

NPower Inc. and Affiliate

Consolidated Financial Statements
and Supplementary Information

December 31, 2024 and 2023

NPower Inc. and Affiliate

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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 AffiliateConsolidated Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Total assets	<u>\$ 21,515,611</u>	<u>\$ 27,138,027</u>
Liabilities and Net Assets		
Current Liabilities		
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
	<hr/>	<hr/>
Total current liabilities	2,377,913	2,702,168
Operating Lease Liabilities	2,006,521	2,969,071
	<hr/>	<hr/>
Total liabilities	4,384,434	5,671,239
Net Assets		
Net assets without donor restrictions	4,907,479	7,577,114
Net assets with donor restrictions	12,223,698	13,889,674
	<hr/>	<hr/>
Total net assets	17,131,177	21,466,788
	<hr/>	<hr/>
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

	<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 \$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)	-
	<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 Items			
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 Activities and Change in Net Assets

Year Ended December 31, 2023

	<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	\$ 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)	-
	<u>37,417,213</u>	<u>(34,040)</u>	<u>37,383,173</u>
Expenses			
Program services:			
Training programs	38,478,838	-	38,478,838
	<u>38,478,838</u>	<u>-</u>	<u>38,478,838</u>
Supporting services:			
Management and general	6,840,756	-	6,840,756
Fundraising	2,711,988	-	2,711,988
	<u>9,552,744</u>	<u>-</u>	<u>9,552,744</u>
Total expenses	48,031,582	-	48,031,582
	<u>48,031,582</u>	<u>-</u>	<u>48,031,582</u>
Change in net assets before other item	(10,614,369)	(34,040)	(10,648,409)
Other Item			
Foreign currency translation loss	102,330	-	102,330
	<u>102,330</u>	<u>-</u>	<u>102,330</u>
Change in net assets	(10,512,039)	(34,040)	(10,546,079)
	<u>(10,512,039)</u>	<u>(34,040)</u>	<u>(10,546,079)</u>
Net Assets, Beginning	18,089,153	13,923,714	32,012,867
	<u>18,089,153</u>	<u>13,923,714</u>	<u>32,012,867</u>
Net Assets, Ending	<u>\$ 7,577,114</u>	<u>\$ 13,889,674</u>	<u>\$ 21,466,788</u>

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 Expenses
	Training Programs	Management and General	Fundraising	
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

	Program Services	Supporting Services		Total Expenses
	Training Programs	Management and General	Fundraising	
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>
Cash Flows From Operating Activities		
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>
Cash Flows From Investing Activities		
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)
Cash and Cash Equivalents, Beginning	<u>3,467,465</u>	<u>13,059,317</u>
Cash and Cash Equivalents, Ending	<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

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.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

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

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

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.

NPower Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

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:

	<u>2024</u>	<u>2023</u>
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:

	<u>2024</u>	<u>2023</u>
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:

	<u>2024</u>	<u>2023</u>
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	<u>2,481,675</u>	<u>3,036,185</u>
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:

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

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

	<u>2024</u>	<u>2023</u>
Advertising	\$ -	\$ 676
Consulting	-	35,981
Software and hardware	283,282	123,500
Stipends	-	1,000
Professional fees	34,796	-
Conferences	58,315	2,405
	<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.

	<u>2024</u>	<u>2023</u>
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
	<u>17,005,096</u>	<u>20,628,213</u>
Less donor restricted amounts	<u>11,736,207</u>	<u>13,169,674</u>
	<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 AffiliateConsolidating Statement of Financial Position
December 31, 2024

	<u>NPower</u>	<u>NC</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Current Assets				
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
Contributions Receivable, Long-Term, Net	487,491	-	-	487,491
Security Deposits	128,571	-	-	128,571
Right-of-Use Assets, Operating Leases	1,827,429	697,471	-	2,524,900
Fixed Assets, Net	935,089	34,742	-	969,831
Interest in Net Assets of Affiliate	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>
Liabilities and Net Assets				
Current Liabilities				
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
Operating Lease Liabilities	1,407,046	599,475	-	2,006,521
Total liabilities	3,370,568	1,013,866	-	4,384,434
Net Assets				
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 Before Eliminations	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions			
Revenue, Gains and Other Support							
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
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	726,278	45,232,856
Expenses							
Program services:							
Training programs	28,630,007	-	11,638,414	-	11,638,414	-	40,268,421
Total program services	28,630,007	-	11,638,414	-	11,638,414	-	40,268,421
Supporting services:							
Management and general	3,097,014	-	2,869,698	-	2,869,698	(25,000)	5,941,712
Fundraising	2,482,031	-	655,515	-	655,515	-	3,137,546
Total supporting services	5,579,045	-	3,525,213	-	3,525,213	(25,000)	9,079,258
Total expenses	34,209,052	-	15,163,627	-	15,163,627	(25,000)	49,347,679
Change in net assets before other item	(2,669,635)	(1,665,976)	24,020	(554,510)	(530,490)	751,278	(4,114,823)
Other Item							
Foreign currency translation loss	-	-	(220,788)	-	(220,788)	-	(220,788)
Change in net assets	(2,669,635)	(1,665,976)	(196,768)	(554,510)	(751,278)	751,278	(4,335,611)
Net Assets, Beginning	7,577,114	13,889,674	21,466,788	3,036,185	3,524,747	(3,524,747)	21,466,788
Net Assets, Ending	\$ 4,907,479	\$ 12,223,698	\$ 17,131,177	\$ 2,481,675	\$ 2,773,469	\$ (2,773,469)	\$ 17,131,177

NPower Inc. and Affiliate

Report on Federal Awards

December 31, 2024 and 2023

NPower Inc. and Affiliate

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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 to the consolidated financial statements, 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, respectively, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 of the consolidated financial statements 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Uniondale, New York
August 27, 2025

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Consolidated Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
NPower Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of NPower Inc. and Affiliate (the Organization), which comprise the Organization's consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 27, 2025. The financial statements of NPower Canada were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with NPower Canada.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Uniondale, New York
August 27, 2025

**Report on Compliance
for Each Major Federal Program; Report on
Internal Control Over Compliance; and Report
on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
NPower Inc. and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited NPower Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of NPower Inc. and Affiliate as of and for the year ended December 31, 2024, and have issued our report thereon dated August 27, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards of NPower Inc. and Affiliate is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Uniondale, New York
September 30, 2025

NPower Inc. and Affiliate

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency Grant Number	Federal Expenditures
U.S. Department of Homeland Security				
Cybersecurity Education and Training Assistance Program	97.127	N/A	N/A	\$ 222,516
Total Direct U.S. Department of Homeland Security				<u>222,516</u>
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	City of Dayton, Ohio	29061-2100-1159-51	56,147
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Missouri Department of Economic Development	SLFRP4542	113,615
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Harris County, Texas	SLFRFP1966	960,851
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Mayor's Office of Employment Development - Baltimore	BCI-ARPA-FY21	3,252
Total U.S. Department of Treasury				<u>1,133,865</u>
U.S. Department of Labor				
Registered Apprenticeship	17.285	N/A	N/A	500,000
Total Direct U.S. Department of Labor				<u>500,000</u>
WIOA Cluster:				
WIOA Adult Program	17.258	Veterans Educational Assistance Program	AA-34757-20-55-A-6	3,279
WIOA Dislocated Worker Formula Grants	17.278	Texas Workforce Commission	0624AVT001	226,609
WIOA Dislocated Worker Formula Grants	17.278	California Employment Development Department	AA411063	345,018
Total WIOA Cluster				<u>574,906</u>
H-1B Job Training Grants	17.268	Dallas College	FOA-ETA-10-13	248,520
Registered Apprenticeship	17.285	Texas Workforce Commission	0623AVT001	123,852
Registered Apprenticeship	17.285	Texas Workforce Commission	0625ACT001	136,250
Total U.S. Department of Labor				<u>1,583,528</u>
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	City of Fort Worth	B-23-MC-48-0010	1,270
Total CDBG - Entitlement Grants Cluster				<u>1,270</u>
Total U.S. Department of Housing and Urban Development				<u>1,270</u>
U.S. Department of Commerce				
Science, Technology, Business and/or Education Outreach	11.620	N/A	N/A	355,846
Total Direct U.S. Department of Commerce				<u>355,846</u>
Total expenditures of federal awards				<u>\$ 3,297,025</u>
Federal Award Totals by Assistance Listing Number				
WIOA Dislocated Worker Formula Grants	17.278			<u>\$ 571,627</u>
Registered Apprenticeship	17.285			<u>\$ 760,102</u>

Note: No amounts were passed through to sub-recipients.

See notes to schedule of expenditures of federal awards

NPower Inc. and Affiliate

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of NPower Inc. and Affiliate (the Organization) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

2. Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate for federal awards under the Uniform Guidance.

NPower Inc. and Affiliate

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ X _____ no
Significant deficiency(ies) identified?	_____ yes	_____ X _____ none reported

Noncompliance material to consolidated financial statements noted?

	_____ yes	_____ X _____ no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ X _____ no
Significant deficiency(ies) identified?	_____ X _____ yes	_____ _____ none reported

Type of auditor's report issued on compliance for each major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

	_____ yes	_____ X _____ no
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Auditee qualified as low-risk auditee?

	_____ X _____ yes	_____ _____ no
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	U.S. Department of Treasury: COVID-19 Coronavirus State and Local Fiscal Recovery Funds
17.285	U.S. Department of Labor: Registered Apprenticeship

NPower Inc. and Affiliate

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section II - Consolidated Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

Finding 2024-001 – Cash Management and Reporting (Internal Control over Compliance)

ALN Numbers: 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds and 17.285 – Registered Apprenticeship

Award Year: January 1, 2024 - December 31, 2024

Federal Agencies: United States Department of Treasury and United States Department of Labor

Pass Through Entities: Various

Criteria: Federal regulations and grant and contract conditions require that financial and performance information should be reviewed by a different person than the preparer, supporting documentation should be maintained.

Condition/Context: Evidence of approval of the financial and performance information prior to submission of reimbursement requests and required reporting was not maintained. Approval was made verbally through meetings and not properly documented in writing.

Cause: There was no documented requirement for written approval for reporting or reimbursement requests. It was the policy of management to perform these reviews in person or via video conference.

Effect: The Organization has not complied with the specific requirements for cash management and reporting compliance requirements as described in the Uniform Guidance.

Questioned Costs: None.

Recommendation: The Organization should revise policies and procedures to include formal written documentation of review processes and approval should not be given via video conference.

Views of Responsible Officials: Management agrees with the recommendation and plans to put in place an appropriate internal control process.

Section IV - Summary Schedule of Prior Year's Findings

None.

NPower Inc.
Corrective Action Plan
For the Year Ended December 31, 2024

Finding 2024-001

Condition

Evidence of approval prior to submission was not maintained. Approval was made verbally through meetings and not properly documented.

Corrective Action Plan

Corrective Action Planned: The organization has been using the Microsoft Approvals app to capture approvals of expenditure reports and requests for drawdowns, in addition to the frequent weekly review meetings and approvals process to satisfy Uniform Guidance 2 CFR 200.511c and for Single Audit evidence.

Name(s) of Contact Person(s) Responsible for Corrective Action: Stefanie Boles, Chief Administrative Officer; Patrick Ma, Vice President for Finance and Business Operations

Anticipated Completion Date: This change has already taken place as of September 2025.