

NPower Inc. and Affiliate

Consolidated Financial Statements
and Supplementary Information

December 31, 2025 and 2024

NPower Inc. and Affiliate

Table of Contents
December 31, 2025 and 2024

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Change in Net Assets	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Statement of Financial Position	21
Consolidating Statement of Activities and Change in Net Assets	22

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, 2025 and 2024, 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, 2025 and 2024, 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 \$2,757,939 and \$3,787,335 as of December 31, 2025 and 2024, respectively, and total revenues, gains and other support of \$11,266,702 and \$14,633,137 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 21 to 22 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
May 7, 2026

NPower Inc. and AffiliateConsolidated Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,883,301	\$ 3,778,397
Certificates of deposit	6,554	2,412,403
Contributions receivable	11,963,315	10,047,151
Accounts receivable, net	894,297	767,145
Prepaid expenses	304,685	399,722
	<u>15,052,152</u>	<u>17,404,818</u>
Total current assets	15,052,152	17,404,818
Contributions Receivable, Long-Term, Net	2,499,485	487,491
Security Deposits	128,571	128,571
Right-of-Use Assets, Operating Leases	2,261,031	2,524,900
Fixed Assets, Net	<u>461,256</u>	<u>969,831</u>
Total assets	<u>\$ 20,402,495</u>	<u>\$ 21,515,611</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 818,460	\$ 529,691
Accrued vacation payable	97,448	620,952
Accrued salaries, bonuses and related benefits	108,984	137,612
Current portion of operating lease liabilities	765,517	716,922
Deferred income	377,565	372,736
	<u>2,167,974</u>	<u>2,377,913</u>
Total current liabilities	2,167,974	2,377,913
Operating Lease Liabilities	<u>1,671,439</u>	<u>2,006,521</u>
Total liabilities	<u>3,839,413</u>	<u>4,384,434</u>
Net Assets		
Net assets without donor restrictions	2,163,552	4,907,479
Net assets with donor restrictions	<u>14,399,530</u>	<u>12,223,698</u>
Total net assets	<u>16,563,082</u>	<u>17,131,177</u>
Total liabilities and net assets	<u>\$ 20,402,495</u>	<u>\$ 21,515,611</u>

See notes to consolidated financial statements

NPower Inc. and Affiliate

Consolidated Statement of Activities and Change in Net Assets

Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Contributions of cash and other financial assets	\$ 30,319,582	\$ 12,031,781	\$ 42,351,363
Contributions of nonfinancial assets	1,651,300	-	1,651,300
Special events income, net of \$565,500 in direct expenses	1,623,987	-	1,623,987
Program service fees	1,574,789	-	1,574,789
Interest income	6,283	-	6,283
Net assets released from restrictions	<u>9,855,949</u>	<u>(9,855,949)</u>	<u>-</u>
Total revenues, gains and other support	<u>45,031,890</u>	<u>2,175,832</u>	<u>47,207,722</u>
Expenses			
Program services:			
Training programs	<u>38,436,899</u>	<u>-</u>	<u>38,436,899</u>
Total program services	<u>38,436,899</u>	<u>-</u>	<u>38,436,899</u>
Supporting services:			
Management and general	5,805,202	-	5,805,202
Fundraising	<u>3,681,123</u>	<u>-</u>	<u>3,681,123</u>
Total supporting services	<u>9,486,325</u>	<u>-</u>	<u>9,486,325</u>
Total expenses	<u>47,923,224</u>	<u>-</u>	<u>47,923,224</u>
Change in net assets before other item	(2,891,334)	2,175,832	(715,502)
Other Item			
Foreign currency translation gain	<u>147,407</u>	<u>-</u>	<u>147,407</u>
Change in net assets	(2,743,927)	2,175,832	(568,095)
Net Assets, Beginning	<u>4,907,479</u>	<u>12,223,698</u>	<u>17,131,177</u>
Net Assets, Ending	<u>\$ 2,163,552</u>	<u>\$ 14,399,530</u>	<u>\$ 16,563,082</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
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 \$473,932			
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)	-
	<u>46,898,832</u>	<u>(1,665,976)</u>	<u>45,232,856</u>
Expenses			
Program services:			
Training programs	40,268,421	-	40,268,421
	<u>40,268,421</u>	<u>-</u>	<u>40,268,421</u>
Supporting services:			
Management and general	5,941,712	-	5,941,712
Fundraising	3,137,546	-	3,137,546
	<u>9,079,258</u>	<u>-</u>	<u>9,079,258</u>
Total expenses	<u>49,347,679</u>	<u>-</u>	<u>49,347,679</u>
Change in net assets before other item	(2,448,847)	(1,665,976)	(4,114,823)
Other Item			
Foreign currency translation loss	(220,788)	-	(220,788)
	<u>(2,669,635)</u>	<u>(1,665,976)</u>	<u>(4,335,611)</u>
Net Assets, Beginning	<u>7,577,114</u>	<u>13,889,674</u>	<u>21,466,788</u>
Net Assets, Ending	<u>\$ 4,907,479</u>	<u>\$ 12,223,698</u>	<u>\$ 17,131,177</u>

See notes to consolidated financial statements

NPower Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services	Supporting Services		Total Expenses
	Training Programs	Management and General	Fundraising	
Salaries	\$ 24,478,789	\$ 2,106,332	\$ 2,515,507	\$ 29,100,628
Payroll taxes and employee benefits	5,535,047	527,981	541,972	6,605,000
Lease expense	1,040,349	317,337	94,362	1,452,048
Professional fees	2,739,498	1,209,532	207,763	4,156,793
Stipends	48,089	-	387	48,476
Equipment leases	61,950	2,562	2,320	66,832
Printing and marketing	408,079	150,631	857	559,567
Office supplies	17,504	20,558	1,671	39,733
Travel, conferences and food	283,702	53,217	18,573	355,492
Insurance	68,350	36,385	6,128	110,863
Postage and delivery	12,824	2,747	181	15,752
Dues and subscriptions	73,344	17,486	8,248	99,078
Information technology	821,195	541,085	56,424	1,418,704
Depreciation and amortization	87,840	388,659	133,970	610,469
Licenses	1,941,270	-	-	1,941,270
Software and hardware, clients	209,200	282,913	50,232	542,345
Facilities related	117,618	12,258	11,069	140,945
Interest and bank charges	-	41,225	-	41,225
Miscellaneous	492,251	94,294	31,459	618,004
Total expenses	\$ 38,436,899	\$ 5,805,202	\$ 3,681,123	\$ 47,923,224

See notes to consolidated financial statements

NPower Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Supporting Services		Total
	Training Programs	Management and General	Fundraising	Expenses
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	\$ 40,268,421	\$ 5,941,712	\$ 3,137,546	\$ 49,347,679

See notes to consolidated financial statements

NPower Inc. and AffiliateConsolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (568,095)	\$ (4,335,611)
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	610,469	933,254
Loss on disposal of fixed assets	-	4,420
Change in discount	127,006	(80,310)
Net accretion of operating leases	(22,618)	(8,689)
Net gain on lease remeasurement	-	(7,524)
(Increase) decrease in assets:		
Contributions receivable	(4,055,164)	(2,139,794)
Accounts receivable	(127,152)	(71,502)
Prepaid expenses	95,037	145,373
Security deposits	-	(6,169)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	288,769	(202,540)
Accrued vacation payable	(523,504)	208,009
Accrued salaries, bonuses and related benefits	(28,628)	(391,107)
Deferred income	4,829	220,256
	<u>(4,199,051)</u>	<u>(5,731,934)</u>
Net cash flows from operating activities		
Cash Flows From Investing Activities		
Purchase of fixed assets	(101,894)	(416,409)
Proceeds from disposal of fixed assets	-	1,111
Redemption of certificates of deposit	2,405,849	6,458,164
	<u>2,303,955</u>	<u>6,042,866</u>
Net cash flows from investing activities		
Cash Flows From Financing Activities		
Proceeds from line of credit	1,400,000	-
Payment on line of credit	(1,400,000)	-
	<u>-</u>	<u>-</u>
Net cash flows from financing activities		
Net change in cash and cash equivalents	(1,895,096)	310,932
Cash and Cash Equivalents, Beginning	<u>3,778,397</u>	<u>3,467,465</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,883,301</u>	<u>\$ 3,778,397</u>

See notes to consolidated financial statements

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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 unlocking technology-driven economic mobility for individuals who have traditionally faced barriers to high-growth careers. Through tuition-free training, professional mentoring, and wraparound support, NPower equips young adults and military-connected individuals with the in-demand digital and durable skills and connects them to quality jobs across industries. 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 2025 and 2024 for use of the NPower trademark. The transaction was eliminated in consolidation.

NPower's services are delivered through a continuum of training courses that move learners from foundational IT skills to advance, higher-wage roles:

Tech Fundamentals is up to a 20-week virtual course that prepares participants for entry-level tech roles and further education. In 2025, 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 course that builds foundational skills in IT networking, troubleshooting and infrastructure. In 2025, 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 App Development, serving learners with prior technology exposure.

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.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Advanced Certifications are accelerated courses in high-demand areas such as Cybersecurity and Cloud Computing that prepare alumni and other early-career technologists for higher-wage IT roles.

Cybersecurity is an 18-week virtual course for students ready to move beyond the basics of IT and into security roles. In 2025, 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 course for working tech Professionals, providing opportunities to earn AWS Cloud Practitioner and AWS Solutions Architect-Associate. In 2025, 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 course backed by the U.S. Department of War and open to military members during their last 180 days of service. In 2025, 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 2,230 young adults, military veterans and their spouses were enrolled into the programs in 2025 and approximately 12,220 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 (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, 2025 and 2024, there were no net assets required to be held in perpetuity.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, 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

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

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, 2025, December 31, 2024 and January 1, 2024, consisted of \$894,297, \$767,145 and 695,643, 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 \$6,894,534 that have not been recognized as of December 31, 2025 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.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024

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 May 7, 2026, the date the consolidated financial statements are available for issuance, in accordance with ASC 855, *Subsequent Events*.

Subsequent to December 31, 2025, the Organization initiated certain organizational and operational alignment efforts designed to enhance efficiency and support program delivery. These actions are part of ongoing efforts to strengthen the Organization's operating model.

Management has determined that these matters represent non-recognized subsequent events, as they do not provide additional evidence about conditions that existed as of the consolidated statements of financial position date. Accordingly, no adjustments to the accompanying consolidated financial statements are required.

Recent Accounting Pronouncements

During July 2025, the FASB Accounting Standards Update (ASU) No. 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. ASU No. 2025-05 provides all entities with a practical expedient and entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606 Revenue from Contracts with Customers. ASU No. 2025-05 is effective for annual reporting periods (including interim reporting periods within annual reporting periods) beginning after December 15, 2025. Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2025-05 will have on its consolidated statements of financial position, activities and change in net assets, functional expenses and cash flows.

During September 2025, the FASB issued ASU No. 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*. ASU No. 2025-06 modernizes the accounting for software costs that are accounted for under Subtopic 350-40, *Intangibles—Goodwill and Other—Internal-Use Software* by making targeted improvements to increase the operability of the recognition guidance considering the different methods of software development. ASU No. 2025-06 is effective for annual reporting periods beginning after December 15, 2027, including interim periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The Organization is currently assessing the effect that ASU No. 2025-06 will have on its consolidated statements of financial position, activities and change in net assets, functional expenses and cash flows.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

3. Contributions Receivable, net

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

	<u>2025</u>	<u>2024</u>
Amounts due in:		
Less than one year	\$ 11,963,315	\$ 10,047,151
One to five years	2,659,000	520,000
Total contributions receivable	14,622,315	10,567,151
Discount on contributions receivable	(159,515)	(32,509)
Total	<u>\$ 14,462,800</u>	<u>\$ 10,534,642</u>

The discount rate used to calculate the December 31, 2025 net present value of the contributions is 3.83%. The discount rate used to calculate the December 31, 2024 net present value of the contributions is 3.77%.

4. Fixed Assets, Net

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

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 612,087	\$ 612,087
Furnishings and equipment	6,465,874	6,350,912
Fixed assets subtotal	7,077,961	6,962,999
Accumulated depreciation and amortization	(6,616,705)	(5,993,168)
Fixed assets, net	<u>\$ 461,256</u>	<u>\$ 969,831</u>

5. Net Assets With Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Time restricted	\$ 4,500,999	\$ 2,317,267
Time and purpose restricted, Training Programs	8,552,777	7,424,756
Time and purpose restricted, Training Programs - NC	1,345,754	2,481,675
Total	<u>\$ 14,399,530</u>	<u>\$ 12,223,698</u>

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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:

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 1,010,667	\$ 1,845,125
Training Programs	6,363,607	6,926,928
Training Programs - NC	<u>2,481,675</u>	<u>3,036,185</u>
Total	<u>\$ 9,855,949</u>	<u>\$ 11,808,238</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:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ (945,985)	\$ (725,197)
Foreign currency translation (loss) gain	<u>147,407</u>	<u>(220,788)</u>
Balance, end of year	<u>\$ (798,578)</u>	<u>\$ (945,985)</u>

7. Leases

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

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.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

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:

	2025		
	NPower	NC	Total
Operating lease right-of-use assets	\$ 1,660,915	\$ 600,116	\$ 2,261,031
Operating lease liabilities:			
Current	\$ 635,667	\$ 129,850	\$ 765,517
Long-term	1,171,742	499,697	1,671,439
Total operating lease liabilities	\$ 1,807,409	\$ 629,547	\$ 2,436,956
	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

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

	2025		
	NPower	NC	Total
Operating lease expense	\$ 741,166	\$ 133,800	\$ 874,966
Short-term lease expense	240,607	336,475	577,082
Total lease expense	\$ 981,773	\$ 470,275	\$ 1,452,048
	2024		
	NPower	NC	Total
Operating lease expense	\$ 680,823	\$ 253,196	\$ 934,019
Short-term lease expense	150,889	336,720	487,609
Total lease expense	\$ 831,712	\$ 589,916	\$ 1,421,628

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 2.54% and 0.58% for NPower and NC, respectively, as of December 31, 2025. 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. As of December 31, 2025, the weighted average remaining lease term was 2.91 years and 4.59 years for NPower and NC, respectively. As of December 31, 2024, the weighted average remaining lease term was 3.62 years and 5.54 years for NPower and NC, respectively.

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after December 31, 2025:

	<u>NPower</u>	<u>NC</u>	<u>Total</u>
Years ending December 31:			
2026	\$ 675,290	\$ 133,093	\$ 808,383
2027	569,111	135,100	704,211
2028	583,470	137,106	720,576
2029	195,967	139,113	335,080
2030	14,306	93,635	107,941
	<u>2,038,144</u>	<u>638,047</u>	<u>2,676,191</u>
Total lease payments			
	230,735	8,500	239,235
Less present value discount			
	<u>1,807,409</u>	<u>629,547</u>	<u>2,436,956</u>
Total lease liabilities			
	635,667	129,850	765,517
Less current portion			
	<u>\$ 1,171,742</u>	<u>\$ 499,697</u>	<u>\$ 1,671,439</u>
Long-term lease liabilities			

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

	<u>2025</u>		
	<u>NPower</u>	<u>NC</u>	<u>Total</u>
Operating cash flows from operating leases	<u>\$ 765,481</u>	<u>\$ 130,885</u>	<u>\$ 896,366</u>
Operating lease right-of-use assets obtained in exchange for lease liabilities	<u>\$ 518,825</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2024</u>		
	<u>NPower</u>	<u>NC</u>	<u>Total</u>
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>

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

8. Lines of Credit

NC has a \$1,300,000 CAD (\$947,960 USD based on exchange rate of \$.7292 as of December 31, 2025) line of credit from the Royal Bank of Canada with interest payable monthly at rate of Canadian prime (4.45% as of December 31, 2025) plus 1.73%. The line of credit is available in increments of \$5,000 (\$3,646 USD based on exchange rate of \$.7292 as of December 31, 2025) CAD and is secured by a first ranking security interest in all property. The line was not drawn in 2025 or 2024.

On January 12, 2025, NPower entered into a renewed \$2,000,000 line of credit agreement with JPMorgan Chase Bank maturing on November 5, 2026. The line is secured by substantially all of NPower's assets, including accounts, chattel paper, equipment and general intangibles. Interest on the unpaid principal balance is calculated based on the actual number of days elapsed over a 360-day year at a rate equal to the Secured Overnight Financing Rate (SOFR) (3.87% as of December 31, 2025) plus an applicable margin of 5.538% per annum. The agreement requires consecutive monthly installments commencing January 5, 2026, with all unpaid principal and accrued interest due at maturity. During 2025, four separate draws were made on the line of credit totaling \$1,400,000, all of which were fully repaid during the year. During the year ended December 31, 2025, interest expense of \$19,012 was incurred, and included in interest and bank charges on the consolidated statement of functional expenses.

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, 2025, approximately 31% of total contributions receivable was due from two donors with each representing greater than 10% of total contributions receivable. 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, 2025, approximately 37% of total accounts receivable was due from two customers with each representing greater than 10%. As of December 31, 2024, approximately 17% of total accounts receivable was due from one customer.

For the year ended December 31, 2025, approximately 55% of total contribution revenue was from two donors with each representing greater than 10% of total contribution revenue. For the year ended December 31, 2024, approximately 17% of total contribution revenue was from one donor.

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 each of the years ended December 31, 2025 and 2024 was \$120,000.

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

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

11. Contributions of Nonfinancial Assets

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

	<u>2025</u>	<u>2024</u>
Advertising	\$ 150,000	\$ -
Licenses	1,050,000	-
Software and hardware	368,000	283,282
Professional fees	77,800	34,796
Conferences	5,500	58,315
	<u>\$ 1,651,300</u>	<u>\$ 376,393</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, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,883,301	\$ 3,778,397
Certificates of deposit	6,554	2,412,403
Contributions receivable, current portion	11,963,315	10,047,151
Accounts receivable	894,297	767,145
	<u>14,747,467</u>	<u>17,005,096</u>
Total financial assets		
Less donor restricted amounts	<u>11,900,045</u>	<u>11,736,207</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,847,422</u>	<u>\$ 5,268,889</u>

The Organization experienced losses and negative cash flows from operations in each of the years ended December 31, 2025 and 2024. 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 AffiliateConsolidating Statement of Financial Position
December 31, 2025

	<u>NPower</u>	<u>NC</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,010,579	\$ 872,722	\$ -	\$ 1,883,301
Certificates of deposit	6,554	-	-	6,554
Contributions receivable	10,936,036	1,027,279	-	11,963,315
Accounts receivable, net	830,494	63,803	-	894,297
Prepaid expenses	150,929	153,756	-	304,685
Total current assets	12,934,592	2,117,560	-	15,052,152
Contributions Receivable, Long-Term, Net	2,499,485	-	-	2,499,485
Security Deposits	128,571	-	-	128,571
Right-of-Use Assets, Operating Leases	1,660,915	600,116	-	2,261,031
Fixed Assets, Net	420,993	40,263	-	461,256
Interest in Net Assets of Affiliate	1,814,647	-	(1,814,647)	-
Total assets	<u>\$ 19,459,203</u>	<u>\$ 2,757,939</u>	<u>\$ (1,814,647)</u>	<u>\$ 20,402,495</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 504,715	\$ 313,745	\$ -	\$ 818,460
Accrued vacation payable	97,448	-	-	97,448
Accrued salaries, bonuses and related benefits	108,984	-	-	108,984
Current portion of operating lease liabilities	635,667	129,850	-	765,517
Deferred income	377,565	-	-	377,565
Total current liabilities	1,724,379	443,595	-	2,167,974
Operating Lease Liabilities	1,171,742	499,697	-	1,671,439
Total liabilities	2,896,121	943,292	-	3,839,413
Net Assets				
Net assets without donor restrictions	2,163,552	468,893	(468,893)	2,163,552
Net assets with donor restrictions	14,399,530	1,345,754	(1,345,754)	14,399,530
Total net assets	16,563,082	1,814,647	(1,814,647)	16,563,082
Total liabilities and net assets	<u>\$ 19,459,203</u>	<u>\$ 2,757,939</u>	<u>\$ (1,814,647)</u>	<u>\$ 20,402,495</u>

NPower Inc. and Affiliate

 Consolidating Statement of Activities and Change in Net Assets
 Year Ended December 31, 2025

	NPower			NC			Total Before Eliminations	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue, Gains and Other Support									
Contributions of cash and other financial assets	\$ 20,398,634	\$ 10,686,027	\$ 31,084,661	\$ 9,920,948	\$ 1,345,754	\$ 11,266,702	\$ 42,351,363	\$ -	\$ 42,351,363
Contributions of nonfinancial assets	1,651,300	-	1,651,300	-	-	-	1,651,300	-	1,651,300
Special events income, net	1,623,987	-	1,623,987	-	-	-	1,623,987	-	1,623,987
Program service fees	1,599,789	-	1,599,789	-	-	-	1,599,789	(25,000)	1,574,789
Interest income	6,283	-	6,283	-	-	-	6,283	-	6,283
Net assets released from restrictions	7,374,274	(7,374,274)	-	2,481,675	(2,481,675)	-	-	-	-
Total revenue, gains and other support	32,654,267	3,311,753	35,966,020	12,402,623	(1,135,921)	11,266,702	47,232,722	(25,000)	47,207,722
Expenses									
Program services:									
Training programs	29,259,276	-	29,259,276	9,177,623	-	9,177,623	38,436,899	-	38,436,899
Total program services	29,259,276	-	29,259,276	9,177,623	-	9,177,623	38,436,899	-	38,436,899
Supporting services:									
Management and general	3,305,812	-	3,305,812	2,524,390	-	2,524,390	5,830,202	(25,000)	5,805,202
Fundraising	3,010,205	-	3,010,205	670,918	-	670,918	3,681,123	-	3,681,123
Total supporting services	6,316,017	-	6,316,017	3,195,308	-	3,195,308	9,511,325	(25,000)	9,486,325
Total expenses	35,575,293	-	35,575,293	12,372,931	-	12,372,931	47,948,224	(25,000)	47,923,224
Change in net assets before Other Items	(2,921,026)	3,311,753	390,727	29,692	(1,135,921)	(1,106,229)	(715,502)	-	(715,502)
Other Items									
Loss of affiliate	177,099	(1,135,921)	(958,822)	-	-	-	(958,822)	958,822	-
Foreign currency translation gain	-	-	-	147,407	-	147,407	147,407	-	147,407
Change in net assets	(2,743,927)	2,175,832	(568,095)	177,099	(1,135,921)	(958,822)	(1,526,917)	958,822	(568,095)
Net Assets, Beginning	4,907,479	12,223,698	17,131,177	291,794	2,481,675	2,773,469	19,904,646	(2,773,469)	17,131,177
Net Assets, Ending	\$ 2,163,552	\$ 14,399,530	\$ 16,563,082	\$ 468,893	\$ 1,345,754	\$ 1,814,647	\$ 18,377,729	\$ (1,814,647)	\$ 16,563,082