

EFFICIENCY MAINE TRUST
Annual Financial Report
For the Year Ended June 30, 2025

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EFFICIENCY MAINE TRUST
Annual Financial Report
For the Year Ended June 30, 2025

Table of Contents

	<u>Statements</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor’s Report		1-3
Management’s Discussion and Analysis		4-14
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	15
Statement of Activities	2	16
Fund Financial Statements:		
Balance Sheet – Governmental Fund	3	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	4	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	5	19
Notes to Basic Financial Statements		20-33
Required Supplementary Information:		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	RSI	34
	<u>Exhibits</u>	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedule:		
Combining Schedule of Loans Receivable Activity	A	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B	36-38

Independent Auditor's Report

Board of Trustees
Efficiency Maine Trust
Augusta, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Efficiency Maine Trust (the Trust), a component unit of the State of Maine, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Trust'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 and the major fund of the Efficiency Maine Trust, as of June 30, 2025, and the respective changes in financial position, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Efficiency Maine Trust, 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 the Efficiency Maine Trust'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 the Efficiency Maine Trust'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 the Efficiency Maine Trust'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 and budgetary comparison for the special revenue fund, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Efficiency Maine Trust's basic financial statements. The Combining Schedule of Loans Receivable Activity and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

South Portland, Maine

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

The following narrative overview and analysis is intended to assist the reader in understanding the financial activities of Efficiency Maine Trust (the Trust) for the fiscal year ended June 30, 2025. Information contained within the discussion and analysis should be considered in conjunction with the basic financial statements when focusing on significant financial issues and identifying any significant changes in financial position.

Financial Highlights

The Trust's revenues and expenditures presented in the fiscal year 2025 Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Fund are \$138,958,155 and \$134,182,985, respectively, plus another \$1,840,982 sent to or ordered by state agencies or utilities, resulting in an increase to fund balance of \$3,880,417. The Trust's governmental fund balance as of June 30, 2025, is \$103,170,151 of which \$75,965,017 is restricted for operations and programs and \$27,206,065 is restricted for grant and revolving loan activity.

The Trust's net position as of June 30, 2025, is \$103,777,541. The term "net position" refers to the difference between assets and liabilities. The change in net position for the year ended June 30, 2025, was an increase of \$4,456,515.

Overview of the Financial Statements

The financial statements are designed to provide the reader with an overview of the Trust's financial resources, expenditures, and remaining resources available for future periods.

The financial statements on pages 13 and 14 represent the Trust's Statement of Net Position and Statement of Activities, respectively. These statements focus on the net position remaining as an indicator of the Trust's financial health. The statements include all assets and liabilities using the accrual basis of accounting, which is an accounting method used by most private-sector companies.

The financial statements on pages 15 and 16 represent the Trust's special revenue fund. The fund focuses on how money flows into and out of the Trust and balances left at the end of the reporting period on the modified accrual basis of accounting. The modified accrual basis of accounting measures cash and all other financial assets that can be readily converted into cash. The fund financial statements provide a short-term perspective on financial sources and any fund balance that can be spent in the near future on the Trust's programs.

The required supplementary budgetary comparison schedule is presented on page 31. This schedule presents the original budget and final budget compared to actual results based on the accounting method used to prepare the budget. Additional information is discussed in the financial analysis section regarding the budget compared to actual results.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

Financial Analysis

The following is a summary of the statement of net position:

	Governmental Activities	
	FY2025	FY2024
Current and other assets	\$ 107,364,719	116,175,384
Capital and other assets	1,582,943	219,148
Total assets	108,947,662	116,394,532
Current liabilities	4,324,084	16,989,016
Long-term liabilities	846,037	84,490
Total liabilities	5,170,121	17,073,506
Net investment in capital assets	1,394,986	219,148
Restricted	102,382,555	99,101,878
Total Net Position	\$ 103,777,541	99,321,026

The only difference between the Statement of Net Position and the Balance Sheet of the Special Revenue Fund is \$607,390, which represents assets that have been capitalized and the amortization of lease and subscription-based liabilities.

The following is a summary of the statement of activities:

	Governmental Activities	
	FY 2025	FY 2024
Program revenues:		
Operating grants and contributions	\$ 120,366,939	\$ 87,092,182
Federal grant revenues	18,591,216	13,802,920
Total revenues	138,958,155	100,895,102
Program expenses:		
Program expenditures	112,393,482	83,889,248
Strategic initiatives and administrative	2,010,464	2,299,884
Intra-entity grants - state agencies	98,098	1,830,793
Payments to utilities	1,742,884	82,647
Grant funded programs	18,256,712	13,802,883
Total expenses	134,501,640	101,905,455
Change in net position	4,456,515	(1,010,353)
Net position - beginning	99,321,026	100,331,379
Net position - ending	\$ 103,777,541	\$ 99,321,026

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

Capital Assets and Debt

The only significant changes to the statement of activities relating to capital assets and debts are attributable to right-to use leases for office space, building improvements, and subscription based right to use assets and the corresponding liability related to those assets. During FY 2025 capital assets increased by \$1,363,795, while long term liabilities increased by \$788,397. Total amortization/depreciation for governmental activities amounted to \$486,829.

Fund Financial Analysis

Below is a condensed comparative analysis of significant financial totals from the governmental fund statements comparing June 30, 2025, and 2024.

Balance Sheet Governmental Fund (FY 2025 compared to FY 2024)

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
ASSETS			
Cash and investments	\$ 90,265,149	\$ 92,837,864	(2,572,715)
Receivables	16,897,654	23,232,114	(6,334,460)
Other	201,916	105,406	96,510
Total assets	<u>\$ 107,364,719</u>	<u>\$ 116,175,384</u>	<u>(8,810,665)</u>
LIABILITIES			
Accounts payable	3,901,215	4,667,323	(766,108)
Other	293,353	12,218,327	(11,924,974)
Total liabilities	<u>\$ 4,194,568</u>	<u>\$ 16,885,650</u>	<u>(12,691,082)</u>
FUND BALANCE			
Nonspendable	193,910	102,605	91,305
Restricted	102,977,172	99,432,567	3,544,605
Unassigned	(931)	(245,438)	244,507
Total fund balance	<u>\$ 103,170,151</u>	<u>\$ 99,289,734</u>	<u>3,880,417</u>
Total liabilities and fund balance	<u>\$ 107,364,719</u>	<u>\$ 116,175,384</u>	<u>(8,810,665)</u>

Fund Balances

Approximately \$20,624,000 of FY 2025 fund balance reflects the restricted amount from the federal Better Buildings grant that is reserved for the PACE, PowerSaver, and Efficiency Maine Energy Loan revolving loan funds (RLFs). Additionally, the Small Business RLF has a fund balance of approximately \$1,331,000, the ARRA SEP RLF has approximately \$50,000, and the Bipartisan Infrastructure Law RLF has approximately \$58,500. Finally, \$5,143,000 of RGGI fund balance is reserved for residential loans.

These fund balances, totaling approximately \$27,206,065, represent amounts that are reserved solely for the RLFs, and loan administration and support costs. The remaining fund balance, totaling approximately \$75,965,017, reflects the results of activity within our local and regional funds that are available for programs and operations. The Trust experienced an increase in fund balance for all funds of \$3,880,419 from last year.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

A component of the available fund balance is the amount reserved for unliquidated contracts that are carried into the new year. Approximately \$8.2 million is encumbered as unliquidated contracts of large efficiency projects being undertaken by commercial and industrial (C&I) customers through the C&I Custom Program, as well as for contracts that are awarded and pending execution through this program. In addition, the C&I Prescriptive Initiatives program committed approximately \$7.8 million to projects that, as of June 2025, were either pre-approved or in the final stages prior to payment. The larger projects encumbered through the Trust's C&I programs are typically complex and have longer lead times between the time the Trust initially commits funds to them and the time the projects are completed, and the incentives are paid out. Low Income Initiatives had committed funds totaling approximately \$150,000 as of year-end, reflecting reservations for high-performance heat pumps and weatherization. Meanwhile, the Electric Vehicle Supply Equipment program had committed funds of approximately \$20.5 million; the Electric Vehicle Rebates program had approximately \$70,000 in committed funds. The Innovation and Evaluation, Measurement, and Verification (EM&V) programs had committed carryforward for awarded or ongoing projects in the amounts of approximately \$504,000 and \$603,000, respectively.

The Trust's Public Information and Outreach initiative had either awarded or ongoing work worth approximately \$25,000. Other encumbered, but not yet spent, amounts include approximately \$616,525 for Thermal Energy Investment Program projects.

Changes in and market uncertainty about federal funding, tax policy, and tariffs, and the associated decline in consumer confidence, likely affected program activity and the ability to expend and commit available funding. Although not encumbered on contracts, the Trust obtained approval to reserve anticipated uncommitted carryforward for use in FY 2026. The Trust forecasted carryforward in advance of the close of the Fiscal Year instead of waiting until September after the audit is complete. The Trust did this to provide information to the Maine Public Utilities Commission (PUC) in support of the Trust's request to apply carryforward from FY2025 to reduce the amount of assessment that would need to be collected from electric utility ratepayers for FY 2026. The Trust Board approved allocating \$9,600,000 of the estimated unspent, uncommitted carryforward to offset FY 2026's electric procurement. The Trust provided the PUC with the carryforward estimate for electric procurement in a filing made May 8, 2025, and the request was approved by order of the PUC on June 11, 2025. Additionally, on May 22, 2025, the Trust board approved reserving the following amounts (sum of \$34.8 million) to be used to supplement the FY 2026 budget:

- \$17.6 million of RGGI
- \$6.9 million of electric procurement
- \$27,200 of Agricultural Fair Assistance Program funds (which has ended)
- \$2.7 million of Thermal Energy Investment Fund
- \$3,000 of Volkswagen (VW) Settlement funds
- \$6.8 million of New England Clean Energy Connect (NECEC) funds
- \$500,000 of LD 1995 funds (EV Rebates)

Subsequently, on June 25, 2025, the Trust board approved temporarily allocating \$9.47 million of RGGI revenues received in June 2025 to the Retail and Distributor Initiatives in FY2026 in light of an ongoing delay in receiving federal funding for a regional heat pump accelerator initiative.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund

	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>
Revenue			
Intergovernmental, Electric Procurement, Natural Gas Procurement, and MPRP	\$ 62,682,217	\$ 36,529,092	\$ 26,153,125
Forward Capacity Market Credits	5,651,711	4,796,510	855,201
Regional Greenhouse Gas Initiative proceeds	47,568,567	41,061,318	6,507,249
NECEC Settlement Proceeds	3,500,000	3,500,000	-
Federal Revenues	18,591,216	13,858,513	4,732,703
Interest and other income	946,343	1,149,670	(203,327)
Total Revenue	<u>138,958,155</u>	<u>100,895,103</u>	<u>38,063,052</u>
Expenditures			
Low Income Initiatives	46,403,029	25,663,796	20,739,233
DEP Fuel Tank Removal Program	8,800	-	8,800
Retail Initiatives	7,732,600	7,778,697	(46,097)
Home Energy Savings Program	29,200,682	21,602,441	7,598,241
Commercial & Industrial Prescriptive Program	18,928,079	19,114,849	(186,770)
Commercial & Industrial Custom Program	6,918,366	4,904,029	2,014,337
Distributor Initiatives	9,115,762	7,983,357	1,132,405
Efficiency Maine Green Bank	731,308	-	731,308
EV Supply Equipment	1,596,137	1,903,709	(307,572)
EV Rebate Program	3,150,994	2,690,967	460,027
Demand Management	798,606	802,075	(3,469)
Thermal Energy Investment Program	7,904	-	7,904
Lead by Example	971,181	315,506	655,675
Agricultural Fair Assistance Program	-	487,360	(487,360)
Renewables	208,237	162,858	45,379
Administration & Strategic Initiatives	7,465,071	6,556,490	908,581
Inter-agency Transfers/payments to utilities	1,840,982	1,913,440	(72,458)
Total Expenditures	<u>135,077,738</u>	<u>101,879,574</u>	<u>33,198,164</u>
Excess (deficiency) of Revenues over (under) Expenditures	3,880,417	(984,471)	4,864,888
Fund Balance, Beginning	<u>99,289,734</u>	<u>100,274,205</u>	<u>(984,471)</u>
Fund Balance, Ending	<u><u>\$ 103,170,151</u></u>	<u><u>\$ 99,289,734</u></u>	<u><u>\$ 3,880,417</u></u>

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

Revenues

Revenues overall increased approximately \$38.1 million in FY 2025 from FY 2024 and was driven by multiple factors:

- Intergovernmental, Electric Procurement, and Natural Gas Procurement, \$26.15 million due to the following changes:
 - Electric Procurement, \$26.15 million reflecting additional funds for beneficial electrification MACE in addition to electric efficiency MACE,
 - Natural Gas Assessment, -\$937,700 as there was no natural gas assessment in FY 2025,
 - Alternative Compliance Payments, +\$788,400 due to a reduction (-\$50,100) in the Renewable Portfolio Standard (RPS) revenue and the increased (+\$838,500) compliance payments from the Thermal Energy Investment Program (TEIP);
 - Department of Environmental Protection Grant, +\$150,000 to support fuel tank removals for participants in the Trust's Manufactured (Mobile) Home Initiative.
- Forward Capacity Credits, Forward Capacity Market, \$855,200 due to higher FCM prices that offset an expected decline in FY2025 as measures that were bid into the market reach the end of their useful life.
- Regional Greenhouse Gas Initiative, +6.5 million because of record auction prices and a continued strong market for carbon credits.
- Federal Revenues, +\$4.73 million due to the acceleration of programs funded through federal sources, including American Rescue Plan Act (ARPA), Inflation Reduction Act (IRA), Office of Clean Energy Demonstrations (OCED), and the Bipartisan Infrastructure Law (BIL).
- Interest and Other Income, -\$185,000 due to:
 - Bank Interest, +78,000 due to higher cash balances,
 - Voluntary Renewable Resource Fund Contributions, -\$37,000 due to the phasing out of voluntary contributions after the repeal of Title 35-A §10121 by the 131st Legislature,
 - Loan Interest Income, -\$234,000 due to a decreased principal amount of outstanding loans compared to FY 2024, and
 - Miscellaneous income, +\$8,000 due to an increase in loan origination fees.

Expenditures

The Trust had total expenditures that were \$33.2 million higher in FY 2025 than in FY 2024. The following programs experienced noteworthy increases in spending compared to FY 2024:

- Low Income Initiatives, +\$20.74 million due primarily increased uptake of incentives for heating a whole home with heat pumps and enhanced incentives for low- and moderate-income customers, in addition to continued strong interest in weatherization.
- Home Energy Savings Program, +\$7.6 million due to the shift from a partial-home to a whole-home approach for heat pumps rebates (i.e., higher project costs and higher rebates) along with an uptick in weatherization activity.
- C&I Custom Program, \$2.0 million, due to a greater number of projects completed during FY 2025.
- Distributor Initiatives, +\$1.1 million, due to market demand and a shift in customer purchases from Retail Initiatives program to Distributor Initiatives program (which has the same heat pump water heater measure);
- EV Rebate Program, +\$460,000, due to higher dealer inventory, competitive lease deals, and a higher cap on the manufacture suggested retail price for eligible vehicles.
- Lead By Example, +656,000, due to projects contracted in prior years reaching completion in FY 2025.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

- Efficiency Maine Green Bank, +\$731,300, due to the segregation of lending expenses within their own program. Previously, these costs had been included in the Home Energy Savings and Commercial and Industrial Prescriptive Initiative programs.
- Administration (a portion of Administration and Strategic Initiatives), +\$1.17 million, due in large part to information technology expenses related to the development of the Trust's new lending platform and the buildout costs associated with the office space located in Portland.
- Other programs including the Renewables, DEP Fuel Tank Removal, and the Thermal Energy Investment Program had small increases of \$45,379, \$8,800, and \$7,904, respectively.

The following programs experienced decreases in spending compared to FY 2024:

- Retail Initiatives, -\$46,100 due to a shift in customer purchases from Retail Initiatives program to Distributor Initiatives program (which has the same heat pump water heater measure);
- Commercial and Industrial Prescriptive Initiatives, -\$186,800 due to market demand and fewer projects completed in FY2025.
- EV Supply Equipment, -\$307,572, is due to fewer charging locations being completed compared to the prior year.
- Agricultural Fair Assistance Program, -\$487,360, as the program closed in FY 2024.
- Payments to Other State Agencies, -\$72,458, due to the difference between funds transferred to the State in FY 2024 and the fund balance returned to Natural Gas utilities in FY 2025.
- Administration and Strategic Initiatives, -\$273,413, due to slight reductions in Innovation, Evaluation, Measurement & Verification, and Public Information and Outreach expenditures.

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EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

Budgetary Comparison Schedule - Special Revenue Fund (FY 2025)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget positive/(negative)</u>
REVENUES			
Intergovernmental, Electric Procurement, Natural Gas Procurement, and ACM	\$ 62,677,242	62,682,217	4,975
Forward capacity market credits	6,087,648	5,651,711	(435,937)
Regional Greenhouse Gas Initiative credits	47,568,567	47,568,567	-
NECEC settlement revenues	4,000,000	3,500,000	(500,000)
Federal grant revenues	64,304,213	18,591,217	(45,712,996)
Interest and other income	1,100,000	964,443	(135,557)
Total revenues	185,737,670	138,958,155	(46,779,515)
Interfund transfers in	6,034,597	5,607,095	(427,502)
Total revenues and transfers	191,772,267	144,565,250	(47,207,017)
Use of fund balance	67,189,917	-	(67,189,917)
Total funds available	258,962,184	144,565,250	(114,396,934)
EXPENDITURES			
Low income initiatives	56,409,935	46,403,029	10,006,906
DEP fuel tank removal program	150,000	8,800	141,200
Retail initiatives program	11,578,697	7,732,600	3,846,097
Home energy savings program	30,930,473	29,200,682	1,729,791
Commercial & industrial prescriptive program	51,354,893	18,928,079	32,426,814
Commercial & industrial custom program	18,815,292	6,918,366	11,896,926
Agricultural fair initiatives	27,200	-	27,200
Distributor initiatives	10,103,651	9,115,762	987,889
Efficiency Maine green bank	1,400,000	731,308	668,692
Electric vehicle supply equipment	23,313,722	1,596,137	21,717,585
Electric vehicle rebate program	5,462,424	3,150,994	2,311,430
Demand Management	2,569,038	798,606	1,770,432
Thermal energy investment program	4,205,993	7,904	4,198,089
Lead by example initiative	1,175,250	971,181	204,069
Renewables	162,858	208,237	(45,379)
Administrative & strategic initiatives	12,271,887	7,465,071	4,806,816
Inter-agency transfers	2,919,393	1,840,982	1,078,411
Total expenditures	232,850,706	135,077,738	97,772,968
Interfund transfers out	6,034,597	5,607,095	427,502
Total use of funds	238,885,303	140,684,833	98,200,470
Net change in fund balance	20,076,881	3,880,417	(16,196,464)
Fund balance, beginning		99,289,734	
Fund balance, ending		\$ 103,170,151	

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

Budget

The base budget for fiscal year 2025 included total revenues, inter-fund transfers, and carryforward of \$168,635,884 and total expenditures and inter-fund transfers of \$168,615,852. The budget was adopted by the Trust's Board on May 22, 2024. During the fiscal year, the Trust added \$46,526,463 to the revenue budget from fund balance representing contract and program balances from the prior year. Revenues were further increased during the year to add \$20,868,567 from RGGI auctions that performed stronger than what was forecasted at the beginning of the fiscal year; \$20,304,213 for revenues related to various federal awards to support continued investment in Low Income and Commercial projects, and Revolving Loan Funds. \$2,176,884 was added for Alternative Compliance Mechanism payments used to support the Thermal Energy Investment Program. An additional \$150,000 was added to support the DEP Fuel Tank Removal Program. Finally, Interfund Transfers were also increased by \$300,173 to facilitate the closeout of the Seacoast Energy Initiative Revolving Loan Fund to RGGI. The cumulative effect of the adjustments to revenues resulted in a budget at year's end of \$258,962,184.

The FY 2025 revenue adjustments described above entail corresponding adjustments to the expenditure budget. Over the course of FY 2025, the Trust also amended the budget by shifting funds between programs. Low Income Initiatives and the Home Energy Savings Program were increased by \$15,535,221 and \$8,715,393, respectively, to incorporate FY 2024 carryforward and accommodate growing demand for whole-home heat pump retrofits and weatherization due to new incentives and marketing efforts. The Low Income Initiatives portion benefitted from significant federal funds allocated for this purpose through the State of Maine's Maine Jobs and Recovery Plan (MJRP). Meanwhile, the Retail Initiatives program budget saw an increase of \$3,777,361, including funds shifted from the Distributor Initiatives program (which decreased by \$2,127,299) and carryforward funds from FY 2024. The shift from the distributor channel to the retail channel reflected rebate forecasts early in the year; both channels focus primarily on heat pump water heaters, and the programs will be combined in the Sixth Triennial Plan to recognize this synergy. The C&I Prescriptive Program increased by \$26,222,386, and the C&I Custom Program increased by \$6,546,542. The increases in C&I program budgets primarily reflect committed carryforward for projects awarded in prior years and federal funding (through the State of Maine's MJRP). The Electric Vehicle Supply Equipment's budget was decreased by \$213,454 to bring the budget in line with expected commitments at year end. The Electric Vehicle Rebates Program had a net budget decrease of \$337,576, due to a shift of funding to the Demand Management Program to support the launch of off-peak EV chargers, which are required in FY 2025 in order for Mainers to qualify for EV rebates. The Lead by Example initiative was increased by \$675,250, to align the budget with project activity. The Administrative and Strategic Initiatives budget was increased by \$2,634,029, reflecting FY 2024 carryforward funding for ongoing and expanded innovation pilots as well as development costs associated with the Trust's new lending platform. The Thermal Energy Investment Program budgets increased \$4,205,993 to add prior year carryforward and alternative compliance payments received in FY 2025. Demand Management Program added \$982,837 to its overall budget during the year, including a shift of funding from EV Rebates to support the launch of off-peak EV chargers. Additionally, the Trust added \$1,400,000 in anticipation of federal funding to capitalize the Efficiency Maine Green Bank. Agricultural Fair Assistance Program increased by \$27,200. And finally, Transfers to Other State Agencies was increased by \$1,912,700 to facilitate the return of \$1,742,885 of FY2024 Natural Gas Fund Balance to gas utilities and another \$169,825 for Inter-Agency Transfers. These adjustments resulted in a total expenditure budget at year's end of \$238,885,302.

The \$20,076,882 difference between the revenue and expenditure budget comprises:

- \$18,168,567 of RGGI for Q3 (\$8,694,010) and Q4 (\$9,474,557) auction proceeds reserved for use in FY 2026.
- \$688,110 of expected Bipartisan Infrastructure revenues related to the establishment of a Revolving loan fund in excess of expected expenditures.
- \$900,000 of expected Greenhouse Gas Reduction Funds more than expected expenditures for FY 2025.
- \$20,032 of projected revenues more than expenditures within the Revolving Loan Funds for FY 2025; and

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

- \$300,173 related to the transfer of the SEI Revolving Loan Fund to RGGI that had no offsetting expenditure.

Revenues – Budget to Actual

One of the Trust's main revenue sources in FY 2025 were the electric procurement. The Maine Public Utilities Commission (PUC) ordered the transmission and distribution (electric) utilities to remit approximately \$60.35 million to the Trust for the FY 2025 electric efficiency and conservation program budgets approved in the Trust's Fifth Triennial Plan. As noted above, this level of new funding plus the prior-year carryforward applied to offset the need for new procurement were deemed necessary to meet the statutorily mandated standard of capturing the maximum, achievable cost-effective (MACE) savings from efficiency measures. There was no new procurement for Natural Gas programs in FY 2025.

The Trust also participates in the ISO New England (ISO-NE) Forward Capacity Market (FCM) by bidding and delivering capacity resources associated with its projects. The annual auction is for capacity three years hence, and if the Trust succeeds in delivering sufficient resources to meet the amount bid, it will receive a revenue stream for up to five years. Midway through FY 2025 Staff recognized that FCM revenues were going to come in under budget. Based on year-to-date spending at that time, Staff elected to take no action.

In June 2025, the Trust amended the budget to bring the expenditure budget more in line with what anticipated year-end expenditures and commitments were trending towards. This decision was made to reflect more accurately what was occurring in the marketplace (particularly with electric vehicle supply equipment). The Trust elected to reduce the FY2025 budget to reflect these levels of market activity, effectively reserving unbudgeted funds for use in FY 2026.

Expenditures – Budget to Actual

FY 2025 marked the third year of the Trust's Fifth Triennial Plan. The Plan includes the following major program areas:

- Low Income Initiatives;
- Retail Initiatives Program;
- Distributor Initiatives Program;
- Home Energy Savings Program;
- Commercial & Industrial Prescriptive Initiatives;
- Commercial & Industrial Custom Program;
- Demand Management Program; and
- Electric Vehicle Initiatives
 - EV Supply Equipment Program, and
 - EV Rebates Program.

Low Income Initiatives expended 82.25% of its budget in FY 2025 with another 1.0% committed, a significant increase compared to prior years due to the influx of federal funding and the availability of electric procurement funding for beneficial electrification and resulting in the ability to increase incentives and expand outreach campaigns. The uncommitted balance was due primarily to a pause in a redesigned Manufactured (Mobile) Home Initiative due to a delay in federal guidance and approval to proceed with the use of grant funds (which also affected the planned use of RGGI matching funds). Another cause was the addition of funding mid-year to address higher activity than anticipated for heat pump projects, which stabilized at a lower level later in the year after a change in the rebate structure and market changes (including supply constraints for equipment with a new generation of refrigerants).

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2025

The Retail Initiatives program spent 66.8% of available funds, and the Distributor Initiatives Program spent 90.2% of its budget. Both programs saw impressive activity compared to prior years. Expenditures were relatively lower in the Retail Initiatives program due to a shift in customer purchases from Retail Initiatives program to Distributor Initiatives program (which has the same heat pump water heater measure). In the Sixth Triennial Plan, the retail and distributor channels will be combined into a single program to recognize the synergy between them. The Home Energy Savings Program (HESP) spent 94.4% of budget, seeing increased uptake of heat pump projects due to higher incentives and a comprehensive marketing campaign; that said, some moderate-income households that might have, in prior years, participated in HESP gravitated to higher incentives available through the Low Income Initiatives where moderate-income incentives were administered starting in FY 2024. The Commercial and Industrial Prescriptive Initiatives program expended 36.9% and had committed an additional 24.8% of its budget at year end. Of the remaining balance of uncommitted funds, \$5.19 million (10% of the program budget) in federal grant funding was not received by the Trust during FY2025, and another \$6.18 million (12%) of federal funding was pending federal guidance (with the first projects approved in July 2025). RGGI funding for the program increased significantly in FY 2025 compared to FY 2024 to address anticipated program activity that ultimately did not meet expectations due to market conditions. The Commercial and Industrial Custom program expended 36.8% of its budget and had an additional 52.4% under contract or awarded at year end. The Electric Vehicle Supply Equipment (EVSE) initiative spent 6.8% of its budget, with nearly all (88.0%) of the remaining budget committed in awarded bids; resources are available in fund balance to support investments over multiple years. Similarly, the Electric Vehicle (EV) Rebates initiative spent 57.7% of its budget, with another 1.3% in pending rebates and pre-approvals. After years of limited EV supply and slow growth in rebate activity, the EV Rebates initiative saw a surge in participation in the first few months of FY 2025. EMT determined it would not have sufficient funds to continue providing the full suite of rebates through the end of the fiscal year, and suspended rebates for all except low-income Mainers. Rebates for low-income Mainers remained in effect thanks to dedicated funding through the New England Clean Energy Connect (NECEC) settlement. The Renewables program expended 127.9% of its budget on awarded innovation projects, utilizing some unbudgeted fund balance. The remaining fund balance has been fully encumbered on an Innovation pilot project launched in FY 2023 related to hydronic heating using heat pump technology. The Demand Management program expended 31.1% and committed another 44.2% towards projects currently in progress. The Lead by Example initiative expended 82.6% of its annual budget and committed 13.1% for awarded projects. Administrative and Strategic Initiatives spent 60.7% of their budgets, with another 14.7% committed. The Agricultural Fair Assistance Program did not have any expenditures as all projects were completed in FY 2024. Industrial Climate initiative did not expend any of its budget in FY 2025, due to the availability of federal funding through MJRP that supports the same project types and has a shorter timeframe for investment. The Thermal Energy Investment Program (TEIP) expended less than 1% of its budget, due to a lack of project applications, with approximately 15% encumbered for approved projects. Contract and program balances will be carried forward into FY 2026 ensuring that program funds are available to honor all commitments at year end.

Other Financial Information

The Trust had no borrowing activity during the year. The Trust is monitoring loan activity and may raise funds in future years to recapitalize its Revolving Loan Funds (RLF) for the PACE and EMEL loan products or otherwise modify the financing products and/or terms of existing products. One of the ARRA programs was used to develop a revolving loan fund for home energy savings projects.

This financial report is intended to provide the reader with a general overview of Efficiency Maine Trust's finances and show accountability for expenditures relating to its program activities. Questions regarding this report or requests for additional information should be directed to the Executive Director of Efficiency Maine Trust.

BASIC FINANCIAL STATEMENTS

DRAFT

EFFICIENCY MAINE TRUST
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 87,446,866
Investments	2,818,283
Receivables:	
Intergovernmental	2,614,957
Other	745,564
Loans, less allowance for loan losses	13,537,133
Prepaid expenses	193,910
Other assets	8,006
Capital assets, net of accumulated depreciation and amortization	1,582,943
Total assets	108,947,662
LIABILITIES	
Current liabilities:	
Accounts payable	3,871,499
Intergovernmental payables	29,716
Accrued payroll and benefits	244,861
Unearned revenue	48,492
Current portion of lease/SBITA liabilities	129,516
Total current liabilities	4,324,084
Noncurrent liabilities:	
Long-term lease/SBITA, net current portion	846,037
Total noncurrent liabilities	846,037
Total liabilities	5,170,121
NET POSITION	
Net investment in capital assets	1,394,986
Restricted:	
Energy efficiency and conservation programs	102,382,555
Total net position	103,777,541

See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Statement of Activities
For the Year Ended June 30, 2025

Functions/programs	Expenses	Indirect expense allocation	Expenses after indirect expense allocation	Charges for services	Program revenues		Net (expense) revenue and change in net position
					Operating grants and contributions	Capital grants and contributions	Primary Governmental activities
Primary government:							
Governmental activities:							
Low income initiatives	\$ 37,309,695	1,768,966	39,078,661	-	41,502,126	-	2,423,465
DEP fuel grant	8,800	335	9,135	-	10,654	-	1,519
Retail initiatives	7,732,600	294,781	8,027,381	-	8,154,627	-	127,246
Home energy savings program	29,200,682	1,113,182	30,313,864	-	32,743,909	-	2,430,045
Commercial and industrial prescriptive program	13,773,540	721,572	14,495,112	-	15,115,332	-	620,220
Commercial and industrial custom program	4,474,946	263,740	4,738,686	-	4,982,454	-	243,768
Distributor initiatives	9,115,762	347,509	9,463,271	-	9,613,278	-	150,007
Green bank	731,308	27,879	759,187	-	741,087	-	(18,100)
Electric vehicle supply equipment	117,062	60,848	177,910	-	3,686,071	-	3,508,161
Electronic vehicle rebates	3,148,519	120,122	3,268,641	-	781,625	-	(2,487,016)
Demand management	798,606	30,444	829,050	-	842,192	-	13,142
Thermal energy investment	7,904	301	8,205	-	-	-	(8,205)
Lead by example	971,181	37,023	1,008,204	-	-	-	(1,008,204)
Renewables	208,237	7,938	216,175	-	8,110	-	(208,065)
Strategic initiatives (information, innovation, evaluation)	1,725,881	65,794	1,791,675	-	1,854,344	-	62,669
Payments to utilities	1,742,884	-	1,742,884	-	-	-	(1,742,884)
Intra-entity grants - State agencies	98,098	-	98,098	-	112,341	-	14,243
Administrative	5,079,223	(4,860,434)	218,789	-	218,789	-	-
Grant-funded programs:							
Low income initiatives - ARPA	8,457,143	-	8,457,143	-	8,457,143	-	-
CIPP-ARPA	5,146,642	-	5,146,642	-	5,146,642	-	-
CICP-ARPA	2,446,073	-	2,446,073	-	2,446,073	-	-
EV supply equipment-ARPA	90,489	-	90,489	-	90,489	-	-
Bipartisan infrastructure law	-	-	-	-	58,500	-	58,500
Low income/CCIP - department of commerce grants	705,696	-	705,696	-	981,700	-	276,004
EV supply equipment/rebates - DOT/FHWA	1,410,669	-	1,410,669	-	1,410,669	-	-
Total governmental activities	134,501,640	-	134,501,640	-	138,958,155	-	4,456,515
							Change in net position
							4,456,515
							Net position - beginning
							99,321,026
							Net position - ending
							\$ 103,777,541

See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Balance Sheet
Governmental Fund
June 30, 2025

	Special Revenue Fund
ASSETS	
Cash and cash equivalents	\$ 87,446,866
Investments	2,818,283
Receivables:	
Intergovernmental	2,614,957
Other	745,564
Loans, less allowance for loan losses	13,537,133
Prepaid expenditures	193,910
Other assets	8,006
Total assets	107,364,719
LIABILITIES	
Accounts payable	3,871,499
Intergovernmental payables	29,716
Accrued payroll and benefits	244,861
Unearned revenue	48,492
Total liabilities	4,194,568
FUND BALANCE	
Nonspendable:	
Prepaid expenditures	193,910
Restricted:	
Energy efficiency and conservation programs	102,977,172
Unassigned	(931)
Total fund balances	103,170,151
Total liabilities and fund balances	107,364,719
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,582,943
Long-term liabilities, including leases/SBITAs payable, are not due and payable in the current period and therefore, are not reported in the funds.	(975,553)
Net position of governmental activities	\$ 103,777,541

See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2025

	Special Revenue Fund
Revenues:	
Alternative compliance mechanism	\$ 2,181,859
Federal grants	18,591,216
Interest income:	
Investments	189,150
Loans	757,193
State initiatives	150,000
Electric procurement	60,350,358
Renewable resource	8,101
NECEC settlement proceeds	3,500,000
Forward capacity market credits	5,651,711
Regional Greenhouse Gas Initiative proceeds	47,568,567
Miscellaneous revenue	10,000
Total revenues	138,958,155
Expenditures:	
Current:	
Low income initiatives	46,403,029
DEP fuel tank removal grant	8,800
Retail initiatives	7,732,600
Home energy savings program	29,200,682
Commercial and industrial prescriptive program	18,928,079
Commercial and industrial custom program	6,918,366
Distributor initiatives	9,115,762
Green bank	731,308
Electric vehicle supply equipment	1,596,137
Electric vehicle rebates	3,150,994
Demand management	798,606
Thermal energy investment	7,904
Lead by example	971,181
Renewables	208,237
Administration and strategic initiatives	8,411,300
Total expenditures	134,182,985
Excess of revenues over expenditures	4,775,170
Other financing sources (uses):	
Right of use lease proceeds	946,229
Payments to utilities	(1,742,884)
Intra-entity grants - state agencies	(98,098)
Net change in fund balance	3,880,417
Fund balance, beginning of year	99,289,734
Fund balance, end of year	\$ 103,170,151

See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balance - governmental fund (from Statement 4)	\$	3,880,417
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciated expense.

This is the change in capital assets and related amounts:

Depreciation and amortization expense		(486,829)
Net book value of disposed assets		(50,720)
Capital asset and right to use asset additions		1,901,344

The issuance of leases provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Payment of rent increases expenditures in the governmental funds, but reduces the lease liability in the statement of net position.

The following are changes in the lease liabilities and related amounts:

Right of use lease proceeds		(946,229)
Amortization of lease and subscription liabilities		158,532

Change in net position of governmental activities (see Statement 2)	\$	4,456,515
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See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by subsequent statements, as outlined below under Reporting Entity, Efficiency Maine Trust (the Trust) is considered a component unit of the State of Maine. Accordingly, the financial statements of the Trust will be incorporated into the State of Maine's financial statements.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Reporting Entity

In evaluating the Trust as a reporting entity, management has addressed all potential component units for which the Trust may be financially accountable and, as such, should be included within the Trust's financial statements. In accordance with GASB Statement No. 14 as amended by subsequent statements, the Trust is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the organization. Additionally, the Trust is required to consider other organizations for which the nature and significance of their relationship with the Trust are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities that should be included as part of these financial statements.

On June 12, 2009, *An Act Regarding Maine's Energy Future* (LD 1485) was signed into law "for the purposes of developing, planning, coordinating and implementing energy efficiency and alternative energy resources programs" in Maine. That law is now codified as 35-A MRSA c 97.

The legislation established the new, independent Efficiency Maine Trust. The law states that on July 1, 2010, administrative authority and duties of the existing Efficiency Maine programs were to be transferred from the Maine Public Utilities Commission (MPUC) to the Trust and merged with the existing Energy and Carbon Savings Trust programs. The Trust is governed by an independent, nine-member Board of Trustees representing diverse State agencies, customer classes, and expertise and is subject to oversight by the MPUC. Seven trustees are appointed by the Governor of the State of Maine and confirmed by the State Senate. The other two trustees are *ex-officio* members, who are the directors from Maine State Housing Authority and the Governor's Energy Office.

The Trust was directed by statute to develop a three-year plan, known as the "Triennial Plan", based on a balanced approach to capturing all cost-effective energy efficiency opportunities across all fuels, involving all customer groups, and addressing new, innovative energy technologies. The Plan is reviewed and approved by the Trust's Board by at least a two-thirds vote, and is then filed at the MPUC for its review and approval if it is found to capture the maximum achievable cost-effective energy efficiency savings and is consistent with the legislation and if it reasonably explains how the Plan will achieve its objectives and metrics of performance.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

A. Reporting Entity, Continued

The first Plan covered the period from July 1, 2010 through June 30, 2013. The second Plan covered from July 2013 through June 30, 2016. The third Plan covered from July 1, 2016 through June 30, 2019. The fourth plan covered from July 1, 2019 through June 30, 2022. The fifth plan was approved on May 17, 2022 by the Public Utilities Commission and covers the period beginning July 1, 2022 through June 30, 2025. The Plan, as updated from time to time, has been designed to provide the State of Maine with a broad array of economic and environmental benefits. Key "targets" outlined in the Plan, consistent with the goals laid out in statute, include:

- Reducing energy costs, including heating costs,
- For the period beginning January 1, 2020 and ending January 1, 2030, weatherizing 35,000 homes and businesses, with at least 10,000 of such weatherization projects completed in low income households through the combined efforts of the Trust and the Maine State Housing Authority,
- Reducing peak-load electric energy consumption by the maximum achievable cost effective amount,
- Achieving the maximum achievable cost effective electricity and natural gas program savings, as defined in and determined pursuant to the performance metrics approved by the commission under section 10120,
- Building stable private sector jobs providing clean energy and energy efficiency products and services in the State,
- Contributing to the effort to reduce greenhouse gas emissions in the State by amounts consistent with the greenhouse gas emission levels established in Title 38, section 576A and in a manner consistent with the State's climate action plan adopted and updated under Title 38, section 577,
- Promoting the purchase of high efficiency heat pump systems to achieve by 2030 the goal of at least 115,000 households in the State wholly heated by heat pumps and an additional 130,000 households in the State partially heated by heat pumps, and,
- Promoting the purchase of battery electric vehicles and plug in hybrid vehicles to achieve by 2030 the goal of at least 220,000 such vehicles registered in the State.¹

The Efficiency Maine Trust Act (Title 35-A MRSA Sec. 10101 *et seq.*) directs and authorizes the Trust to design programs that will address both electric and thermal energy needs of customers as well as electrification of transportation. Energy efficiency and alternative energy projects are eligible for funding from these programs, so long as they meet the standards and criteria specified in state law, such as tests for "cost-effectiveness" and conform to the Trust's program requirements.

The following funds or programs are provided for in the Act:

- Regional Greenhouse Gas Initiative (RGGI) Trust Fund
- Electric Efficiency and Conservation Fund
- Natural Gas Efficiency and Conservation Fund
- The Energy Efficiency and Renewable Resource Fund

¹ 35-A MRS §10104(4)(F). These goals were modified in 2021, part-way through the third year of Triennial Plan IV, pursuant to the passage of LD 585, An Act to Resolve Conflicts in and Make Other Changes to the Laws Governing the Efficiency Maine Trust.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Federal Energy Programs
- Public Information and Outreach
- Heating Fuels Efficiency and Weatherization Fund
- Electric Vehicle Charging Infrastructure Fund and the Electric Vehicle Fund
- Certain finance initiatives, including the Clean Energy and Sustainability Accelerator, the Commercial PACE Loan program, and the Property Assessed Clean Energy Program
- Any grants or other funds approved by the Board and received by or from any entity with which the Trust has an agreement or contract pursuant to chapter 97 of Title 35-A of the Maine Revised Statutes if the Board determines that receipt of those funds is consistent with the purposes of this chapter.

The Act also provides for an administration fund to be established to be used solely to defray administrative costs. The Trust may annually deposit funds authorized to be used for administrative costs from program funds into the administration fund. Any interest on funds in the administration fund must be credited to the administration fund and any funds unspent in any fiscal year must either remain in the administration fund to be used to defray administrative costs or be transferred to the program funds.

During the Second Session of the 131st Maine Legislature, adjourning in the spring of 2024, there were several pieces of legislation enacted that impacted the Trust's authority, duties, or activities. The relevant bills that were passed were:

- Public Law Ch. 535 (LD 122), 131st Legislature (2024), updating the Trust's electric vehicle rebate program and establishing a pilot program to support the uptake of medium duty and heavy duty zero-emission vehicles; and
- Public Law Ch. 534 (LD 2067), 131st Legislature (2024), extending the arrearage management program for low-income residential electricity customers, for which the Trust provides eligible customers with information and analysis about their energy usage, energy-saving options, and a free offer for a DIY electricity-use-reduction kit.

During the First Session of the 132nd Maine Legislature, adjourning in the spring of 2025, there were several pieces of legislation enacted that impacted the Trust's authority, duties, or activities. The relevant bills that were passed were:

- Public Law Ch. 45 (LD 558), 132nd Legislature (2025), authorizing the Trust to use revenues from the Forward Capacity Market for promotion of heat pumps and EVs;
- Public Law Ch. 53 (LD 946), 132nd Legislature (2025), directing the Trust to ensure at least 50% of all available funding for EV, heat pump, and weatherization incentives goes to Low- and Moderate-Income (LMI) customers;
- Public Law Ch. 54 (LD 1212), 132nd Legislature (2025), directing the Trust to study opportunities to support the promotion of modern wood heating;
- Public Law Ch. 317 (LD 1258), 132nd Legislature (2025), allowing the Trust to rebate EVs purchase or leased from out-of-state providers;
- Public Law Ch. 67 (LD 1619), 132nd Legislature (2025), directing the Governor's Energy Office to study the development of a thermal energy networks program in the State, and to prepare a report of the findings and recommendations for the Legislature, in consultation with the Trust and the Public Advocate;
- Public Law Ch. 223 (LD 1700), 132nd Legislature (2025), directing the Trust to administer a pilot providing financing or investment services for renewable energy generation and energy storage (as funding allows); and

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Public Law Ch. 86 (LD 1967), 132nd Legislature (2025), directing the Governor's Energy Office and the Office of Policy Innovation and the Future, in consultation with the Trust, the Maine State Housing Authority and the Maine Office of Community Affairs, to design a Maine home energy navigator and coaching pilot program and report back to the Legislature.

B. Basis of Presentation

The Trust's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Trust's special-purpose activities. These statements reflect the financial activity of the Trust's governmental program. The governmental activity is generally financed through federal and state operating grants and system benefit charges and fees that are restricted to meet the operational requirements of particular function or program.

Fund Financial Statements:

Separate financial statements are provided for the governmental funds. The fund financial statements provide information about the Trust's governmental funds.

The Trust reports the following governmental fund:

Special Revenue Fund:

The Special Revenue Fund is a governmental fund type used to account for federal, state and other financial programs. Project accounting is employed to maintain integrity for the various sources of funds. Generally, revenues in the Special Revenue Fund are restricted to expenditures for specified purposes.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all of the eligibility requirements imposed by the provider have been satisfied.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Fund

The governmental fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in the governmental fund.

D. Estimates

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

E. Loans Receivable

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management of the Trust has established an allowance for loan losses to provide for probable losses. The amount of the allowance, which is established through a provision for losses on loans charged to expenditures, is based on management's estimation of the probable losses within the portfolio. In estimating the adequacy of the allowance for loan losses, management considers such factors as the nature and volume of the portfolio, delinquency trends, specific problem loans, and current economic conditions that may affect the borrowers' ability to repay. Actual results could differ from those estimates. The allowance for loan losses was \$73,719 at June 30, 2025.

F. Prepaid Expenditures

Payments made to vendors for services and amounts withheld by the State that will benefit periods beyond June 30, 2025 are recorded as prepaid expenditures.

G. Capital Assets

Capital assets consist of office equipment, computer software, right-to-use leased assets for office space, and subscription assets. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are defined by the Trust as assets with initial individual costs of five thousand dollars or more and an estimated useful life of two or more years and are depreciated under the straight-line method over the respective estimated useful lives of the assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital assets are depreciated using the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful</u>
Office equipment	5 years
Computer software	3 years
Right-to-use assets	5-20 years
Subscription assets	5-20 years

Capital assets are recorded as expenditures of the current period in the fund financial statements.

H. Unearned Revenue

Unearned revenue represents payments received in the current fiscal year for the next fiscal year's assessment or grant revenues received but not yet spent.

I. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Trust is bound to honor constraints on the specific purposes for which amounts in the governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable by the Trust are nonspendable in form. The Trust has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to actions taken by the Board of Trustees. Commitments may be modified or rescinded only through approval of the Board of Trustees.
- Assigned – includes amounts that the Trust intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned – includes negative residual fund balance that cannot be eliminated by the offsetting of assigned fund balance amounts within the special revenue fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Trust considers restricted funds to have been spent first. When an expenditure is incurred for which committed or assigned fund balances are available, the Trust considers amounts to have been spent first out of committed funds, then assigned funds, as needed.

J. Restriction on Net Position

The Trust's net position is restricted by State of Maine legislation which established the Trust and governs its activities.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Budgetary Accounting

Budgets are formally adopted through the Board of Trustees and prepared on a basis consistent with GAAP, which are reflected in revenue and expenditures in the Required Supplementary Information: Budgetary Comparison Schedule - Special Revenue Fund.

Encumbrances are recorded when purchase orders and contracts are issued, but are not considered expenditures for GAAP purposes until liabilities for payments are incurred. The Trust had approximately \$63,153,955 in outstanding purchase orders or contracts as of June 30, 2025.

The original revenue and expenditure budgets for the fiscal year ending June 30, 2025 were \$168,635,884 and \$168,615,852, respectively. The revenue and expenditure budgets, including amendments made through the date of issuance of these financial statements, are \$258,962,184 for revenues and \$238,885,302 for expenditures.

L. Leases

Efficiency Maine Trust is a lessee for two noncancellable leases of office space. The Trust recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. The Trust recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, Efficiency Maine Trust initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line bases over its useful life.

Key estimates and judgments related to leases include how the Trust determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Trust uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Trust generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Trust is reasonably certain to exercise.

Efficiency Maine Trust monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Subscriptions

Efficiency Maine Trust is engaged in a noncancellable subscription for hosting services. The Trust recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The Trust recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, Efficiency Maine Trust initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line bases over its useful life.

Key estimates and judgments related to subscriptions include how the Trust determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Trust uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the Trust generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Trust is reasonably certain to exercise.

Efficiency Maine Trust monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

DEPOSITS AND INVESTMENTS

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. As of June 30, 2025, the Trust had bank balances of \$90,627,173 of which all amounts were covered by FDIC coverage or collateralized by securities held by the pledging financial institution.

Collateralization is provided on the REPO Sweep account through securities pledged by Camden National Bank to the Trust. The fair value of the pledged securities on June 30, 2025 was \$91,532,070.

The Trust has an investment policy that identifies various authorized investment instruments and investment ratings. Authorized investments include obligations of the United States Government and its agencies that are fully guaranteed. Additionally, the Trust is permitted under the policy to invest in money market mutual funds to secure the Trust's position in regional programs.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

The Trust held the following investments at June 30, 2025:

	<u>Carrying Amount/ Fair Value</u>	<u>Investment Maturity Less Than 1 Year</u>
Investment type:		
Mutual fund	\$ 2,818,283	N/A
Total	\$ 2,818,283	N/A

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations.

Custodial Credit Risk-Investments: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Trust limits custodial credit risk by regularly monitoring the credit quality ratings of the counterparties and the adequacy of the collateral accounts. The Trust drafted a custodial credit risk policy that was utilized during the fiscal year to minimize risk. The policy was adopted by the Board of Trustees in April 2014.

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Trust has the following recurring fair value measurements as of June 30, 2025: Mutual fund accounts of \$2,818,283 are valued using quoted prices (Level 1 input).

LOAN RECEIVABLES

The Trust lends to individuals and businesses throughout the State of Maine under its PACE, PowerSaver, Efficiency Maine Energy Loan (EMEL), Small Business, and other loan programs. The loans have varying fixed rates and are either unsecured or secured through a mortgage which is typically not a first position on the property for which energy efficiency improvements were made. The loan activity for the year ended June 30, 2025 is as follows:

	<u>Residential</u>	<u>Business</u>	<u>Total</u>
Beginning balance:	\$ 16,202,390	555,248	16,757,638
Loans issued	1,490,419	-	1,490,419
Repayments and write offs	<u>(4,345,567)</u>	<u>(292,638)</u>	<u>(4,637,205)</u>
Ending balance	13,347,242	263,610	13,610,852
Allowance for loan losses	<u>(73,673)</u>	<u>(46)</u>	<u>(73,719)</u>
Loan receivable, net of allowance for loan losses	\$ 13,273,569	263,564	13,537,133

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

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

	Balance June 30, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2025</u>
Capital assets, being depreciated/amortized:				
Office equipment and computer software	\$ 198,144	431,576	11,454	618,266
Building improvements	-	487,539	-	487,539
Right-to-use subscription asset	135,255	223,957	135,255	223,957
Right-to-use leased asset	<u>230,632</u>	<u>758,272</u>	<u>115,639</u>	<u>873,265</u>
Total capital assets being depreciated	564,031	1,901,344	262,348	2,203,027
Less accumulated depreciation/amortization for:				
Office equipment and computer software	161,340	41,368	11,454	191,254
Building improvements	-	243,770	-	243,770
Right-to-use subscription asset	50,721	96,522	84,535	62,708
Right-to-use leased asset	<u>132,822</u>	<u>105,169</u>	<u>115,639</u>	<u>122,352</u>
Total accumulated depreciation/amortization	344,883	486,829	211,628	620,084
Total capital assets being depreciated, net	<u>219,148</u>	<u>1,414,515</u>	<u>50,720</u>	<u>1,582,943</u>
Governmental activities capital assets, net	<u>\$ 219,148</u>	<u>1,414,515</u>	<u>50,720</u>	<u>1,582,943</u>

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Administrative \$ 486,829

Total amortization/depreciation – governmental activities **\$ 486,829**

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the Trust for the year ended June 30, 2025:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Subscriptions	\$ 88,653	187,957	88,653	187,957	54,536
<u>Leases</u>	<u>99,203</u>	<u>758,272</u>	<u>69,879</u>	<u>787,596</u>	<u>74,980</u>
Total long-term liabilities	<u>\$ 187,856</u>	<u>946,229</u>	<u>158,532</u>	<u>975,553</u>	<u>129,516</u>

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

LEASES

On January 1, 2023, the Trust entered into a lease agreement for its primary office space expiring in December 2025. As of June 30, 2025, the value of the lease liability was \$29,324. The lease provides for a two-year term of \$4,930 per month plus 72% of CAM costs. The value of the right-to-use asset as of the end of the current fiscal year was \$114,993 and had accumulated amortization of \$86,244.

In June 2024, the Trust entered into a lease agreement for office space starting on or about December 1, 2025. The lease provides for a ten-year and six-month term with two options to extend, each for an additional five-year term. As of June 30, 2025, the value of the lease liability was \$787,596. After an initial six-month term where no rent was charged, the monthly rent for months seven through eighteen is \$8,006. In each subsequent year, the monthly rent will increase as defined in the agreement. The value of the right-to-use asset as of the end of the current fiscal year was \$758,272 and had accumulated amortization of \$36,108.

The future principal and interest lease payments as of June 30, 2025 were as follows:

	Lease Payable		
	Principal	Interest	Total
2026	74,980	50,676	125,656
2027	47,440	51,837	99,277
2028	54,438	48,042	102,480
2029	61,316	43,726	105,042
2030	68,794	38,874	107,668
2031	76,919	33,439	110,358
2032	85,742	27,371	113,113
2033	95,315	20,615	115,930
2034	105,698	13,115	118,813
2025	116,954	4,806	121,760
Totals	787,596	332,501	1,120,097

SUBSCRIPTIONS

On October 14, 2024, the Trust entered into a subscription agreement for hosting expiring in December 2025. As of June 30, 2025, the value of the subscription liability was \$187,272. The monthly payment over the term of the subscription is \$8,000. The value of the right-to-use asset as of the end of the current fiscal year was \$223,957 and had accumulated amortization of \$62,707.

The future principal and interest payments as of June 30, 2025 were as follows:

	Subscription Payable		
	Principal	Interest	Total
2026	133,421	14,579	148,000
2027	54,536	1,464	56,000
Totals	\$ 187,957	16,043	204,000

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

RESTRICTED FUND BALANCE

The following program fund balances have purpose restrictions that were either created through a grant agreement or legislation. Program balances as of June 30, 2025 are as follows:

Restricted for operations/programs:	
Administration Fund	\$ 1,048,185
Regional Greenhouse Gas Initiative Trust Fund*	40,978,928
Conservation Program Fund	21,416,246
Forward capacity market heat pumps	759,589
Renewable Resources Fund	132,547
Agricultural Fair	27,200
Lead by Example	204,068
Greenhouse gas reduction fund	44
NECEC Heat Pump Initiative	988,697
NECEC Hydro-Quebec Electric Vehicles	5,032,076
NECEC Dirigo Fund	209,582
Thermal Energy Investment	4,203,064
Inflation reduction act	276,296
State of Maine - Electric Vehicle Rebates	545,495
Total restricted for operations/programs	75,965,017

*Within this balance, \$5,000,000 has been reserved for residential loans.

Restricted for grants, revolving loan funds, and other:	
Small Business Energy Conservation Revolving Loan Fund	1,330,712
ARRA State Energy Program Revolving Loan Fund	50,004
ARRA Better Buildings Fund	20,624,011
Bipartisan infrastructure law RLF	58,500
RGGI RLF	5,142,838
Total restricted for grants, revolving loan funds, and other	27,206,065

Total **\$ 103,170,151**

Note: The balance above excludes the NECEC Low Income Initiative and the Inflation Reduction Act (IRA) HER program as those programs had deficit balances as of June 30, 2025 of \$639, and \$292, respectively. These deficits will be funded by future revenues.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

PENSION PLAN

The Trust has a pension plan under Section 401(k) of the Internal Revenue Code. All non-state employees who normally work more than 20 hours per week are eligible to participate in the Plan. Participation with respect to employee deferral starts on the date of hire. During 2012, the Trust moved its 401(k) services to International City Management Association – Retirement Corporation (ICMA-RC). Upon this transfer, all of the assets were transferred to a 401(a) account. Employee contributions were credited to a 457 plan account and the Trusts’ matching contributions into a 401(a) account. Non-state employees who have completed one month of service and are eighteen years old are eligible to receive employer contributions. The Trust matches 100% of employee deferrals up to 5% of employee contributions. The Trust’s contributions were \$118,017 for the year ended June 30, 2025. In June 2021, ICMA RC rebranded as and began doing business as Mission Square Retirement.

INTERGOVERNMENTAL PAYABLES

Intergovernmental payables consisted of the following at June 30, 2025:

State of Maine:	
Maine Department of Administrative and Financial Services	\$ 14
Maine Department of Environmental Protection	\$ 29,702
Total State of Maine	\$ 29,716

TRANSACTIONS WITH THE STATE OF MAINE AND ITS COMPONENT UNITS

A. Revenue

In FY 2020, the Maine Public Utilities Commission amended the method by which the natural gas utilities remitted payments to the Trust, ordering the utilities to remit payments directly to the Trust. This change significantly reduced the revenues that were derived from transactions with the State of Maine and its component units for the years ended June 30, 2021 and 2022. In FY 2025, the Trust received revenues related to Alternative Compliance Mechanism payments from the State of Maine and its component units, which totaled \$2,181,859.

B. Expenditures

LD 1485 provided state employees of the Maine Public Utilities Commission, who were hired by the Trust, with the option of retaining their status and benefits as state employees. Four employees elected to retain their state employment status. Two state employees have retired from state service under a special legislative provision and were then rehired as Trust employees.

Under a Memorandum of Understanding between the Trust and the State of Maine, those employees are paid through the State of Maine’s personnel system which is overseen by the Department of Administrative and Financial Services (DAFS) of the State of Maine. The Trust reimburses the State of Maine for those payroll and personnel servicing costs.

During the year ended June 30, 2025, the Trust reimbursed the State of Maine approximately \$175,646 for payroll costs and personnel servicing costs.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

TRANSACTIONS WITH THE STATE OF MAINE AND ITS COMPONENT UNITS, CONTINUED

Intra-entity grants to State of Maine agencies and component units during the year ended June 30, 2025 are as follows:

Maine Department of Environmental Protection	\$ 29,702
Department of Administrative & Financial Services	14
Total	\$ 29,716

The table above does not include payments totaling \$68,396 made to RGGI, Inc. on behalf of the Maine Department of Environmental Protection, which are included in the Intra-entity grants – state agencies line on Statement 4 of these financials.

INDIRECT COST ALLOCATION

Indirect costs in the Statement of Activities are allocated to the governmental activities based on a proration of each function's expenditures as a percentage of total expenditures.

COMMITMENTS AND CONTINGENCIES

The Trust is also party to an agreement with National Energy Improvement Fund LLC (NEIF) whereby NEIF provides loan origination and servicing for the Trust's PACE, PowerSaver, EMEL and SEI loans. Prior to May 1, 2015, the Department of Housing and Urban Development (HUD) grant funds awarded to NEIF were to be used for PowerSaver approved loan costs as established in the contract fee schedule and consistent with HUD guidelines. Terms of the agreements contain a fee schedule which includes loan origination fees, loan closing fees, loan servicing fees, settlement fees, and loan documentation preparation fees. These fee amounts can be up to \$1,150 per loan application for PACE loans and up to \$1,440 for PowerSaver loans. The agreements include an annual 1.99% or 2.99% loan servicing fee on the total unpaid principal balance of all closed loans that is paid monthly. During the year ended June 30, 2025, the Trust paid approximately \$448,484 to the National Energy Improvement Fund, LLC for their services.

During FY 2025, the Trust began to transition to a new lending platform to administer and service its loan programs. The software platform was designed by Ignatius, Inc., while loan servicing activities were administered by AmeriNational Community Services, LLC (AmeriNat). In FY 2025, the Trust paid approximately \$431,576 to Ignatius, Inc. to build the platform, and approximately \$163,017 to AmeriNat for loan servicing. The payments made to Ignatius, Inc. may decline in future years as the initial start-up costs to build the platform will transition to an annual software support agreement. Payments made to AmeriNat are expected to increase in future years as the Ignatius platform (with AmeriNat providing the loan servicing) has replaced NEIF as the platform on which all new loans are made. Conversely, payments made to NEIF will decline in future years as the outstanding loans NEIF is servicing are paid down.

The Trust had no commitments to extend credit for loans under the PACE loan program as of June 30, 2025. Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the commitment agreement.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

Federal and State Grant Programs

The Trust participates in federal and state grant programs, which are governed by various rules and regulations of the respective oversight agencies. Costs charged to the programs and claims for reimbursement are subject to audit and adjustment by the respective oversight agencies. Therefore, to the extent that the Trust has not complied with rules and regulations governing the programs, refunds of any money received may be required. In the opinion of the Trust, there is no significant contingent liability relating to compliance with the rules and regulations governing these programs. Additionally, no determination has been made with respect to refunding of interest earned on federal and state funds. The amount of refund, if any, would be immaterial to the financial statements taken as a whole. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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EFFICIENCY MAINE TRUST
Required Supplementary Information
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Alternative compliance mechanism	\$ -	2,176,884	2,181,859	4,975
Federal grants	44,000,000	64,304,213	18,591,216	(45,712,997)
Interest income:				
Investments	75,000	75,000	189,150	114,150
Loans	1,025,000	1,025,000	757,193	(267,807)
State initiatives	-	150,000	150,000	-
Electric procurement	60,350,358	60,350,358	60,350,358	-
Renewable resource	-	-	8,101	8,101
NECEC settlement proceeds	4,000,000	4,000,000	3,500,000	(500,000)
Forward capacity market credits	6,087,648	6,087,648	5,651,711	(435,937)
Regional Greenhouse Gas Initiative proceeds	26,700,000	47,568,567	47,568,567	-
Miscellaneous revenue	-	-	10,000	10,000
Total revenues	142,238,006	185,737,670	138,958,155	(46,779,515)
Expenditures:				
Current:				
Programs:				
Low income initiatives	40,874,714	56,409,935	46,403,029	10,006,906
DEP fuel tank removal grant	-	150,000	8,800	141,200
Retail initiatives	7,801,336	11,578,697	7,732,600	3,846,097
Home energy savings program	22,215,080	30,930,473	29,200,682	1,729,791
Commercial and industrial prescriptive program	25,132,507	51,354,893	18,928,079	32,426,814
Commercial and industrial custom program	12,268,750	18,815,292	6,918,366	11,896,926
Industrial climate initiative	-	-	-	-
Agricultural fair initiatives	-	27,200	-	27,200
Distributor initiatives	12,230,950	10,103,651	9,115,762	987,889
Green bank	-	1,400,000	731,308	668,692
Electric vehicle supply equipment	23,527,176	23,313,722	1,596,137	21,717,585
Electric vehicle rebate program	5,800,000	5,462,424	3,150,994	2,311,430
Demand management	1,586,201	2,569,038	798,606	1,770,432
Thermal energy investment	-	4,205,993	7,904	4,198,089
Lead by example	500,000	1,175,250	971,181	204,069
Renewables	-	162,858	208,237	(45,379)
Subtotal programs	151,936,714	217,659,426	125,771,685	91,887,741
Administration and strategic initiatives:				
Innovation	879,683	1,264,985	424,116	840,869
Public information	494,214	839,704	168,860	670,844
Administration	6,364,926	7,133,586	5,739,190	1,394,396
Evaluation, measurement and verification	2,199,208	3,033,612	1,132,905	1,900,707
Payments to utilities	-	-	1,742,884	(1,742,884)
Intra-entity grants - state agencies	1,006,683	2,919,393	98,098	2,821,295
Subtotal administration and strategic initiatives	10,944,714	15,191,280	9,306,053	5,885,227
Total expenditures	162,881,428	232,850,706	135,077,738	97,772,968
Excess (deficiency) of revenues over (under) expenditures	(20,643,422)	(47,113,036)	3,880,417	50,993,453
Other financing sources (uses):				
Use of fund balance	20,663,454	67,189,917	-	(67,189,917)
Interfund transfers out	(5,734,424)	(6,034,597)	(5,607,095)	427,502
Interfund transfers in	5,734,424	6,034,597	5,607,095	(427,502)
Total other financing sources	20,663,454	67,189,917	-	(67,189,917)
Net change in fund balance	20,032	20,076,881	3,880,417	(16,196,464)
Fund balance, beginning of year			99,289,734	
Fund balance, end of year			\$ 103,170,151	

EFFICIENCY MAINE TRUST
Combining Schedule of Loans Receivable Activity
For the Year Ended June 30, 2025

	Residential Loans					Business Loans					Total Loans - All Types
	PACE	PowerSaver	EMEL	EMEL	EMEL	Small Business	UMS		Total Business Loans		
	ARRA Better Building	ARRA Better Building	ARRA Better Building	RGGI	Manufactured Homes	Total Residential Loans	SEP	ARRA Better Building	Total Business Loans		
Beginning balance	\$ 211,031	70,415	13,212,463	2,586,251	122,230	16,202,390	36,247	519,001	555,248	16,757,638	
Loans issued	-	-	1,032,611	-	2,500	1,035,111	-	-	-	1,035,111	
Repayments and write offs	(74,644)	(27,626)	(3,139,302)	(613,741)	(34,945)	(3,890,258)	(32,138)	(259,501)	(291,639)	(4,181,897)	
Ending balance	136,387	42,789	11,105,772	1,972,510	89,785	13,347,243	4,109	259,500	263,609	13,610,852	
Allowance for loan losses	(10,418)	(6,057)	(54,158)	-	(3,040)	(73,673)	(46)	-	(46)	(73,719)	
Loans receivable, net	\$ 125,969	36,732	11,051,614	1,972,510	86,745	13,273,570	4,063	259,500	263,563	13,537,133	

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EFFICIENCY MAINE TRUST
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Fund								
	Administration	RGGI Trust	Conservation Program	FCM Heat Pump Initiative	Renewable Resources	Agricultural Fair	Thermal Energy Investment	Lead by Example	Electric Vehicle Rebates
Revenues:									
Alternative compliance mechanism	\$ -	-	-	-	-	-	2,181,859	-	-
Federal grants	-	-	-	-	-	-	-	-	-
Interest income:									
Investments	189,029	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
State initiatives	-	-	-	150,000	-	-	-	-	-
Electric procurement	-	-	60,350,358	-	-	-	-	-	-
Renewable resource	-	-	-	-	8,101	-	-	-	-
NECEC settlement proceeds	-	-	-	-	-	-	-	-	-
Forward capacity market credits	-	-	-	5,651,711	-	-	-	-	-
Regional Greenhouse Gas Initiative proceeds	-	47,568,567	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	189,029	47,568,567	60,350,358	5,801,711	8,101	-	2,181,859	-	-
Expenditures:									
Current:									
Programs:									
Low income initiatives	-	12,911,033	19,639,718	3,425,611	-	-	-	-	-
DEP fuel tank removal grant	-	-	-	8,800	-	-	-	-	-
Retail initiatives	-	-	7,732,600	-	-	-	-	-	-
Home energy savings program	-	19,225,554	8,646,897	1,328,231	-	-	-	-	-
Commercial and industrial prescriptive program	-	6,123,362	7,546,196	-	-	-	-	-	-
Commercial and industrial custom program	-	2,905,439	1,569,507	-	-	-	-	-	-
Distributor initiatives	-	-	9,115,762	-	-	-	-	-	-
Green bank	-	1,965	-	-	-	-	-	-	-
Electric vehicle supply equipment	-	-	-	-	-	-	-	-	-
Electric vehicle rebate program	-	-	741,173	-	-	-	-	-	1,875,046
Demand management	-	-	798,606	-	-	-	-	-	-
Thermal energy investment	-	-	-	-	-	7,904	-	-	-
Agricultural fair	-	-	-	-	-	-	-	-	-
Lead by example	-	-	-	-	-	-	-	971,181	-
Renewables	-	-	-	-	208,237	-	-	-	-
Subtotal programs	-	41,167,353	55,790,459	4,762,642	208,237	-	7,904	971,181	1,875,046
Administration and strategic initiatives:									
Innovation	-	152,000	272,116	-	-	-	-	-	-
Public information	-	66,572	102,288	-	-	-	-	-	-
Administration	5,495,957	484	128,175	-	-	-	-	-	-
Evaluation, measurement and verification	-	99,836	998,388	34,681	-	-	-	-	-
Subtotal administration and strategic initiatives	5,495,957	318,892	1,500,967	34,681	-	-	-	-	-
Total expenditures	5,495,957	41,486,245	57,291,426	4,797,323	208,237	-	7,904	971,181	1,875,046
Excess (deficiency) of revenues over (under) expenditures	(5,306,928)	6,082,322	3,058,932	1,004,388	(200,136)	-	2,173,955	(971,181)	(1,875,046)
Other financing sources (uses):									
Interfund transfers in (out)	5,306,922	(439,612)	(4,567,138)	-	-	-	-	-	-
Payments to utilities	-	-	-	-	-	-	-	-	-
Intra-entity grants - state agencies	-	(98,098)	-	-	-	-	-	-	-
Total other financing sources (uses)	5,306,922	(537,710)	(4,567,138)	-	-	-	-	-	-
Net change in fund balances	(6)	5,544,612	(1,508,206)	1,004,388	(200,136)	-	2,173,955	(971,181)	(1,875,046)
Fund balances, beginning of year	1,048,191	40,577,316	22,924,452	(244,799)	332,683	27,200	2,029,109	1,175,249	2,420,541
Fund balances (deficits), end of year	\$ 1,048,185	46,121,928	21,416,246	759,589	132,547	27,200	4,203,064	204,068	545,495

EFFICIENCY MAINE TRUST
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Fund									
	NECEC Heat Pump Initiative	NECEC Low Income Initiative	NECEC Hydro-Quebec Electronic Vehicles	NECEC Dirigo Fund	Natural Gas Conservation	Small Business EC - RLF	ARRA SEP RLF	SEI RLF	RGGI RLF	ARRA Better Buildings
Revenues:										
Alternative compliance mechanism	\$	-	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-	-	-
Investment income:										
Investments	30	-	26	-	-	21	-	-	-	-
Loans	-	-	-	-	-	400	-	-	115,582	641,211
State initiatives										
Electric procurement	-	-	-	-	-	-	-	-	-	-
Renewable resource	-	-	-	-	-	-	-	-	-	-
NECEC settlement proceeds	2,000,000	-	1,500,000	-	-	-	-	-	-	-
Forward capacity market credits	-	-	-	-	-	-	-	-	-	-
Regional Greenhouse Gas Initiative proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	10,000
Total revenues	2,000,030	-	1,500,026	-	-	421	-	-	115,582	651,211
Expenditures:										
Current:										
Programs:										
Low income initiatives	1,333,333	-	-	-	-	-	-	-	-	-
DEP fuel tank removal grant	-	-	-	-	-	-	-	-	-	-
Retail initiatives	-	-	-	-	-	-	-	-	-	-
Home energy savings program	-	-	-	-	-	-	-	-	-	-
Commercial and industrial prescriptive program	103,982	-	-	-	-	-	-	-	-	-
Commercial and industrial custom program	-	-	-	-	-	-	-	-	-	-
Distributor initiatives	-	-	-	-	-	-	-	-	-	-
Green bank	-	-	-	-	-	162	-	-	75,300	653,881
Electric vehicle supply equipment	-	-	117,062	-	-	-	-	-	-	-
Electric vehicle rebate program	-	-	-	532,300	-	-	-	-	-	-
Demand management	-	-	-	-	-	-	-	-	-	-
Agricultural fair	-	-	-	-	-	-	-	-	-	-
Lead by example	-	-	-	-	-	-	-	-	-	-
Subtotal programs	1,437,315	-	117,062	532,300	-	162	-	-	75,300	653,881
Administration and strategic initiatives:										
Innovation	-	-	-	-	-	-	-	-	-	-
Public information	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	30,705
Evaluation, measurement and verification	-	-	-	-	-	-	-	-	-	-
Subtotal administration and strategic initiatives	-	-	-	-	-	-	-	-	-	30,705
Total expenditures	1,437,315	-	117,062	532,300	-	162	-	-	75,300	684,586
Excess (deficiency) of revenues over (under) expenditures	562,715	-	1,382,964	(532,300)	-	259	-	-	40,282	(33,375)
Other financing sources (uses):										
Interfund transfers in (out)	-	-	-	-	-	-	(300,172)	-	-	-
Payments to utilities	-	-	-	-	(1,742,884)	-	-	-	-	-
Intra-entity grants - state agencies	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(1,742,884)	-	(300,172)	-	-	-
Net change in fund balances	562,715	-	1,382,964	(532,300)	(1,742,884)	259	-	(300,172)	40,282	(33,375)
Fund balances, beginning of year	425,982	(639)	3,649,112	741,882	1,742,884	1,330,453	50,004	300,172	102,556	20,657,386
Fund balances (deficits), end of year	\$ 988,697	(639)	5,032,076	209,582	-	1,330,712	50,004	-	142,838	20,624,011

EFFICIENCY MAINE TRUST
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Fund												Subtotal	Total
	Bipartisan Infrastructure Law	ARPA LI Weatherization	ARPA Tourism and Hospitality	ARPA Local Govt. and Schools	ARPA Manufacturing	Inflation Reduction Act - HEAR	Inflation Reduction Act - HER	Office of Clean Energy Demonstrations	MDOT EV Charging MJRP	MDOT NEVI	FHWA Charging and Fueling Infrastructure	Greenhouse Gas Reduction Fund	Federal Grants	Special Revenue Funds
Revenues:														
Alternative compliance mechanism	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	2,181,859
Federal grants	58,500	8,457,143	211,753	4,934,889	2,446,073	955,000	-	26,700	90,489	1,223,612	187,057	-	18,591,216	18,591,216
Interest income:														
Investments	-	-	-	-	-	-	-	-	-	-	-	44	-	189,150
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	757,193
State initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000
Electric procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	60,350,358
Renewable resource	-	-	-	-	-	-	-	-	-	-	-	-	-	8,101
NECEC settlement proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500,000
Forward capacity market credits	-	-	-	-	-	-	-	-	-	-	-	-	-	5,651,711
Regional Greenhouse Gas Initiative proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	47,568,567
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Total revenues	58,500	8,457,143	211,753	4,934,889	2,446,073	955,000	-	26,700	90,489	1,223,612	187,057	44	18,591,216	138,958,155
Expenditures:														
Current:														
Programs:														
Low income initiatives	-	8,431,772	-	-	-	634,862	-	26,700	-	-	-	-	9,093,334	46,403,029
DEP fuel tank removal grant	-	-	-	-	-	-	-	-	-	-	-	-	-	8,800
Retail initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	7,732,600
Home energy savings program	-	-	-	-	-	-	-	-	-	-	-	-	-	29,200,682
Commercial and industrial prescriptive program	-	-	211,753	4,934,889	-	7,897	-	-	-	-	-	-	5,154,539	18,928,079
Commercial and industrial custom program	-	-	-	-	2,443,420	-	-	-	-	-	-	-	2,443,420	6,918,366
Distributor initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	9,115,762
Green bank	-	-	-	-	-	-	-	-	-	-	-	-	-	731,308
Electric vehicle supply equipment	-	-	-	-	-	-	-	-	85,533	1,220,864	172,678	-	1,479,075	1,596,137
Electric vehicle rebate program	-	-	-	-	-	-	-	-	-	-	2,475	-	2,475	3,150,994
Demand management	-	-	-	-	-	-	-	-	-	-	-	-	-	798,606
Thermal energy investment	-	-	-	-	-	-	-	-	-	-	-	-	-	7,904
Lead by example	-	-	-	-	-	-	-	-	-	-	-	-	-	971,181
Renewables	-	-	-	-	-	-	-	-	-	-	-	-	-	208,237
Subtotal programs	-	8,431,772	211,753	4,934,889	2,443,420	642,759	-	26,700	85,533	1,220,864	175,153	-	18,172,843	125,771,685
Administration and strategic initiatives:														
Innovation	-	-	-	-	-	-	-	-	-	-	-	-	-	424,116
Public information	-	-	-	-	-	-	-	-	-	-	-	-	-	168,860
Administration	-	25,371	-	-	2,653	35,945	292	-	4,956	2,748	11,904	-	83,869	5,739,190
Evaluation, measurement and verification	-	-	-	-	-	-	-	-	-	-	-	-	-	1,132,905
Subtotal administration and strategic initiatives	-	25,371	-	-	2,653	35,945	292	-	4,956	2,748	11,904	-	83,869	7,465,071
Total expenditures	-	8,457,143	211,753	4,934,889	2,446,073	678,704	292	26,700	90,489	1,223,612	187,057	-	18,256,712	133,236,756
Excess (deficiency) of revenues over (under) expenditures	58,500	-	-	-	-	276,296	(292)	-	-	-	-	44	334,504	5,721,399
Other financing sources (uses):														
Interfund transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,742,884)
Intra-entity grants - state agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	(98,098)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,840,982)
Net change in fund balances	58,500	-	-	-	-	276,296	(292)	-	-	-	-	44	334,504	3,880,417
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	99,289,734
Fund balances (deficits), end of year	\$ 58,500	-	-	-	-	276,296	(292)	-	-	-	-	44	334,504	103,170,151