools and concepts. Students learn CSS, Javascript and HTML coding languages and complete a digital portfolio and capstone project in lieu of a certification. Trainees participate in mentoring from senior level IT professionals; employment readiness workshops; job placement assistance with access to a wide range of top employers; and a full range of ongoing social service and personal development support.

*Advanced Certifications* are accelerated training programs for more advanced IT coursework including Cybersecurity and Cloud Computing. Each program path offers free hands-on training and in-demand certifications designed to prepare program alumni for higher wage IT jobs.

*Cybersecurity* is an 18-week virtual training course designed for students who are ready to move beyond the basics of IT and tackle more rigorous security specialties. The program provides all the tools needed for participants to launch a career in the field of cybersecurity. In 2024, the program operated on a national basis and provided the opportunity to earn industry-recognized CompTIA Security+ and Linux+ certifications; mentoring from senior level cybersecurity professionals and program alumni; career development workshops; job placement assistance with access to a wide range of top employers; opportunity to earn Cybersecurity Support Technician apprenticeship credentials (in TX and NJ); a range of social service and personal development support; and access to an elite, supportive alumni network.

*Cloud Computing* is a 22-week virtual training program designed for working tech professionals that provides the opportunity to earn industry-recognized, in-demand certifications, including AWS Cloud Practitioner and AWS Solutions Architect-Associate. In 2024, the program operated on a national basis and included weekly online lectures and labs; three times a week online instruction; bi-weekly professional mentoring; and the opportunity for promotion or merit-based salary increase.

*Cybersecurity via SkillBridge* is a 10-week live/virtual cybersecurity training program backed by the U.S. Department of Defense and open to military members during their last 180 days of service. In 2024, the program operated in Northern Virginia and provided the opportunity to earn CompTIA Security+, Linux+, and Splunk certifications; mentoring from senior IT professionals; internship/job placement assistance.

Approximately 2,400 young adults, military veterans and their spouses were accepted into the programs in 2024 and approximately 10,000 graduates participate in the alumni network.

NC creates pathways to economic prosperity for Canada's underserved youth and adults by launching them into meaningful and sustainable digital careers.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting and Principles of Consolidation**

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

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

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

**Net Assets Without Donor Restrictions** - 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.

**Net Assets With Donor Restrictions** - 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying consolidated statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions also includes net assets that are required to be held in perpetuity. As of December 31, 2024 and 2023, there were no net assets required to be held in perpetuity.

## **NPower Inc. and Affiliate**

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

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### **Cash and Cash Equivalents and Certificates of Deposit**

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.

As of December 31, 2024 and 2023, the Organization's cash accounts and certificates of deposit exceeded federally insured limits. Nonnegotiable certificates of deposit are carried at amortized cost and, as a result, are excluded from the fair value hierarchy.

### **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 Credit Losses**

The Organization recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. The Organization pools these receivables based on similar risk characteristics in estimating expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. Receivables are written off when the Organization determines that such receivables are deemed uncollectible.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness, and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. As of December 31, 2024 and 2023, the allowance for credit losses was \$5,000.

### **Allowance for Doubtful Accounts**

The Organization also recognizes an allowance for doubtful accounts for receivables arising from nonreciprocal revenue. Management specifically analyzes historical bad debts, ability and intent to pay, current funding trends and changes in payment terms and rates when evaluating the adequacy of the allowance for doubtful accounts.

### **Fixed Assets**

Fixed assets are stated at cost. The Organization 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.

## **NPower Inc. and Affiliate**

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Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### **Deferred Income**

The Organization receives fees in advance of providing certain services, generally pursuant to contractual agreements. Deferred income represents amounts received as of fiscal year-end for services to be provided subsequent thereto. Deferred income also includes advances on conditional grants for which the conditions have not yet been met.

### **Operating Leases**

The Organization recognizes right-of-use assets and operating lease liabilities for its operating leases based on the net present value of future minimum lease payments. Lease expense is recognized on a straight-line basis over the noncancelable lease term, including renewal periods that are considered to be reasonably certain.

### **Revenue From Contracts With Customers**

Program service fees result from trainee internships under reciprocal contracts with customers and are recognized ratably over the period of service, generally monthly, at the net realizable transaction price per the contract as performance obligations are met. Subsequent adjustments to transaction price are recorded as reductions to revenue in the period they occur. Accounts receivable, net, as of December 31, 2024, 2023 and January 1, 2023, consisted of \$767,145, \$695,643 and \$657,368, respectively, related to revenue from contracts.

### **Contributions and Grants**

Contributions are reported at fair value on the date they are received as unconditional promises to give. The gifts are reported as donor restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements 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 contributions without donor restrictions. Conditional promises to give (contributions with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. The Organization received cost-reimbursable grants of \$5,824,197 that have not been recognized as of December 31, 2024 because qualifying expenditures have not yet been incurred.

### **Special Events Revenue**

The reciprocal portion of special events revenue, equal to the fair value of direct benefit to donors, is recorded when the event takes place. The nonreciprocal portion is recorded as a contribution when the event takes place.

**Contributed Nonfinancial Assets****Donated Property and Equipment**

Donations of property and equipment are recorded as contributions of nonfinancial assets at their estimated fair values at the date of donation based upon the estimated cost to purchase similar property and equipment from an independent third party. Such donations are reported as increases in net assets without donor restrictions 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 contributions with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time. Donated property and equipment are not monetized and used in operations.

**Donated Services**

Contributions of services are recognized by the Organization as both revenue and expense in the accompanying consolidated 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. Donated services are valued based on hours incurred and the hourly rates applicable for similar services.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been presented on a functional basis in the consolidated statements of activities and change in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salary and related benefits based upon estimated time and effort. In addition, certain shared costs are allocated based on estimated usage by department based upon employee headcount.

**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 (CAD), are translated to U.S. dollars (USD) using the exchange rate in effect at the date of the consolidated statements 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.



## NPower Inc. and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 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*.

### Evaluation of Subsequent Events

Management has evaluated subsequent events through August 27, 2025, the date the consolidated financial statements are available for issuance, for inclusion or disclosure in the consolidated financial statements.

### 3. Contributions Receivable, net

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

	2024	2023
Amounts due in:		
Less than one year	\$ 10,047,151	\$ 7,594,538
One to five years	520,000	832,819
Total contributions	10,567,151	8,427,357
Discount on contributions receivable	(32,509)	(112,819)
Total	<u>\$ 10,534,642</u>	<u>\$ 8,314,538</u>

The discount rate used to calculate the December 31, 2024 net present value of the contributions is 3.77%. The discount rate used to calculate the December 31, 2023 net present value of the contributions ranged from approximately 4.21% to 4.39%.

### 4. Fixed Assets, Net

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

	2024	2023
Leasehold improvements	\$ 612,087	\$ 612,087
Furnishings and equipment	6,350,912	5,992,960
Fixed assets subtotal	6,962,999	6,605,047
Accumulated depreciation and amortization	(5,993,168)	(5,112,840)
Fixed assets, net	<u>\$ 969,831</u>	<u>\$ 1,492,207</u>



## NPower Inc. and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

### 5. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2024	2023
Time restricted	\$ 2,317,267	\$ 1,545,000
Time and purpose restricted, Training Programs	7,424,756	9,308,489
Time and purpose restricted, Training Programs - NC	2,481,675	3,036,185
Total	<u>\$ 12,223,698</u>	<u>\$ 13,889,674</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or release of time restrictions, as follows for the years ended December 31:

	2024	2023
Time restrictions	\$ 1,845,125	\$ 500,000
Training Programs	6,926,928	7,569,121
Training Programs - NC	3,036,185	2,398,915
Total	<u>\$ 11,808,238</u>	<u>\$ 10,468,036</u>

### 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 statements of activities and change in net assets. The amount of accumulated translation adjustments is included in net assets without donor restrictions in the consolidated statements of financial position.

The accumulated foreign currency translation adjustments for the years ended December 31, are as follows:

	2024	2023
Balance, beginning of year	\$ (725,197)	\$ (827,527)
Foreign currency translation (loss) gain	(220,788)	102,330
Balance, end of year	<u>\$ (945,985)</u>	<u>\$ (725,197)</u>

### 7. Leases

The Organization is obligated under various noncancellable operating leases for certain of its facilities, expiring through March 2030.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or to terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

## NPower Inc. and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses a risk-free rate based on treasury note or bond rates for a similar term as there are no rates implicit in their leases.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31:

	2024		
	NPower	NC	Total
Operating lease right-of-use assets	\$ 1,827,429	\$ 697,471	\$ 2,524,900
Operating lease liabilities:			
Current	\$ 591,190	\$ 125,732	\$ 716,922
Long-term	1,407,046	599,475	2,006,521
Total operating lease liabilities	\$ 1,998,236	\$ 725,207	\$ 2,723,443
	2023		
	NPower	NC	Total
Operating lease right-of-use assets	\$ 2,448,238	\$ 1,181,872	\$ 3,630,110
Operating lease liabilities:			
Current	\$ 630,075	\$ 245,720	\$ 875,795
Long-term	1,998,236	970,835	2,969,071
Total operating lease liabilities	\$ 2,628,311	\$ 1,216,555	\$ 3,844,866

## NPower Inc. and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

Below is a summary of expenses incurred pertaining to leases for the years ended December 31:

	2024		
	NPower	NC	Total
Operating lease expense	\$ 680,823	\$ 253,196	\$ 934,019
Total lease expense	<u>\$ 680,823</u>	<u>\$ 253,196</u>	<u>\$ 934,019</u>
	2023		
	NPower	NC	Total
Operating lease expense	\$ 678,437	\$ 279,023	\$ 957,460
Total lease expense	<u>\$ 678,437</u>	<u>\$ 279,023</u>	<u>\$ 957,460</u>

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 2.61% and 0.59% for NPower and NC, respectively, as of December 31, 2024. The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 2.64% and 0.78% for NPower and NC, respectively, as of December 31, 2023. As of December 31, 2024, the weighted average remaining lease term was 3.62 years and 5.54 years for NPower and NC, respectively. As of December 31, 2023, the weighted average remaining lease term was 4.40 years and 5.56 years for NPower and NC, respectively.

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after December 31, 2024:

	NPower	NC	Total
Years ending December 31:			
2025	\$ 663,208	\$ 129,527	\$ 792,735
2026	507,004	126,736	633,740
2027	402,270	128,647	530,917
2028	412,323	130,557	542,880
2029	103,713	132,468	236,181
Thereafter	-	92,956	92,956
Total lease payments	2,088,518	740,891	2,829,409
Less present value discount	<u>90,282</u>	<u>15,684</u>	<u>105,966</u>
Total lease liabilities	1,998,236	725,207	2,723,443
Less current portion	<u>591,190</u>	<u>125,732</u>	<u>716,922</u>
Long-term lease liabilities	<u>\$ 1,407,046</u>	<u>\$ 599,475</u>	<u>\$ 2,006,521</u>

## NPower Inc. and Affiliate

Notes to Consolidated Financial Statements  
December 31, 2024 and 2023

The following table includes supplemental cash flow and noncash information related to the leases for the years ended December 31:

	2024		
	NPower	NC	Total
Operating cash flows from operating leases	<u>\$ 690,084</u>	<u>\$ 251,401</u>	<u>\$ 941,485</u>
Operating lease right-of-use assets obtained in exchange for lease liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	2023		
	NPower	NC	Total
Operating cash flows from operating leases	<u>\$ 660,916</u>	<u>\$ 271,647</u>	<u>\$ 932,563</u>
Operating lease right-of-use assets obtained in exchange for lease liabilities	<u>\$ 478,173</u>	<u>\$ -</u>	<u>\$ 478,173</u>

### 8. Lines of Credit

NC has a \$1,300,000 CAD (\$902,720 USD based on exchange rate of \$.6944 as of December 31, 2024) line of credit from the Royal Bank of Canada with interest payable monthly at rate of Canadian prime (5.95% as of December 31, 2024) plus 1.73%. The line of credit is available in increments of \$5,000 (\$3,472 USD based on exchange rate of \$.6944 as of December 31, 2024) CAD and is secured by a first ranking security interest in all property. The line was not drawn in 2024 or 2023.

On January 12, 2024, NPower entered into a line of credit agreement in the amount of \$2,000,000 with Chase bank which terminates on November 12, 2025. The line is secured and collateralized by NPower's accounts, chattel paper and equipment. Interest on the unpaid principal balance is computed on the basis of the actual number of days elapsed in a year of 360 days at the adjusted Secured Overnight Financing Rate (SOFR) rate and at the rate of 3.00% per annum above the adjusted SOFR rate. The line was not drawn in 2024.

### 9. Concentrations

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit 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, 2024, approximately 23% of total contributions receivable was due from two donors with each representing greater than 10% of total contributions receivable. As of December 31, 2023, approximately 10% of total contributions receivable was due from one donor. As of December 31, 2024, approximately 17% of total accounts receivable was due from one customer.

## NPower Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024 and 2023

For the years ended December 31, 2024, approximately 17% of total contribution revenue was from one donor. For the year ended December 31, 2023, there were no concentrations related to contributions of cash and other financial assets.

#### 10. 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 years ended December 31, 2024 and 2023 was \$120,000 and \$123,693, respectively.

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

#### 11. Contributions of Nonfinancial Assets

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

	2024	2023
Advertising	\$ -	\$ 676
Consulting	-	35,981
Software and hardware	283,282	123,500
Stipends	-	1,000
Professional fees	34,796	-
Conferences	58,315	2,405
Total contributions of nonfinancial assets	<u>\$ 376,393</u>	<u>\$ 163,562</u>

#### 12. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets available for general expenditure within one year as of December 31, 2024 and 2023. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2024	2023
Cash and cash equivalents	\$ 3,778,397	\$ 3,467,465
Certificates of deposit	2,412,403	8,870,567
Contributions receivable, current portion	10,047,151	7,594,538
Accounts receivable	767,145	695,643
Total financial assets	17,005,096	20,628,213
Less donor restricted amounts	<u>11,736,207</u>	<u>13,169,674</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,268,889</u>	<u>\$ 7,458,539</u>

The Organization experienced losses and negative cash flows from operations in each of the years ended December 31, 2024 and 2023. These were caused by spend down of a \$15,000,000 without donor restriction grant received in 2022, which was used to expand programs. As part of the Organization's liquidity management, its practice is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NPower Inc. and Affiliate**

Consolidating Statement of Financial Position  
December 31, 2024

	<b>NPower</b>	<b>NC</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 3,164,415	\$ 613,982	\$ -	\$ 3,778,397
Certificates of deposit	2,412,403	-	-	2,412,403
Contributions receivable	7,877,154	2,169,997	-	10,047,151
Accounts receivable, net	690,384	76,761	-	767,145
Prepaid expenses	205,340	194,382	-	399,722
Total current assets	14,349,696	3,055,122	-	17,404,818
<b>Contributions Receivable, Long-Term, Net</b>	487,491	-	-	487,491
<b>Security Deposits</b>	128,571	-	-	128,571
<b>Right-of-Use Assets, Operating Leases</b>	1,827,429	697,471	-	2,524,900
<b>Fixed Assets, Net</b>	935,089	34,742	-	969,831
<b>Interest in Net Assets of Affiliate</b>	2,773,469	-	(2,773,469)	-
Total assets	<u>\$ 20,501,745</u>	<u>\$ 3,787,335</u>	<u>\$ (2,773,469)</u>	<u>\$ 21,515,611</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 241,032	\$ 288,659	\$ -	\$ 529,691
Accrued vacations payable	620,952	-	-	620,952
Accrued salaries, bonuses and related benefits	137,612	-	-	137,612
Current portion of operating lease liabilities	591,190	125,732	-	716,922
Deferred income	372,736	-	-	372,736
Total current liabilities	1,963,522	414,391	-	2,377,913
<b>Operating Lease Liabilities</b>	1,407,046	599,475	-	2,006,521
Total liabilities	3,370,568	1,013,866	-	4,384,434
<b>Net Assets</b>				
Net assets without donor restrictions	4,907,479	291,794	(291,794)	4,907,479
Net assets with donor restrictions	12,223,698	2,481,675	(2,481,675)	12,223,698
Total net assets	17,131,177	2,773,469	(2,773,469)	17,131,177
Total liabilities and net assets	<u>\$ 20,501,745</u>	<u>\$ 3,787,335</u>	<u>\$ (2,773,469)</u>	<u>\$ 21,515,611</u>

**NPower Inc. and Affiliate**Consolidating Statement of Activities and Change in Net Assets  
Year Ended December 31, 2024

	NPower		NC		Total		Total		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>Revenue, Gains and Other Support</b>										
Contributions of cash and other financial assets	\$ 18,945,486	\$ 7,660,587	\$ 12,151,462	\$ 2,481,675	\$ 14,633,137	\$ 41,239,210	\$ -	\$ -	\$ 41,239,210	\$ -
Contributions of nonfinancial assets	376,393	-	-	-	-	376,393	-	-	376,393	-
Special events income, net	1,648,175	-	-	-	-	1,648,175	-	-	1,648,175	-
Program service fees	1,952,796	-	-	-	-	1,952,796	-	(25,000)	1,927,796	-
Interest income	41,282	-	-	-	-	41,282	-	-	41,282	-
Loss of affiliate	(196,768)	(554,510)	-	-	-	(751,278)	-	751,278	-	-
Net assets released from restrictions	8,772,053	(8,772,053)	3,036,185	(3,036,185)	-	-	-	-	-	-
Total revenue, gains and other support	31,539,417	(1,665,976)	15,187,647	(554,510)	14,633,137	44,506,578	726,278	-	45,232,856	-
<b>Expenses</b>										
Program services:										
Training programs	28,630,007	-	11,638,414	-	11,638,414	40,268,421	-	-	40,268,421	-
Total program services	28,630,007	-	11,638,414	-	11,638,414	40,268,421	-	-	40,268,421	-
Supporting services:										
Management and general	3,097,014	-	2,869,698	-	2,869,698	5,966,712	(25,000)	-	5,941,712	-
Fundraising	2,482,031	-	655,515	-	655,515	3,137,546	-	-	3,137,546	-
Total supporting services	5,579,045	-	3,525,213	-	3,525,213	9,104,258	(25,000)	-	9,079,258	-
Total expenses	34,209,052	-	15,163,627	-	15,163,627	49,372,679	(25,000)	-	49,347,679	-
Change in net assets before other item	(2,669,635)	(1,665,976)	24,020	(554,510)	(530,490)	(4,866,101)	751,278	-	(4,114,823)	-
<b>Other Item</b>										
Foreign currency translation loss	-	-	(220,788)	-	(220,788)	(220,788)	-	-	(220,788)	-
Change in net assets	(2,669,635)	(1,665,976)	(196,768)	(554,510)	(751,278)	(5,086,889)	751,278	-	(4,335,611)	-
<b>Net Assets, Beginning</b>	7,577,114	13,889,674	488,562	3,036,185	3,524,747	24,991,535	(3,524,747)	-	21,466,788	-
<b>Net Assets, Ending</b>	\$ 4,907,479	\$ 12,223,698	\$ 291,794	\$ 2,481,675	\$ 2,773,469	\$ 19,904,646	\$ (2,773,469)	\$ -	\$ 17,131,177	\$ -