

**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, 2023**

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>17</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>18</b>
<b>GOVERNMENTAL FUNDS — BALANCE SHEET</b>	<b>20</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL     FUND BALANCES TO THE STATEMENT OF NET POSITION</b>	<b>21</b>
<b>GOVERNMENTAL FUNDS — STATEMENT OF REVENUES, EXPENDITURES,     AND CHANGES IN FUND BALANCES</b>	<b>22</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND     CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE     STATEMENT OF ACTIVITIES</b>	<b>23</b>
<b>PROPRIETARY FUNDS — STATEMENT OF NET POSITION</b>	<b>24</b>
<b>PROPRIETARY FUNDS — STATEMENT OF REVENUES, EXPENSES, AND     CHANGES IN NET POSITION</b>	<b>25</b>
<b>PROPRIETARY FUNDS — STATEMENT OF CASH FLOWS</b>	<b>26</b>
<b>FIDUCIARY FUNDS — STATEMENT OF FIDUCIARY NET POSITION</b>	<b>27</b>
<b>FIDUCIARY FUNDS — STATEMENT OF CHANGES IN FIDUCIARY NET POSITION</b>	<b>28</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>29</b>



## 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, 2023, 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, 2023, 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.

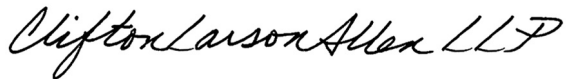
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **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 January 2, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
January 2, 2024

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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, 2023. The basic financial statements are comprised of the 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 2023, MassCEC's assets exceeded its liabilities and deferred inflows of resources, resulting in a total net position of \$443,060,000.
- MassCEC's total net position increased \$32,859,000, or 8.0% in comparison to the prior year.
- MassCEC's governmental activities total net position of \$324,466,000 increased \$31,344,000, or 10.7% in comparison to the prior year. Approximately 52.3% of the total or \$169,587,000 is unrestricted, and thus available for spending at MassCEC's discretion.
- MassCEC's business-type activities total net position of \$118,594,000 increased \$1,515,000, or 1.3% in comparison to the prior year. The unrestricted net position is a deficit balance of \$22,165,000.
- MassCEC reported \$141,781,000 in total liabilities, of which \$98,473,000 relates to unearned revenues received under the American Rescue Plan Act.
- Total revenues decreased \$35,690,000, or 28.9%, in comparison to prior year.
- Total expenses increased \$17,130,000, or 45.8%, 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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**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 (W TTC) and the New Bedford Marine Commerce Terminal (Terminal) 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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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



**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

***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 which 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.

***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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

***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.

***Commercial Scale Clean Energy Generation***

Programs to create clean energy cost-effectively from commercial- and utility-scale renewable energy technologies, including hydroelectric turbines, and organics-to-energy systems.

***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.

***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.

***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.

***Technology-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.

***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.

***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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

***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.

**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 2023 and 2022.

Summary of Net Position  
June 30, 2023 and 2022  
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 445.2	\$ 313.4	\$ 20.0	\$ 7.8	\$ 465.2	\$ 321.2
Capital Assets	2.0	2.4	159.6	157.0	161.6	159.4
Total Assets	<u>447.2</u>	<u>315.8</u>	<u>179.6</u>	<u>164.8</u>	<u>626.8</u>	<u>480.6</u>
Current liabilities	121.5	21.1	34.1	29.6	155.6	50.7
Non-current liabilities	1.2	1.6	18.0	18.1	19.2	19.7
Total Liabilities	<u>122.7</u>	<u>22.7</u>	<u>52.1</u>	<u>47.7</u>	<u>174.8</u>	<u>70.4</u>
Total deferred inflows of resources	-	-	8.9	-	8.9	-
Net Position:						
Net investment in capital assets	0.4	2.4	140.8	157.0	141.2	159.4
Restricted	154.5	118.8	-	-	154.5	118.8
Unrestricted (deficit)	169.6	171.9	(22.2)	(39.9)	147.4	132.0
Total net position	<u>\$ 324.5</u>	<u>\$ 293.1</u>	<u>\$ 118.6</u>	<u>\$ 117.1</u>	<u>\$ 443.1</u>	<u>\$ 410.2</u>

Total assets increased \$146.2 million or 30.4% in the current year, primarily due to an increase in restricted cash received in the Offshore Wind Industry Investment Trust Fund in fiscal year 2023. The increase was also attributed to a \$9.0 million increase in lease receivable from the prior year due to a material lease at the Terminal beginning during the fiscal year.

Total liabilities increased \$104.4 million or 148.3%, primarily due to monies received under the American Rescue Plan ACT (ARPA) that are unearned revenues at fiscal year-end. In addition, liabilities due to grantees increased \$3.2 million, due to the increased volume of awards and timing of payments at fiscal year-end.

Total Deferred inflows of resources increased \$8.9 million or 100% due to the Terminal entering into a material lease during FY2023.

Net position increased \$32.9 million or 8.0% in the current year, largely due to an increase in restricted net position. 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 \$15.4 million or 11.7%, mainly due to the improvement in investment returns during FY2023 when compared to FY2022.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

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, 2023 and 2022  
(amounts expressed in millions)

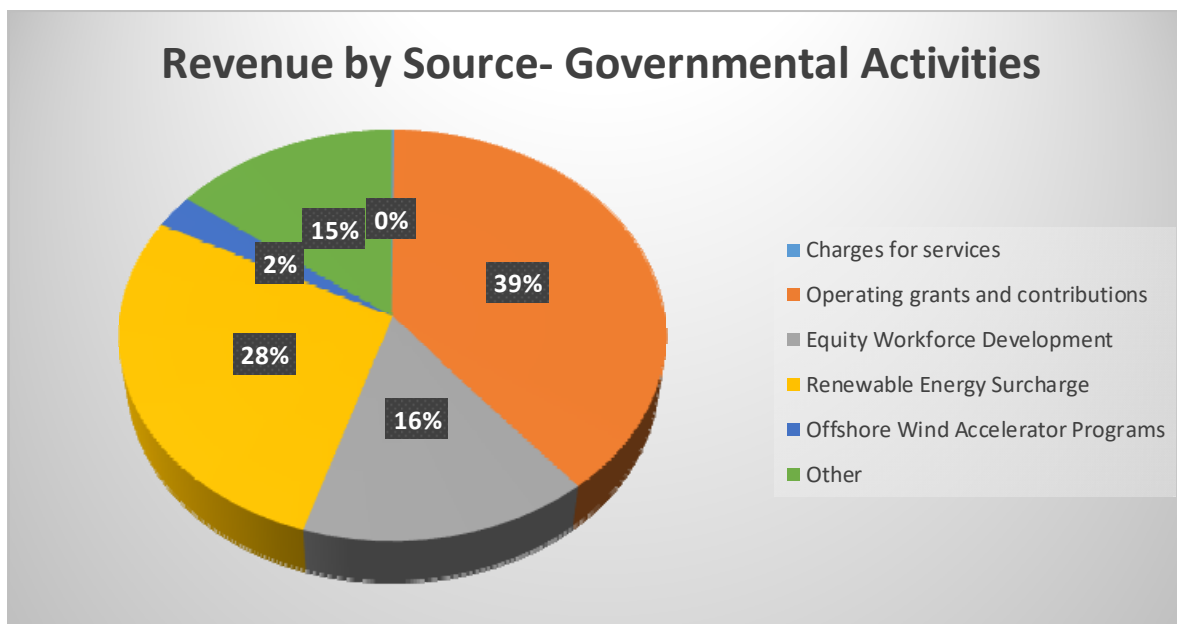
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 0.1	\$ 0.2	\$ 9.9	\$ 4.7	\$ 10.0	\$ 4.9
Operating grants and contributions	29.7	92.4	-	-	29.7	92.4
Capital grants and contributions	-	-	1.1	-	1.1	-
General revenues:						
Equity Workforce Development	12.0	12.0	-	-	12.0	12.0
Renewable Energy Surcharge	21.3	21.6	-	-	21.3	21.6
Offshore Wind Accelerator Programs	2.0	1.1	-	-	2.0	1.1
Other	11.2	(11.1)	0.1	2.2	11.3	(8.9)
<b>Total Revenues</b>	<b>76.3</b>	<b>116.2</b>	<b>11.1</b>	<b>6.9</b>	<b>87.4</b>	<b>123.1</b>
<b>Expenses:</b>						
Program activities:						
Clean Energy Programs	43.1	26.6	-	-	43.1	26.6
Production Tracking System	1.8	2.1	-	-	1.8	2.1
Business-type activities:						
New Bedford Marine Commerce Terminal	-	-	4.7	4.6	4.7	4.6
Wind Technology Testing Center	-	-	4.9	4.1	4.9	4.1
<b>Total expenses</b>	<b>44.9</b>	<b>28.7</b>	<b>9.6</b>	<b>8.7</b>	<b>54.5</b>	<b>37.4</b>
Change in net position	31.4	87.5	1.5	(1.8)	32.9	85.7
Net Position- beginning of year	293.1	205.6	117.1	118.9	410.2	324.5
<b>Net position- end of year</b>	<b>\$ 324.5</b>	<b>\$ 293.1</b>	<b>\$ 118.6</b>	<b>\$ 117.1</b>	<b>\$ 443.1</b>	<b>\$ 410.2</b>

Total revenues decreased \$35.7 million or 28.9%, in comparison to the prior year. The decrease is mainly related to revenue recognition of operating grants and contributions in the prior year that was not repeated in the current year. Total expenses increased \$17.1 million or 45.7%, in comparison to the prior year. The increase is related to the increased awards and payments within clean energy programs.

### Governmental Activities

The governmental activities increased MassCEC's total assets, total liabilities, and total net position by \$131.4, \$100.0 and \$31.4 million, respectively. The increases in total assets and total liabilities primarily relate to funding received under ARPA during FY2023 that was recorded as a liability until eligible expenses have been incurred. The increase in net position is primarily due to an increase in investment returns during FY2023 compared to the prior year.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**



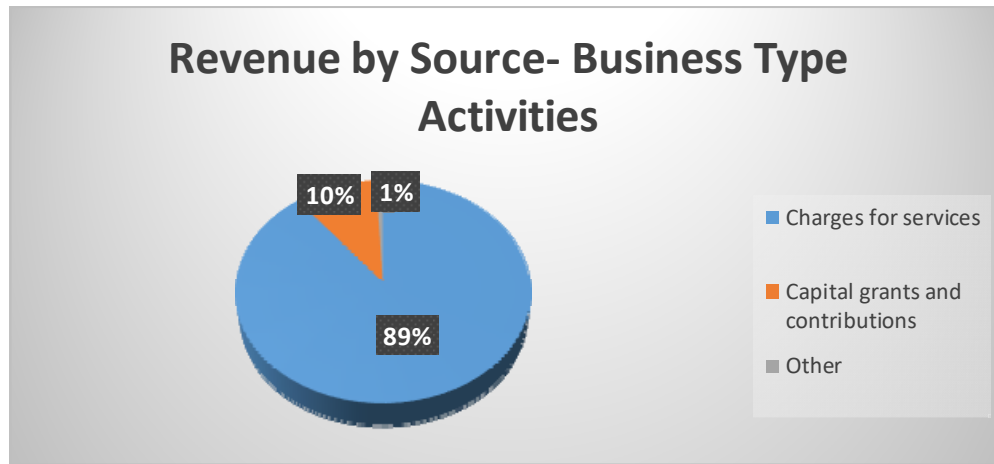
Total revenues for governmental activities decreased by \$39.9 million, or 34.3%, in comparison to prior year. This is mainly due to operating grants and contributions decreasing \$62.7 million or 67.9%, in comparison to the prior year due to \$80 million in Offshore Wind Industry Investment Trust funding received in the prior year that was fully recognized in revenue, and \$100 million received in ARPA funding in the current year, that has been included in unearned revenue until eligible expenses have been incurred. The decrease in operating grants and contributions was offset by an increase in other revenues of \$22.3 million, or 200.9%, in comparison to the prior year, related to improvement in the organization's investment fund activities.

Total expenses for governmental activities increased \$16.2 million or 56.5%, in comparison to the prior year, mainly due to increased awards and payments to grantees within clean energy programs.

### **Business-Type Activities**

The business-type activities increased total assets, total liabilities, total deferred inflows of resources and total net position by \$14.8, \$4.4, \$8.9 and \$1.5 million, respectively. The increases are mainly attributed to the Terminal entering into a lease agreement during FY2023 that resulted in an increase in lease receivables of \$9.1 million and deferred inflows of \$8.9 million. There was also an increase in leasehold improvements to the Terminal of \$22.0 million related to expansion of the Terminal's heavy lift storage area during FY2023.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**



Total revenues reported in business-type activities increased \$4.2 million or 60.7%, in comparison to the prior year related to the material lease entered into by the Terminal during FY2023.

Total business-type expenses increased \$.9 million or 10.3%, in comparison to the prior year related to increased depreciation and utilities costs related to the Terminal and WTTC operations.

### **Financial Analysis of the Government's Funds**

#### ***Governmental Funds***

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

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

**General Fund-** Total revenues decreased \$56.8 million or 48.1%. Intergovernmental revenue decreased \$72.9 million or 80.6% from the prior year, primarily due to the \$85 million in funding received for Clean Energy programs during FY2022 that was recognized in revenue, that was not repeated for the General Fund during FY2023. Total expenditures increased \$11.4 million or 37.1%, due to an increase in the amount of grant awards paid during FY2023 as compared to FY2022.

Renewable Energy Surcharge revenue recognized during FY2023 of \$21.3 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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

Accelerator program revenue recognized during FY2023 increased \$.9 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 \$13.8 million.

**Offshore Wind Investment Trust Fund-** This fund is a new major fund for MassCEC during FY2023. During FY2022 this fund was included as part of the General Fund. FY2023 revenues of \$14.9 million relate to intergovernmental revenues received for Offshore Wind related programs, along with the related investment earnings. Expenditures in the amount of \$2.7 million mainly relate to payments made to grantees of Offshore Wind programs during the fiscal year.

***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 prior year for proprietary major funds:

**Wind Technology Testing Center-** Operating revenues increased \$482.4 thousand or 13.8% due to an increase in user fees from the prior fiscal year. Operating expenses increased \$886.1 thousand or 21.9% mainly due to an increase in depreciation expenses from the prior year. Total non-operating revenue increased \$463.2 thousand or 80.3% due to an increase in federal funding recognized for eligible expenses incurred for equipment purchases at the center.

**New Bedford Marine Commerce Terminal-** In fiscal year 2023, MassCEC leased portions of the Terminal, including office and warehouse space to eleven private businesses, most of them supporting offshore wind projects in Massachusetts and one quasi-government agency. During this time the Terminal quayside was utilized by 23 geophysical and geotechnical survey vessels supporting offshore wind projects, 5 cargo operations, 3 local ferries, and 1 pleasure craft. Two offshore wind project developers have signed leases to utilize the Terminal for staging their projects. The first lease is for a period of 24 months which went into effect in January 2023 and extends through 2024. The second lease agreement begins in January 1, 2025, and extends through September 2027.

Operating revenues increased \$4.7 million or 388.8% from the prior year, due to the lease commencing in January of 2023 mentioned above, resulting in rental revenue and user fees for the terminal. Total operating expenses remained consistent with the prior year. Total non-operating revenue decreased \$1.0 million, or 82.1% due to one-time lease option revenue activity that occurred during FY2022 that was not repeated during FY2023.

**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.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

Noteworthy capital asset purchases/completed projects that took place in fiscal year 2023 were as follows:

- Expansion of the Marine Commerce Terminal's available heavy lift storage area
- Acquisition of equipment for the WTTC to allow for testing of wind turbine blades up to 120 meters long

The following is a schedule of MassCEC's capital assets as of June 30, 2023 and 2022.

Summary of Capital Assets  
June 30, 2023 and 2022  
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ -	\$ -	\$ 5.0	\$ 5.0	\$ 5.0	\$ 5.0
Construction in Progress	-	0.1	0.3	2.1	0.3	2.2
Buildings	-	-	34.5	34.5	34.5	34.5
Furniture and Fixtures	0.2	0.2	0.1	0.1	0.3	0.3
Computer Equipment and Software	0.9	1.5	0.5	0.5	1.4	2.0
Operational Equipment	-	-	4.6	1.6	4.6	1.6
Leasehold Improvements	0.1	0.0	131.7	125.3	131.8	125.3
Intangible-right-to-use-asset	1.9	1.9	18.3	18.3	20.2	20.2
Total capital assets	<u>\$ 3.1</u>	<u>\$ 3.8</u>	<u>\$ 195.0</u>	<u>\$ 187.4</u>	<u>\$ 198.1</u>	<u>\$ 191.2</u>
Accumulated depreciation/amortization	<u>(1.1)</u>	<u>(1.4)</u>	<u>(35.4)</u>	<u>(30.4)</u>	<u>(36.5)</u>	<u>(31.8)</u>
Total capital assets	<u>\$ 2.0</u>	<u>\$ 2.4</u>	<u>\$ 159.6</u>	<u>\$ 157.0</u>	<u>\$ 161.6</u>	<u>\$ 159.4</u>

### Grant Awards

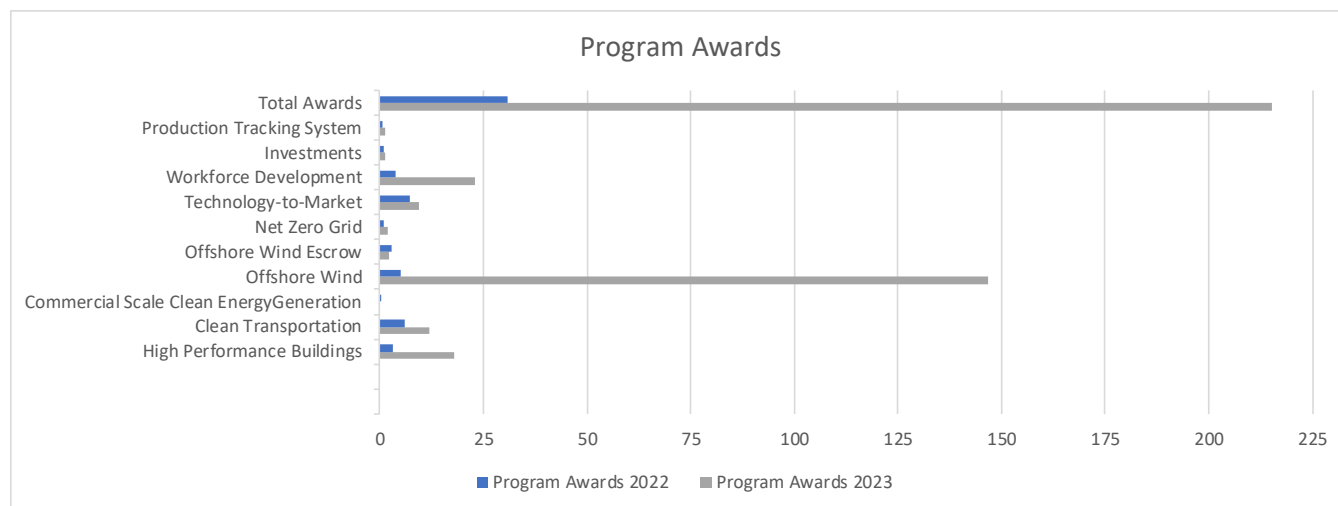
During the fiscal year ended June 30, 2023, MassCEC provided 774 financial assistance awards and investments in the clean energy sector totaling \$215.2 million. Financial assistance awards are legal commitments made to award recipients or to projects which directly benefit the Commonwealth. Awards may 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, 2023 and 2022  
(dollars expressed in millions)

	Program Awards		Number of Grantees	
	2023	2022	2023	2022
High Performance Buildings	\$ 17.9	\$ 3.2	114	42
Clean Transportation	11.9	6.1	9	23
Commercial Scale Clean Energy Generation	-	0.3	1	4
Offshore Wind	146.7	5.1	34	25
Offshore Wind Escrow	2.1	2.7	46	10
Net Zero Grid	1.9	0.9	6	9
Technology-to-Market	9.3	7.3	60	56
Workforce Development	22.9	3.8	486	351
Investments	1.2	0.9	6	6
Production Tracking System	1.3	0.5	12	6
Total Awards	<u>\$ 215.2</u>	<u>\$ 30.8</u>	<u>774</u>	<u>532</u>



**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**



High Performance Building awards increased \$14.7 million or 459.4% with a 171.4% increase in grantees from the prior year. This increase can largely be attributed to a one-time initiative related to Networked Geothermal demonstration projects, which increased the FY23 awards by \$5 million. Additionally, there was a higher demand for multiple buildings initiatives in FY23, leading to increased awards in the amount of \$4.3 million. Offshore Wind awards increased \$141.6 million or 2,776.5% with a 36% increase in grantees. This increase is related to the funding granted to MassCEC during FY2022 and FY2023 in the amounts of \$80 million under the COVID Relief Bill of December 2021 and \$100 million in ARPA funding respectively that were awarded to eligible applicants. Workforce Development awards increased \$19.1 million or 502.6% with a 38.5% 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. Funding received under the Act by MassCEC during FY2022 resulted in an increase in awards of that funding during FY2023.

### 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 \$21.3 million in fiscal year 2023 remained consistent with the amount from fiscal year 2022. This revenue is influenced by energy consumption within the Commonwealth, as well as the number of participating distribution companies.

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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

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

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.

MassCEC, for the first time in its history, was awarded \$30 million from the FY2024 State Budget. While it is unknown at the current time whether this will continue for future years and in the same amounts, it is expected to significantly affect the results of operations for MassCEC and allow the organization to expand on current programs and offer new programs moving forward.

**Requests for Information**

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

\* \* \* \* \*

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 17,651,253	\$ -	\$ 17,651,253
Receivables:			
Renewable Energy Surcharge Receivable	1,607,946	-	1,607,946
Trade (Net of Allowance of \$139,005)	5,000	4,217,130	4,222,130
Lease Receivable	-	9,109,467	9,109,467
Program Loans Receivable (Net of Allowance of \$1,790,163)	2,751,469	-	2,751,469
Internal Balances	32,998,204	(32,998,204)	-
Other Assets	132,687	39,439	172,126
Prepays	92,899	74,900	167,799
Program Investments (Net of Allowance of \$2,503,755)	5,707,335	-	5,707,335
Trust Investments	122,622,738	-	122,622,738
Restricted assets:			
Cash and Cash Equivalents	252,910,907	5,383,008	258,293,915
Due from other governments	8,720,180	1,178,832	9,899,012
Total Current Assets	445,200,618	(12,995,428)	432,205,190
Noncurrent Assets:			
Capital Assets Not Being Depreciated/Amortized	-	5,282,513	5,282,513
Capital Assets, Net of Accumulated Depreciation/Amortization	1,989,357	154,308,351	156,297,708
Total Noncurrent Assets	1,989,357	159,590,864	161,580,221
Total Assets	447,189,975	146,595,436	593,785,411
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	1,554,978	624,342	2,179,320
Accrued Expenses - Program Awards	4,038,769	-	4,038,769
Other Liabilities	312,857	-	312,857
Leases Payable	376,117	333,009	709,126
Liabilities Payable from Restricted Assets:			-
Accounts Payable and Accrued Expenses	3,008,803	-	3,008,803
Unearned Revenues	112,249,991	100,000	112,349,991
Total Current Liabilities	121,541,515	1,057,351	122,598,866
Noncurrent Liabilities:			
Leases Payable	1,182,218	18,000,547	19,182,765
Total Liabilities	122,723,733	19,057,898	141,781,631
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized Leases	-	8,943,526	8,943,526
<b>NET POSITION</b>			
Net Investment in Capital Assets	412,238	140,758,972	141,171,210
Restricted for:			
Mass Solar Loan	2,316,314	-	2,316,314
Advancing Commonwealth Energy Storage	1,710,766	-	1,710,766
Offshore Wind Energy	94,762,131	-	94,762,131
Offshore Wind Wildlife Surveys	1,284,265	-	1,284,265
Reheat	470,461	-	470,461
Affordable Access to Clean and Efficient Energy	701,501	-	701,501
Equity Workforce	22,668,231	-	22,668,231
ACT4All	16,126,792	-	16,126,792
Networked Geothermal	3,574,834	-	3,574,834
BETA Triple Decker	1,887,135	-	1,887,135
Hydrogen Hub	252,746	-	252,746
Long Duration Energy Storage Study	252,746	-	252,746
Other Program Loans and Investments	8,458,804	-	8,458,804
Unrestricted (deficit)	169,587,278	(22,164,960)	147,422,318
Total Net Position	\$ 324,466,242	\$ 118,594,012	\$ 443,060,254

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/ Revenue
<b>Primary Government:</b>					
Governmental Activities:					
Clean Energy Programs	\$ 43,153,770	\$ 123,392	\$ 27,714,161	\$ -	\$ (15,316,217)
Production Tracking System	1,807,383	-	1,906,017	-	98,634
Interest expense	32,721	-	-	-	(32,721)
Total Governmental Activities	44,993,874	123,392	29,620,178	-	(15,250,304)
Business-Type Activities:					
New Bedford Marine Commerce Terminal	4,719,233	5,896,520	-	-	1,177,287
Wind Technology Testing Center	4,917,013	3,989,662	-	1,178,832	251,481
Total Business-Type Activities	9,636,246	9,886,182	-	1,178,832	1,428,768
Total Primary Government	<u>\$ 54,630,120</u>	<u>\$ 10,009,574</u>	<u>\$ 29,620,178</u>	<u>\$ 1,178,832</u>	<u>\$ (13,821,536)</u>

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net (Expense) Revenue (from Previous Page)	\$ (15,250,304)	\$ 1,428,768	\$ (13,821,536)
<b>GENERAL REVENUES</b>			
Equity Workforce Development	12,000,000	-	12,000,000
Renewable Energy Surcharge	21,337,704	-	21,337,704
Offshore Wind Accelerator Programs	1,998,804	-	1,998,804
Investment Earnings	11,258,054	86,618	11,344,672
Total General Revenues	46,594,562	86,618	46,681,180
<b>CHANGE IN NET POSITION</b>	31,344,258	1,515,386	32,859,644
Net Position - Beginning of Year	293,121,984	117,078,626	410,200,610
<b>NET POSITION - END OF YEAR</b>	<u>\$ 324,466,242</u>	<u>\$ 118,594,012</u>	<u>\$ 443,060,254</u>

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**GOVERNMENTAL FUNDS — BALANCE SHEET**  
**JUNE 30, 2023**  
**YEAR ENDED JUNE 30, 2023**

	General	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents - Unrestricted	\$ 17,651,253	\$ -	\$ 17,651,253
Cash and Cash Equivalents - Restricted	56,971,411	195,939,496	252,910,907
Receivables:			
Renewable Energy Surcharge Receivable	1,607,946	-	1,607,946
Other Accounts Receivable	5,000	-	5,000
Program Loans Receivable (Net of Allowance of \$1,790,163)	2,751,469	-	2,751,469
Due from Other Funds	33,533,084	-	33,533,084
Due from Other Governments	8,720,180	-	8,720,180
Other Assets	132,687	-	132,687
Prepays	92,899	-	92,899
Program Investments (Net of Allowance of \$2,503,755)	5,707,335	-	5,707,335
Trust Investments	122,622,738	-	122,622,738
	<u>\$ 249,796,002</u>	<u>\$ 195,939,496</u>	<u>\$ 445,735,498</u>
Total Assets			
	<u>\$ 249,796,002</u>	<u>\$ 195,939,496</u>	<u>\$ 445,735,498</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses - Trade	\$ 1,932,126	\$ -	\$ 1,932,126
Accrued Expenses - Program Awards	4,878,495	2,169,077	7,047,572
Due to Other Funds	-	534,880	534,880
Unearned Revenues	13,776,583	98,473,408	112,249,991
	<u>20,587,204</u>	<u>101,177,365</u>	<u>121,764,569</u>
Total Liabilities			
	<u>20,587,204</u>	<u>101,177,365</u>	<u>121,764,569</u>
<b>FUND BALANCES</b>			
Nonspendable	225,585	-	225,585
Restricted	59,704,595	94,762,131	154,466,726
Committed	93,582,882	-	93,582,882
Assigned	1,000,000	-	1,000,000
Unassigned	74,695,736	-	74,695,736
	<u>229,208,798</u>	<u>94,762,131</u>	<u>323,970,929</u>
Total Fund Balances			
	<u>229,208,798</u>	<u>94,762,131</u>	<u>323,970,929</u>
Total Liabilities and Fund Balances			
	<u>\$ 249,796,002</u>	<u>\$ 195,939,496</u>	<u>\$ 445,735,498</u>

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2023**

<b>Total Fund Balance - Governmental Funds</b>	\$ 323,970,929
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,989,357
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,494,044)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 324,466,242</u></u>

*See accompanying Notes to Basic Financial Statements.*

**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, 2023**

	General	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
<b>REVENUES</b>			
Renewable Energy Surcharge	\$ 21,337,704	\$ -	\$ 21,337,704
Intergovernmental Revenue	17,593,386	12,026,792	29,620,178
Equity Workforce Development	12,000,000	-	12,000,000
Investment earnings	8,336,018	2,914,442	11,250,460
Miscellaneous	2,129,795	-	2,129,795
Total Revenues	61,396,903	14,941,234	76,338,137
<b>EXPENDITURES</b>			
Current:			
Clean Energy Programs	39,979,253	2,703,956	42,683,209
Production Tracking System	1,722,355	-	1,722,355
Capital Outlay	198,143	-	198,143
Debt Service:			
Principal	361,455	-	361,455
Interest	32,721	-	32,721
Total Expenditures	42,293,927	2,703,956	44,997,883
<b>NET CHANGE IN FUND BALANCES</b>	19,102,976	12,237,278	31,340,254
Fund Balances - Beginning of Year	210,105,822	82,524,853	292,630,675
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 229,208,798</u>	<u>\$ 94,762,131</u>	<u>\$ 323,970,929</u>

See accompanying Notes to Basic Financial Statements.



**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, 2023**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 31,340,254</b>
---	----------------------

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.	23,145
---	--------

The net effect of various miscellaneous transactions involving capital and intangible assets (i.e., disposals, transfers) is to increase net position.	20,798
--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(39,939)
---	----------

<b>Changes in Net Position of Governmental Activities</b>	<b>\$ 31,344,258</b>
---	----------------------

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
PROPRIETARY FUNDS — STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds		
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Total
<b>ASSETS</b>			
Current Assets:			
Restricted Assets			
Cash and Cash Equivalents	\$ 5,383,008	\$ -	\$ 5,383,008
Receivables, Net of Allowance for Uncollectible Amounts:			
Trade	1,887,777	2,329,352	4,217,129
Grants Receivable	1,178,832	-	1,178,832
Leases	-	6,010,919	6,010,919
Other Assets	39,439	-	39,439
Prepays	10,243	64,657	74,900
Total Current Assets	8,499,299	8,404,928	16,904,227
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Leases	-	3,098,548	3,098,548
Capital Assets			
Non-depreciable/Amortizable:			
Land	-	4,968,916	4,968,916
Construction in Progress	313,597	-	313,597
Depreciable/Amortizable:			
Building	33,275,413	1,261,071	34,536,484
Furniture and Fixtures	93,316	9,027	102,343
Computer Equipment and Software	457,181	-	457,181
Operational Equipment	4,523,149	47,406	4,570,555
Leasehold Improvements	254,185	131,399,149	131,653,334
Intangible-Right-to-Use-Asset	6,025,802	12,314,157	18,339,959
Less Accumulated Depreciation and Amortization	(16,502,830)	(18,848,675)	(35,351,505)
Total Noncurrent Assets	28,439,813	134,249,599	162,689,412
Total Assets	36,939,112	142,654,527	179,593,639
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Expenses	286,919	337,422	624,341
Due to Other Funds	3,103,151	29,895,053	32,998,204
Unearned Revenues	-	100,000	100,000
Leases Payable	185,009	148,000	333,009
Total Current Liabilities	3,575,079	30,480,475	34,055,554
Noncurrent Liabilities:			
Leases Payable	5,505,957	12,494,590	18,000,547
Total Liabilities	9,081,036	42,975,065	52,056,101
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unamortized Leases	-	8,943,526	8,943,526
<b>FUND NET POSITION</b>			
Net Investment in Capital Assets	22,532,717	118,226,255	140,758,972
Unrestricted (deficit)	5,325,359	(27,490,319)	(22,164,960)
Total Net Position	\$ 27,858,076	\$ 90,735,936	\$ 118,594,012

See accompanying Notes to Basic Financial Statements.

**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, 2023**

	Business-Type Activities - Enterprise Funds		
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Total
<b>OPERATING REVENUES</b>			
User Fees	\$ 3,989,662	\$ 2,877,010	\$ 6,866,672
Rentals	-	3,019,510	3,019,510
Total Operating Revenues	3,989,662	5,896,520	9,886,182
<b>OPERATING EXPENSES</b>			
Salaries and Wages	775,441	258,765	1,034,206
Employee Benefits	289,011	94,171	383,182
Contractual Services, Materials and Supplies	495,760	603,932	1,099,692
Utilities	344,961	93,361	438,322
Repairs and Maintenance	40,371	2,221	42,592
Insurance	141,011	191,520	332,531
Facility Expenses	139,491	14,637	154,128
Other Expenses	579,982	340,358	920,340
Depreciation and Amortization	2,001,518	2,881,139	4,882,657
Interest Expense	109,468	239,129	348,597
Total Operating Expenses	4,917,014	4,719,233	9,636,247
<b>OPERATING INCOME (LOSS)</b>	(927,352)	1,177,287	249,935
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	105,269	220,330	325,599
Grants	1,178,832	-	1,178,832
Other Income (Expense)	(243,891)	4,911	(238,980)
Total Nonoperating Revenues (Expenses), Net	1,040,210	225,241	1,265,451
<b>CHANGE IN FUND NET POSITION</b>	112,858	1,402,528	1,515,386
Fund Net Position - Beginning of Year	27,745,218	89,333,408	117,078,626
<b>FUND NET POSITION - END OF YEAR</b>	<u>\$ 27,858,076</u>	<u>\$ 90,735,936</u>	<u>\$ 118,594,012</u>

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
PROPRIETARY FUNDS — STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds		
	Wind Technology Testing Center	New Bedford Marine Commerce Terminal	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and users	\$ 3,494,336	\$ 808,811	\$ 4,303,147
Cash Returned from Customer Deposits	-	(42,985)	(42,985)
Payments to Suppliers	(2,116,173)	(1,368,070)	(3,484,243)
Payments to Employees	(1,061,114)	(344,135)	(1,405,249)
Net Cash Provided by (Used in) Operating Activities	317,049	(946,379)	(629,330)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisitions and Construction of Capital Assets	(912,603)	(6,083,115)	(6,995,718)
Proceeds from Capital Grants	686,165	-	686,165
Principal Paid on Leases	(173,126)	(148,000)	(321,126)
Interest Paid on Leases	(109,468)	-	(109,468)
Principal Received on Leases	-	2,815,234	2,815,234
Interest Received on Leases	-	220,330	220,330
Interfund Receipts (Payments)	191,983	4,141,930	4,333,913
Net Cash Provided by (Used in) Capital and Related Financing	(317,049)	946,379	629,330
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Income	105,264	-	105,264
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	105,264	-	105,264
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	5,277,744	-	5,277,744
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,383,008	\$ -	\$ 5,383,008
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (927,352)	\$ 1,177,287	\$ 249,935
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	2,001,518	2,881,139	4,882,657
(Increase) Decrease in Prepaid Expenses and Other Assets	15,160	(12,527)	2,633
(Increase) Decrease in Customer Deposits	-	(42,985)	(42,985)
(Increase) Decrease in Accounts Receivable	(495,234)	(2,004,618)	(2,499,852)
(Decrease) Increase in Accounts Payable and Accrued Expenses	(136,997)	181,462	44,465
(Decrease) Increase in Other Liabilities	(30,578)	(106,627)	(137,205)
Other Revenues	-	(3,019,510)	(3,019,510)
Other Expenses	(109,468)	-	(109,468)
Total Adjustments	1,244,401	(2,123,666)	(879,265)
Net Cash Provided by Operating Activities	\$ 317,049	\$ (946,379)	\$ (629,330)
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Purchase of capital assets on account	\$ 216,130	\$ 282,206	\$ 498,336
Loss on disposal of capital assets	-	(2,505)	(2,505)
Gross amount of new lease agreements	-	12,442,166	12,442,166

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
FIDUCIARY FUNDS — STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023**

	Custodial Fund - (Alternative Compliance Payments)
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 272,603,965</u>
<b>NET POSITION</b>	
Net Position Restricted for Other Governments	<u><u>\$ 272,603,965</u></u>

*See accompanying Notes to Basic Financial Statements.*

**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, 2023**

	Custodial Fund - (Alternative Compliance Payments)
<b>ADDITIONS</b>	
Alternative Compliance Payments	\$ 133,946,424
Interest Income	<u>3,175,291</u>
Total Additions	137,121,715
<b>DEDUCTIONS</b>	
Grants Disbursed to Other Governments	10,007,987
Grants Disbursed to MassCEC	<u>4,487,130</u>
Total Deductions	<u>14,495,117</u>
<b>NET INCREASE IN NET POSITION</b>	122,626,598
Net Position - Beginning of Year	<u>149,977,367</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 272,603,965</u></u>

See accompanying Notes to Basic Financial Statements.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023**

**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) and the Wind Technology Testing Center (the WTTC).

**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 or 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, 2023**

**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.

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.

**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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Leases**

MassCEC is a lessor for a noncancelable lease of a building. Mass CEC 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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

MassCEC is a lessee for 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.

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.

**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 9.0% and mature through 2026, or in some cases not until the project is sold or commences operations.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid Items**

Some payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**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 \$1,000. 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

**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 communicates with program team managers, reviews all active grant agreements, and based on the best available information, develops an estimate of incurred grant expenditures where no invoice has been received. These amounts are recorded as Accrued Expenses – Program Awards in the statement of net position and governmental fund balance sheet.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance (Continued)**

Spendable fund balances are classified as follows:

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

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

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

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

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

MassCEC has not formally adopted a minimum fund balance policy.

**Income Taxes**

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

**NOTE 2 ALTERNATIVE COMPLIANCE PAYMENTS**

In accordance with guidelines set forth by Massachusetts legislation, MassCEC acts as the collection agent for the Alternative Compliance Payments (ACP) mandated upon electricity suppliers. Any 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, 2022, through June 30, 2023, MassCEC received \$133,946,424 from electricity suppliers in ACP payments. The funds are held in a restricted custodial depository account that earned \$3,175,291 in interest income during fiscal year 2023 and will be utilized in a manner directed by the DOER. For the year ended June 30, 2023, MassCEC disbursed \$14,495,117 of grants awarded by the DOER, including \$4,487,130 awarded directly to MassCEC.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

As of June 30, 2023 MassCEC had the following cash and cash equivalents and investments:

	Amount
<i>Primary Government:</i>	
Cash, cash equivalents and investments	\$ 140,273,991
Restricted cash, cash equivalents and investments	258,293,915
<i>Custodial Fund:</i>	
Cash and cash equivalents	272,603,965
Total Cash, Cash Equivalents and investments	<u>\$ 671,171,871</u>

**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, 2023, \$17,565,175 of MassCEC's bank balance of \$672,382,422 was exposed to custodial credit risk.

**Concentration of Investment Credit Risk**

Concentration of investment credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. MassCEC's trust investment policy contains guidelines as to how much can be invested within an asset class. As of June 30, 2023, 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.

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, 2023:

Investment Type	Moody's/S&P/Fitch Quality Ratings					Total
	aaa	aa	a	bbb	Unrated	
Fixed Income Securities - GNMA, FNMA, FHLMC	\$ 11,146,674	\$ -	\$ -	\$ -	\$ -	\$ 11,146,674
Debt Securities - Corporate Bonds	-	102,693	2,250,440	4,510,490	-	6,863,623
Debt Securities - Municipal Bonds	291,049	1,477,667	-	-	343,167	2,111,883
Debt Securities - ABS & CMOs	787,786	-	-	-	935,693	1,723,479
International Bonds	6,592,568	-	-	-	-	6,592,568
Total debt securities	<u>\$ 18,818,077</u>	<u>\$ 1,580,360</u>	<u>\$ 2,250,440</u>	<u>\$ 4,510,490</u>	<u>\$ 1,278,860</u>	<u>\$ 28,438,227</u>

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

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

Debt Securities	Investment Maturity (In Years)				
	Less than 1	1 to 5	6 to 10	More than 10	Total
Fixed Income Securities - GNMA, FNMA, FHLMC	\$ -	\$ 398,481	\$ 1,866,523	\$ 8,881,670	\$ 11,146,674
Debt Securities - Corporate Bonds	281,718	3,000,582	3,556,776	24,547	6,863,623
Debt Securities - Municipal Bonds	183,794	1,191,986	138,884	597,219	2,111,883
Debt Securities - ABS & CMOs	-	973,396	603,491	146,592	1,723,479
International Bonds	73,027	5,218,256	1,301,285	-	6,592,568
Total debt securities	<u>\$ 538,539</u>	<u>\$ 10,782,701</u>	<u>\$ 7,466,959</u>	<u>\$ 9,650,028</u>	<u>\$ 28,438,227</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 manages its exposure to foreign currency risk by not directly investing in foreign exchange trading. MassCEC's banking 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.



**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 is 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, 2023:

Investment Type	Fair Value	Level 1	Level 2
<b>Bonds:</b>			
Fixed Income Securities - U.S. Government	\$ 19,348,679	\$ -	\$ 19,348,679
Fixed Income Securities - GNMA, FNMA, FHLMC	11,146,674	-	11,146,674
Debt Securities - Corporate Bonds	6,863,623	-	6,863,623
Debt Securities - Municipal Bonds	2,111,883	-	2,111,883
Debt Securities - ABS & CMOs	1,723,479	-	1,723,479
International Bonds	6,592,568	-	6,592,568
<b>Equity Funds:</b>			
Domestic	20,144,328	20,144,328	-
<b>Mutual Funds:</b>			
Domestic	43,488,691	43,488,691	-
International	6,914,221	6,914,221	-
<b>Total Fair Value</b>	<b>\$ 118,334,146</b>	<b>\$ 70,547,240</b>	<b>\$ 47,786,906</b>
<b>Investments measured at the net asset value (NAV):</b>			
Limited Partnership (LP) - Generation Global	4,288,592		
<b>Total Investments</b>	<b>\$ 122,622,738</b>		

Investment measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Limited Partnership (LP) - Generation Global <sup>(1)</sup>	\$ 4,288,592	N/A	Quarterly	30 Days Notice

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

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 150,682	\$ -	\$ (150,682)	\$ -
<b>Capital Assets, Being Depreciated/Amortized</b>				
Furniture and Fixtures	185,654	15,366	(5,923)	195,097
Computer Equipment and Software	1,484,604	313,337	(824,230)	973,711
Leasehold Improvements	40,825	20,124	(3,154)	57,795
Intangible-right-to-use-asset	1,940,840	-	-	1,940,840
Total Capital Assets, Being Depreciated/Amortized	3,651,923	348,827	(833,307)	3,167,443
<b>Less: Accumulated Depreciation/Amortization for:</b>				
Furniture and Fixtures	22,686	37,590	(1,058)	59,218
Computer Equipment and Software	1,214,570	140,103	(761,612)	593,061
Leasehold Improvements	2,555	8,277	(788)	10,044
Intangible-right-to-use-asset	151,695	364,068	-	515,763
Total Accumulated Depreciation/Amortization	1,391,506	550,038	(763,458)	1,178,086
Total Capital Assets, Being Depreciated/Amortized, net	2,260,417	(201,211)	(69,849)	1,989,357
Total Governmental Activities capital assets, net	\$ 2,411,099	\$ (201,211)	\$ (220,531)	\$ 1,989,357
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 4,968,916	\$ -	\$ -	\$ 4,968,916
Construction in Progress	2,130,704	1,136,003	(2,953,110)	313,597
Total Capital Assets, Not Being Depreciated	7,099,620	1,136,003	(2,953,110)	5,282,513
<b>Capital Assets, Being Depreciated/Amortized</b>				
Buildings	34,536,484	-	-	34,536,484
Furniture and Fixtures	104,962	-	(2,619)	102,343
Computer Equipment and Software	457,181	-	-	457,181
Operational Equipment	1,598,883	2,974,828	(3,156)	4,570,555
Leasehold Improvements	125,317,001	6,336,333	-	131,653,334
Intangible-right-to-use-asset	18,341,880	-	(1,921)	18,339,959
Total Capital Assets, Being Depreciated/Amortized	180,356,391	9,311,161	(7,696)	189,659,856
<b>Less: Accumulated Depreciation/Amortization for:</b>				
Buildings	12,318,879	1,140,804	-	13,459,683
Furniture and Fixtures	103,307	1,655	(2,620)	102,342
Computer Equipment and Software	395,096	20,283	-	415,379
Operational Equipment	1,346,199	558,493	(2,066)	1,902,626
Leasehold Improvements	15,872,298	2,724,953	-	18,597,251
Intangible-right-to-use-asset	437,755	436,469	-	874,224
Total Accumulated Depreciation/Amortization	30,473,534	4,882,657	(4,686)	35,351,505
Total Capital Assets, Being Depreciated/Amortized, net	149,882,857	4,428,504	(3,010)	154,308,351
Total Business-Type Activities capital assets, net	\$ 156,982,477	\$ 5,564,507	\$ (2,956,120)	\$ 159,590,864

Depreciation/amortization expense was charged to Clean Energy Programs within governmental activities in fiscal year 2023.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023, 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>Total</u>
General Fund	\$ 534,880	\$ 29,895,053	\$ 3,103,151	\$ 33,533,084

The amounts due from the Terminal and WTTC to the General Fund are expected to be repaid as operations allow. 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 2024.

**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. Changes in long-term lease liabilities for Governmental and Business-type Activities for the year ended June 30, 2023 are summarized below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental Activities: Leases	<u>\$ 1,919,790</u>	<u>\$ -</u>	<u>\$ (361,455)</u>	<u>\$ 1,558,335</u>	<u>\$ 376,117</u>
Business-Type Activities: Leases	<u>\$ 18,415,554</u>	<u>\$ -</u>	<u>\$ (81,998)</u>	<u>\$ 18,333,556</u>	<u>\$ 333,009</u>

**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 lease payments, payable during the remaining 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.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 LEASES (CONTINUED)**

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, 2023, the Entity made variable payments as required by lease agreements totaling \$ 57,753.

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, 2023, MassCEC had minimum principal and interest payment requirements for its leasing activities, including its subleasing activities, with a remaining term in excess of one year, as follows:

Governmental Activities	Total Principal	Total Interest	Total Payments
2024	\$ 376,117	\$ 25,713	\$ 401,830
2025	391,606	18,425	410,031
2026	406,290	10,851	417,141
2027	384,322	3,044	387,366
Lease Liability	<u>\$ 1,558,335</u>		
Business-type Activities	Total Principal	Total Interest	Total Payments
2024	\$ 92,133	\$ 346,938	\$ 439,071
2025	102,722	345,082	447,804
2026	113,778	343,019	456,797
2027	125,319	340,743	466,062
2028	140,350	338,214	478,564
2029-2033	950,293	1,642,490	2,592,783
2034-2038	1,431,556	1,529,962	2,961,518
2039-2043	991,568	1,386,890	2,378,458
2044-2048	(301,918)	1,380,381	1,078,463
2049-2053	(214,325)	1,405,035	1,190,710
2054-2058	(105,763)	1,420,404	1,314,641
2059-2063	27,129	1,424,341	1,451,470
2064-2068	188,181	1,414,358	1,602,539
2069-2073	381,752	1,387,581	1,769,333
2074-2078	612,794	1,340,692	1,953,486
2079-2083	886,934	1,269,873	2,156,807
2084-2088	1,210,553	1,170,736	2,381,289
2089-2093	1,590,887	1,038,249	2,629,136
2094-2098	2,036,133	866,646	2,902,779
2099-2103	2,555,568	649,334	3,204,902
2104-2108	3,159,687	378,783	3,538,470
2109-2112	2,358,225	73,331	2,431,556
Lease Liability	<u>\$ 18,333,556</u>		

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 LEASES (CONTINUED)**

The Terminal lease requires annual payments of \$148,000 commencing on January 1, 2023, through January 1, 2112. Through 2062, the interest accruing on the lease exceeds the annual payment amount; as such, the additional interest increases the outstanding principal balance during those periods. Due to this lease structure, the principal payment in the 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, 2023, MassCEC is the beneficiary of the letter of credit in the amount of \$503,150. At June 30, 2023, the lease receivable totaled approximately \$9,109,000. For fiscal year 2023, the Terminal recognized approximately \$3,004,000 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 \$220,000 for fiscal year 2023. No inflows of resources were recognized related to termination penalties or residual value guarantees during fiscal year 2023.

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, 2023, MassCEC received variable payments as required by lease agreements totaling \$2,711,898.

**MASSACHUSETTS CLEAN ENERGY CENTER**  
**(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 GOVERNMENTAL FUND BALANCES**

At June 30, 2023, MassCEC's governmental fund balances were classified as follows:

	General Fund	Offshore Wind Industry Investment Trust Fund	Total Governmental Funds
Nonspendable:			
Other Assets	\$ 132,686	\$ -	\$ 132,686
Prepays	92,899	-	92,899
Total nonspendable	<u>225,585</u>	<u>-</u>	<u>225,585</u>
Restricted For:			
Mass Solar Loan	2,316,314	-	2,316,314
Advancing Commonwealth Energy Storage	1,710,766	-	1,710,766
Offshore Wind Energy	-	94,762,131	94,762,131
Offshore Wind Wildlife Surveys	1,284,265	-	1,284,265
Reheat	470,461	-	470,461
Affordable Access to Clean and Efficient Energy	701,501	-	701,501
Equity Workforce	22,668,231	-	22,668,231
ACT4All	16,126,792	-	16,126,792
Networked Geothermal	3,574,834	-	3,574,834
BETA Triple Decker	1,887,135	-	1,887,135
Hydrogen Hub	252,746	-	252,746
Long Duration Energy Storage	252,746	-	252,746
Other Program Loans and Investments	8,458,804	-	8,458,804
Total restricted	<u>59,704,595</u>	<u>94,762,131</u>	<u>154,466,726</u>
Committed:			
Investments	3,823,925	-	3,823,925
Net Zero Grid	1,746,718	-	1,746,718
Innovation	23,638,085	-	23,638,085
Transportation	10,476,089	-	10,476,089
Workforce	15,803,122	-	15,803,122
Deployment	9,886,716	-	9,886,716
Buildings	20,618,897	-	20,618,897
Offshore Wind	5,137,143	-	5,137,143
Clean Heating & Cooling	2,124,394	-	2,124,394
Other	327,793	-	327,793
Total committed	<u>93,582,882</u>	<u>-</u>	<u>93,582,882</u>
Assigned to:			
WTTC Capital Improvements	1,000,000	-	1,000,000
Unassigned:	<u>74,695,736</u>	<u>-</u>	<u>74,695,736</u>
Total fund balances	<u>\$ 229,208,798</u>	<u>\$ 94,762,131</u>	<u>\$ 323,970,929</u>

**NOTE 9 DEFINED CONTRIBUTION PLANS**

MassCEC has adopted a Simplified Employee Pension (SEP) plan, a 457(b) and a 401(a) deferred compensation plan, which are administered by Fidelity Investments and Alerus Retirement Solutions, respectively. Under the SEP plan, MassCEC makes a quarterly 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, 2023, MassCEC's total contributions were \$1,020,499.

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, 2023, MassCEC's total contributions were \$135,815. MassCEC has accrued for \$270,000 of amounts potentially owed to the SEP and \$180,000 potentially owed in Social Security as of June 30, 2023.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 10 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, 2023, 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, 2023, \$470,090 of which has been paid. As of June 30, 2023, MassCEC has established an accrual based on historical experience for the remaining claims of approximately \$78,000.

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 11 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 12 RECLASSIFICATIONS**

During fiscal year 2023, MassCEC reclassified the Offshore Wind Industry Investment Trust Fund from the General Fund to Special Revenue Funds. The effect is the General Fund balance at the beginning of the year has been reclassified from \$292,630,675 to \$210,105,822 and the Offshore Wind Industry Investment Trust Fund balance at the beginning of the year has been reclassified from zero to \$82,524,853.

**MASSACHUSETTS CLEAN ENERGY CENTER  
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 2, 2024, the date the financial statements were available for issuance, noting there have been no events that have occurred that would require recognition or disclosures in the financial statements.