



Financial Statements

NPower Canada

December 31, 2021

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Independent auditor's report

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To the Members of
NPower Canada

Opinion

We have audited the accompanying financial statements of the NPower Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2021, the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NPower Canada as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Toronto, Canada
March 29, 2022

Chartered Professional Accountants
Licensed Public Accountant

NPower Canada

Statement of Financial Position

As at December 31

2021

2020

Assets

Current assets

Cash	\$ 3,501,797	\$ 3,987,499
Grants receivable	954,316	86,068
HST rebate recoverable	107,283	113,891
Prepaid expenses	<u>107,623</u>	<u>422,751</u>

4,671,019 4,610,209

Capital assets (Note 4)

183,778 174,808

\$ 4,854,797 \$ 4,785,017

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 445,809	\$ 353,860
Deferred contributions (Note 5)	<u>3,896,350</u>	<u>3,969,230</u>

4,342,159 4,323,090

Net Assets

Unrestricted

512,638 461,927

\$ 4,854,797 \$ 4,785,017

Commitments (Note 8)

See accompanying notes to the financial statements.

NPower Canada

Statement of Operations and Changes in Net Assets

Year ended December 31

2021

2020

Revenue		
Grants (Note 6)	\$ 12,380,078	\$ 6,528,134
Other	12,599	10,183
	<u>12,392,677</u>	<u>6,538,317</u>
Expenditures		
Salaries and benefits	8,714,783	4,499,367
Program	864,385	396,797
Office and general (Note 7)	724,786	271,707
Professional fees	689,238	395,874
Classroom rentals	653,750	482,862
Gifts to Qualified Donees	425,000	-
Computer equipment and software	154,777	325,826
Amortization	80,690	59,102
Supplies	34,557	16,816
	<u>12,341,966</u>	<u>6,448,351</u>
Excess of revenue over expenditures for the year	50,711	89,966
Net assets, beginning of the year	<u>461,927</u>	<u>371,961</u>
Net assets, end of year	<u>\$ 512,638</u>	<u>\$ 461,927</u>

See accompanying notes to the financial statements.

NPower Canada

Statement of Cash Flows

Year ended December 31

2021

2020

Operating

Excess of revenues over expenditures	\$ 50,711	\$ 89,966
Item not affecting cash		
Amortization	<u>80,690</u>	<u>59,102</u>
	<u>131,401</u>	<u>149,068</u>
Changes in non-cash working capital:		
Grants receivable	(868,248)	85,076
HST rebate recoverable	6,608	(53,616)
Prepaid expenses	315,128	(256,429)
Accounts payable and accrued liabilities	91,949	164,723
Deferred contributions	<u>(72,880)</u>	<u>3,328,830</u>
	<u>(527,443)</u>	<u>3,268,584</u>
Cash flows from operating activities	<u>(396,042)</u>	<u>3,417,652</u>
Investing		
Purchase of capital assets	<u>(89,660)</u>	<u>(146,640)</u>
Net (decrease) increase in cash during the year	(485,702)	3,271,012
Cash		
Beginning of year	<u>3,987,499</u>	<u>716,487</u>
End of year	<u>\$ 3,501,797</u>	<u>\$ 3,987,499</u>

On behalf of the Board:



Signed: Stephen Gardiner
Date : April 19, 2022



Signed: Charles Mongeon
Date : April 19, 2022

See accompanying notes to the financial statements.

NPower Canada

Notes to the Financial Statements

December 31, 2021

1. The Organization

NPower Canada is incorporated without share capital under the Canada Not-for-profit Corporations Act. NPower Canada is a registered charitable organization under the Income Tax Act (Canada) and as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

NPower Canada 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

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i. NPower Canada follows the deferral method of revenue recognition for contributions. Externally restricted contributions, which include grants and donations, related to current expenditures are recognized as revenue in the current year. Externally restricted contributions received in the year for expenditures to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions are recognized as revenue when funds are received.
- ii. Donated materials and services which are normally purchased by NPower Canada are not recorded in the accounts. Volunteers contribute their time to assist the organization in delivering its services. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.
- iii. Other revenue is recognized as earned.

Capital assets

Capital assets are recorded at cost and are being amortized over the estimated useful life on a straight-line basis. The annual amortization rates and methods are as follows:

Furniture and equipment	5 years
Technology	3 years

Impairment of long-lived assets

NPower Canada tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Foreign exchange

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Exchange gains and losses are included in the statement of operations.

NPower Canada

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Financial instruments

Initial measurement

NPower Canada's financial instruments are measured at fair value when issued or acquired.

Subsequent measurement

At each reporting date, NPower Canada measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, grants receivable, HST rebate recoverable and accounts payable. For financial assets measured at cost or amortized cost, NPower Canada regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the statement of operations.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of revenue and expenditures for the fiscal year. Significant items subject to estimates and assumptions include the useful life of capital assets and the allocation of expenditures. Actual results could differ from those estimates.

3. Credit cards

NPower Canada has thirteen credit cards with a combined \$100,000 credit limit. Overdue unpaid balances bear interest at 19.99%. The unpaid balance as a December 31, 2021 was \$40,746 (2020 - \$62,841).

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Furniture and equipment	\$ 131,366	\$ 57,202	\$ 74,164	\$ 100,398
Technology	<u>197,920</u>	<u>88,306</u>	<u>109,614</u>	<u>74,410</u>
	<u>\$ 329,286</u>	<u>\$ 145,508</u>	<u>\$ 183,778</u>	<u>\$ 174,808</u>

NPower Canada

Notes to the Financial Statements

December 31, 2021

5. Deferred contributions

Continuity of deferred contributions for the year is as follows:

	<u>2021</u>	<u>2020</u>
Deferred contributions, beginning of year	\$ 3,969,230	\$ 640,400
Add: cash received from grants	12,307,198	9,856,964
Less: grants recognized as revenue	<u>(12,380,078)</u>	<u>(6,528,134)</u>
Deferred contributions, end of year	<u>\$ 3,896,350</u>	<u>\$ 3,969,230</u>

6. Grants

Grant revenue recognized is as follows:

	<u>2021</u>	<u>2020</u>
Government	\$ 7,641,932	\$ 3,476,125
Corporations	3,115,960	1,597,309
Foundations	<u>1,622,186</u>	<u>1,454,700</u>
	<u>\$ 12,380,078</u>	<u>\$ 6,528,134</u>

7. NPower Inc.

NPower Inc. is an independent not-for-profit organization operating in the United States and is the founder of NPower Canada. NPower Inc. is the sole member of NPower Canada. During the year, NPower Canada paid \$25,000 USD to NPower Inc. as part of a licensing agreement to use the NPower trademark. The expense was recognized as part of office and general expenditures.

8. Commitments

NPower Canada has a three year licensing agreement with NPower Inc. expiring in December 2022 for \$25,000 USD per annum.

NPower Canada also rents administrative and classroom space at a number of locations, expiring between April 2024 and March 2030. Minimum annual payments under these contracts for the next five years are as follows:

2022	\$ 816,000
2023	820,000
2024	767,000
2025	698,000
2026	662,000

NPower Canada

Notes to the Financial Statements

December 31, 2021

9. Line of Credit

NPower has a \$200,000 line of credit from the Royal Bank of Canada with interest payable monthly at a rate of prime plus 0.83%. The line of credit is available in increments of \$5,000 and is secured by all a first ranking security interest in all property. The line was not drawn in 2021.

10. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments, which remain unchanged for NPower Canada from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its funding obligation. This risk is mitigated by NPower Canada ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2020 - \$Nil).

Liquidity risk

NPower Canada's liquidity risk represents the risk that NPower Canada could encounter difficulty in meeting obligations associated with its financial liabilities. NPower Canada is, therefore, exposed to liquidity risk with respect to its accounts payable. Government remittances payable at year end are \$Nil (2020 - \$Nil).

Currency risk

Currency risk is the risk to the Organization that arises from fluctuations in foreign exchange rates. The Organization is not exposed to significant currency risk as transactions in foreign currencies are limited.