

MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
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YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITORS' REPORT

The 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, 2024, 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, 2024, 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.

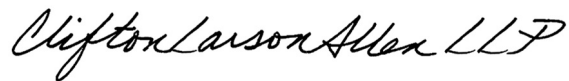
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 13, 2024, 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 13, 2024

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2024**

This discussion and analysis of the Massachusetts Clean Energy Center's (MassCEC) financial statements is designed to introduce the basic financial statements and provide an analytical overview of MassCEC's financial activities for the fiscal year ended June 30, 2024. The basic financial statements are comprised of government-wide financial statements, fund financial statements and footnotes to the financial statements. We hope this will assist readers in identifying significant changes in MassCEC's financial position.

Financial Highlights

- At the close of fiscal year 2024, MassCEC's assets exceeded its liabilities and deferred inflows of resources, resulting in a total net position of \$577,296,000.
- MassCEC's total net position increased \$134,236,000, or 30.3% in comparison to the prior year.
- MassCEC's governmental activities total net position of \$420,063,000 increased \$95,597,000, or 29.5% in comparison to the prior year. Approximately 40.0% of the total or \$167,892,000 is unrestricted, and thus available for spending at MassCEC's discretion.
- MassCEC's business-type activities total net position of \$157,233,000 increased \$38,639,000, or 32.6% in comparison to the prior year. The unrestricted net position is a deficit balance of \$18,413,000.
- MassCEC reported \$218,819,000 in total liabilities, of which \$162,260,000 relates to unearned revenues received under the American Rescue Plan Act.
- Total revenues increased \$147,850,000, or 169%, in comparison to prior year.
- Total expenses increased \$46,470,000, or 85.1%, in comparison to prior year.

Government-Wide Financial Statements

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

General governmental and intergovernmental revenues support the governmental activities, whereas the business-type activities are primarily supported by user fees and charges for services. The purpose of the government-wide financial statements is to allow the user to be able to analyze MassCEC's total financial position.

The Statement of activities reflects the expenses of a given function or program, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function or program.

The effect of inter-fund activity has been removed from the government-wide financial statements, However, the inter-fund services between functions are not eliminated.

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Fund Financial Statements

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity or net position, revenues and expenditures or expenses, 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's funds are presented in separate fund financial statements, these funds are presented on a governmental fund financial statement and a proprietary fund financial statement. 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's two governmental funds, the General Fund and the Offshore Wind Industry Investment Trust Fund are classified as major funds.

Proprietary Fund Financial Statements

Proprietary fund financial statements, like government-wide financial statements, are prepared on the 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 (WTTC), the New Bedford Marine Commerce Terminal (Terminal) and the Salem Offshore Wind Terminal (Salem) as major funds in the proprietary fund financial statements. These enterprise funds are used to present the same functions that are presented in the government-wide financial statements.

Fiduciary Fund Financial Statements

The fiduciary fund financial statements are not included in the government-wide financial statements because the resources of those funds are not available to support MassCEC's programs.

MassCEC General Overview

MassCEC is a publicly funded state agency dedicated to accelerating the success of clean energy technologies, companies, and projects in the Commonwealth of Massachusetts (the "Commonwealth") - while creating high quality jobs and long-term economic growth for the people of Massachusetts. MassCEC has helped clean energy companies grow, supported municipal clean energy projects, and invested in residential and commercial renewable energy installations, creating a robust marketplace for innovative clean technology companies and service providers.

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MassCEC's mission is to accelerate the innovation of clean energy and climate solutions that are critical to meeting the Commonwealth's climate goals, advancing Massachusetts' position as an international climate leader while growing the state's clean energy economy. To do so, MassCEC works closely with residents, businesses, and municipalities to develop programs that provide renewable energy solutions for their energy needs.

MassCEC's programs also connect communities with the most viable clean energy and reduce the energy burden on low- and moderate-income residents, with the goal of fostering the success of the Commonwealth's dynamic clean energy sector. MassCEC is committed to promoting the equitable distribution of the health and economic benefits of clean energy and supporting a diverse and inclusive clean energy industry.

Enabling Legislation and Funding Sources

MassCEC was created in 2008 as the result of the passage of several legislative acts described further below. Generally, MassCEC operates outside of the Commonwealth's appropriations process, and is primarily funded through dedicated funding sources received in support of initiatives within MassCEC's mandate. Significant funding sources include:

Massachusetts Alternative and Clean Energy Investment Trust Fund

In August 2008, the "Green Jobs Act of 2008" created MassCEC and established the Massachusetts Alternative and Clean Energy Investment Trust Fund ("ACE") to financially support its activities. In accordance with the enabling legislation, ACE is funded through annual transfers from the Massachusetts Renewable Energy Trust Fund. ACE funds support MassCEC's activities to accelerate job growth and economic development in the state's clean energy industry.

Massachusetts Renewable Energy Trust Fund

The Massachusetts Renewable Energy Trust Fund ("RET") was created through the Electric Utility Restructuring Act of 1997 and provides for a charge on each kilowatt hour of electricity purchased by consumers in the service territories of investor-owned electric distribution utilities, as well as by municipal lighting plants that have opted to participate in the RET. These charges support a broad range of activities related to renewable energy. The renewable energy charge of \$.0005/kWh is collected by distribution companies and transferred to MassCEC.

In November 2009, "An Act Relative to Clean Energy," transferred the RET and its staff from the Massachusetts Technology Park Corporation ("MTPC") to MassCEC in an effort to streamline support for the Commonwealth's clean energy economy into one single entity. RET funds support MassCEC's diverse renewable energy initiatives.

Clean Energy Equity Workforce Funding

In March 2021, An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy was signed into law, which amended the Green Communities Act of 2008 and requires the Department of Public Utilities ("DPU") to annually collect and transfer not less than \$12 million to MassCEC. Further amended in August 2022 by An Act Driving Clean Energy and Offshore Wind, the funding supports clean energy equity workforce and market development programs. The DPU directs the electric and gas distribution companies and municipal aggregators with certified

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energy plans to jointly transfer funds collected each year no later than December 31st. The first transfer of funds occurred in fiscal year 2022.

Wind Technology Testing Center

The Wind Technology Testing Center (WTTC) is the first commercial-scale large blade test facility in the nation, testing commercial-sized wind turbine blades to help reduce cost, improve technical advancements, and expedite the deployment of the next generation of wind turbine blades into the marketplace. MassCEC managed the construction and development of the WTTC in Charlestown, Massachusetts and officially opened the facility in May 2011. The facility was partially funded by a U.S. Department of Energy American Recovery and Reinvestment Act ("ARRA") grant of approximately \$25 million. The facility has attracted business from companies well-known in the wind industry and is responsible, in part, for such companies designing, manufacturing, and testing their blades in the United States.

New Bedford Marine Commerce Terminal

The New Bedford Marine Commerce Terminal (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. This first in the nation facility has been engineered to sustain mobile crane and storage loads that rival the highest capacity ports in the nation. The construction was primarily funded by \$118.9 million received from the Commonwealth. The Terminal was placed into service in July 2015 and has since supported a variety of cargoes and customers.

Clean Energy Program Focuses

MassCEC runs Clean Energy Programs in four focus areas, Climatetech Innovation & Investment, Accelerating Decarbonization, Large Scale Deployment and Clean Energy & Climate Workforce. These focus areas encompass the grant making aspects of the organization.

Through its Clean Energy Program work MassCEC is:

- Increasing statewide adoption of clean energy, while driving down the costs and delivering financial, environmental, and economic development benefits to ratepayers.
- Continuing to drive clean energy innovation.
- Strategically supporting the clean energy ecosystem to foster and advance clean energy companies and partners.
- Advancing innovative solutions that will lead to energy security and a safe, reliable, and resilient energy infrastructure.
- Supporting the creation of high-quality jobs and developing a trained workforce for a rapidly growing industry.
- Supporting minority and women owned business enterprises, environmental justice communities, low- and moderate-income populations, and fossil fuel workers gain employment in climate critical occupations and business fields.

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Climatetech Innovation & Investments

Tech to Market

Programs offering competitive grant funding to technology innovators, support for clean energy research and development at Massachusetts-based universities, and operational funding to incubators and accelerators, to advance commercialization of the most innovative, effective, and impactful solutions to high-priority energy challenges facing the Commonwealth.

Investments

Programs which stimulate and accelerate the development and commercialization of clean energy technologies in the Commonwealth through their support of promising early and growth stage clean energy companies.

Accelerating Decarbonization

High Performance Buildings

Programs that accelerate the most impactful, resilient, and cost-effective electrification technologies and approaches to decarbonizing the building sector. To achieve this transformation, programs focus on retrofitting and electrifying existing buildings, consumer engagement, innovation in technologies, materials, and methods, equity for underserved populations, new business and financing models, and expansion of a skilled workforce.

Clean Transportation

Programs that foster the development of cutting-edge, clean transportation technologies, surfacing new finance and business models that address the market barriers to electric vehicle deployment and accelerating the growth of clean transportation companies in Massachusetts.

Net Zero Grid

Programs to foster the collaboration and innovation needed to modernize and expand the electric grid to power Massachusetts buildings, industry, and transportation systems with zero greenhouse gas emissions. Efforts include strategic support for energy storage, resiliency upgrades, facilitating interconnection, and increasing load flexibility.

Large Scale Deployment

Offshore Wind

Programs to accelerate the responsible development of offshore wind projects while increasing the role of Massachusetts companies, institutions, and workers in the offshore wind industry. Initiatives are designed to establish baseline environmental data to support the permitting process, reduce development and deployment risks, advance innovation, and increase jobs and economic activity in the offshore wind sector.

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Offshore Wind Escrow

Awards made from the offshore wind escrow accounts are in collaboration with offshore wind companies. These awards support certain initiatives designed to maximize offshore wind industry development in Massachusetts and provide benefits to local Massachusetts communities.

Production Tracking System

A web-based application that tracks the capacity and production of certain renewable energy systems installed across Massachusetts. The online platform provides data to the public about renewable energy systems installed and provides owners of renewable energy systems a convenient method for tracking their production and participating in certain Massachusetts clean energy incentive programs.

Clean Energy & Climate Workforce

Workforce Development

Programs that increase access to clean energy careers, education, and training. Areas of focus include support for employers, job seekers and students, training, careers and advancement, and workforce equity.

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 2024 and 2023.

Summary of Net Position
June 30, 2024 and 2023
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 617.0	\$ 445.2	\$ 18.7	\$ 20.0	\$ 635.7	\$ 465.2
Capital Assets	1.5	2.0	194.5	159.6	196.0	161.6
Total Assets	<u>618.5</u>	<u>447.2</u>	<u>213.2</u>	<u>179.6</u>	<u>831.7</u>	<u>626.8</u>
Current liabilities	197.7	121.5	33.6	34.1	231.3	155.6
Non-current liabilities	0.8	1.2	17.9	18.0	18.7	19.2
Total Liabilities	<u>198.5</u>	<u>122.7</u>	<u>51.5</u>	<u>52.1</u>	<u>250.0</u>	<u>174.8</u>
Total deferred inflows of resources	-	-	4.5	8.9	4.5	8.9
Net Position:						
Net investment in capital assets	0.3	0.4	175.6	140.8	175.9	141.2
Restricted	251.8	154.5	-	-	251.8	154.5
Unrestricted (deficit)	167.9	169.6	(18.4)	(22.2)	149.5	147.4
Total net position	<u>\$ 420.0</u>	<u>\$ 324.5</u>	<u>\$ 157.2</u>	<u>\$ 118.6</u>	<u>\$ 577.2</u>	<u>\$ 443.1</u>

Total assets increased \$204.9 million or 32.7% in the current year, primarily due to an increase of \$186.3 million in restricted cash received in the General Fund in fiscal year 2024, related to the American Rescue Plan Act (ARPA) grant funding, Massachusetts fiscal year 2024 state budget funding and a large grant received from the Massachusetts Department of Elementary and Secondary Education. The increase was also attributed to a \$34.4 million or 21.3% increase in capital assets related to property acquisitions for the Terminal and Salem.

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Total liabilities increased \$75.2 million or 43.0%, primarily due to an increase in unearned revenues, related to ARPA grant funding noted above and funding received from the Department of Energy Resources for the Salem Tenant Improvement Contribution Agreement discussed below.

Total Deferred inflows of resources decreased \$4.4 million or 49.4% due to amortization of leases from the previous year.

Net position increased \$134.1 million or 30.3% in the current year, largely due to a \$97 million or 62.8% increase in restricted net position due to the receipt of Massachusetts FY24 state budget funding and a grant received from the Department of Elementary and Secondary Education noted above. Restricted net position represents assets that are subject to external restrictions imposed by creditors, grantors or by law on how they are used. Unrestricted net position increased \$2.1 million or 1.4%, mainly due to an increase in operating revenues in the business type activities of the organization.

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
For the Years Ended June 30, 2024 and 2023
(amounts expressed in millions)

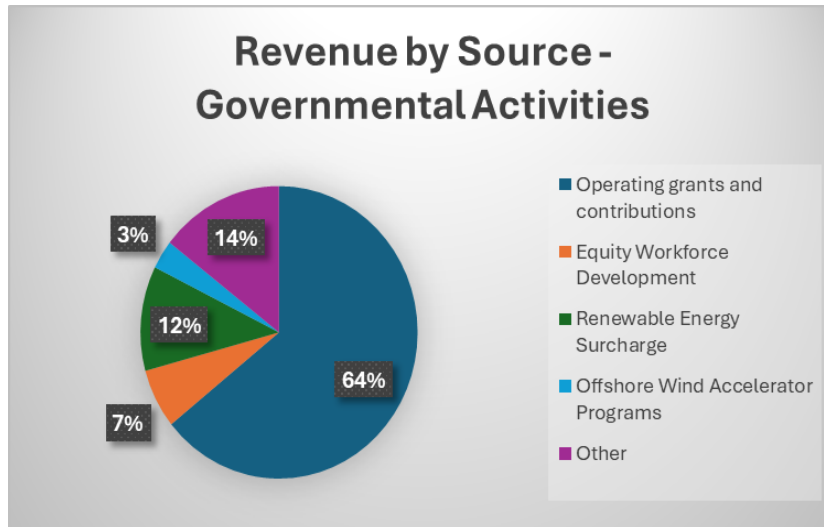
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 0.1	\$ 0.1	\$ 9.9	\$ 9.9	\$ 10.0	\$ 10.0
Operating grants and contributions	117.0	29.7	-	-	117.0	29.7
Capital grants and contributions	-	-	42.1	1.1	42.1	1.1
General revenues:						
Equity Workforce Development	12.0	12.0	-	-	12.0	12.0
Renewable Energy Surcharge	21.1	21.3	-	-	21.1	21.3
Offshore Wind Accelerator Programs	5.8	2.0	-	-	5.8	2.0
Other	26.4	11.2	0.7	0.1	27.1	11.3
Total Revenues	182.4	76.3	52.7	11.1	235.1	87.4
Expenses:						
Program activities:						
Clean Energy Programs	84.5	43.1	-	-	84.5	43.1
Production Tracking System	2.4	1.8	-	-	2.4	1.8
Business-type activities:						
New Bedford Marine Commerce Terminal	-	-	6.5	4.7	6.5	4.7
Wind Technology Testing Center	-	-	4.3	4.9	4.3	4.9
Salem Offshore Wind Terminal	-	-	3.3	-	3.3	-
Total expenses	86.9	44.9	14.1	9.6	101.0	54.5
Change in net position	95.5	31.4	38.6	1.5	134.1	32.9
Net Position- beginning of year	324.5	293.1	118.6	117.1	443.1	410.2
Net position- end of year	\$ 420.0	\$ 324.5	\$ 157.2	\$ 118.6	\$ 577.2	\$ 443.1

Total revenues increased \$147.7 million or 169%, in comparison to the prior year. The increase is mainly related to revenue recognition of operating and capital grants and contributions in the current year that were not received in the previous year, such as the Massachusetts fiscal year 2024 state budget funding and Department of Elementary and Secondary Education grant. Total expenses increased \$46.5 million or 85.3%, in comparison to the prior year. The increase is related to the increased awards and payments within clean energy programs related to ARPA funding received in the previous year and current year.

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Governmental Activities

The governmental activities increased MassCEC's total assets, total liabilities, and total net position by \$171.3, \$75.8 and \$95.5 million, respectively. The increases in total assets and total liabilities primarily relate to increased ARPA funding received by the organization that is recorded as a liability until eligible expenses have been incurred and operating grants that were not received by the organization previously as mentioned above. The increase in net position is primarily due to operating grants received by the organization that were not received in the previous year.



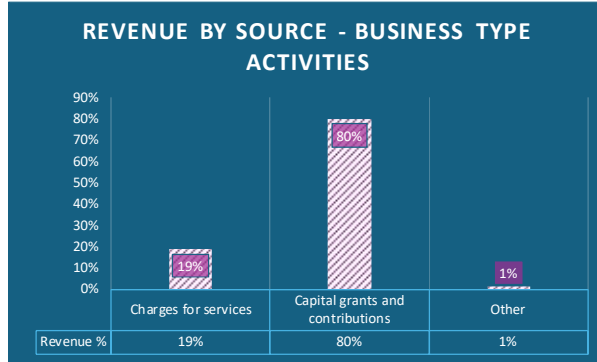
Total revenues for governmental activities increased by \$106.1 million, or 139.1%, in comparison to prior year. This is mainly due to operating grants and contributions increasing \$87.3 million or 293.9%, in comparison to the prior year due to revenues received during fiscal year 2024 that were not received during fiscal year 2023 as discussed previously. In addition, other revenue increased \$15.2 million or 135.7% in comparison to the prior year due to increased investment returns.

Total expenses for governmental activities increased \$42.0 million or 93.5%, in comparison to the prior year, mainly due to increased awards and payments to grantees within clean energy programs related to ARPA funding received during fiscal year 2023 and fiscal year 2024.

Business-Type Activities

The business-type activities increased total assets, decreased total liabilities and total deferred inflows of resources and increased total net position by \$33.6, (\$0.6), (\$4.4) and \$38.6 million, respectively. The increase in total assets and total net position is related to property acquisitions at the Terminal and Salem during fiscal year 2024. The decrease in liabilities and deferred inflows of resources is related to the amortization of leases.

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Total revenues reported in business-type activities increased \$41.6 or 375.2%, in comparison to the prior year related to an increase in capital grants and contributions utilized to fund property acquisitions for the Terminal and Salem.

Total business-type expenses increased \$4.5 million or 46.9%, in comparison to the prior year related to increased operational costs at the Terminal due to being fully operational for all of fiscal year 2024, as compared to half of fiscal year 2023. In addition, Salem incurred a loss on the sale of capital assets of \$2.9 million.

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.

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General Fund- Total revenues increased \$87.1 million or 141.9%. Intergovernmental revenue increased \$74.3 million or 422.2% from the prior year, primarily due to revenue recognition on expenditures incurred for ARPA funded programs, the receipt of Massachusetts FY24 state budget funding and a Department of Elementary and Secondary Education grant. Investment earnings also increased \$9.2 million or 110.8% from the prior year due to favorable interest rates on cash and cash equivalents held by the organization. Total expenditures increased \$14.7 million or 34.8%, due to an increase in the amount of grant awards paid during FY2024 as compared to FY2023, primarily due to ARPA funding received by the organization.

Renewable Energy Surcharge revenue recognized during fiscal year 2024 of \$21.2 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 2024 increased \$3.7 million from the prior fiscal year due to an increase in eligible grant activities. This revenue is related to two offshore wind escrow account agreements: one with Vineyard Wind and a banking institution, and another with Mayflower Wind and a separate banking institution. Funds in these escrow accounts are treated as unearned revenue until grant expenses paid from the escrow accounts are recognized, at which point revenue is recognized as earned. The balance of the escrow accounts recorded in unearned revenue at fiscal year-end was \$7.9 million.

Offshore Wind Investment Trust Fund- Total revenues increased \$18.6 million or 124.6%. Intergovernmental revenue increased \$12.7 million or 105.7% due to revenue recognition on expenditures incurred for ARPA funded programs. In addition, investment earnings increased \$5.9 million or 202.3% due to favorable interest rates on cash and cash equivalents held in the Trust. Total expenditures increased \$27.2 million or 1,007.3% due to increased spending on ARPA funded programs as noted above and other programs run by funding received in the trust during previous years.

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 \$1.4 million or 37.2% due to a decrease in user fees 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 decreased \$590.1 thousand or 12.0% mainly due to an overall decrease in operations from the prior year. Total non-operating revenues and expenses including capital grants and contributions decreased \$520.6 thousand or 50.0% due to the ending of a federal Department of Energy grant during fiscal year 2023.

The WTTC is utilizing a \$10 million dollar ARPA 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 occur through fiscal year 2027.

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New Bedford Marine Commerce Terminal- Operating revenues increased \$1.5 million or 25.6% from the prior year, due to a full year of operations at the Terminal, as during the previous year the Terminal became operational in January of 2023. Total operating expenses increased \$1.7 million or 36.9% due to increased operations noted and increased contracted services during fiscal year 2024 for upgrades and repair work necessary to accommodate Terminal tenant requirements. Total non-operating revenue including capital grants and contributions increased \$12.0 million, or 5,347.4% due to utilization of ARPA program funding to acquire multiple parcels of land as part of the Terminal expansion efforts.

MassCEC is currently in the process of expanding and improving the Terminal, a 30-acre purpose-built facility constructed and operated by MassCEC for the construction, assembly, and deployment of offshore wind projects. 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 Terminal is an essential piece of infrastructure for Massachusetts climate goals. The expansion and improvement project represents the commitment of the Commonwealth to ensure that the facility will continue to provide critical support for the deployment of gigawatts of renewable offshore wind and serve as an essential port asset for the emerging U.S. offshore wind industry for years to come.

The overall scope of the project includes: the acquisition of four abutting properties by MassCEC. Three of these properties were closed on during fiscal year 2024, with the remaining property closing in early fiscal year 2025 (the funding for this property of \$6.3 million included within other assets in the proprietary fund statements) the replacement of an existing legacy bulkhead with a new high bearing capacity quayside, development of additional heavy lift storage area, and the construction of a new office and warehouse building. When completed, the project will expand the available heavy-lift storage area by 5 acres to a total of 26 contiguous acres (24% increase), increase the total heavy-lift quayside available at the terminal by 200 linear feet to 1,200 linear feet (20% increase), and provide additional office and warehouse space and functionality for Terminal tenants. 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/warehouse construction. The anticipated completion date for the expansion project is December 2026.

Salem Offshore Wind Terminal- This fund is a new major fund for MassCEC during fiscal year 2024. 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.

Operating expenses of \$421.6 thousand relate to contracted services necessary to complete the public private partnership agreements and land acquisition. The \$2.9 million in non-operating expenses relate to the loss incurred in selling a portion of the land parcel acquired from Crowley to the City of Salem for a nominal amount.

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.

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As part of this arrangement, MassCEC acquired 42 acres of land from Crowley Wind Services, which had previously purchased the parcel once used for a coal and oil-fired power plant for its own use in 2022. Part of the land acquired by MassCEC was then sold to the City of Salem. 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 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.

Additionally, MassCEC and Crowley have established a Tenant Improvement Contribution Agreement to fund upgrades such as dredging, pile-driving and electrical work. Funding in the amount of \$110 million, \$35 million of which was received through the Department of Energy Resources, with the remainder funded through the Executive Office of Environmental Affairs, will be provided as part of these tenant improvement contributions. Construction is expected to be completed and the terminal operational in January 2026.

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 2024 were as follows:

- Expansion of the New Bedford Marine Commerce Terminal including closing on three separate land acquisitions, leasehold improvements and construction in process.
- Land acquisition for the Salem Offshore Wind Terminal

The following is a schedule of MassCEC's capital assets as of June 30, 2024 and 2023.

Summary of Capital Assets
June 30, 2024 and 2023
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ -	\$ -	\$ 42.9	\$ 5.0	\$ 42.9	\$ 5.0
Construction in Progress	-	-	1.6	0.3	1.6	0.3
Buildings	-	-	34.6	34.5	34.6	34.5
Furniture and Fixtures	0.2	0.2	0.1	0.1	0.3	0.3
Computer Equipment and Software	0.8	0.9	0.4	0.5	1.2	1.4
Operational Equipment	-	-	4.6	4.6	4.6	4.6
Leasehold Improvements	0.1	0.1	132.1	131.7	132.2	131.8
Intangible-right-to-use-asset	1.9	1.9	18.4	18.3	20.3	20.2
Intangible-right-to-use-SBITA	0.1	-	-	-	0.1	-
Total capital assets	<u>\$ 3.1</u>	<u>\$ 3.1</u>	<u>\$ 234.7</u>	<u>\$ 195.0</u>	<u>\$ 237.8</u>	<u>\$ 198.1</u>
Accumulated depreciation/amortization	<u>(1.6)</u>	<u>(1.1)</u>	<u>(40.2)</u>	<u>(35.4)</u>	<u>(41.8)</u>	<u>(36.5)</u>
Total capital assets	<u>\$ 1.5</u>	<u>\$ 2.0</u>	<u>\$ 194.5</u>	<u>\$ 159.6</u>	<u>\$ 196.0</u>	<u>\$ 161.6</u>

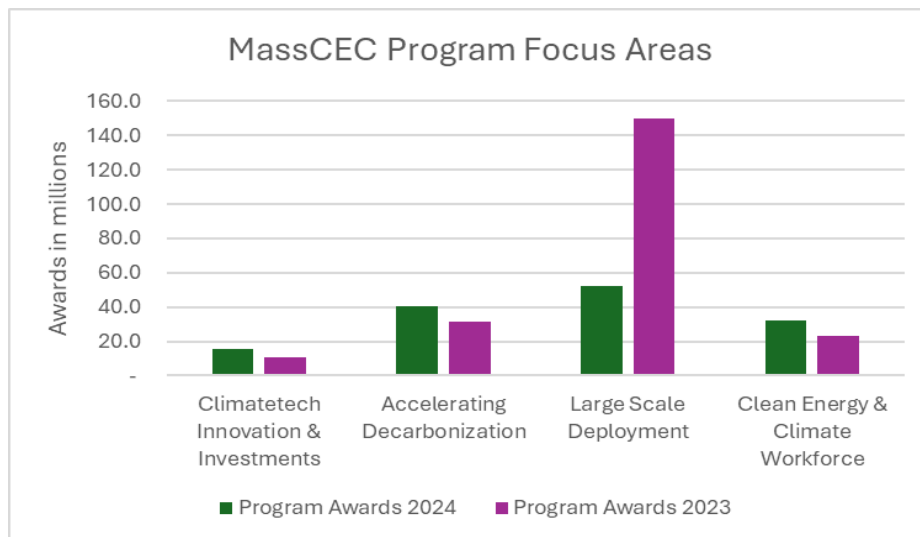
**MASSACHUSETTS CLEAN ENERGY CENTER
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JUNE 30, 2024**

Grant Awards

During the fiscal year ended June 30, 2024, MassCEC provided 811 financial assistance awards and investments in the clean energy sector totaling \$139.5 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, 2024 and 2023
(dollars expressed in millions)**

	Program Awards		Number of Grantees	
	2024	2023	2024	2023
<i>Climatetech Innovation & Investments</i>				
Tech to Market	13.1	9.3	52	60
Investments	2.1	1.2	10	6
	\$ 15.2	\$ 10.5	62	66
<i>Accelerating Decarbonization</i>				
High Performance Buildings	19.6	17.9	110	114
Clean Transportation	20.0	11.9	18	9
Commercial Scale Clean Energy Generation	-	-	-	1
Net Zero Grid	0.7	1.9	2	6
	40.3	31.7	130	130
<i>Large Scale Deployment</i>				
Offshore Wind	44.9	146.7	17	34
Offshore Wind Escrow	6.9	2.1	78	46
Production Tracking System	0.3	1.3	4	12
	52.1	150.1	99	92
<i>Clean Energy & Climate Workforce</i>				
Workforce Development	31.9	22.9	520	486
Total Awards	\$ 139.5	\$ 215.2	811	774



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Climatetech Innovation & Investments awards increased \$4.7 million or 44.8% with a 6.1% decrease in grantees from the prior year. This increase in awards can be attributed to higher demand and timing in the execution of awards. Increased staffing also led to the ability to increase investments in emerging technology companies. Accelerating Decarbonization awards increased \$8.6 million or 27.1% with the same number of grantees compared to the prior year. The increase can be attributed to a \$8.1 million increase in Clean Transportation awards related to ARPA and Department of Environmental Protection funded programs such as ACT School Bus, Mass Fleet Advisory and Vehicles for Hire.

Large Scale Deployment awards decreased \$98.0 million or 65.3% with a 7.6% increase in grantees from the prior year. The decrease in awards is attributed to the Offshore Wind division running a Ports Challenge program during fiscal year 2023 that resulted in over \$100 million dollars awarded, this program was not repeated during fiscal year 2024. Lastly, Clean Energy & Climate Workforce awards increased \$9.0 million or 39.3% with a 7.0% increase in grantees from the prior year. This increase can be attributed to the timing of awards based on funding received under the Clean Energy Equity Workforce Funding Acts in addition to increased staffing that have assisted in deployment funding.

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 \$21.2 million in fiscal year 2024 remained consistent with the amount from fiscal year 2023, however it should be noted that this revenue has decreased slightly each fiscal year. 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 will be 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 will increase to \$24 million annually, starting in fiscal year 2025.

MassCEC receives frequent one-time or nonrecurrent sources of funding. These sources of funding can fluctuate widely by year. Revenue recognition can also vary depending on the terms of the awards. The State of Massachusetts, Department of Energy Resources, received a \$156 million federal award from the U.S. Environmental Protection Agency, Solar for All competition, a \$7 billion program that is part of the Inflation Reduction Act's Greenhouse Gas Reduction Fund, where

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JUNE 30, 2024**

MassCEC will be a primary subrecipient. The program is expected to deploy 125 megawatts of solar capacity, provide a 20% reduction in energy costs to more than 31,000 low-income and disadvantaged households, support 2,800 clean energy jobs and decrease annual carbon emissions by 70,500 tons. This program will take place over the course of the next five fiscal years.

MassCEC also received \$49.7 million in funding from the Department of Elementary and Secondary Education during fiscal year 2024 for the Green School Works Program. Created as part of the state's 2024 budget, the goal of the Green School Works program is to provide financial support to K-12 public schools or districts to install or maintain clean energy infrastructure. Funding will go towards project implementation as well as support for building-specific decarbonization assessments and plans and high-level, building-specific assessments and high-level, district-wide decarbonization planning. This program will take place over the course of the next five fiscal years.

MassCEC, for the first time in its history, was awarded \$30 million from the FY2024 State Budget. MassCEC was again awarded funding in the amount of \$20 million from the FY2025 State Budget. While it is unknown at the current time whether this will continue for future years and in the same amounts, the funding has significantly impacted the results of operations for MassCEC and allowed the organization to expand on current programs and offer new programs that assist the State with meeting its climate goals.

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.

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**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 14,210,152	\$ -	\$ 14,210,152
Receivables:			
Renewable Energy Surcharge Receivable	1,518,821		1,518,821
Trade (Net of Allowance of \$139,005)	7,750	1,981,059	1,988,809
Lease Receivable	-	4,619,425	4,619,425
Program Loans Receivable (Net of Allowance of \$1,818,850)	3,591,518		3,591,518
Internal Balances	31,188,575	(31,188,575)	-
Other Assets	151,171	6,355,154	6,506,325
Inventories	-	31,465	31,465
Prepays	78,701	95,093	173,794
Program Investments (Net of Allowance of \$2,503,755)	6,982,287		6,982,287
Trust Investments	131,632,931		131,632,931
Restricted assets:			
Cash and Cash Equivalents	423,912,734	5,655,225	429,567,959
Due from other governments	3,707,045		3,707,045
Inventory for resale	51,680		51,680
Total Current Assets	617,033,365	(12,451,154)	604,582,211
Noncurrent Assets:			
Capital Assets Not Being Depreciated/Amortized	-	44,509,920	44,509,920
Capital Assets, Net of Accumulated Depreciation/Amortization	1,557,496	149,967,990	151,525,486
Total Noncurrent Assets	1,557,496	194,477,910	196,035,406
Total Assets	618,590,861	182,026,756	800,617,617
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	3,742,434	740,889	4,483,323
Accrued Expenses - Program Awards	2,681,392		2,681,392
Other Liabilities	304,214	687,721	991,935
SBITA Payable	45,303	-	45,303
Leases Payable	391,606	345,378	736,984
Liabilities Payable from Restricted Assets:			
Accounts Payable and Accrued Expenses	18,456,917		18,456,917
Unearned Revenues	172,067,351	623,036	172,690,387
Total Current Liabilities	197,689,217	2,397,024	200,086,241
Noncurrent Liabilities:			
SBITA Payable	47,459	-	47,459
Leases Payable	790,612	17,894,756	18,685,368
Total Noncurrent Liabilities	838,071	17,894,756	18,732,827
Total Liabilities	198,527,288	20,291,780	218,819,068
DEFERRED INFLOWS OF RESOURCES			
Unamortized Leases	-	4,502,050	4,502,050
Total Deferred Inflows of Resources	-	4,502,050	4,502,050
NET POSITION			
Net Investment in Capital Assets	282,516	175,645,767	175,928,283
Restricted for:			
Clean Energy Investment Trust	70,126,043	-	70,126,043
Mass Solar Loan	2,365,227	-	2,365,227
Advancing Commonwealth Energy Storage	692,725	-	692,725
Offshore Wind Energy	98,375,444	-	98,375,444
Offshore Wind Wildlife Surveys	696,660	-	696,660
Reheat	436,758	-	436,758
Affordable Access to Clean and Efficient Energy	736,976	-	736,976
Equity Workforce	29,820,466	-	29,820,466
ACT4All	31,071,656	-	31,071,656
Networked Geothermal	2,568,271	-	2,568,271
BETA Triple Decker	1,586,937	-	1,586,937
Hydrogen Hub	13,628	-	13,628
Long Duration Energy Storage Study	13,628	-	13,628
Production Tracking System	1,564,026	-	1,564,026
Electrify Northampton/Easthampton	518,800	-	518,800
Other Program Loans and Investments	11,301,586	-	11,301,586
Unrestricted (deficit)	167,892,226	(18,412,841)	149,479,385
Total Net Position	\$ 420,063,573	\$ 157,232,926	\$ 577,296,499

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Clean Energy Programs	\$ 84,536,623	\$ 112,160	\$ 114,815,338	\$ -	\$ 30,390,875
Production Tracking System	2,376,050	-	2,255,827	-	(120,223)
Interest expense	28,220	-	-	-	(28,220)
Total Governmental Activities	86,940,893	112,160	117,071,165	-	30,242,432
Business-Type Activities:					
New Bedford Marine Commerce Terminal	6,459,122	7,406,966	-	11,773,112	12,720,956
Wind Technology Testing Center	4,326,500	2,506,274	-	317,079	(1,503,147)
Salem Offshore Wind Terminal	3,377,109	-	-	30,034,034	26,656,925
Total Business-Type Activities	14,162,731	9,913,240	-	42,124,225	37,874,734
Total Primary Government	<u>\$ 101,103,624</u>	<u>\$ 10,025,400</u>	<u>\$ 117,071,165</u>	<u>\$ 42,124,225</u>	<u>\$ 68,117,166</u>

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (from Previous Page)	\$ 30,242,432	\$ 37,874,734	\$ 68,117,166
GENERAL REVENUES			
Equity Workforce Development	12,000,000	-	12,000,000
Renewable Energy Surcharge	21,168,950	-	21,168,950
Offshore Wind Accelerator Programs	5,806,813	-	5,806,813
Investment Earnings	26,379,136	764,180	27,143,316
Total General Revenues	65,354,899	764,180	66,119,079
CHANGE IN NET POSITION	95,597,331	38,638,914	134,236,245
Net Position - Beginning of Year	324,466,242	118,594,012	443,060,254
NET POSITION - END OF YEAR	<u>\$ 420,063,573</u>	<u>\$ 157,232,926</u>	<u>\$ 577,296,499</u>

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
GOVERNMENTAL FUNDS – BALANCE SHEET
YEAR ENDED JUNE 30, 2024**

ASSETS	<u>General</u>	<u>Offshore Wind Industry Investment Trust Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents - Unrestricted	\$ 14,210,152	\$ -	\$ 14,210,152
Cash and Cash Equivalents - Restricted	243,254,940	180,657,794	423,912,734
Receivables:			
Renewable Energy Surcharge Receivable	1,518,821	-	1,518,821
Trade	7,750	-	7,750
Program Loans Receivable (Net of Allowance of \$1,818,850)	3,591,518	-	3,591,518
Due from Other Funds	26,969,059	6,273,821	33,242,880
Due from Other Governments	3,707,045	-	3,707,045
Other Assets	151,171	-	151,171
Prepays	78,700	-	78,700
Program Investments (Net of Allowance of \$2,503,755)	6,982,287	-	6,982,287
Trust Investments	131,632,931	-	131,632,931
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 432,104,374</u>	<u>\$ 186,931,615</u>	<u>\$ 619,035,989</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Expenses - Trade	\$ 5,866,314	\$ 1,372,998	\$ 7,239,312
Accrued Expenses - Program Awards	4,717,914	3,207,233	7,925,147
Due to Other Funds	10,085,055	2,054,305	12,139,360
Unearned Revenues	90,145,716	81,921,635	172,067,351
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>110,814,999</u>	<u>88,556,171</u>	<u>199,371,170</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	462,576	-	462,576
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES			
Nonspendable	229,871	-	229,871
Restricted	153,513,387	98,375,444	251,888,831
Committed	82,741,863	-	82,741,863
Assigned	1,000,000	-	1,000,000
Unassigned	83,341,678	-	83,341,678
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>320,826,799</u>	<u>98,375,444</u>	<u>419,202,243</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 432,104,374</u>	<u>\$ 186,931,615</u>	<u>\$ 619,035,989</u>

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2024**

Total Fund Balance - Governmental Funds	\$	419,202,243
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,557,496
Inventory held for resale does not constitute available resources and, therefore, are not reported in the governmental funds		51,680
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.		(1,210,422)
Other assets are not available to pay for current period expenditures and, therefore are reported as deferred inflows of resources in the governmental funds		462,576
Net Position of Governmental Activities	\$	420,063,573

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
GOVERNMENTAL FUNDS – STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	General	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
REVENUES			
Renewable Energy Surcharge	\$ 21,168,950	\$ -	\$ 21,168,950
Intergovernmental Revenue	91,863,961	24,744,628	116,608,589
Equity Workforce Development	12,000,000	-	12,000,000
Investment earnings	17,568,488	8,810,648	26,379,136
Offshore Wind Accelerator Programs	5,806,813	-	5,806,813
Miscellaneous	83,674	-	83,674
Total Revenues	148,491,886	33,555,276	182,047,162
EXPENDITURES			
Current:			
Clean Energy Programs	54,040,404	29,941,963	83,982,367
Production Tracking System	2,376,050	-	2,376,050
Capital Outlay	145,855	-	145,855
Debt Service:			
Principal	421,987	-	421,987
Interest	28,220	-	28,220
Total Expenditures	57,012,516	29,941,963	86,954,479
OTHER FINANCING SOURCES(USES)			
Proceeds from SBITA	138,631	-	138,631
NET CHANGE IN FUND BALANCES	91,618,001	3,613,313	95,231,314
Fund Balances - Beginning of Year	229,208,798	94,762,131	323,970,929
FUND BALANCES - END OF YEAR	\$ 320,826,799	\$ 98,375,444	\$ 419,202,243

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	95,231,314
<p>Amounts reported for governmental funds above and those reported for governmental activities in the statement of activities are different because:</p>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		462,576
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.		(34,565)
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.		27,112
The net effect of various miscellaneous transactions involving capital and intangible assets is to decrease net position		(2,155)
Inventory held for resale does not constitute available resources and, therefore, are not reported in the governmental funds.		51,680
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over multiple periods.		<u>(138,631)</u>
Changes in Net Position of Governmental Activities	\$	<u><u>95,597,331</u></u>

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities - Enterprise Funds			Total
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Salem Offshore Wind Terminal	
ASSETS				
Current Assets:				
Restricted Assets				
Cash and Cash Equivalents	\$ 5,655,225	\$ -	\$ -	\$ 5,655,225
Receivables, Net of Allowance for Uncollectible Amounts:				
Trade	1,570,663	410,396	-	1,981,059
Grants Receivable	-	-	-	-
Leases	-	4,619,425	-	4,619,425
Other Assets	39,440	6,315,714	-	6,355,154
Inventories	-	31,465	-	31,465
Prepays	35,781	59,312	-	95,093
Total Current Assets	7,301,109	11,436,312	-	18,737,421
Noncurrent Assets:				
Receivables, Net of Allowance for Uncollectible Amounts:				
Leases	-	-	-	-
Capital Assets				
Non-depreciable/Amortizable:				
Land	-	15,802,563	27,077,905	42,880,468
Construction in Progress	403,175	1,226,277	-	1,629,452
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	460,776	-	-	460,776
Operational Equipment	4,534,343	66,791	-	4,601,134
Leasehold Improvements	254,185	131,839,209	-	132,093,394
Intangible-Right-to-Use-Asset	6,025,802	12,314,157	-	18,339,959
Less Accumulated Depreciation and Amortization	(18,391,120)	(21,854,210)	-	(40,245,330)
Total Noncurrent Assets	26,655,890	140,744,115	27,077,905	194,477,910
Total Assets	33,956,999	152,180,427	27,077,905	213,215,331
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	56,925	683,586	378	740,889
Due to Other Funds	1,266,633	29,566,247	355,695	31,188,575
Other Liabilities	46,969	640,752	-	687,721
Unearned Revenues	523,036	100,000	-	623,036
Leases Payable	197,378	148,000	-	345,378
Total Current Liabilities	2,090,941	31,138,585	356,073	33,585,599
Noncurrent Liabilities:				
Leases Payable	5,308,579	12,586,177	-	17,894,756
Total Noncurrent Liabilities	5,308,579	12,586,177	-	17,894,756
Total Liabilities	7,399,520	43,724,762	356,073	51,480,355
DEFERRED INFLOWS OF RESOURCES				
Unamortized Leases	-	4,502,050	-	4,502,050
Total Deferred Inflows of Resources	-	4,502,050	-	4,502,050
FUND NET POSITION				
Net Investment in Capital Assets	21,149,933	127,417,929	27,077,905	175,645,767
Unrestricted (deficit)	5,407,546	(23,464,314)	(356,073)	(18,412,841)
Total Net Position	\$ 26,557,479	\$ 103,953,615	\$ 26,721,832	\$ 157,232,926

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

Business-Type Activities - Enterprise Funds

	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Salem Offshore Wind Terminal	Total
OPERATING REVENUES				
User Fees	\$ 2,506,274	\$ -	\$ -	\$ 2,506,274
Rentals	-	7,406,966	-	7,406,966
Total Operating Revenues	2,506,274	7,406,966	-	9,913,240
OPERATING EXPENSES				
Salaries and Wages	817,282	326,659	-	1,143,941
Employee Benefits	371,911	140,583	-	512,494
Contractual Services, Materials and Supplies	134,802	1,605,937	421,619	2,162,358
Utilities	62,517	254,346	-	316,863
Repairs and Maintenance	38,315	81,810	-	120,125
Insurance	139,419	409,709	-	549,128
Facility Expenses	112,888	-	-	112,888
Other Expenses	624,546	384,312	-	1,008,858
Depreciation and Amortization	1,918,758	3,014,889	-	4,933,647
Interest Expense	106,062	240,877	-	346,939
Total Operating Expenses	4,326,500	6,459,122	421,619	11,207,241
OPERATING INCOME (LOSS)	(1,820,226)	947,844	(421,619)	(1,294,001)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	273,252	260,149	64,907	598,308
Loss on sale of capital assets	-	-	(2,955,490)	(2,955,490)
Other Income (Expense)	(70,702)	236,574	-	165,872
Total Nonoperating Revenues (Expenses)	202,550	496,723	(2,890,583)	(2,191,310)
Capital grants and contributions	317,079	11,773,112	30,034,034	42,124,225
CHANGE IN FUND NET POSITION	(1,300,597)	13,217,679	26,721,832	38,638,914
Fund Net Position - Beginning of Year	27,858,076	90,735,936	-	118,594,012
FUND NET POSITION - END OF YEAR	<u>\$ 26,557,479</u>	<u>\$ 103,953,615</u>	<u>\$ 26,721,832</u>	<u>\$ 157,232,926</u>

MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds			
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Salem Wind Terminal	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and users	\$ 3,346,424	\$ 3,054,854	\$ -	\$ 6,401,278
Cash Received for Customer Deposits	-	875,560	-	875,560
Payments to Suppliers	(929,462)	(2,536,926)	(421,241)	(3,887,629)
Payments to Employees	(1,189,193)	(467,242)	-	(1,656,435)
Net Cash Provided by (Used in) Operating Activities	1,227,769	926,246	(421,241)	1,732,774
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions and Construction of Capital Assets	(224,415)	(18,363,014)	(30,033,395)	(48,620,824)
Proceeds from Capital Grants	1,178,832	11,773,112	30,034,034	42,985,978
Principal Paid on Leases	(185,009)	(148,000)	-	(333,009)
Interest Paid on Leases	(106,062)	-	-	(106,062)
Principal Received on Leases	-	6,010,919	-	6,010,919
Interest Received on Leases	-	260,149	-	260,149
Interfund Receipts (Payments)	(1,892,150)	(459,412)	355,695	(1,995,867)
Net Cash (Used in) Provided by Capital and Related Financing	(1,228,804)	(926,246)	356,334	(1,798,716)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	273,252	-	64,907	338,159
Net Cash Provided by Investing Activities	273,252	-	64,907	338,159
NET CHANGE IN CASH AND CASH EQUIVALENTS	272,217	-	-	272,217
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,383,008	-	-	5,383,008
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,655,225	\$ -	\$ -	\$ 5,655,225
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,820,226)	\$ 947,844	\$ (421,619)	\$ (1,294,001)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	1,918,758	3,014,889	-	4,933,647
(Increase) Decrease in Prepaid Expenses	(25,538)	(26,120)	-	(51,658)
(Increase) Decrease in Other Assets	-	(6,347,179)	-	(6,347,179)
(Increase) Decrease in Accounts Receivable	317,114	1,918,956	-	2,236,070
(Decrease) Increase in Accounts Payable and Accrued Expenses	(183,025)	361,356	378	178,709
(Decrease) Increase in Other Liabilities	523,036	(625,560)	-	(102,524)
Other Revenues	497,650	1,682,060	-	2,179,710
Total Adjustments	3,047,995	(21,598)	378	3,026,775
Net Cash Provided by (Used in) Operating Activities	1,227,769	926,246	(421,241)	1,732,774
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Purchase of capital assets on account	\$ -	\$ 592,009	\$ -	\$ 592,009
Loss on disposal of capital assets	(78,154)	(14,704)	(2,955,490)	(3,048,348)
Gross amount of new lease agreements		1,520,877		1,520,877

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
FIDUCIARY FUNDS — STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	Custodial Fund - (Alternative Compliance Payments)
ASSETS	
Cash and Cash Equivalents	\$ 369,152,703
Due from other Funds	<u>10,085,055</u>
Total Assets	<u><u>379,237,758</u></u>
 NET POSITION	
Net Position Restricted for Other Governments	<u><u>\$ 379,237,758</u></u>

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
FIDUCIARY FUNDS — STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024**

	Custodial Fund - (Alternative Compliance Payments)
ADDITIONS	
Alternative Compliance Payments	\$ 129,825,321
<i>Investment earnings:</i>	
Interest Income	14,557,620
<i>Less investment costs:</i>	
Investment advisory fees	(55,646)
Total Additions	144,327,295
 DEDUCTIONS	
Grants Disbursed to MassCEC	37,693,502
 NET INCREASE IN NET POSITION	106,633,793
 Net Position - Beginning of Year	272,603,965
 NET POSITION - END OF YEAR	\$ 379,237,758

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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 cost, 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 twelve members, including five members appointed by the governor and seven state officials that serve in an ex officio capacity. During fiscal year 2023, legislation was passed increasing the number of board members to fifteen, with eight appointed by the governor.

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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 expense, 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 expense, are not related to operations.

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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 approximated 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.

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Inventory held for resale consists of renewable energy certificates (RECs) acquired by the organization through long-term contracts as discussed further in footnote 12. Inventory held for resale is classified as restricted, which indicates that they do not constitute available resources.

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.

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 noncancelable 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.

MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**MASSACHUSETTS CLEAN ENERGY CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 is \$5,000. 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 the useful lives are as follows:

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. These benefits, plus their related tax are classified as compensated absences. The balance of compensated absences is considered to be a current liability based on requirements for use. The liability for compensated absences are accrued and reported in the government-wide and proprietary fund financial statements.

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.

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.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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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 electric 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, 2023, through June 30, 2024, MassCEC received \$129,825,321 from electricity suppliers in ACP payments. The funds are held in a restricted custodial depository account that earned \$14,557,620 in interest income during fiscal year 2024 and will be utilized in a manner directed by the Department of Energy Resources (DOER). For the year ended June 30, 2024, MassCEC disbursed \$37,693,502 of grants awarded by the DOER, all of which were awarded directly to MassCEC.

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2024, MassCEC had the following cash and cash equivalents and investments:

	Amount
<i>Primary Government:</i>	
Cash, cash equivalents and investments	\$ 145,843,083
Restricted cash, cash equivalents and investments	429,567,959
<i>Custodial Fund:</i>	
Cash and cash equivalents	369,152,703
Total Cash, Cash Equivalents and investments	\$ 944,563,745

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 has been reviewed by management and deemed to meet a risk profile consistent with MassCEC's Investment Policy. At June 30, 2024, \$797,180,814 of MassCEC's bank balance of \$812,930,814 was exposed to custodial credit risk.

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NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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, 2024, 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, 2024:

Investment Type	Moody's/S&P/Fitch Quality Ratings					Total
	aaa	aa	a	bbb	Unrated	
Fixed Income Securities - GNMA, FNMA, FHLMC	\$ 9,631,786	\$ -	\$ -	\$ -	\$ -	\$ 9,631,786
Debt Securities - Corporate Bonds	199,760	-	3,705,870	6,665,583	583,775	11,154,988
Debt Securities - Municipal Bonds	55,004	1,389,834	-	-	242,384	1,687,222
Debt Securities - ABS & CMOs	2,133,024	-	-	-	298,753	2,431,777
International Bonds	9,196,726	-	-	-	-	9,196,726
Total debt securities	<u>\$ 21,216,300</u>	<u>\$ 1,389,834</u>	<u>\$ 3,705,870</u>	<u>\$ 6,665,583</u>	<u>\$ 1,124,912</u>	<u>\$ 34,102,499</u>

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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.

<u>Debt Securities</u>	<u>Investment Maturity (In Years)</u>				<u>Total</u>
	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>	
Fixed Income Securities - GNMA, FNMA, FHLMC	\$ -	\$ -	\$ 208,430	\$ 9,423,356	\$ 9,631,786
Debt Securities - Corporate Bonds	2,042,522	4,113,491	4,541,230	457,745	11,154,988
Debt Securities - Municipal Bonds	530,311	444,632	673,283	38,996	1,687,222
Debt Securities - ABS & CMOs	-	2,306,471	-	125,306	2,431,777
International Bonds	939,019	6,652,844	1,604,863	-	9,196,726
Total debt securities	<u>\$ 3,511,852</u>	<u>\$ 13,517,438</u>	<u>\$ 7,027,806</u>	<u>\$ 10,045,403</u>	<u>\$ 34,102,499</u>

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.

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NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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.

MassCEC has the following recurring fair value measurements as of June 30, 2024:

Investment Type	Fair Value	Level 1	Level 2
Bonds:			
Fixed Income Securities - U.S. Government	\$ 16,821,968	\$ -	\$ 16,821,968
Fixed Income Securities - GNMA, FNMA, FHLMC	9,631,786	-	9,631,786
Debt Securities - Corporate Bonds	11,154,988	-	11,154,988
Debt Securities - Municipal Bonds	1,687,222	-	1,687,222
Debt Securities - ABS & CMOs	2,431,777	-	2,431,777
International Bonds	9,196,726	-	9,196,726
Equity Funds:			
Domestic	17,144,276	17,144,276	-
Mutual Funds:			
Domestic	50,401,891	50,401,891	-
International	8,162,647	8,162,647	-
Total Fair Value	<u>\$ 126,633,281</u>	<u>\$ 75,708,814</u>	<u>\$ 50,924,467</u>

Investments measured at the net asset value (NAV):

Limited Partnership (LP) - Generation Global	4,999,650
Total Investments	<u>\$ 131,632,931</u>

Investment measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited Partnership (LP) - Generation Global ⁽¹⁾	<u>\$ 4,999,650</u>	N/A	Quarterly	30 Days Notice

⁽¹⁾ *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.

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NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases/Reclass	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated/Amortized				
Furniture and Fixtures	\$ 195,097	\$ 7,224	\$ -	\$ 202,321
Computer Equipment and Software	973,711	-	(149,372)	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	<u>3,167,443</u>	<u>145,855</u>	<u>(149,372)</u>	<u>3,163,926</u>
Less: Accumulated Depreciation/Amortization for:				
Furniture and Fixtures	59,218	37,888	-	97,106
Computer Equipment and Software	593,061	131,296	(147,274)	577,083
Leasehold Improvements	10,044	11,559	-	21,603
Intangible-right-to-use-asset	515,763	364,068	-	879,831
Intangible-right-to-use-SBITA	-	30,807	-	30,807
Total Accumulated Depreciation/Amortization	<u>1,178,086</u>	<u>575,618</u>	<u>(147,274)</u>	<u>1,606,430</u>
Total Capital Assets, Being Depreciated/Amortized, net	<u>1,989,357</u>	<u>(429,763)</u>	<u>(2,098)</u>	<u>1,557,496</u>
Total Governmental Activities capital assets, net	<u>\$ 1,989,357</u>	<u>\$ (429,763)</u>	<u>\$ (2,098)</u>	<u>\$ 1,557,496</u>
	Beginning Balance	Increases	Decreases/Reclass	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 4,968,916	\$ 40,867,042	\$ (2,955,490)	\$ 42,880,468
Construction in Progress	313,597	1,315,855	-	1,629,452
Total Capital Assets, Not Being Depreciated	<u>5,282,513</u>	<u>42,182,897</u>	<u>(2,955,490)</u>	<u>44,509,920</u>
Capital Assets, Being Depreciated/Amortized				
Buildings	34,536,484	30,670	48,560	34,615,714
Furniture and Fixtures	102,343	-	-	102,343
Computer Equipment and Software	457,181	6,813	(3,218)	460,776
Operational Equipment	4,570,555	147,408	(116,829)	4,601,134
Leasehold Improvements	131,653,334	529,330	(89,270)	132,093,394
Intangible-right-to-use-asset	18,339,959	-	-	18,339,959
Total Capital Assets, Being Depreciated/Amortized	<u>189,659,856</u>	<u>714,221</u>	<u>(160,757)</u>	<u>190,213,320</u>
Less: Accumulated Depreciation/Amortization for:				
Buildings	13,459,683	1,141,188	1,920	14,602,791
Furniture and Fixtures	102,342	1	-	102,343
Computer Equipment and Software	415,379	20,363	(2,896)	432,846
Operational Equipment	1,902,626	480,834	(24,781)	2,358,679
Leasehold Improvements	18,597,251	2,854,149	(14,065)	21,437,335
Intangible-right-to-use-asset	874,224	437,112	-	1,311,336
Total Accumulated Depreciation/Amortization	<u>35,351,505</u>	<u>4,933,647</u>	<u>(39,822)</u>	<u>40,245,330</u>
Total Capital Assets, Being Depreciated/Amortized, net	<u>154,308,351</u>	<u>(4,219,426)</u>	<u>(120,935)</u>	<u>149,967,990</u>
Total Business-Type Activities capital assets, net	<u>\$ 159,590,864</u>	<u>\$ 37,963,471</u>	<u>\$ (3,076,425)</u>	<u>\$ 194,477,910</u>

Depreciation/amortization expense was charged to Clean Energy Programs within governmental activities in fiscal year 2024.

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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, 2024, consisted of the following:

<u>Funds Reporting Due From Balances</u>	<u>Funds Reporting Due To Balances</u>				
	<u>Offshore Wind Industry Investment Trust Fund</u>	<u>Terminal</u>	<u>WTTC</u>	<u>Salem</u>	<u>Total</u>
General Fund	\$ 2,054,305	\$ 23,648,121	\$ 1,266,633	\$ -	\$ 26,969,059
Offshore Wind Industry Investment Trust	-	5,918,126	-	355,695	6,273,821
Total	\$ 2,054,305	\$ 29,566,247	\$ 1,266,633	\$ 355,695	\$ 33,242,880

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 2025. The balance is related to time delays between the provision and payment of interfund services.

The amounts owed from Salem and the Terminal to the Offshore Wind Industry Investment Trust Fund are expected to be repaid in fiscal year 2025. The balance is related to time delays between the provision and payment of interfund services.

Additionally, the General Fund owes the custodial fund, \$10,085,055 as of June 30, 2024. These amounts are reported in the Statement of Net Position in the restricted accounts payable balance and the Statement of Fiduciary Net Position as amounts due from other funds. The balance is due to time delays between the receipt of funding and transfer to the custodial fund. The amount due is expected to be repaid in fiscal year 2025.

NOTE 6 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 various subscription-based information technology. Changes in long-term liabilities for Governmental and Business-type Activities for the year ended June 30, 2024 are summarized below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental Activities:					
Leases	\$ 1,558,335	\$ -	\$ (376,117)	\$ 1,182,218	\$ 391,606
SBITA Liability	-	138,631	(45,869)	92,762	45,303
Total	<u>1,558,335</u>	<u>138,631</u>	<u>(421,986)</u>	<u>1,274,980</u>	<u>436,909</u>
Business-Type Activities:					
Leases	\$ 18,333,556	\$ -	\$ (93,422)	\$ 18,240,134	\$ 345,378

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NOTE 7 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, 2024, the Entity made variable payments as required by lease agreements totaling \$64,519.

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, 2024, 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:

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NOTE 7 LEASES (CONTINUED)

Governmental Activities	Total Principal	Total Interest	Total Payments
2025	\$ 391,606	\$ 21,497	\$ 413,103
2026	406,290	11,497	417,787
2027	384,322	3,044	387,366
Lease Liability	<u>\$ 1,182,218</u>		
Business-type Activities	Total Principal	Total Interest	Total Payments
2025	\$ 102,722	\$ 345,081	\$ 447,803
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	<u>\$ 18,240,134</u>		

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 above table 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, 2024, MassCEC is the beneficiary of the letter of credit in the amount of \$503,150. At June 30, 2024, the lease receivable totaled approximately \$4,619,425. For fiscal year 2024, the Terminal recognized approximately \$6,000,000 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 \$260,000 for fiscal year 2024. No inflows of resources were recognized related to termination penalties or residual value guarantees during fiscal year 2024.

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NOTE 7 LEASES (CONTINUED)

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 ended June 30, 2024, MassCEC received variable payments as required by lease agreements totaling \$1,454,368.

NOTE 8 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, 2024, SBITA assets and the related accumulated amortization totaled \$138,631 and \$30,807, respectively.

As of June 30, 2024, MassCEC had future subscription payments under the SBITA agreement as follows:

Governmental Activities	Total Principal	Total Interest	Total Payments
2025	\$ 45,303	\$ 3,072	\$ 48,375
2026	47,459	916	48,375
Lease Liability	\$ 92,762	\$ 3,988	\$ 96,750

NOTE 9 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. 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, 2024.

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.

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NOTE 9 PUBLIC PRIVATE PARTNERSHIP (CONTINUED)

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. Construction is expected to be completed and the terminal operational in January 2026. There were no payments received by MassCEC during fiscal year 2024 and payments are not expected to be received until 2032. Due to the variability and uncertainty of payments, no receivable has been recorded as of June 20, 2024. 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. 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 expected to occur in the third quarter of fiscal year 2026.

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NOTE 10 GOVERNMENTAL FUND BALANCES

At June 30, 2024, MassCEC's governmental fund balances were classified as follows:

	General Fund	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
Nonspendable:			
Other Assets	\$ 151,171	\$ -	\$ 151,171
Prepays	78,700	-	78,700
Total nonspendable	<u>229,871</u>	<u>-</u>	<u>229,871</u>
Restricted For:			
Clean Energy Investment Trust	70,126,044		70,126,044
Mass Solar Loan	2,365,227	-	2,365,227
Advancing Commonwealth Energy Storage	692,725	-	692,725
Offshore Wind Energy	-	98,375,444	98,375,444
Offshore Wind Wildlife Surveys	696,660	-	696,660
Reheat	436,758	-	436,758
Affordable Access to Clean and Efficient Energy	736,976	-	736,976
Equity Workforce	29,820,466	-	29,820,466
ACT4All	31,071,656	-	31,071,656
Networked Geothermal	2,568,271	-	2,568,271
BETA Triple Decker	1,586,938	-	1,586,938
Hydrogen Hub	13,628	-	13,628
Long Duration Energy Storage	13,628	-	13,628
Electrify Northampton/Easthampton	518,800	-	518,800
Production Tracking System	1,564,026	-	1,564,026
Other Program Loans and Investments	11,301,584	-	11,301,584
Total restricted	<u>153,513,387</u>	<u>98,375,444</u>	<u>251,888,831</u>
Committed:			
Transportation	4,939,987	-	4,939,987
Buildings	21,772,274	-	21,772,274
Net Zero Grid	2,406,840	-	2,406,840
Workforce Development	11,666,338	-	11,666,338
Offshore Wind	16,105,925	-	16,105,925
Technology to Market and Investments	16,682,059	-	16,682,059
Production Tracking System	9,168,440	-	9,168,440
Total committed	<u>82,741,863</u>	<u>-</u>	<u>82,741,863</u>
Assigned to:			
WTTC Capital Improvements	1,000,000	-	1,000,000
Unassigned:	83,341,678	-	83,341,678
Total fund balances	<u>\$ 320,826,799</u>	<u>\$ 98,375,444</u>	<u>\$ 419,202,243</u>

NOTE 11 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, 2024, MassCEC's total contributions were \$1,405,541.

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, 2024, MassCEC's total contributions were \$181,154. MassCEC has accrued for \$270,000 of amounts potentially owed to the SEP as of June 30, 2024.

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NOTE 12 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, 2024, 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, 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, 2024, \$479,494 of which has been paid. As of June 30, 2024, MassCEC has established an accrual based on historical experience for the remaining claims of approximately \$59,000.

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 not been notified of an obligation to pay past-due property taxes at this time, the ultimate resolution of the matter is unknown; as such, no liability related to any amount potentially owed by MassCEC has been recorded.

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 13 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 14 SUBSEQUENT EVENTS

On July 1, 2024, MassCEC finalized the acquisition of a property for \$6.3 million; the fourth acquisition related to the Terminal expansion efforts. The funding for the property was reflected in other assets of the proprietary fund statements as of June 30, 2024. Management has evaluated subsequent events through November 13, 2024, the date the financial statements were available for issuance noting no other events have occurred that require recognition or disclosures in the financial statements.