

*A Component Unit of the  
Commonwealth of Massachusetts*

# Financial Statements and Required Supplementary Information

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Massachusetts Clean Energy Center  
Boston, Massachusetts

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Massachusetts Clean Energy Center (MassCEC), a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MassCEC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MassCEC as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MassCEC and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MassCEC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' 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 auditors' report that includes our opinions. 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 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 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 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 MassCEC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MassCEC's ability to continue as a going concern for a reasonable period of time.

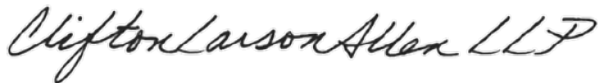
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025, on our consideration of MassCEC'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 MassCEC'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 MassCEC's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
November 19, 2025

# Management's Discussion & Analysis

JUNE 30, 2025

This discussion and analysis introduces the basic financial statements and offers an analytical overview of the Massachusetts Clean Energy Center's ("MassCEC") financial activities for the fiscal year ended June 30, 2025. The basic financial statements include government-wide statements, fund statements, and notes. Our aim is to help readers understand key drivers of MassCEC's financial position and operations, with emphasis on significant programs, investments, and events in FY2025.

## Financial Highlights

- At the close of fiscal year 2025, MassCEC's assets exceeded its liabilities and deferred inflows of resources, resulting in a total net position of \$668,050,000, reflecting continued progress in program delivery and infrastructure investments.
- MassCEC's total net position increased \$90,753,000 during FY25, primarily influenced by (i) state-supported clean-energy and workforce initiatives, (ii) continued build-out and planning for offshore wind port assets at New Bedford and Salem, and (iii) grant program execution across all of the organization's focus area programs.
- MassCEC's governmental activities total net position of \$505,528,000 increased \$85,464,000 in comparison to the prior year, positioned to support near-term program deployment.
- MassCEC's business-type activities total net position of \$162,522,000 increased \$5,289,000 in comparison to prior year, reflecting asset activity at port facilities and related operating trends.
- MassCEC reported \$198,070,000 in total liabilities, with \$151,863,000 in unearned balances related to multi-year program funding to be recognized as eligible costs are incurred.
- Total revenues decreased \$37,100,000, in comparison to prior year, due to decreased external grant funding.
- Total expenses increased \$6,200,000, in comparison to prior year due to increased programmatic activity.

## Government-Wide Financial Statements

The government-wide statements (Statement of Net Position and Statement of Activities) present MassCEC as a whole, distinguishing between governmental and business-type activities; fiduciary activities are excluded.

Governmental activities are largely supported by intergovernmental revenues and investment income; business-type activities are primarily supported by user fees and charges.

Program revenues consist of charges for services and operating/capital grants associated with a given function or program. Interfund transactions are eliminated in the government-wide statements to avoid double-counting, though interfund services among functions are not eliminated where they reflect arm's-length exchanges.

## Fund Financial Statements

MassCEC organizes its accounts by funds, each a separate fiscal and accounting entity. Governmental funds focus on near-term inflows/outflows under the current financial resources measurement focus (modified accrual). Proprietary funds are presented on the full-accrual, economic-resources basis.

MassCEC's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set-forth in Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments ("GASB 34").

## Governmental Fund Financial Statements

Governmental fund financial statements are prepared on a modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

MassCEC reports two major governmental funds: the General Fund and the Offshore Wind Industry Investment Trust Fund.

## Proprietary Fund Financial Statements

Proprietary fund financial statements, like government-wide financial statements, are prepared on a full accrual basis. Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund.

MassCEC reports the Wind Technology Testing Center (WTTTC), the New Bedford Marine Commerce Terminal (NBMCT), and the Salem Offshore Wind Terminal (Salem) as major enterprise funds, aligned with the government-wide business-type activities.

## Fiduciary Fund Financial Statements

These resources are not available to support MassCEC programs and are excluded from government-wide statements.

## MassCEC General Overview

MassCEC is the Commonwealth's clean-energy and climatetech economic development agency. We catalyze technology adoption, company growth, infrastructure readiness, and workforce development to advance Massachusetts' net-zero goals while broadening economic opportunity. Equity is a core principle: programs are designed to deliver benefits across communities, especially environmental justice and low- and moderate-income households and to develop a diverse workforce.

Over the past decade, MassCEC has helped launch and scale hundreds of clean-energy businesses, financed municipal projects, and invested in residential and commercial renewable installations, building one of the nation's most vibrant clean-technology markets. Our programs span offshore-wind port infrastructure, equitable solar deployment, grid modernization, and workforce training, each designed to create high-quality jobs while strengthening the state's energy resilience.

MassCEC's mission is to accelerate the development and adoption of clean-energy and climate solutions critical to achieving Massachusetts' legally mandated emissions targets. Working hand-in-hand with residents, businesses, and municipalities, MassCEC designs programs that deliver affordable, low-carbon energy, expand economic opportunity, and reduce the energy burden on low- and moderate-income households.

In February 2025, MassCEC released the Massachusetts Climatetech Economic Development Strategy & Implementation Plan, a 10-year roadmap to strengthen the state's climatetech ecosystem, establish a statewide "Climate Corridor," and support company scale-up, infrastructure, talent, and market development. The plan complements the Mass Leads Act and articulates actions across regions and sectors.

## Enabling Legislation and Funding Sources

MassCEC was created in 2008 through the Green Jobs Act of 2008 and related statutes to accelerate the growth of the Commonwealth's clean-energy economy. MassCEC operates largely outside of the Commonwealth's annual appropriations process, relying instead on dedicated revenue streams established in statute or through market-based mechanisms. Major funding sources include the following:

### Massachusetts Alternative and Clean Energy Investment Trust Fund (ACE)

The Green Jobs Act of 2008 established MassCEC and created the Massachusetts Alternative and Clean Energy Investment Trust Fund ("ACE") to finance its activities. In accordance with the enabling legislation, ACE is funded through annual transfers from the Massachusetts Renewable Energy Trust Fund and supports programs that drive job creation, technology commercialization, and market development across the state's clean-energy sector.

### Massachusetts Renewable Energy Trust Fund

The Electric Utility Restructuring Act of 1997 created the Renewable Energy Trust Fund, which remains a cornerstone of MassCEC's funding. The Trust is supported by a renewable energy systems benefit charge of \$0.0005 per kilowatt hour on electricity consumed by customers of the Commonwealth's investor-owned electric distribution utilities and by municipal lighting plants that opt to participate. Distribution companies collect the charge and transfer proceeds to MassCEC.

In November 2009, "An Act Relative to Clean Energy" consolidated administration of the Trust within MassCEC to streamline support for renewable energy deployment.

### Clean Energy Equity Workforce Funding

The Next-Generation Roadmap for Massachusetts Climate Policy (March 2021) amended the Green Communities Act to require the Department of Public Utilities (DPU) to collect and transfer not less than \$12 million annually to MassCEC. The funding further strengthened by the Act Driving Clean Energy and Offshore Wind (August 2022) supports programs that expand access to clean-energy careers and markets, with a focus on equity and workforce diversity.

Electric and gas distribution companies and certified municipal aggregators jointly remit the funds each year, with transfers due no later than December 31. The first transfer occurred in FY22 and continues on an annual basis.

## Additional Federal and State Program Revenues

MassCEC also competes for and administers federal grants and state-directed allocations to advance priority initiatives. Recent examples include:

- **EPA Solar for All award** (FY25) providing multi-year funding to expand solar access for low-income households. During the organization's FY26, this program was put on hold after receipt of the Environmental Protection Agency's program termination notification.
- **Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA)** competitive grants that support grid-resilience planning, offshore-wind workforce development, and clean-transportation pilots.
- **Green School Works** (funded by the Department of Elementary and Secondary Education) program aims to make K-12 public school buildings more energy-efficient, lower costs for school districts, reduce pollution, and create safer and healthier learning environments for students and educators.

## State-Owned Clean Energy Assets

MassCEC also operates revenue-generating clean-energy infrastructure that complements its statutory funding:

- **Wind Technology Testing Center (WTTC):** Opened in May 2011 in Charlestown, the WTTC is the nation's first commercial-scale facility capable of testing the largest onshore and offshore wind-turbine blades. The center attracts global manufacturers and supports U.S. design and certification of next-generation blades, reducing costs and accelerating deployment.
- **New Bedford Marine Commerce Terminal (NBMCT):** Placed into service in July 2015, this multi-purpose facility was primarily financed with \$118.9 million in Commonwealth funding and engineered to handle some of the heaviest mobile-crane and storage loads in the United States. The Terminal supports the staging and deployment of offshore wind projects and also accommodates bulk, break-bulk, and container cargo, positioning Massachusetts as a critical hub for the emerging offshore-wind industry.

## Program Focus Areas

MassCEC's programs span four focus areas: Emerging Climatetech (Tech-to-Market & Investments), Accelerating Decarbonization (High-Performance Buildings, Clean Transportation, Net Zero Grid), Large-Scale Deployment: Offshore Energy, and Clean Energy & Climate Workforce Development. These focus areas encompass the grant making aspects of the organization.

## Emerging Climatetech

MassCEC supports the development and commercialization of next-generation clean-energy solutions, helping innovators move technologies from concept to market.

- **Tech-to-Market** – Competitive grants fund university research, early-stage demonstrations, and the operations of incubators and accelerators. These programs focus on high-priority energy challenges such as long-duration energy storage, grid modernization, and advanced building materials identified in Massachusetts' Clean Energy and Climate Plan.
- **Investments** – MassCEC provides equity and venture-debt financing to promising early- and growth-stage companies across the climatetech landscape. These investments help close funding gaps, leverage private capital, and create in-state jobs while accelerating technology deployment.

## Accelerating Decarbonization

Programs in this focus area reduce greenhouse-gas emissions from buildings, transportation, and the electric grid by advancing cost-effective electrification and clean-energy adoption.

- **High-Performance Buildings** – Grants and technical assistance support building electrification, deep energy retrofits, and new business models that lower costs and improve resilience. Special emphasis is placed on equity for low- and moderate-income residents and environmental justice communities.
- **Clean Transportation** – Pilot programs and market-development initiatives expand electric-vehicle infrastructure, test innovative financing models, and accelerate the growth of Massachusetts-based clean-transport companies.
- **Net-Zero Grid** – Strategic support for energy storage, grid resiliency upgrades, interconnection improvements, and flexible load management fosters a modern grid capable of powering Massachusetts' buildings, industry, and transportation systems with minimal emissions.

## Large Scale Deployment: Offshore Energy

MassCEC plays a central role in the development of offshore wind resources and related infrastructure that will provide long-term clean-energy capacity for the Commonwealth.

- **Offshore Wind Development** – Environmental baseline studies, innovation pilots, and supply-chain grants reduce deployment risks and expand the participation of Massachusetts companies and workers in this emerging industry.

- **Offshore Wind Escrow** – Awards from dedicated escrow accounts, funded in collaboration with offshore-wind developers, support projects that maximize community benefits and enhance local economic participation.
- **Production Tracking System** – A web-based platform tracks the capacity and generation of renewable-energy systems across the state, providing public transparency and enabling participation in state incentive programs.

## Clean Energy & Climate Workforce Development

A skilled, diverse workforce is essential to achieving the Commonwealth's clean-energy goals.

MassCEC's workforce initiatives:

- Provide grants to employers, training providers, and educational institutions to expand access to clean-energy careers.
- Support internships, apprenticeships, and career-advancement programs in climate-critical occupations.
- Prioritize opportunities for minority- and women-owned business enterprises, environmental-justice communities, low- and moderate-income populations, and fossil-fuel workers transitioning into clean-energy fields.

## Program Objectives and Outcomes

Across all focus areas, MassCEC's clean-energy programs aim to:

- **Fund climate-solution innovation** to meet Massachusetts' legally mandated emission-reduction targets while growing the state's clean-energy economy.
- **Increase statewide adoption** of renewable and low-carbon technologies, lowering costs for consumers and delivering measurable financial, environmental, and economic benefits.
- **Promote equity and inclusion** by ensuring that the economic and health benefits of clean energy reach historically underserved communities.
- **Support high-quality job creation** and a resilient, future-ready energy infrastructure.

This integrated program structure enables MassCEC to report, in accordance with Governmental Accounting Standards Board (GASB) principles, how dedicated revenues such as Renewable Energy Trust charges, Alternative Compliance Payments, Department of Public Utilities transfers, and competitive federal grants are invested to achieve the Commonwealth's climate and economic-development objectives.

## Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if MassCEC is in a better or worse financial condition from the prior year. The following is a condensed summary of net position for the primary government for the fiscal years 2025 and 2024.

Summary of Net Position  
June 30, 2025 and 2024 (amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$673.8	\$617.0	\$20.7	\$18.7	\$694.5	\$635.7
Capital Assets	1.0	1.5	200.1	194.5	201.1	196.0
<b>Total Assets</b>	<b>674.8</b>	<b>618.5</b>	<b>220.8</b>	<b>213.2</b>	<b>895.6</b>	<b>831.7</b>
Current liabilities	168.6	197.7	34.7	33.6	203.3	231.3
Non-current liabilities	0.7	0.8	17.8	17.9	18.5	18.7
<b>Total Liabilities</b>	<b>169.3</b>	<b>198.5</b>	<b>52.5</b>	<b>51.5</b>	<b>221.8</b>	<b>250.0</b>
Total deferred inflows of resources	-	-	5.8	4.5	5.8	4.5
<b>Net Position:</b>						
Net investment in capital assets	0.1	0.3	181.0	175.6	181.1	175.9
Restricted	326.6	251.8	-	-	326.6	251.8
Unrestricted (deficit)	178.8	167.9	(18.5)	(18.4)	160.3	149.5
<b>Total net position</b>	<b>\$505.5</b>	<b>\$420.0</b>	<b>\$162.5</b>	<b>\$157.2</b>	<b>\$668.0</b>	<b>\$577.2</b>

Total assets grew significantly in the current year, driven mainly by restricted cash from multiple state departments including the Department of Environmental Protection (DEP), Department of Elementary and Secondary Education (DESE) and new state operating budget appropriations received during the fiscal year. Growth in capital assets from property acquisitions and improvements at the NBMCT also contributed to the increase.

Total liabilities decreased primarily because of unearned revenues associated with restricted funding sources being utilized as expenditures were incurred for programs and capital projects. Deferred inflows of resources increased reflecting an amendment to the prior year NBMCT lease.

Overall net position strengthened, with most of the increase attributable to higher restricted balances from designated cash received during the fiscal year. Unrestricted net position improved, largely supported by positive investment returns.

The following schedule compares the revenues, expenses, and changes in net position for the primary government for the current and previous fiscal year.

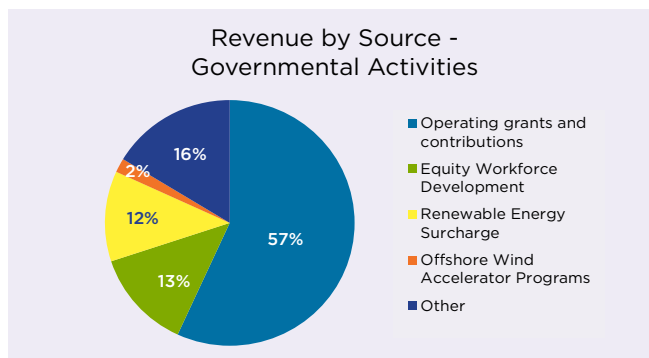
Summary of Revenues, Expenses and Changes in Net Positions June 30, 2025 and 2024 (amounts expressed in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$0.2	\$0.1	\$9.4	\$9.9	\$9.6	\$10.0
Operating grants and contributions	104.1	117.0	-	-	104.1	117.0
Capital grants and contributions	-	-	4.9	42.1	4.9	42.1
General revenues:						
Equity Workforce Development	24.0	12.0	-	-	24.0	12.0
Renewable Energy Surcharge	21.8	21.1	-	-	21.8	21.1
Offshore Wind Accelerator Programs	3.4	5.8	-	-	3.4	5.8
Other	29.7	26.4	0.4	0.7	30.1	27.1
<b>Total Revenues</b>	<b>183.2</b>	<b>182.4</b>	<b>14.7</b>	<b>52.7</b>	<b>197.9</b>	<b>235.1</b>
<b>Expenses:</b>						
Program activities:						
Clean Energy Programs	92.1	84.5	-	-	92.1	84.5
Production Tracking System	2.3	2.4	-	-	2.3	2.4
Business-type activities:						
New Bedford Marine Commerce Terminal	-	-	7.1	6.5	7.1	6.5
Wind Technology Testing Center	-	-	5.6	4.3	5.6	4.3
Salem Terminal	-	-	0.1	3.3	0.1	3.3
<b>Total expenses</b>	<b>94.4</b>	<b>86.9</b>	<b>12.8</b>	<b>14.1</b>	<b>107.2</b>	<b>101.0</b>
Increase in net position before net transfers						
Change in net position	88.8	95.5	2.0	38.6	90.8	134.1
Transfers, net	(3.3)	-	3.3	-	-	-
Net Position- beginning of year	420.0	324.5	157.2	118.6	577.2	443.1
<b>Net position- end of year</b>	<b>\$505.5</b>	<b>\$420.0</b>	<b>\$162.5</b>	<b>\$157.2</b>	<b>\$668.0</b>	<b>\$577.2</b>

Revenues decreased in the current year, reflecting reductions in the amounts received and/or changes in the timing of receipt of operating and capital grants including state budget appropriations and funding from the DEP, Department of Energy Resources (DOER) and DESE.

Expenses increased as MassCEC expanded clean-energy program awards and payments, supported by restricted funding received over the past three fiscal years.

### Governmental Activities

The governmental activities increased MassCEC's total assets, decreased total liabilities, and increased total net position by \$56.3, (\$29.2) and \$85.5 million, respectively. The increases in total assets and total net position primarily relates to increased restricted funding received by the organization and positive investment returns. The decrease in liabilities is primarily due to the decrease in deferred revenues related to programmatic activities in the current fiscal year.

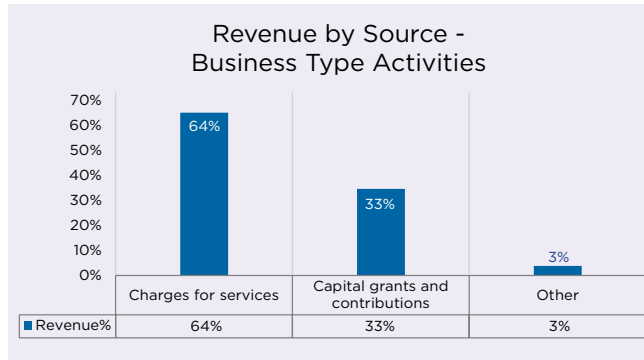


Total revenues for governmental activities remained consistent when compared to the prior year reflecting continued stable investment returns and state support for the organization through state operating budget allocations and other restricted program funding.

Total expenses for governmental activities increased \$7.5 million, mainly due to increased awards and payments to grantees within clean energy programs related to restricted funding received by the organization over the past three fiscal years.

### Business-Type Activities

The business-type activities increased total assets, total liabilities, total deferred inflows of resources and total net position by \$7.6, \$1.0, \$1.3 and \$5.3 million, respectively. The increases are related to property acquisitions, capital expansion efforts and the extension of the existing lease at the NBMCT during fiscal year 2025.



Total revenues reported in business-type activities decreased \$38.0 million, in comparison to the prior year related to decreased capital grants and contributions to fund property acquisitions.

Total business-type expenses decreased \$1.3 million, in comparison to the prior year primarily driven by decreased activity at the Salem Terminal.

### Financial Analysis of the Government's Funds

#### Governmental Funds

Governmental Funds are comprised of the General Fund and a special revenue fund (the Offshore Wind Industry Investment Trust fund). As noted earlier, governmental funds use the current financial resources measurement focus that focuses on near-term inflows and outflows. The General Fund is the general operating fund that is used to account for all financial resources, except those required to be accounted for in another fund.

The following are noteworthy facts and changes from the prior year for the General Fund and the Offshore Wind Industry Investment Trust fund, the only two governmental funds of MassCEC that are both reported as major funds.

#### General Fund

Total revenues increased \$24.5 million, primarily due to a \$11.3 million increase in Equity Workforce Development funding compared to FY24 and an increase in restricted funding support from the DEP, DOER and DESE.

Renewable Energy Surcharge revenue recognized during fiscal year 2025 of \$21.8 million, was consistent with the prior fiscal year. This surcharge is remitted to MassCEC by consumers in the service territories of investor-owned electric distribution utilities to fund programs that promote the development of renewable energy projects and is based on \$0.0005/KWH.

Accelerator program revenue recognized during fiscal year 2025 decreased \$2.3 million from the prior fiscal year due to a decrease in eligible grant activities. This revenue is related to two offshore wind escrow account agreements: one with Vineyard Wind and another with Mayflower Wind. Funds in these escrow

accounts are treated as unearned revenue until grant expenses are paid from the escrow accounts, at which point revenue is recognized as earned.

Total expenditures increased \$27.7 million, due to increased clean energy program expenses driven by the past several years of organizational receipt of restricted funding for designated program initiatives.

#### **Offshore Wind Industry Investment Trust Fund**

Total revenues and expenditures decreased \$23.7 and \$20.6 million primarily due to decreased expenditures for programs utilizing funding received in prior years, in addition to industry specific economic factors impacting projects.

#### **Proprietary Funds**

Proprietary funds are comprised of enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services.

The following are noteworthy facts and changes from the previous year for proprietary major funds:

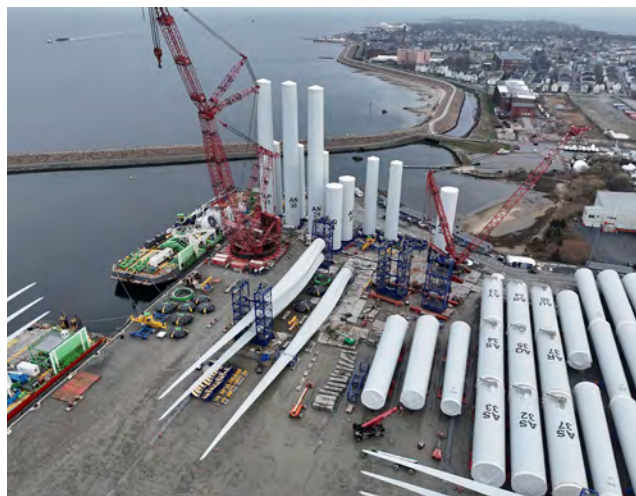
#### **Wind Technology Testing Center**

Operating revenues decreased \$840 thousand due to decreased demand for blade testing from the prior fiscal year. This decrease is expected to continue as testing blades increase in size and MassCEC works to expand its current facility to accommodate. Operating expenses increased \$873 thousand mainly due to increases in standard operational costs and resolution of property tax obligations related to the facility. Total non-operating revenues and expenses including capital grants and contributions increased \$1.1 million due to design work related to facility expansion that occurred during the fiscal year.

The WTTC is utilizing a \$10 million dollar grant received from the Executive Office of Energy and Environmental Affairs (EEA) during FY24 to start the design and expansion of the testing facility to accommodate larger blades for testing purposes. The design and expansion efforts are expected to continue through fiscal year 2027.

#### **New Bedford Marine Commerce Terminal**

Operating revenues for FY25 were consistent with the prior year based on a full year of Terminal lease revenues. Total operating expenses increased \$655 thousand due to overall increased costs and repairs and maintenance expenses. Total non-operating revenue including capital grants and contributions decreased \$8.9 million, due to multiple land acquisitions that occurred during the previous fiscal year.



MassCEC is currently in the process of expanding and improving the NBMCT. Constructed and operated by MassCEC, the NBMCT has an established record of supporting a wide range of marine cargoes for the industrial, marine construction, and defense sectors. The Terminal is currently operating as the staging and pre-assembly port for Vineyard Wind 1, one of the nation's first commercial scale offshore wind projects. The expansion and improvement project represents the commitment of the Commonwealth to ensure that the facility will continue to serve as an essential port asset for a broad range of marine cargoes for years to come.

The scope of the project includes:

- The acquisition of four strategic properties abutting the NBMCT. Three of these property closings occurred in FY24, with the remaining property closing taking place in FY25.
- The replacement of an existing legacy bulkhead with a new high bearing capacity quayside.
- Development of additional heavy lift storage area.
- Renovation of an existing warehouse facility.
- Construction of a new office building.

Upon completion, the project will expand the available heavy-lift storage area by five acres to a total of 26 contiguous acres, increase the total heavy-lift quayside available at the terminal by 200 linear feet to 1,200 linear feet, and provide new office and warehouse space and functionality for Terminal tenants and staff.

The project is being advanced in four phases: (1) building demolition/abatement and soil remediation; (2) civil site improvements for high-bearing capacity groundworks; (3) Terminal bulkhead redevelopment; and (4) new office construction and warehouse renovation. The anticipated completion date for the expansion project is June 2027.

### Salem Offshore Wind Terminal

On February 21, 2024, MassCEC entered into a public-private partnership (PPP) with the City of Salem and Crowley Wind Services (Crowley) to carry out the improvement and construction of the Salem Offshore Wind Terminal project, in Salem, Massachusetts.

The Salem Offshore Wind Terminal project involves long-term use of 42 acres of land in Salem, Massachusetts to develop and operate the state's second major offshore wind port terminal. The terminal will be a logistics and operations center for turbine pre-assembly, transportation staging activities and storage of assembly components, currently planned for operations in fiscal year 2027.

Operating expenses decreased from the previous fiscal year, based on the PPP deal completion.



### Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable/amortizable assets include buildings, furniture and fixtures, computer equipment and software, operational equipment, leasehold improvements, and intangible-right-to-use assets.

Noteworthy capital asset purchases/completed projects that took place in fiscal year 2025 were as follows:

- Expansion of the NBMCT to include closing on one strategic property.
- Completing abatement and demolition of three legacy buildings on acquired NBMCT properties.
- Continuation of Construction in Progress for site civil works at the NBMCT.
- Property improvements and an extension of the Vineyard Wind 1 lease term until June 30, 2026, under a Sixth Amendment to their lease with MassCEC.

The following is a schedule of MassCEC's capital assets as of June 30, 2025, and 2024.

Summary of Capital Assets  
June 30, 2025 and 2024 (amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$-	\$-	\$49.2	\$42.9	\$49.2	\$42.9
Construction in Progress	-	-	5.4	1.6	5.4	1.6
Buildings	-	-	34.6	34.6	34.6	34.6
Furniture and Fixtures	0.2	0.2	0.1	0.1	0.3	0.3
Computer Equipment and Software	0.8	0.8	0.5	0.4	1.3	1.2
Operational Equipment	-	-	4.7	4.6	4.7	4.6
Leasehold Improvements	0.1	0.1	132.5	132.1	132.6	132.2
Intangible-right-to-use-asset	1.9	1.9	18.3	18.4	20.2	20.3
Intangible-right-to-use-SBITA	0.1	0.1	-	-	0.1	0.1
<b>Total capital assets</b>	<b>\$3.1</b>	<b>\$3.1</b>	<b>\$245.3</b>	<b>\$234.7</b>	<b>\$248.4</b>	<b>\$237.8</b>
Accumulated depreciation/amortization	(2.1)	(1.6)	(45.2)	(40.2)	(47.3)	(41.8)
<b>Total capital assets</b>	<b>\$1.0</b>	<b>\$1.5</b>	<b>\$200.1</b>	<b>\$194.5</b>	<b>\$201.1</b>	<b>\$196.0</b>

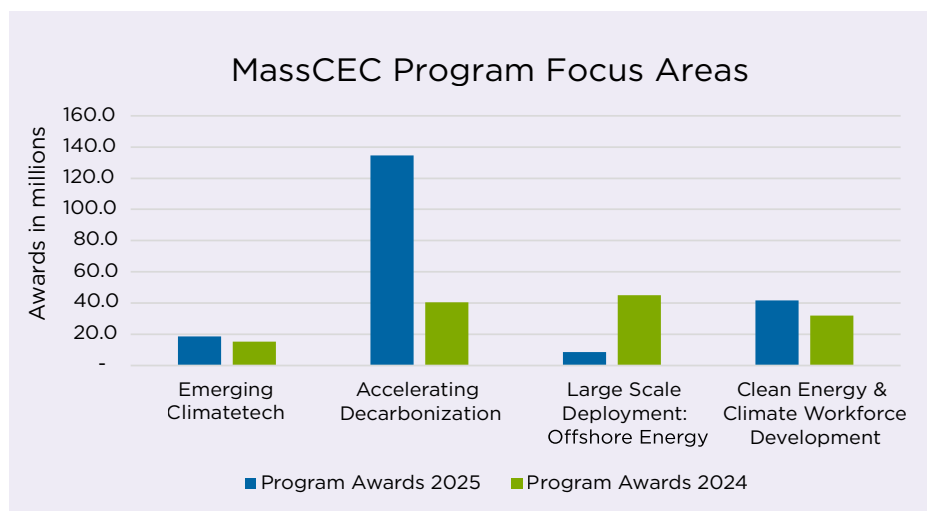
### Grant Awards

During the fiscal year ended June 30, 2025, MassCEC provided 807 financial assistance awards and investments in the clean energy sector totaling \$203.1 million. Financial assistance awards are legal commitments made to award recipients or to projects

which directly benefit the Commonwealth. Awards may be contingent upon the grantee or project reaching certain milestones and therefore are not recorded as grant expenditures in the accompanying financial statements until such time as the recipient achieves those milestones.

Summary of Grant Awards and Number of Grantees by Clean Energy Program Focus  
June 30, 2025 and 2024 (amounts expressed in millions)

	Program Awards		Number of Grantees	
	2025	2024	2025	2024
<b>Emerging Climatetech</b>				
Tech to Market	13.8	13.1	60	52
Investments	4.7	2.1	17	10
	<b>\$18.5</b>	<b>\$15.2</b>	<b>77</b>	<b>62</b>
<b>Accelerating Decarbonization</b>				
High Performance Buildings	66.2	19.6	78	110
Clean Transportation	55.5	20.0	30	18
Net Zero Grid	12.8	0.7	17	2
	<b>134.5</b>	<b>40.3</b>	<b>125</b>	<b>130</b>
<b>Large Scale Deployment: Offshore Energy</b>				
Offshore Wind Development	8.5	44.9	36	17
	<b>8.5</b>	<b>44.9</b>	<b>36</b>	<b>17</b>
<b>Clean Energy &amp; Climate Workforce Development</b>				
Workforce Development	41.6	31.9	569	520
<b>Total Awards</b>	<b>\$203.1</b>	<b>\$132.3</b>	<b>807</b>	<b>729</b>



MassCEC executed awards and investments across its focus areas to accelerate adoption and market readiness. Significant programs launched and awards made during FY2025 included the following:

- Over \$52 million in grants awarded under the organization's Accelerating Decarbonization focus area to help upgrade public school facilities through the **Green School Works** program. Funded through the DESE, the program aims to make K-12 public school buildings more energy-efficient, lower costs for school districts, reduce pollution, and create safer and healthier learning environments for students and educators.

The program will fund 18 projects across Massachusetts to modernize energy systems while investing in the well-being of communities. Each project benefits student populations where at least 40 percent of the students come from low-income backgrounds, with many of them located in environmental justice communities that have historically lacked access to building upgrades and infrastructure investment.



- Over \$9 million awarded under the organization's Accelerating Decarbonization focus area as part of the second round of the **Accelerating Clean Transportation for All (ACT4All 2)** program. This funding supports innovative and equitable transportation initiatives that help improve access to clean transportation options, including in environmental justice (EJ) communities. These projects are designed to address health and environmental challenges while providing replicable models that can be implemented across the state. The awarded projects focus on two key areas: expanding electric vehicle charging access and reducing pollution from public transit. Several projects will install EV charging stations in multi-unit housing and communities that have not had accessibility before. This will allow more people, especially renters and residents without dedicated parking, to switch to electric vehicles. Other projects will help public transit authorities upgrade to cleaner buses, reducing pollution and providing better public transportation options.

- Over \$29 million awarded under the organization's Accelerating Decarbonization focus area in funding provided by the Healy-Driscoll Administration's **Electric Vehicle Infrastructure Coordinating Council** programming (EVICC), coordinating and supporting the deployment of EV charging infrastructure in Massachusetts across four categories:
  - Vehicle to Everything Demonstration Projects
  - Medium & Heavy-Duty Mobile Charging Solutions
  - On Street Charging Solutions
  - Ride For Hire/Charging Hubs

These programs were designed to accelerate equitable access to EV charging solutions, ensuring that all residents, regardless of income or housing type, and businesses can participate in the transition to a clean energy future.

- Over \$9 million awarded under the organization's Clean Energy and Climate Workforce Development focus area as part of the **Heat Pump & HVAC Training Network Program** supported by DOER.

The Heat Pump and HVAC Technician Training Network Program provides HVAC technician workforce training, equipment, and planning grants to community colleges. These grants provide direct funding and technical assistance to community colleges that can establish or upgrade HVAC training centers. By increasing access to modern, relevant training equipment and infrastructure, the colleges can build and scale career pathways that help Massachusetts residents access and advance in HVAC mechanic and technician occupations.

- Over \$16 million awarded under the organization's Clean Energy and Climate Workforce Development focus area to invest in planning, capacity, training, and equipment for climate-critical jobs in the clean energy and climatetech sector. The awards will help more than 200 Minority- and Women-Owned Businesses (MWBES) in climate-critical sectors by providing support for business creation and expansion. Additionally, over 1,850 participants will benefit from training programs, with a focus on increasing access to Environmental Justice (EJ) communities. The programs will also raise awareness of clean energy careers for over 600 learners and provide improved training and access to modern equipment for over 1,700 students and job seekers.
- Over \$7 million awarded under the organization's Emerging Climatetech focus area as part of the **InnovateMass** program. InnovateMass offers grants and technical support for teams deploying new clean energy technologies or innovative combinations of existing technologies with strong commercialization potential.

## Economic Factors

MassCEC's most predictable and consistent form of income is the renewable energy surcharge which is received from participating energy distribution companies in Massachusetts. MassCEC receives surcharge revenue from investor-owned electric distribution utilities, as well as from municipal lighting plants that have opted to participate in the RET. Historically, MassCEC has received on average \$22-24 million in revenue per year. Surcharge revenue of \$21.8 million in fiscal year 2025 remained consistent with the amount from fiscal year 2024. This revenue is influenced by energy consumption within the Commonwealth, as well as the number of distribution companies participating.

In the future, an increase in energy efficiency measures or clean and alternative energy utilization could cause a decrease in the average kilowatt consumption per year, thus decreasing the surcharge revenue collected and passed to MassCEC. These decreases would likely be offset by increases in energy consumption driven by growth in economic activity as well as growth in electric vehicle usage in the state and a transition toward building electrification over time.

Starting in fiscal year 2022, MassCEC received \$12 million in clean energy equity workforce funding. This annual funding is used to provide workforce training, educational and professional development, job placement, startup opportunities and grants promoting participation in the commonwealth's energy efficiency, clean energy, and clean heating and cooling industries. This funding was increased to \$24 million annually, starting in fiscal year 2025 through 2028.

MassCEC receives both recurring and one-time sources of funding, which can vary significantly from year to year depending on program design, legislative priorities, and award terms. The Commonwealth's investment through initiatives such as Green School Works, ACT4All 2, the Heat Pump & HVAC Training Network Program, and EVICC reflects a strong and sustained commitment to advancing climate action, reducing energy costs, building workforce capacity, and promoting equitable market access.

For the first time in its history, MassCEC received \$30 million in operating support from the fiscal year 2024 State Budget, followed by \$20 million in fiscal year 2025 and \$10 million in fiscal year 2026. This support has had a meaningful impact on the organization's programs, enabling the expansion of existing programs and the launch of new initiatives that help the Commonwealth meet its climate and clean energy goals. While the continuity and level of future state appropriations remain uncertain, MassCEC

greatly values this partnership and continues to align its strategies to deliver strong program outcomes and maximize the impact of the Commonwealth's investment.

The offshore wind sector remains a cornerstone of the Commonwealth's long-term clean energy strategy, and MassCEC plays a pivotal role through its ownership and operation of critical infrastructure including the NBMCT and the WTTC. These facilities provide essential capabilities to support turbine blade staging, assembly, and testing for commercial-scale offshore wind projects.

In fiscal year 2025, the offshore wind industry faced significant external pressures nationally and regionally. Developers navigated rising project costs, supply chain disruptions, inflationary conditions, tariffs, changes to federal priorities, and contract renegotiations that have led to adjustments in project timelines. These dynamics have created a more uncertain near-term outlook for offshore wind deployment, with some projects experiencing delays or restructuring.

This evolving landscape has introduced a degree of funding and revenue uncertainty for MassCEC's offshore wind facilities, as project schedules and private sector investments directly affect both near-term terminal activity and long-range infrastructure planning. While MassCEC maintains sufficient operational capacity and continues to advance planned terminal improvements, the timing and scale of future revenue streams tied to project activity may be less predictable than in prior years.



Despite these market headwinds, the Commonwealth of Massachusetts has demonstrated continued and strategic support for offshore wind infrastructure, workforce development, and supply chain readiness. This commitment has allowed MassCEC to sustain core facility operations, proceed with expansion planning, and position its assets to respond rapidly as the market stabilizes.

MassCEC is actively monitoring industry developments and prioritizing financial flexibility to adapt to changing conditions. This includes aligning capital plans with verified funding commitments, pursuing diversified funding opportunities, and ensuring that key infrastructure remains available to support the next wave of offshore wind projects. While uncertainty persists, these actions combined with the Commonwealth's continued leadership help provide a stable foundation for future industry growth.

MassCEC's financial position is also influenced by the availability and timing of federal funding streams that support clean energy programs and infrastructure investments. In fiscal year 2025, the organization experienced direct impacts from cancellations and adjustments to certain federal funding sources, reflecting broader shifts in federal budget priorities and administrative timelines. These changes underscore the inherent volatility of relying on federal appropriations to sustain program delivery and strategic investments.

While MassCEC continues to maintain a diversified portfolio of funding through state revenue streams,

legislative appropriations, and other grant programs, federal awards in the past three years represented a substantial share of restricted resources. Unanticipated changes in these funding levels create operational and planning challenges, particularly for programs that require multi-year commitments or matching funds from other sources.

Looking ahead, uncertainty surrounding the stability of future federal funding and market pressures impacting the offshore wind industry may affect the scope and timing of new program launches and expansion efforts.

To manage these risks, MassCEC has implemented and continues to review contingency planning strategies, including:

- Structuring programs to be modular and scalable,
- Aligning grant commitments with confirmed funding availability,
- Actively pursuing alternative funding sources, and
- Enhancing financial modeling to anticipate and mitigate funding gaps.

These steps are intended to preserve the organization's ability to advance its clean energy mission while maintaining fiscal discipline and flexibility. However, the continued unpredictability of federal funding remains a key external economic factor that could affect future financial results and programmatic impact.

### Requests for Information

This financial report is designed to provide the reader with an overview of MassCEC. Questions regarding any information provided in this report should be directed to MassCEC, Finance Department, 294 Washington Street, Boston, MA 02108, email [Finance@MassCEC.com](mailto:Finance@MassCEC.com).

# Statement of Net Position

YEAR ENDED JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$7,527,164	\$-	\$7,527,164
Receivables:			
Renewable Energy Surcharge	1,569,458	-	1,569,458
Trade	656,165	726,746	1,382,911
Leases	-	5,735,260	5,735,260
Program Loans (Net of Allowance of \$1,778,850)	3,226,422	-	3,226,422
Internal Balances	23,760,857	(23,760,857)	-
Other Assets	163,902	70,905	234,807
Intergovernmental Advance	-	5,690,793	5,690,793
Prepays	117,020	69,145	186,165
Program Investments (Net of Allowance of \$2,253,757)	11,094,350	-	11,094,350
Trust Investments	142,397,596	-	142,397,596
Restricted assets:			
Cash and Cash Equivalents	442,595,484	8,404,248	450,999,732
Due from other governments	40,775,817	-	40,775,817
Total Current Assets	<b>673,884,235</b>	<b>(3,063,760)</b>	<b>670,820,475</b>
Noncurrent Assets:			
Capital Assets Not Being Depreciated/Amortized	-	54,636,468	54,636,468
Capital Assets, Net of Accumulated Depreciation/Amortization	963,339	145,496,966	146,460,305
Total Noncurrent Assets	<b>963,339</b>	<b>200,133,434</b>	<b>201,096,773</b>
Total Assets	<b>674,847,574</b>	<b>197,069,674</b>	<b>871,917,248</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	2,869,906	1,795,650	4,665,556
Accrued Expenses - Program Awards	3,250,733	-	3,250,733
Other Liabilities	-	625,560	625,560
Compensated Absences	354,639	61,344	415,983
SBITA Payable	47,459	-	47,459
Leases Payable	406,290	358,248	764,538
Liabilities Payable from Restricted Assets:			
Accounts Payable and Accrued Expenses	17,912,511	-	17,912,511
Unearned Revenues	143,810,814	8,052,140	151,862,954
Total Current Liabilities	<b>168,652,352</b>	<b>10,892,942</b>	<b>179,545,294</b>
Noncurrent Liabilities:			
Compensated Absences	282,382	78,518	360,900
Leases Payable	384,868	17,779,164	18,164,032
Total Noncurrent Liabilities	<b>667,250</b>	<b>17,857,682</b>	<b>18,524,932</b>
Total Liabilities	<b>169,319,602</b>	<b>28,750,624</b>	<b>198,070,226</b>
<b>Deferred Inflows of Resources</b>			
Unamortized Leases	-	5,797,498	5,797,498
Total Deferred Inflows of Resources	<b>-</b>	<b>5,797,498</b>	<b>5,797,498</b>
<b>Net Position</b>			
Net Investment in Capital Assets	124,722	181,034,311	181,159,033
Restricted for:			
Clean Energy Investment Trust	118,337,377	-	118,337,377
Accelerating Decarbonization Programs	5,377,300	-	5,377,300
Offshore Wind Development Programs	94,214,043	-	94,214,043
Equity Workforce Programs	40,859,296	-	40,859,296
Clean Transportation Programs	50,434,717	-	50,434,717
Other Program Loans and Investments	17,379,187	-	17,379,187
Unrestricted (deficit)	178,801,330	(18,512,759)	160,288,571
<b>Total Net Position</b>	<b>\$505,527,972</b>	<b>\$162,521,552</b>	<b>\$668,049,524</b>

# Statement of Activities

YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues				Net (Expense)/ Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Clean Energy Programs	\$92,162,515	\$154,636	\$101,982,812	\$-	\$9,974,933
Production Tracking System	2,322,366	-	2,195,293	-	(127,073)
Interest expense	21,498	-	-	-	(21,498)
Total Governmental Activities	<b>94,506,379</b>	<b>154,636</b>	<b>104,178,105</b>	<b>-</b>	<b>9,826,362</b>
<b>Business-Type Activities:</b>					
New Bedford Marine Commerce Terminal	7,113,801	7,724,850	-	3,239,206	3,850,255
Wind Technology Testing Center	5,602,932	1,666,054	-	1,730,781	(2,206,097)
Salem Offshore Wind Terminal	101,579	-	-	-	(101,579)
Total Business-Type Activities	<b>12,818,312</b>	<b>9,390,904</b>	<b>-</b>	<b>4,969,987</b>	<b>1,542,579</b>
Total Primary Government	<b>\$107,324,691</b>	<b>\$9,545,540</b>	<b>\$104,178,105</b>	<b>\$4,969,987</b>	<b>\$11,368,941</b>

	Governmental Activities	Business-type Activities	Total
<b>Changes in Net Position</b>			
Net (Expense) Revenue	\$9,826,362	\$1,542,579	\$11,368,941
<b>General Revenues</b>			
Equity Workforce Development	24,000,000	-	24,000,000
Renewable Energy Surcharge	21,814,522	-	21,814,522
Offshore Wind Accelerator Programs	3,460,616	-	3,460,616
Investment Earnings	29,726,978	381,968	30,108,946
Transfers, net	(3,364,079)	3,364,079	-
Total General Revenues and Transfers	<b>75,638,037</b>	<b>3,746,047</b>	<b>79,384,084</b>
<b>Change in Net Position</b>	<b>85,464,399</b>	<b>5,288,626</b>	<b>90,753,025</b>
Net Position - Beginning of Year	420,063,573	157,232,926	577,296,499
<b>Net Position - End of Year</b>	<b>\$505,527,972</b>	<b>\$162,521,552</b>	<b>\$668,049,524</b>

# Governmental Funds

## Balance Sheet

YEAR ENDED JUNE 30, 2025

	General	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents - Unrestricted	\$7,527,164	\$-	\$7,527,164
Cash and Cash Equivalents - Restricted	268,835,000	173,760,485	442,595,485
Receivables:			
Renewable Energy Surcharge	1,569,458	-	1,569,458
Trade	656,170	-	656,170
Program Loans (Net of Allowance of \$1,778,850)	3,226,422	-	3,226,422
Due from Other Funds	25,175,472	439,097	25,614,569
Due from Other Governments	40,775,817	-	40,775,817
Other Assets	163,902	-	163,902
Prepays	117,020	-	117,020
Program Investments (Net of Allowance of \$2,253,757)	11,094,350	-	11,094,350
Trust Investments	142,397,596	-	142,397,596
<b>Total Assets</b>	<b>\$501,538,371</b>	<b>\$174,199,582</b>	<b>\$675,737,953</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable and Accrued Expenses	8,134,048	1,201,514	9,335,562
Accrued Expenses - Program Awards	14,599,430	519,977	15,119,407
Due to Other Funds	-	1,853,712	1,853,712
Unearned Revenues	67,400,479	76,410,336	143,810,815
<b>Total Liabilities</b>	<b>90,133,957</b>	<b>79,985,539</b>	<b>170,119,496</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	941,053	-	941,053
<b>Fund Balances</b>			
Nonspendable	280,923	-	280,923
Restricted	232,387,876	94,214,043	326,601,919
Committed	64,009,506	-	64,009,506
Assigned	1,000,000	-	1,000,000
Unassigned	112,785,056	-	112,785,056
<b>Total Fund Balances</b>	<b>410,463,361</b>	<b>94,214,043</b>	<b>504,677,404</b>
<b>Total Liabilities, Deferred in Flows of Resources and Fund Balances</b>	<b>\$501,538,371</b>	<b>\$174,199,582</b>	<b>\$675,737,953</b>

# Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position

YEAR ENDED JUNE 30, 2025

<b>Total Fund Balance - Governmental Funds</b>	\$504,677,404
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	963,339
Certain liabilities applicable to MassCEC's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net position.	(1,053,824)
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds	941,053
<b>Net Position of Governmental Activities</b>	<b>\$505,527,972</b>

# Governmental Funds

## Statement of Revenues, Expenditures, and Changes in Fund Balances

YEAR ENDED JUNE 30, 2025

	General	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
<b>Revenues</b>			
Renewable Energy Surcharge	\$21,814,522	\$-	\$21,814,522
Intergovernmental Revenue	102,068,179	2,284,411	104,352,590
Equity Workforce Development	23,347,036	-	23,347,036
Investment earnings	22,169,079	7,557,899	29,726,978
Offshore Wind Accelerator Programs	3,460,616	-	3,460,616
Miscellaneous	154,636	-	154,636
Total Revenues	<b>173,014,068</b>	<b>9,842,310</b>	<b>182,856,378</b>
<b>Expenditures</b>			
Current:			
Clean Energy Programs	81,939,744	9,297,172	91,236,916
Production Tracking System	2,322,366	-	2,322,366
Debt Service:			
Principal	436,363	-	436,363
Interest	21,498	-	21,498
Total Expenditures	<b>84,719,971</b>	<b>9,297,172</b>	<b>94,017,143</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	1,342,465	-	1,342,465
Transfers Out	-	(4,706,539)	(4,706,539)
Total Other Financing Sources (Uses)	<b>1,342,465</b>	<b>(4,706,539)</b>	<b>(3,364,074)</b>
<b>Net Change in Fund Balances</b>	<b>89,636,562</b>	<b>(4,161,401)</b>	<b>85,475,161</b>
Fund Balances - Beginning of Year	320,826,799	98,375,444	419,202,243
<b>Fund Balances - End of Year</b>	<b>\$410,463,361</b>	<b>\$94,214,043</b>	<b>\$504,677,404</b>

# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

YEAR ENDED JUNE 30, 2025

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$85,475,161</b>
Amounts reported for governmental funds above and those reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	478,479
Certain amounts reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	(282,382)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. These amounts represent the related net activity of the current period.	(183,879)
Governmental funds report the principal portion of lease and SBITA repayments as expenditures. This is the amount by which lease and SBITA payments exceed lease and SBITA expense.	(22,980)
<b>Changes in Net Position of Governmental Activities</b>	<b>\$85,464,399</b>

# Proprietary Funds

## Statement of Net Position

YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds			Total
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Salem Offshore Wind Terminal	
<b>Assets:</b>				
Current Assets:				
Restricted Assets				
Cash and Cash Equivalents	\$8,404,248	\$-	\$-	\$8,404,248
Receivables, Net of Allowance for Uncollectible Amounts:				
Trade	370,635	356,111	-	726,746
Leases	-	5,735,260	-	5,735,260
Other Assets	39,440	31,465	-	70,905
Intergovernmental Advance	5,690,793	-	-	5,690,793
Prepays	38,299	30,846	-	69,145
Total Current Assets	<b>14,543,415</b>	<b>6,153,682</b>	<b>-</b>	<b>20,697,097</b>
Noncurrent Assets:				
Capital Assets				
Non-depreciable/Amortizable:				
Land	-	22,121,048	27,077,905	49,198,953
Construction in Progress	1,309,207	4,128,308	-	5,437,515
Depreciable/Amortizable:				
Building	33,275,413	1,340,301	-	34,615,714
Furniture and Fixtures	93,316	9,027	-	102,343
Computer Equipment and Software	469,092	-	-	469,092
Operational Equipment	4,534,343	154,365	-	4,688,708
Leasehold Improvements	285,955	132,184,751	-	132,470,706
Intangible-Right-to-Use-Asset	6,025,802	12,314,157	-	18,339,959
Less Accumulated Depreciation and Amortization	(20,315,262)	(24,874,294)	-	(45,189,556)
Total Noncurrent Assets	<b>25,677,866</b>	<b>147,377,663</b>	<b>27,077,905</b>	<b>200,133,434</b>
Total Assets	<b>40,221,281</b>	<b>153,531,345</b>	<b>27,077,905</b>	<b>220,830,531</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	632,127	1,149,437	14,086	1,795,650
Due to Other Funds	1,624,765	21,696,995	439,097	23,760,857
Other Liabilities		625,560	-	625,560
Compensated Absences	43,694	15,565	2,085	61,344
Unearned Revenues	7,952,140	100,000	-	8,052,140
Leases Payable	210,248	148,000	-	358,248
Total Current Liabilities	<b>10,462,974</b>	<b>23,735,557</b>	<b>455,268</b>	<b>34,653,799</b>
Noncurrent Liabilities:				
Compensated Absences	62,246	13,888	2,384	78,518
Leases Payable	5,098,331	12,680,833	-	17,779,164
Total Noncurrent Liabilities	<b>5,160,577</b>	<b>12,694,721</b>	<b>2,384</b>	<b>17,857,682</b>
Total Liabilities	<b>15,623,551</b>	<b>36,430,278</b>	<b>457,652</b>	<b>52,511,481</b>
<b>Deferred Inflows of Resources</b>				
Unamortized Leases	-	5,797,498	-	5,797,498
Total Deferred Inflows of Resources	<b>-</b>	<b>5,797,498</b>	<b>-</b>	<b>5,797,498</b>
<b>Fund Net Position</b>				
Net Investment in Capital Assets	20,369,287	133,587,119	27,077,905	181,034,311
Unrestricted (deficit)	4,228,443	(22,283,550)	(457,652)	(18,512,759)
Total Net Position	<b>\$24,597,730</b>	<b>\$111,303,569</b>	<b>\$26,620,253</b>	<b>\$162,521,552</b>

# Proprietary Funds

## Statement of Revenues, Expenses, and Changes in Net Position

YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds			
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Salem Offshore Wind Terminal	Total
<b>Operating Revenues</b>				
User Fees	\$1,666,054	\$-	\$-	\$1,666,054
Rentals	-	7,724,850	-	7,724,850
Total Operating Revenues	<b>1,666,054</b>	<b>7,724,850</b>	<b>-</b>	<b>9,390,904</b>
<b>Operating Expenses</b>				
Salaries and Wages	923,255	425,349	42,939	1,391,543
Employee Benefits	272,102	149,419	13,915	435,436
Contractual Services, Materials and Supplies	329,923	1,169,970	9,790	1,509,683
Utilities	89,256	337,764	-	427,020
Repairs and Maintenance	121,412	479,055	-	600,467
Insurance	129,415	439,470	-	568,885
Facility Expenses	560,308	118,326	-	678,634
Other Expenses	747,518	731,708	34,935	1,514,161
Depreciation and Amortization	1,924,142	3,020,084	-	4,944,226
Interest Expense	102,426	242,656	-	345,082
Total Operating Expenses	<b>5,199,757</b>	<b>7,113,801</b>	<b>101,579</b>	<b>12,415,137</b>
<b>Operating Income (Loss)</b>	<b>(3,533,703)</b>	<b>611,049</b>	<b>(101,579)</b>	<b>(3,024,233)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	246,348	136,112	-	382,460
Capital Assets- Not Continued	(403,175)	-	-	(403,175)
Other Income (Expense)	-	(492)	-	(492)
Income (Loss) Before Contributions and Transfers	<b>(156,827)</b>	<b>135,620</b>	<b>-</b>	<b>(21,207)</b>
Capital grants and contributions	1,730,781	3,239,206	-	4,969,987
Transfers in	-	3,364,079	-	3,364,079
Total Transfers and Contributions	<b>1,730,781</b>	<b>6,603,285</b>	<b>-</b>	<b>8,334,066</b>
<b>Change In Fund Net Position</b>	<b>(1,959,749)</b>	<b>7,349,954</b>	<b>(101,579)</b>	<b>5,288,626</b>
Fund Net Position - Beginning of Year	26,557,479	103,953,615	26,721,832	157,232,926
<b>Fund Net Position - End of Year</b>	<b>\$24,597,730</b>	<b>\$111,303,569</b>	<b>\$26,620,253</b>	<b>\$162,521,552</b>

# Proprietary Funds

## Statement of Cash Flows

YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds			
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Salem Offshore Wind Terminal	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from Customers and users	\$2,866,082	\$2,972,012	\$-	\$5,838,094
Payments to Suppliers	(1,507,574)	(3,422,800)	(31,017)	(4,961,391)
Payments to Employees	(1,136,386)	(560,507)	(52,385)	(1,749,278)
Net Cash Provided by (Used in) Operating Activities	222,122	(1,011,295)	(83,402)	(872,575)
<b>Cash Flows From Noncapital Financing Activities</b>				
Interfund Receipts (Payments)	3,023,618	(4,262,517)	83,402	(1,155,497)
Net Cash Provided by (Used in) NonCapital Financing Activities	3,023,618	(4,262,517)	83,402	(1,155,497)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisitions and Construction of Capital Assets	(443,515)	(2,968,216)	-	(3,411,731)
Advance to external organization for capital project	(7,000,000)	-	-	(7,000,000)
Principal Paid on Leases	(197,378)	-	-	(197,378)
Interest Paid on Leases	(102,426)	(148,000)	-	(250,426)
Principal Received on Leases	-	5,015,202	-	5,015,202
Interest Received on Leases	-	136,112	-	136,112
Interfund Receipts (Payments)	7,000,000	3,239,206	-	10,239,206
Net Cash Provided by (Used in) Capital and Related Financing Activities	(743,319)	5,274,304	-	4,530,985
<b>Cash Flows From Investing Activities</b>				
Investment Income (Expense)	246,602	(492)	-	246,110
Net Cash Provided by (Used in) Investing Activities	246,602	(492)	-	246,110
<b>Net Change In Cash And Cash Equivalents</b>	2,749,023	-	-	2,749,023
<b>Cash and Cash Equivalents - Beginning of Year</b>	5,655,225	-	-	5,655,225
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$8,404,248</b>	<b>\$-</b>	<b>\$-</b>	<b>\$8,404,248</b>
<b>Reconciliation of Operating Income (Loss) To Net Cash From Operating Activities</b>				
Operating Income (Loss)	\$(3,533,703)	\$611,049	\$(101,579)	\$(3,024,233)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	1,924,142	3,020,084	-	4,944,226
(Increase) Decrease in Prepaid Expenses	(2,518)	28,466	-	25,948
Decrease (Increase) in Accounts Receivable	1,200,028	54,285	-	1,254,313
Increase (Decrease) in Accounts Payable and Accrued Expenses	575,202	96,149	13,708	685,059
Increase (Decrease) in Compensated Absences	58,971	14,261	4,469	77,701
Lease Income Recognized, not included in Operating Cash Flows	-	(4,835,589)	-	(4,835,589)
Total Adjustments	3,755,825	(1,622,344)	18,177	2,151,658
Net Cash Provided by (Used in) Operating Activities	<b>222,122</b>	<b>(1,011,295)</b>	<b>(83,402)</b>	<b>(872,575)</b>
<b>Noncash Investing, Capital and Financing Activities</b>				
Purchase of capital assets on account	\$-	\$961,711	\$-	\$961,711
Capital Assets- Not Continued	403,175	-	-	403,175
Gross amount of new lease agreements	-	7,246,872	-	7,246,872

# Fiduciary Funds

## Statement of Fiduciary Net Position

YEAR ENDED JUNE 30, 2025

	Custodial Fund - (Alternative Compliance Payments)
<b>Assets</b>	
Cash and Cash Equivalents	\$297,023,676
Total Assets	<b>297,023,676</b>
<b>Liabilities</b>	
Accounts Payable and Accrued Expenses	484,617
Total Liabilities	<b>484,617</b>
<b>Net Position</b>	
Net Position Restricted for Other Governments	<b>\$296,539,059</b>

# Fiduciary Funds

## Statement of Changes in Fiduciary Net Position

YEAR ENDED JUNE 30, 2025

	Custodial Fund - (Alternative Compliance Payments)
<b>Additions</b>	
Alternative Compliance Payments	\$89,869,641
Investment earnings:	
Interest Income	14,383,480
Less investment costs:	
Investment advisory fees	(106,891)
Total Additions	<b>104,146,230</b>
<b>Deductions</b>	
Disbursements to Other Governments	50,000,000
Rate Payer Relief Funds Distribution	126,241,250
Grants Disbursed to MassCEC	10,603,679
Total Deductions	<b>186,844,929</b>
<b>Change in Net Position</b>	<b>(82,698,699)</b>
Net Position - Beginning of Year	379,237,758
<b>Net Position - End of Year</b>	<b>\$296,539,059</b>

# Notes to Basic Financial Statements

YEAR ENDED JUNE 30, 2025

## NOTE 1

### Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

#### Reporting Entity

On August 12, 2008, the Commonwealth of Massachusetts (the Commonwealth) enacted Chapter 307 of the Acts of 2008, creating the Massachusetts Clean Energy Center (MassCEC) and establishing the Massachusetts Alternative and Clean Energy Investment Trust Fund (ACE) to financially support its activities. MassCEC's mission is to accelerate clean energy and climate solution innovation that is critical to meeting the Commonwealth's climate goals, advancing Massachusetts' position as an international climate leader while growing the state's clean energy economy.

On November 23, 2009, "Act Relative to Clean Energy," was signed, which transferred the state's Renewable Energy Trust Fund (the RET) from the Massachusetts Technology Park Corporation (MTPC) to MassCEC. This act united two entities with complementary missions, consolidated staff and financial resources, and established MassCEC as the lead state entity charged with growing the clean energy sector in the Commonwealth. The RET was created in 1997 by the Massachusetts Legislature pursuant to Section 4E of Chapter 40J, with a mission of supporting renewable energy throughout the Commonwealth.

MassCEC began construction on the Wind Testing Technology Center in 2009 and opened the center in 2011. The center is the first commercial-scale large blade test facility in the nation, testing commercial-sized wind turbine blades to help reduce costs, improve technical advancements, and expedite the deployment of the next generation of wind turbine blades into the marketplace.

MassCEC completed construction and opened the New Bedford Marine Commerce Terminal in July 2015. The terminal was the first purpose-built offshore wind port in the U.S. The terminal is a multi-purpose facility designed to support the construction, assembly, and deployment of offshore wind projects, as well as handle bulk, break-bulk, container, and large specialty marine cargo.

In accordance with the requirements of GASB Statement No. 14, The Financial Reporting Entity, MassCEC is considered a discretely presented component unit of the Commonwealth and, accordingly, its financial statements are incorporated into the Annual Comprehensive Financial Report (ACFR) of the Commonwealth.

MassCEC is governed by a board of directors (the Board) comprised of fifteen members, including eight members appointed by the governor.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements and the major-fund financial statements along with the notes to the financial statements comprise the basic financial statements. The government-wide financial statements (the statement of net position and the statement of activities) concentrate on MassCEC as a whole and do not emphasize fund types but rather a governmental or business-type classification, which are presented in separate columns. The governmental activities and business-type activities comprise the primary government. Fiduciary funds are not included within the government-wide financial statements.

The government-wide financial statements presentation distinguishes between activities that are supported primarily by surcharges and intergovernmental revenues (governmental activities) and activities that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities include MassCEC's programs. The business-type activities of MassCEC include the New Bedford Marine Commerce Terminal (the Terminal), the Wind Technology Testing Center (the WTTC) and the Salem Offshore Wind Terminal (Salem).

**NOTE 1****Summary of Significant Accounting Policies (Continued)****Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounts of MassCEC are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity or net position, revenues and expenditures or expense, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. MassCEC uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provisions. All of the funds of MassCEC may be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide, proprietary fund, and fiduciary fund financial statements are prepared on a full accrual basis using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenues as soon as all the eligibility requirements have been met.

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund that include user and rental fees. Non-operating revenues are not related to the operations of the proprietary fund and include interest earnings and grants. Operating expenses represent the cost of operations, which included depreciation. Non-operating expenses, such as interest expenses, are not related to operations.

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. MassCEC considers all revenues available if they are collected within sixty days after year-end. Primary revenues such as inter-governmental revenues, charges for services, rents and interest are treated as susceptible to accrual under the modified accrual basis and so have been recognized as revenues. Expenditures reported in governmental fund financial statements are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule includes compensated absences which are accrued when matured.

MassCEC reports the following major funds in the governmental fund financial statements:

**General Fund** - The General Fund is the general operating fund of MassCEC that is used to account for all financial resources, except those required to be accounted for in another fund.

**Offshore Wind Industry Investment Trust Fund** - The Offshore Wind Industry Investment Trust Fund is a special revenue fund used to account for financial resources restricted for authorized activities related to Offshore Wind and Ports Infrastructure.

MassCEC reports the following major funds in the proprietary fund financial statements:

**Wind Testing Technology Center** - The Wind Testing Technology Center is used to account for the activities related to the operations of the MassCEC owned facility.

**New Bedford Marine Commerce Terminal** - The New Bedford Marine Commerce Terminal is used to account for the activities related to the operations of the MassCEC owned facility.

**Salem Offshore Wind Terminal** - The Salem Offshore Wind Terminal is used to account for the activities related to the Public Private Partnership between MassCEC and other organizations involved in this project site.

MassCEC reports the following other fund type:

**Custodial Fund** - The custodial fund is used to account for assets collected and held by MassCEC in a fiduciary capacity for other governments.

## **NOTE 1**

### **Summary of Significant Accounting Policies (Continued)**

#### **Use of Estimates**

The preparation of financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements. Preparation of the financial statements also requires management to make a number of estimates and assumptions relating to the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates. Significant estimates include, but are not limited to, allowances for doubtful accounts, program loans receivable, the valuation of program investments, accrued expenses, and the useful lives of capital assets.

#### **Budgets**

Annual budgets are prepared by management. An annual budget is presented to the Board of Directors for approval and adoption. Periodically, management and the Board of Directors review budget-to-actual results and address projected material variances. The budget process is used for management purposes and is not considered a legally adopted budget. Therefore, supplemental information is not required as part of these financial statements.

#### **Cash, Cash Equivalents, and Investments**

MassCEC considers cash and cash equivalents to be cash on hand, demand deposits, highly liquid investments including those held as restricted assets, with original maturities of three months or less when purchased. Investments are measured at fair value, with the exception of money market mutual funds (presented as cash and cash equivalents) which are held at amortized cost, which approximates fair value.

#### **Restricted assets**

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, agreements with or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

#### **Renewable Energy Surcharge Receivable**

The renewable energy surcharge receivable represents legislatively imposed surcharges due from electric utility companies paid to them by their consumers in support of the renewable energy programs of MassCEC. No allowances are established against these receivables as all balances are deemed to be fully collectible.

#### **Accounts Receivable**

The trade accounts receivable of MassCEC are recorded in the government-wide, governmental and proprietary fund financial statements and are net of an allowance for doubtful accounts. Management estimates the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. Accounts receivables are written off when deemed uncollectible.

#### **Inventories and Prepaid Costs**

Inventory is valued at cost using the first-in, first-out method. Inventory in the governmental funds consists of supplies held for consumption. The cost is recorded as an expenditure at the time inventory items are consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Inventories and prepaid costs reported within governmental funds are classified as non-spendable, which indicates that they do not constitute available resources. Inventories and prepaid costs in the government-wide and proprietary fund financial statements are reported as an expense when consumed.

#### **Leases**

MassCEC is a lessor for a noncancelable lease of a building. MassCEC recognized a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements. The lease receivable is measured at the present value of payments expected to be received during the lease term. The receivable is reduced by the principal portion of the lease payment received. The deferred inflow of resources is measured at the initial amount of lease receivable, adjusted for lease payments received on or before the lease commencement date. The deferred inflows of resources are recognized as revenue over the term of the lease.

**NOTE 1****Summary of Significant Accounting Policies (Continued)**

Key estimates and judgements include how MassCEC determines (1) the discount rate is used to discount the expected lease receipts to present value (2) lease term, (3) lease receipts. When the interest rate is not provided or cannot be readily determined, MassCEC utilizes either the actual interest yield on debt issuances by the State of Massachusetts and/or U.S. Treasury rates that are closest to the lease execution date to determine the discount rate as MassCEC does not have a history of borrowing. The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

MassCEC is a lessee for non-cancelable leases of land, building, equipment and infrastructure. MassCEC recognizes a lease liability and an intangible right-to-use lease asset in the government wide and proprietary fund financial statements. MassCEC measures the lease liability at the present value of payments expected to be made during the lease term at the commencement of the lease. The lease liability is reduced by the principal portion of the lease payment made each year. The lease asset is measured as the initial amount of the lease liability and is amortized on a straight-line basis over the term of the lease or useful life of the underlying asset, whichever is shorter. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Estimates and judgements related to leases include, (1) the discount rate used, (2) lease term, (3) lease payments. MassCEC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided or cannot be readily determined, MassCEC utilizes U.S. Treasury rates that are closest to the lease execution date. MassCEC utilizes U.S. Treasury rates as the organization does not currently carry debt. The lease term includes the non-cancelable period of the lease including options to extend (only if they are reasonably certain to extend). Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price MassCEC is reasonably certain to exercise.

MassCEC monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability or lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect those amounts.

**Subscription Based Information Technology Arrangements (SBITA)**

MassCEC has entered into agreements for the right-to-use various subscription-based information technology for computer software and infrastructure. MassCEC recognizes a subscription-based information technology arrangement liability and an intangible right-to-use asset (subscription-based IT arrangement asset) in the government-wide financial statements.

For short-term SBITAs with a maximum subscription term of 12 months or less at commencement, MassCEC recognizes expenditures or expense based on the provisions of the subscription agreement. For long-term SBITAs with a term exceeding 12 months at commencement, MassCEC recognizes a subscription liability and an intangible right-to-use subscription asset.

Estimates and judgements related to SBITAs include, (1) the discount rate used, (2) subscription term, (3) SBITA payments. MassCEC uses the interest rate charged by the vendor as the discount rate. When the interest rate charged is not provided or cannot be readily determined, MassCEC utilizes U.S. Treasury rates that are closest to the agreement execution date. MassCEC utilizes U.S. Treasury rates as the organization does not currently carry debt.

The SBITA term includes the noncancellable period of the SBITA contract plus periods covered by options that are determined to be reasonably certain to be exercised. Subscription payments included in the measurement of the subscription liability are comprised of fixed and fixed in-substance payments, payments reasonably certain of being required, and the price of options reasonably certain to be exercised. In determining the SBITA term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the SBITA contract term if the SBITA contract is reasonably certain to be extended.

The subscription asset is measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the commencement of the subscription term, including incentives received, plus applicable capitalizable implementation costs. If amendments or certain circumstances occur that are expected to significantly affect the amount of a subscription, the present value is remeasured and corresponding adjustments made.

SBITA assets are reported with other capital assets and SBITA liabilities are reported within long-term liabilities on the statement of net position.

**NOTE 1****Summary of Significant Accounting Policies (Continued)****Program Loans Receivable**

Program loans receivable are recorded in the government wide and governmental fund financial statements, based on the respective basis of accounting, and consist of loans to companies to accelerate job growth, economic and/or project development and technological innovation in the Commonwealth. Such amounts are reported net of an allowance for uncollectible loans. This allowance is established based on management's assessment of the collectability of the loan portfolio and is reassessed at least annually. These loans bear interest at rates ranging from 5.75% to 11.5% and mature through 2028, or in some cases not until the project is sold or commences operations.

**Program Investments**

Program investments are recorded in the government wide financial statements and represent mainly privately held equity investments in clean energy companies consistent with MassCEC's legislative intent. These investments are valued in accordance with GASB No. 62, meaning investments are held at cost or cost less other than temporary impairment adjustments. In order to assess other than temporary impairment, privately held equity investments are evaluated based on a fundamental business and operation analysis performed by management on each investment.

**Capital Assets**

Capital assets include buildings, leasehold improvements, operational equipment, computer equipment and software, furniture and fixtures and intangible right-to-use assets. Capital assets are reported in the government-wide financial statements in the applicable governmental or business-type activities column, as well as the proprietary fund financial statements. The threshold for capitalization for the fiscal year ended June 30, 2025, is \$5,000 per individual asset. Capital assets are recorded at cost or estimated historical cost. Contributed assets are recorded at acquisition value at the time received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of useful lives are as follows:

Capital Asset Type	Estimated Useful Life (in Years)
Buildings	30- 40
Leasehold Improvements	2 - 50
Operational Equipment	7
Computer Equipment and Software	3 - 5
Furniture and Fixtures	5

**Unearned Revenues**

Unearned revenues represent revenues collected in advance of services performed and will be recognized when the services are rendered.

**Accrued Expenses-Program Awards**

Grant expenditures are recognized when all material conditions related to the grant agreement have been met. Management works closely with program team managers to ensure that invoices for services rendered and/or grant milestones achieved within the fiscal year are submitted promptly after year-end. These amounts are recorded as Accrued Expenses – Program Awards in the statement of net position and on the governmental fund balance sheet.

**Compensated Absences**

MassCEC maintains a policy that permits employees to accumulate earned but unused vacation pay benefits that will be paid to employees upon separation from MassCEC service if certain criteria are met. Sick time is accumulated as earned and accrued based on estimated usage. Sick time is not due and payable upon employee separation.

Liabilities for compensated absences are measured using the employees' pay rate and other relevant factors in effect as of the reporting date. Salary-related payments, such as employer payroll taxes and retirement contributions, are included when applicable. The portion of the compensated absences liability expected to be paid within one year is classified as a current liability, and the remainder is reported as a noncurrent liability. The liability for compensated absences is accrued and reported in the government-wide and fund financial statements in accordance with fund specific accounting requirements.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net assets that applies to future period(s), and so will not be recognized as an inflow of resources (revenue) until then. In governmental funds, revenues not received within sixty days of year-end are deferred until collected as they do not meet the availability criteria. In addition, the proprietary funds report deferred inflows of resources related to unamortized lease revenue, which will be recognized over the term of the lease.

## NOTE 1

### Summary of Significant Accounting Policies (Continued)

#### Net Position

Net position represents the residual difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net position is reported in the following categories:

**Net investment in capital assets** – This category represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to asset acquisitions, construction and improvements.

**Restricted net position** – This category presents external restrictions imposed by creditors, grantors, contributors, laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** This category represents the remaining net position that is not restricted or invested in capital assets.

#### Fund Balances

In the governmental fund financial statements MassCEC reports fund balances as either non-spendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints.

Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples include prepaid assets and deposits.

Spendable fund balances are classified as follows:

**Restricted Fund Balance** – Amounts that are constrained for a specific purpose imposed by creditors, grantors, laws, constitutional provisions or enabling legislation.

**Committed Fund Balance** – Amounts constrained for a specific purpose imposed by formal action of an approved Board authorization, MassCEC's highest level of decision-making authority. Once adopted, the authorization can only be modified, rescinded, or replaced in the same manner, by another authorization of the Board.

**Assigned Fund Balance** – Amounts that are intended to be used for specific purposes as determined by the Board, but that are neither restricted or committed. Only the Board is authorized to assign fund balance.

**Unassigned Fund Balance** – Amount represents the residual fund balances that do not meet the other fund balance classification requirements.

When both restricted and unrestricted resources are available, restricted resources will be used first for incurred expenses, and then unrestricted as needed. When using unrestricted resources, committed amounts would be reduced first, followed by assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

MassCEC has not formally adopted a minimum fund balance policy.

#### Income Taxes

Pursuant to Massachusetts General Laws Chapter 307, the operations of MassCEC constitute the performance of an essential government function and are, therefore, exempt from taxation by and within the Commonwealth. Additionally, MassCEC is exempt from federal and state income taxes.

## NOTE 2

### Alternative Compliance Payments

In accordance with guidelines set forth by Massachusetts legislation, MassCEC acts as the collection agent for the Alternative Compliance Payments (ACP) mandated upon electricity suppliers. Any electricity supplier that does not secure enough Renewable Energy Certificates (RECs) to meet the Renewable Portfolio Standard requirements shall be deemed in compliance if they make an ACP to MassCEC. MassCEC accounts for the activity related to ACP's within a custodial fund and presents the activity within the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. From July 1, 2024, through June 30, 2025, MassCEC received \$89,869,641 from electricity suppliers in ACP payments. The funds are held in a restricted custodial depository account that earned \$14,383,480 in interest income during fiscal year 2025 and will be utilized in a manner directed by the Department of Energy Resources (DOER). For the year ended June 30, 2025, MassCEC disbursed \$186,844,929. Of this amount, \$10,603,679 was awarded directly to MassCEC by the DOER.

### NOTE 3 Cash and Cash Equivalents and Investments

As of June 30, 2025, MassCEC had the following cash and cash equivalents and investments:

	Amount
<b>Primary Government:</b>	
Cash, cash equivalents and investments	\$149,924,760
Restricted cash, cash equivalents and investments	450,999,732
<b>Custodial Fund:</b>	
Cash and cash equivalents	297,023,676
<b>Total Cash, Cash Equivalents and investments</b>	<b>\$897,948,168</b>

#### Credit Risk and Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be recovered. MassCEC's cash and cash equivalents are held by credible banking institutions, while MassCEC's trust investments are held with a reputable custodial institution in the organization's name. MassCEC's Investment Policy's primary objectives are to preserve principal, maintain liquidity at acceptable levels and maximize return in accordance with established marked indexes. The policy requires the diversification of assets to reduce risk and increase return. The policy establishes several considerations in assisting with the determination of investment risk such as the fiduciary risk of not aligning portfolios with MassCEC's mission, headline and press risk, investments not meeting the organizations liquidity need and a tolerance for market volatility that is not supportive of the liquidity needs of the organization. The credit of these institutions and the credit of the underlying investments have been reviewed by management and deemed to meet a risk profile consistent with MassCEC's Investment Policy. At June 30, 2025, \$744,936,130 of MassCEC's bank balance of \$755,686,131 was exposed to custodial credit risk.

#### Concentration of Investment Credit Risk

Concentration of investment credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. MassCEC's investment policy contains guidelines as to how much can be invested within an asset class. As of June 30, 2025, there is no concentration of investments from one issuer equal to or greater than 5% of the portfolio. Investments issued or guaranteed by the U.S. government, as well as investments in mutual funds and other pooled investments are excluded from consideration when evaluating concentration risk.

#### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. MassCEC's investment policy limits credit risk by restricting allowable investments within short-term and long-term investment management. Short-term investment management requires capital preservation with investments in money market funds. Long-term investment management requires capital preservation of principal and income generation with investment in money market funds and short-term treasuries. For certain long-term cash management accounts, high-quality investment grade fixed income investments may be considered but may not exceed 10% of the overall balance unless approved by the Investment Committee. High quality investment-grade fixed investments may include but are not limited to: Government Obligations: direct obligations (Treasuries) and obligations which are fully and unconditionally guaranteed by the full faith and credit of the U.S. Government, Government Agencies: senior debt; guaranteed debt or guaranteed mortgage-backed or pass-through obligations; asset-backed securities; investment grade corporate bonds. In addition to direct ownership of individual issues, the accounts may own such investments through mutual funds and separately managed accounts.

The table below presents rated debt investments, excluding U.S Treasury funds, at fair value by credit quality of MassCEC's investment portfolio as of June 30, 2025:

Investment Type	Moody's/S&P/Fitch Quality Ratings				
	aaa	aa	a	bbb	Total
Fixed Income Securities - GNMA, FNMA, FHLMC	\$4,523,660	\$3,311,602	\$-	\$-	\$7,835,262
Debt Securities - Corporate Bonds	-	-	3,256,890	6,708,970	9,965,860
Debt Securities - Municipal Bonds	182,236	727,885	-	-	910,121
Debt Securities - ABS & CMOs	1,915,088	90,108	-	-	2,005,196
International Bonds	6,839,050	-	-	-	6,839,050
<b>Total debt securities</b>	<b>\$13,460,034</b>	<b>\$4,129,595</b>	<b>\$3,256,890</b>	<b>\$6,708,970</b>	<b>\$27,555,489</b>

### NOTE 3 Cash and Cash Equivalents and Investments (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of MassCEC's cash equivalents and trust investments. MassCEC manages its exposure to interest rate risk in cash equivalents by investing in money market securities whose underlying holdings have original maturities of ninety days or less. Trust investments include various short-term and long-term investments that could be impacted by interest rate changes. MassCEC manages its exposure to interest rate risk in trust investments by investing a substantial portion of this balance in short-term fixed income mutual funds and Treasury bills.

Debt Securities	Investment Maturity (In Years)				Total
	Less than 1	1 to 5	6 to 10	More than 10	
Fixed Income Securities - GNMA, FNMA, FHLMC	\$-	\$-	\$141,056	\$7,694,206	\$7,835,262
Debt Securities - Corporate Bonds	512,899	4,594,024	4,858,937	-	9,965,860
Debt Securities - Municipal Bonds	182,236	-	698,064	29,821	910,121
Debt Securities - ABS & CMOs	-	1,469,505	445,582	90,109	2,005,196
International Bonds	761,433	5,934,547	143,070	-	6,839,050
<b>Total debt securities</b>	<b>\$1,456,568</b>	<b>\$11,998,076</b>	<b>\$6,286,709</b>	<b>\$7,814,136</b>	<b>\$27,555,489</b>

#### Foreign Currency Risk

Foreign Currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. MassCEC does not hold direct exposure to foreign currencies nor does MassCEC participate in foreign exchange trading. MassCEC may have indirect exposure to foreign currencies through underlying securities held in global and international investment strategies such as mutual funds. MassCEC's investment advisor monitors any foreign exchange hedging across the investment manager platform.

#### Fair Value Measurements

MassCEC categorizes fair value measurements within the fair value hierarchy established in Governmental Accounting Standards Board Statement No 72, *Fair Value Measurements and Application*. The Hierarchy is based on valuation inputs used to measure the fair value of the asset.

*Level 1* - Valuation is based on quoted prices for identical instruments traded in active markets.

*Level 2* - Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

*Level 3* - Valuation is based on model-based techniques that use significant inputs and assumptions not observable in the market. These unobservable inputs and assumptions reflect the Reserve Banks' estimates of inputs and assumptions that market participants would use in pricing the assets and liabilities. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and are based on the lowest level of input that is significant to the fair value measurement. Market price is affected by several factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

### NOTE 3 Cash and Cash Equivalents and Investments (Continued)

MassCEC has the following recurring fair value measurements as of June 30, 2025:

Investment Type	Fair Value	Level 1	Level 2
<b>Bonds:</b>			
Fixed Income Securities - U.S. Government	\$21,564,569	\$-	\$21,564,569
Fixed Income Securities - GNMA, FNMA, FHLMC	7,835,262	-	7,835,262
Debt Securities - Corporate Bonds	9,965,860	-	9,965,860
Debt Securities - Municipal Bonds	910,121	-	910,121
Debt Securities - ABS & CMOs	2,005,196	-	2,005,196
International Bonds	6,839,050	-	6,839,050
<b>Equity Funds:</b>			
Domestic	11,006,934	11,006,934	-
<b>Mutual Funds:</b>			
Domestic	65,928,393	65,928,393	-
International	10,659,716	10,659,716	-
<b>Total Fair Value</b>	<b>\$136,715,101</b>	<b>\$87,595,043</b>	<b>\$49,120,058</b>
<b>Investments measured at the net asset value (NAV):</b>			
Limited Partnership (LP) - Generation Global	5,682,495		
<b>Total Investments</b>	<b>\$142,397,596</b>		

Investment measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited Partnership (LP) - Generation Global <sup>(1)</sup>	\$5,682,495	N/A	Quarterly	30 Days Notice

<sup>(1)</sup> *Limited Partnership (LP) - Generation Global*: Investments are stated at NAV based on the fair value of its underlying assets. The estimated fair value is based on information provided by the fund managers and included in the fund's audited financial statements.

## NOTE 4

### Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases/ Reclass	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated/Amortized				
Furniture and Fixtures	\$202,321	\$-	\$-	\$202,321
Computer Equipment and Software	824,339	-	-	824,339
Leasehold Improvements	57,795	-	-	57,795
Intangible-right-to-use-asset	1,940,840	-	-	1,940,840
Intangible-right-to-use-SBITA	138,631	-	-	138,631
Total Capital Assets, Being Depreciated/Amortized	<b>3,163,926</b>	<b>-</b>	<b>-</b>	<b>3,163,926</b>
Less: Accumulated Depreciation/Amortization for:				
Furniture and Fixtures	97,106	38,730	-	135,836
Computer Equipment and Software	577,083	133,589	-	710,672
Leasehold Improvements	21,603	11,560	-	33,163
Intangible-right-to-use-asset	879,831	364,068	-	1,243,899
Intangible-right-to-use-SBITA	30,807	46,210	-	77,017
Total Accumulated Depreciation/Amortization	1,606,430	594,157	-	2,200,587
Total Capital Assets, Being Depreciated/Amortized, net	1,557,496	(594,157)	-	963,339
<b>Total Governmental Activities capital assets, net</b>	<b>\$1,577,496</b>	<b>\$(594,157)</b>	<b>\$-</b>	<b>\$963,339</b>
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$42,880,468	\$6,318,485	\$-	\$49,198,953
Construction in Progress	1,629,452	3,858,778	(50,715)	5,437,515
Total Capital Assets, Not Being Depreciated	<b>44,509,920</b>	<b>10,177,263</b>	<b>(50,715)</b>	<b>54,636,468</b>
Capital Assets, Being Depreciated/Amortized				
Buildings	34,615,714	-	-	34,615,714
Furniture and Fixtures	102,343	-	-	102,343
Computer Equipment and Software	460,776	8,316	-	469,092
Operational Equipment	4,601,134	87,574	-	4,688,708
Leasehold Improvements	132,093,394	377,312	-	132,470,706
Intangible-right-to-use-asset	18,339,959	-	-	18,339,959
Total Capital Assets, Being Depreciated/Amortized	<b>190,213,320</b>	<b>473,202</b>	<b>-</b>	<b>190,686,522</b>
Less: Accumulated Depreciation/Amortization for:				
Buildings	14,602,791	1,143,105	-	15,745,896
Furniture and Fixtures	102,343	-	-	102,343
Computer Equipment and Software	432,846	21,205	-	454,051
Operational Equipment	2,358,679	498,618	-	2,857,297
Leasehold Improvements	21,437,335	2,844,186	-	24,281,521
Intangible-right-to-use-asset	1,311,336	437,112	-	1,748,448
Total Accumulated Depreciation/Amortization	40,245,330	4,944,226	-	45,189,556
Total Capital Assets, Being Depreciated/Amortized, net	149,967,990	(4,471,024)	-	145,496,966
<b>Total Business-Type Activities capital assets, net</b>	<b>\$194,477,910</b>	<b>\$5,706,239</b>	<b>\$(50,715)</b>	<b>\$200,133,434</b>

Depreciation/amortization expense was charged to Clean Energy Programs within governmental activities in fiscal year 2025.

## NOTE 5 Interfund Transactions

### Due To/From Other Funds

MassCEC reports interfund activity between the governmental and business-type activities which primarily consist of accounts receivable and accounts payable transactions between the funds.

Interfund balances for the year ended June 30, 2025, consisted of the following:

Funds Reporting Due From Balances	Funds Reporting Due to Balances				
	Offshore Wind Industry Investment Trust Fund	Terminal	WTTC	Salem	Total
General Fund	\$1,853,712	\$21,696,995	\$1,624,765	\$-	\$25,175,472
Offshore Wind Industry Investment Trust Fund	-	-	-	439,097	439,097
Total	<b>\$1,853,712</b>	<b>\$21,696,995</b>	<b>\$1,624,765</b>	<b>\$439,097</b>	<b>\$25,614,569</b>

The amounts due from the Terminal and WTTC to the General Fund are expected to be repaid as operations allow. Balances relate to the operating and capital costs covered by the General Fund in support of Terminal and WTTC operations. The repayment is expected over the next five years. There are no minimum payment requirements for these liabilities.

The amount due from the Offshore Wind Industry Investment Trust Fund is expected to be repaid in fiscal year 2026. The balance is related to time delays between the provision and payment of interfund services.

The amounts owed from Salem to the Offshore Wind Industry Investment Trust Fund are expected to be repaid when the port becomes operational. There are no minimum payment requirements for these liabilities.

## NOTE 6 Transfers in/out

Transfers between funds were used to (1) move revenues from the fund that statute or budget required they be collected into the fund that statute or budget required they be expended from and (2) use unrestricted revenues collected in one fund to finance operating and capital programs accounted for in other funds in accordance with budgetary authorizations.

Transfers of note include the Offshore Wind Industry Investment Trust Fund transfer of \$1.3 million to the General Fund for offshore wind related programming and expenditures. The Offshore Wind Industry Investment Trust Fund also transferred \$3.4 million to the New Bedford Marine Commerce Terminal to fund ongoing property expansion efforts.

Transfers from Fund	Transfers To Fund	Amount
Offshore Wind Industry Investment Trust Fund	General Fund	\$1,342,465
Offshore Wind Industry Investment Trust Fund	Terminal	\$3,364,079

## NOTE 7 Long-Term Liabilities

MassCEC is currently committed to various non-cancellable leases of land, buildings, equipment and infrastructure with terms in excess of one year. MassCEC is also committed to various agreements for the right-to-use subscription-based information technology.

Changes in long-term liabilities for Governmental and Business-type Activities for the year ended June 30, 2025 are summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Compensated Absences	\$304,214	\$332,807	\$-	\$637,021	\$354,639
Leases	1,182,218	-	(391,060)	791,158	406,290
SBITA Liability	92,762	-	(45,303)	47,459	47,459
Total	<b>\$1,579,194</b>	<b>\$332,807</b>	<b>\$436,363</b>	<b>\$1,475,638</b>	<b>\$808,388</b>
<b>Business-Type Activities:</b>					
Compensated Absences	\$62,161	\$77,701	-	\$139,862	\$61,344
Leases	18,240,134	-	(102,722)	18,137,412	358,248
Total	<b>\$18,302,295</b>	<b>\$77,701</b>	<b>\$(102,722)</b>	<b>\$18,277,274</b>	<b>\$419,592</b>

Amounts reported as increases in compensated absences represent the net activity for fiscal year 2025.

## NOTE 8

### Leases

A lease is defined as a contractual agreement that conveys control of the right-to-use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. MassCEC leases various pieces of equipment as well as land and certain operating and office facilities in and around Boston. The related obligations are presented in the amounts equal to the present value of payments expected to be made during the lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide and proprietary fund statements of net position.

MassCEC has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index). Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2025, the Entity made variable payments as required by lease agreements totaling \$546,741.

MassCEC did not incur expenses related to its leasing activities for residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions. MassCEC also enters into lease arrangements with third parties in which MassCEC is a sublessee. As of June 30, 2025, MassCEC had minimum principal and interest payment requirements for its leasing activities, including its subleasing activities, with a remaining term in excess of one year, as follows:

Governmental Activities	Total Principal	Total Interest	Total Payments
2026	406,290	10,851	417,141
2027	384,868	3,044	387,912
Lease Liability	<b>\$791,158</b>		
Business-type Activities	Total Principal	Total Interest	Total Payments
2026	113,778	343,020	456,798
2027	125,318	340,743	466,061
2028	140,349	338,214	478,563
2029	156,017	335,394	491,411
2030-2034	1,038,986	1,623,568	2,662,554
2035-2039	1,539,807	1,501,710	3,041,517
2040-2044	572,121	1,372,393	1,944,514
2045-2049	(285,930)	1,385,962	1,100,032
2050-2054	(194,391)	1,408,916	1,214,525
2055-2059	(81,247)	1,422,180	1,340,933
2060-2064	56,955	1,423,544	1,480,499
2065-2069	224,144	1,410,446	1,634,590
2070-2074	424,793	1,379,927	1,804,720
2075-2079	663,982	1,328,575	1,992,557
2080-2084	947,481	1,252,462	2,199,943
2085-2089	1,281,835	1,147,080	2,428,915
2090-2094	1,674,463	1,007,256	2,681,719
2095-2099	2,133,767	827,067	2,960,834
2100-2104	2,669,258	599,742	3,269,000
2105-2109	3,291,691	317,549	3,609,240
2110-2112	1,644,235	35,318	1,679,553
Lease Liability	<b>\$18,137,412</b>		

## NOTE 8 Leases (Continued)

The Terminal lease requires annual payments of \$148,000 commencing on January 1, 2023, through January 1, 2112. Through 2062, the interest accruing on the lease exceeds the annual payment amount; as such, the additional interest increases the outstanding principal balance during those periods. Due to this lease structure, the principal payment in the table on the previous page is displayed as an addition to the principal, thus appearing as a negative balance.

Additionally, the Terminal is the lessor of terminal property under noncancelable lease agreements. The related receivables are presented in the statement of net position for the amounts equal to the present value of lease payments expected to be received during the lease term. The security deposit for the lease was received in the form of a letter of credit. As of June 30, 2025, MassCEC is the beneficiary of the letter of credit in the amount of \$503,150. At June 30, 2025, the lease receivable totaled approximately \$5,735,260. For fiscal year 2025, the Terminal recognized \$5,951,425 in lease revenue released from deferred inflows of resources related to the Terminal leases on the statement of activities. The Terminal recognized interest income of approximately \$140,000 for fiscal year 2025. No inflows of resources were recognized related to termination penalties or residual value guarantees during fiscal year 2025.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ending June 30, 2025, MassCEC received variable payments as required by lease agreements totaling \$1,773,425.

## NOTE 9 Subscription based-Information Technology arrangement (SBITA)

On November 1, 2023, MassCEC entered into a subscription based information technology arrangement (SBITA) for a grants management software system. The arrangement expires on October 31, 2026 and shall automatically renew for one year periods unless terminated.

As of June 30, 2025, SBITA assets and the related accumulated amortization totaled \$138,631 and \$77,017, respectively.

As of June 30, 2025, MassCEC had future subscription payments under the SBITA agreement as follows:

Governmental Activities	Total Principal	Total Interest	Total Payments
2026	47,459	916	48,375
SBITA Liability	<b>\$47,459</b>	<b>\$916</b>	<b>\$48,375</b>

## NOTE 10 Public Private Partnership

On February 21, 2024, MassCEC entered into a public-private partnership (PPP), meeting the definition of a service concession arrangement (SCA), with the City of Salem and Crowley Wind Services (Crowley) to carry out the improvement and construction of the Salem Offshore Wind Terminal project, in Salem, Massachusetts. The project involves long-term use of 42 acres of land in Salem, Massachusetts to develop and operate the state's second major offshore wind port terminal. The terminal will be a logistics and operations center for turbine pre-assembly, transportation staging activities and storage of assembly components.

As part of this arrangement, MassCEC acquired 42 acres of land of which 5.08 acres was sold to the City of Salem, resulting in a recognized loss of \$2,995,490 in fiscal year 2024. The land purchased by the City of Salem is being leased back to MassCEC under a ground lease with a term extending to the 99th anniversary of the commencement date. The land owned by MassCEC is recorded at \$27,077,905 within the Salem Offshore Wind Terminal fund as of June 30, 2025.

The entire 42 acres of land (which includes a sublease of the parcel leased by MassCEC from the City of Salem) is being leased to Crowley for a period of 25 years which includes exclusive terms to construct and operate an offshore wind port facility and other uses related to the development, manufacturing, construction and operation of offshore wind projects. Upon termination of the lease agreement, ownership of the tenant improvements will revert to MassCEC.

The base lease payments to MassCEC will vary from 5% to 7% of sublease payments received by Crowley from the 5th anniversary of project construction completion, contingent on the level of state funding allocated for tenant improvements. There were no payments received by MassCEC during fiscal year 2025 and payments are

## NOTE 10 Public Private Partnership (Continued)

not expected to be received until 2032. Due to the variability and uncertainty of payments, no receivable has been recorded as of June 30, 2025. Under the ground lease with the City of Salem, MassCEC will be required to establish a reserve account to hold rent payments received by MassCEC from Crowley. The intent and objective of the reserve account is to prioritize funding for maintenance, repairs and improvements to the Salem Offshore Wind Terminal, but MassCEC has reserved the right to use funds in the reserve account for other purposes. Additionally, MassCEC and Crowley have established a Tenant Improvement Contribution Agreement. Funding in the amount of \$110 million will be provided through MassCEC as part of these tenant improvement contributions.

The estimated cost of construction of the Salem Offshore Wind Terminal is \$381.5 million and value engineering and other cost savings measures are being advanced. In accordance with GASB Statement 94, MassCEC will record an asset and corresponding deferred inflow for the cost of the project when the related assets are placed into service which is currently planned for fiscal year 2027.

## NOTE 11 Governmental Fund Balances

At June 30, 2025, MassCEC's governmental fund balances were classified as follows:

	General Fund	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
<b>Nonspendable:</b>			
Other Assets	\$163,903	\$-	\$163,903
Prepays	117,020	-	117,020
Total nonspendable	<b>280,923</b>	-	<b>280,923</b>
<b>Restricted For:</b>			
Clean Energy Investment Trust	118,337,377	-	118,337,377
Accelerating Decarbonization Programs	5,377,299	-	5,377,299
Offshore Wind Development Programs	-	94,214,043	94,214,043
Equity Workforce Programs	40,859,296	-	40,859,296
Clean Transportation Programs	50,434,717	-	50,434,717
Other Program Loans and Investments	17,379,187	-	17,379,187
Total restricted	<b>232,387,876</b>	<b>94,214,043</b>	<b>326,601,919</b>
<b>Committed:</b>			
Clean Transportation Programs	7,258,553	-	7,258,553
High Performance Buildings Programs	28,797,455	-	28,797,455
Net Zero Grid Programs	2,435,828	-	2,435,828
Workforce Development Programs	5,938,100	-	5,938,100
Offshore Wind Development Programs	3,425,220	-	3,425,220
Emerging Climatetech Programs	16,154,350	-	16,154,350
Total committed	<b>64,009,506</b>	-	<b>64,009,506</b>
<b>Assigned to:</b>			
WTTC Capital Improvements	1,000,000	-	1,000,000
<b>Unassigned:</b>	112,785,056	-	112,785,056
<b>Total fund balances</b>	<b>\$410,463,361</b>	<b>\$94,214,043</b>	<b>\$504,677,404</b>

**NOTE 12****Defined Contribution Plans**

MassCEC has adopted a Supplemental Retirement Benefit (SRB) plan, a 457(b) and a 401(a) deferred compensation plan, which are administered by Alerus Retirement Solutions. Under the SRB plan, MassCEC makes a monthly contribution equal to 15% of each employee's eligible wages (as defined by the plan) to their retirement account. For the year ended June 30, 2025, MassCEC's total contributions were \$1,939,794.

Under the 457(b) and 401(a) plans, MassCEC matches 50% of employees' contributions with a maximum MassCEC contribution of 3% of the employee's salary. Employee contributions to the 457(b) account are subject to the annual IRS limits, while the employer match is held in the related 401(a) account. For the year ended June 30, 2025, MassCEC's total contributions were \$269,510.

**NOTE 13****Commitments and Contingencies**

MassCEC, through the program activities of the RET, has entered into long-term contracts for the purchase and sale of RECs in an effort to stimulate private investment in the construction of new clean electric-generating facilities. These clean energy facilities are being built to satisfy both voluntary demand for renewable power among the Commonwealth's consumers and the requirements of the mandatory Massachusetts Renewable Portfolio Standard (RPS) established under Massachusetts General Law. As of June 30, 2025, MassCEC is committed to purchasing certain RECs through 2030, as stipulated by the long-term contracts held with various clean energy facilities.

Additionally, through the program activities of the RET, MassCEC has provided loan guarantees for up to 20 years, among other incentives, to local banks to participate in a loan program for solar energy. The total amount of the guarantee for qualified loans was \$5,105,529 as of June 30, 2025, \$488,298 of which has been paid. As of June 30, 2025, MassCEC has established an accrual based on historical experience for the remaining claims of approximately \$54,000.

During 2022, the City of Boston petitioned the landlord from which the WTTC leases its land for past-due property taxes. The landlord is currently disputing the validity of the City of Boston's claim and that appeal is currently underway. The landlord is permitted per the terms of the lease agreement to claim a portion of the amount of property tax owed be paid by MassCEC. MassCEC has recorded a liability in the amount of \$479,886 as of June 30, 2025 based on information provided by the landlord for past-due property taxes through year-end.

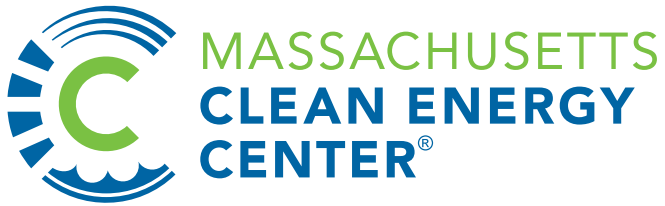
MassCEC, is involved in legal actions arising in the normal course of activities. Although the ultimate outcome of such matters is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolutions of pending matters will not have a materially adverse effect, individually or in the aggregate, upon MassCEC's financial statements.

**NOTE 14****Risk Financing**

MassCEC is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which MassCEC carries commercial insurance. Claims have not exceeded insurance coverage for the past three years.

**NOTE 15****Subsequent Events**

Management has evaluated subsequent events through November 19, 2025, the date the financial statements were available for issuance noting no other events have occurred that require recognition or disclosures in the financial statements.



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