

EFFICIENCY MAINE TRUST

Annual Financial Report

For the Year Ended June 30, 2026

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EFFICIENCY MAINE TRUST
Annual Financial Report
For the Year Ended June 30, 2026

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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, 2026, 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, 2026, 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 the 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.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis
June 30, 2026

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, 2026. 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.

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 15 and 16 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 17 and 18 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.

Financial Summary

The Trust's revenues and expenditures presented in the fiscal year 2026 Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Fund are \$178,252,595 and \$102,170,293, respectively, plus another \$113,905 sent to or ordered by state agencies or utilities, resulting in an increase to fund balance of \$76,371,514. The Trust's governmental fund balance as of June 30, 2026, is \$180,311,063 of which \$126,391,791 is restricted for operations and programs and \$53,919,272 is restricted for grant and revolving loan activity.

The Trust's net position as of June 30, 2026, is \$181,146,392. The term "net position" refers to the difference between assets and liabilities. The change in net position for the year ended June 30, 2026, was an increase of \$76,368,851.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis, Continued
June 30, 2026

Financial Analysis

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

		Governmental Activities (Restated)
	FY 2026	FY 2025
Current and other assets	\$ 184,339,741	108,364,719
Capital and other assets	1,757,627	1,582,943
Total assets	186,097,368	109,947,662
Current liabilities	3,927,288	4,679,265
Long-term liabilities	1,023,688	767,152
Total liabilities	4,950,976	5,446,417
Net investment in capital assets	604,727	607,390
Restricted	180,541,665	103,893,855
Total Net Position	\$ 181,146,392	104,501,245

The only difference between the Statement of Net Position and the Balance Sheet of the Special Revenue Fund is \$604,727, which represents assets that have been capitalized and the lease and subscription-based liabilities.

The following is a summary of the Statement of Activities:

	Governmental Activities (Restated)	
	FY 2026	FY 2025
Program revenues:		
Operating grants and contributions	\$ 161,505,671	120,866,939
Federal grant revenues	17,023,220	18,314,920
Total revenues	178,528,891	139,181,859
Program expenses:		
Program expenditures	83,057,792	112,393,482
Strategic initiatives and administrative	1,917,072	2,010,464
Intra-entity grants - state agencies	101,754	98,098
Payments to utilities	12,151	1,742,884
Grant funded programs	16,794,975	18,256,712
Total expenses	101,883,744	134,501,640
Change in net position	76,645,147	4,680,219
Net position-beginning - restated	104,501,245	99,821,026
Net position-ending	\$ 181,146,392	104,501,245

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis, Continued
June 30, 2026

Detailed Analysis of Governmental Funds

Below is a condensed comparative analysis of significant financial totals from the governmental fund statements comparing June 30, 2026, and 2025.

Balance Sheet Governmental Fund (FY 2026 compared to FY 2025)

	2026	(Restated) 2025	Increase (Decrease)
ASSETS			
Cash and investments	\$ 165,258,503	\$ 90,265,149	74,993,354
Receivables	18,841,698	17,897,654	944,044
Other	239,540	201,916	37,624
Total assets	\$ 184,339,741	\$ 108,364,719	75,975,022
LIABILITIES			
Accounts payable	3,042,309	3,901,215	(858,906)
Other	755,767	569,649	186,118
Total liabilities	\$ 3,798,076	\$ 4,470,864	(672,788)
FUND BALANCE			
Nonspendable	231,534	193,910	37,624
Restricted	180,311,062	103,700,876	76,610,186
Unassigned	(931)	(931)	-
Total fund balance	\$ 180,541,665	\$ 103,893,855	76,647,810
Total liabilities and fund balance	\$ 184,339,741	\$ 108,364,719	75,975,022

Fund Balances

Approximately \$20,655,000 of FY 2026 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 \$286,700. Finally, \$31,597,000 of RGGI fund balance is reserved for residential loans.

These fund balances, totaling approximately \$53,920,000, represent amounts that are reserved solely for the RLFs, and loan administration and support costs. The remaining fund balance, totaling approximately \$126,622,000, 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 \$76,371,514 from last year.

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis, Continued
June 30, 2026

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 2026, 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 \$261,000 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 \$7.8 million; the Electric Vehicle Rebates program had approximately \$42,000 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 \$486,000 and \$399,000, respectively. Other encumbered, but not yet spent, amounts include approximately \$1.1 million for Thermal Energy Investment Program projects; and \$552,000 for Demand Management Program.

The following factors affected program activity and the ability to expend and commit available funding: loss of federal tax credits; rising equipment and material costs (e.g., from tariffs and new refrigerants for heat pumps); supply chain and inventory constraints; higher installation and operating costs; and economic and market uncertainty.

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

	<u>2026</u>	<u>(Restated) 2025</u>	<u>Increase/ (Decrease)</u>
Revenue			
Intergovernmental, Electric Procurement, Natural Gas Procurement	\$ 86,017,537	\$ 62,682,217	\$ 23,335,320
Forward Capacity Market Credits	5,661,546	5,651,711	9,835
Regional Greenhouse Gas Initiative proceeds	64,878,983	47,568,567	17,310,416
NECEC Settlement Proceeds	4,000,000	4,000,000	-
Federal Revenues	17,022,695	18,314,920	(1,292,225)
Interest and other income*	948,130	964,444	(16,314)
Total Revenue	<u>178,528,891</u>	<u>139,181,859</u>	<u>39,347,032</u>

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Management's Discussion and Analysis, Continued
June 30, 2026

	2026	(Restated) 2025	Increase/ (Decrease)
Expenditures			
Income eligible Initiatives	29,180,464	46,403,029	(17,222,565)
DEP Fuel Tank Removal Program	9,600	8,800	800
Retail Initiatives	15,572,880	7,732,600	7,840,280
Home Energy Savings Program	19,226,804	29,200,682	(9,973,878)
Commercial & Industrial Prescriptive Program	16,865,886	18,928,079	(2,062,193)
Commercial & Industrial Custom Program	4,389,073	6,918,366	(2,529,293)
Distributor Initiatives	-	9,115,762	(9,115,762)
Efficiency Maine Green Bank	646,879	731,308	(84,429)
EV Supply Equipment	4,695,059	1,596,137	3,098,922
EV Rebate Program	1,959,027	3,150,994	(1,191,967)
Demand Management	1,933,257	798,606	1,134,651
Thermal Energy Investment Program	57,299	7,904	49,395
Lead by Example	168,127	971,181	(803,054)
Renewables	-	208,237	(208,237)
Administration & Strategic Initiatives*	7,062,821	7,465,071	(402,250)
Inter-agency Transfers/payments to utilities	113,905	1,840,982	(1,727,077)
Total Expenditures	101,881,081	135,077,738	(33,196,657)
Excess (deficiency) of Revenues over (under) Expenditures	76,647,810	4,104,121	72,543,689
Fund Balance, Beginning - restated	103,893,855	99,789,734	4,104,121
Fund Balance, Ending	\$ 180,541,665	\$ 103,893,855	\$76,647,810

*These amounts exclude \$403,117 relating to leases and subscription-based information technology agreements

Revenues

Revenues overall increased approximately \$38.8 million in FY 2026 from FY 2025 and was driven by multiple factors:

- Intergovernmental, Electric Procurement, and Natural Gas Procurement, \$23.34 million due to the following changes:
 - o Electric Procurement, \$17.6 million reflecting additional funds for forecasted levels of MACE potential for beneficial electrification and electric efficiency,
 - o Natural Gas Assessment, \$1,004,371 as there was no natural gas assessment in FY 2025,
 - o Department of Environmental Protection Grant, (\$150,000) this was a one-time allocation of funding from the Maine Department of Environmental Protection that occurred in FY 2025.
 - o Climate Pollution Reduction Grant, \$4.9 million to support the New England Heat Pump Accelerator initiative.

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Management's Discussion and Analysis, Continued
June 30, 2026

- Forward Capacity Credits, Forward Capacity Market, \$9,800 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, \$17.3 million because of record auction prices and a continued strong market for carbon credits.
- Federal Revenues, an overall decline (\$1.844 million), as follows:
 - American Rescue Plan Act (ARPA) / Maine Jobs and Recovery Plan (MJRP), (\$5.264) million due to expected wind down of grant
 - Bipartisan Infrastructure Law (BIL), \$210,000, due to increased project activity.
 - Charging and Fueling Infrastructure (CFI), \$1.249 million, due to increased number of completed projects (awarded in prior periods).
 - Inflation Reduction Act (IRA), \$69,000, due to increased project activity.
 - Maine Department of Transportation (MJRP funding), \$1.512 million, due to increased number of completed projects (awarded in prior periods).
 - National Electric Vehicle Infrastructure (NEVI), \$223,000, due to increased number of completed projects (awarded in prior periods).
 - U.S. Department of Energy/Office of Clean Energy Demonstrations (OCED), \$157,000, due to increased outreach to eligible customers and completed projects.
- Interest and Other Income, (\$16,300) due to:
 - Bank Interest, \$30,600, due to higher cash balances,
 - Voluntary Renewable Resource Fund Contributions, (\$8,100) due to the phasing out of voluntary contributions after the repeal of Title 35-A §10121 by the 131st Legislature,
 - Loan Interest Income, (\$65,000), due to a decreased principal amount of outstanding loans compared to FY 2025, and
 - Miscellaneous income, \$26,200.

Expenditures

The Trust had total expenditures that were \$33.2 million lower in FY 2026 than in FY 2025. The following programs experienced noteworthy increases in spending compared to FY 2025:

- Retail initiative increased by \$7.8 million due to sufficient inventory at participating stores, price parity with electric resistance water heaters, and successful limited-time promotions.
- EV supply equipment increased by \$3.1 million due to the number of public charging projects that reached completion during the year.

The following programs experienced decreases in spending compared to FY 2025:

- Income-eligible Home Programs, (\$17.2) million due to reduced consumer demand resulting from (1) the unexpected termination of federal tax credits for heat pumps; (2) new tariffs, increasing the price of heat pump components; (3) increased electricity prices in Maine, which tend to reduce the spread between oil and electric heating costs; (4) rising labor costs impacting costs of installation; (5) disruptions in the supply chain and higher equipment costs due to the transition to new types of refrigerants. The program also instituted changes to the rebate design for heat pumps in April 2025 to simplify program administration. To counteract market headwinds, the Trust significantly increased marketing and enhanced rebates for ducted whole home heat pumps. The Trust also added a limited-time bonus for all whole home heat pump rebates, both ducted and non-ducted, that started on March 1, 2026.
- Home Energy Savings Program, (\$10.0) million due to the same factors that affected Income-eligible Home Programs.
- C&I Prescriptive Program, (\$2.1) million, due to economic uncertainty and many of the same issues facing whole-home heat pump activity.

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Management's Discussion and Analysis, Continued
June 30, 2026

- C&I Custom Program, (\$2.5) million, due to economic uncertainty (higher electricity and equipment costs, impacts of tariffs), and limited number of large transmission and subtransmission (T&ST) customers prepared to complete new projects.
- Retail and Distributor Initiatives, (\$9.1) million due to the impact of tariffs; shortage of inventory coinciding with limited-time-offer promotions; competing prices for electric resistance water heaters; and negative experiences with a specific manufacturer (which has since been replaced).
- EV Rebate Program, (\$1.2) million, due to discontinuation of significant federal tax credits and launch of a new program design to address cost effectiveness and beneficial electrification considerations.
- Lead By Example, (\$803,000), due to completion of remaining projects and expected wind down of one-time state funding.
- Renewables, (\$208,000), due to discontinuation of the Renewable Resource Fund
- Administration and Strategic Initiatives, (\$402,000), due to fewer studies once Triennial Plan VI began implementation compared to FY2025 during development of Triennial Plan VI.

Significant Capital Assets and Long-Term Financing Activity

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 2026 capital assets and the lease liability increased by \$403,117 due to a new lease, while long term liabilities amortization decreased by \$177,347 due to normal payments. Total amortization/depreciation for governmental activities amounted to \$447,826.

Currently Known Facts, Decisions, or Conditions

Although not encumbered on contracts, the Trust obtained approval to reserve anticipated uncommitted carryforward for use in FY 2027. 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 FY 2026 to reduce the amount of assessment that would need to be collected from electric utility ratepayers for FY 2027. The Trust Board approved allocating \$38,260,000 of the estimated unspent, uncommitted carryforward to offset FY 2027's electric procurement. The Trust provided the PUC with the carryforward estimate for electric procurement in a filing made May 1, 2026, and the request was approved by order of the PUC on June 2, 2026. Additionally, on May 27, 2026, the Trust board approved reserving the following amounts to be used to supplement the FY 2027 budget:

Estimated Funding for Committed Projects (\$45.6 million)

- RGGI – \$9.6 million
- Electric procurement – \$13 million
- Thermal Energy Investment Program – \$1.1 million
- New England Clean Energy Connect – \$0.49 million
- Inflation Reduction Act – \$5.7 million
- Maine Jobs and Recovery Act (MJRP) / American Rescue Plan Act (ARPA) – \$5.9 million
- National Electric Vehicle Infrastructure (NEVI) – \$5.8 million
- Charging and Fueling Infrastructure (CFI) – \$4.0 million

EFFICIENCY MAINE TRUST
Management's Discussion and Analysis, Continued
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In addition, the Board allocated \$28.2 million of uncommitted RGGI revenue for the following purposes in FY 2027:

- \$26.4 million for the Efficiency Maine Green Bank, to implement plans consistent with the presentation to the Board in April 2026;
- \$1.75 million for Retail and Distributor Initiatives, to support delivery expenses in the last four months of calendar year 2026 for heat pump water heater rebates funded by the New England Heat Pump Accelerator (Climate Pollution Reduction Grant or CPRG).

Subsequently, on June 24, 2026, the Trust board approved temporarily allocating \$9.9 million of RGGI revenues received in June 2026 to the Income-Eligible Home Programs in FY2027 to support a new tier of heat pump rebates to serve very low-income households as well as to replace funds from the Inflation Reduction Act (IRA) Home Electrification and Appliance Rebate (HEAR) Program. At the same meeting, the Board approved allocating \$0.1 million of uncommitted FY 2026 funds from the Maine Department of Environmental Protection to FY 2027.

Given the market conditions faced in FY 2026 and the impact on program activity, the Board approved an Annual Update on March 4, 2026, that reduced forecasted activity, and associated budgets, in FY 2027 and FY2028 to align with new expectations for participation in Trust programs. The budget could be adjusted again in the coming months should activity accelerate.

The Trust is operating within its Triennial Plan VI (FY 2026-FY 2028), which was approved by the Maine Public Utilities Commission (PUC) on April, 25, 2025, and updated annually. The Trust filed the 2026 Annual Update on March 13, 2026, which was approved by the PUC on April 22, 2026. The Annual Update includes a request for approval of certain significant changes from the Triennial Plan, as originally approved, to reflect downward revised forecasts of the maximum achievable cost-effective (MACE) opportunity and a corresponding reduction in budget from the Electric Efficiency Procurement fund (also called "Electric Procurement"). The reduction in budget reflects the adjustments to MACE and updated information about the significant amount of non-ratepayer funding sources (e.g., federal grants and RGGI revenues) that the Trust Board allocated to offset the amount of Electric Procurement from ratepayers. The Annual Update also describes certain non-significant changes made since the Trust's last update to the Commission.

The Annual Update reflects several factors that could impact future finances and were considered in adjusting the FY 2027 budget in Triennial Plan VI. For example, the Trust notes that the current geopolitical situation, and the US economic environment generally, is making it unusually difficult to forecast future program activity levels. Large and rapid fluctuations in energy prices have an impact on consumers' motivation to switch fuels (e.g., converting to heat pumps), and rising prices of equipment, labor and financing are also impacting consumer confidence and appetite for making investments. The Trust will revisit these forecasts frequently over the months ahead to determine if further adjustments are warranted. Indeed, with the recent increases in the cost of heating and transportation fuels, the Trust is now seeing an upward trend in the level of interest in energy efficiency upgrades and electric vehicles compared to the first quarter of calendar year 2026. Meanwhile, recent RGGI auctions have yielded higher than anticipated revenues for FY2027, supporting plans for expanding Efficiency Maine Green Bank loan offerings, expanding heat pump offerings for lower income households, and deploying new initiatives to help Mainers shift their electricity demand away from peak periods, delivering significant benefits to all Maine ratepayers.

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June 30, 2026

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.

DRAFT

BASIC FINANCIAL STATEMENTS

EFFICIENCY MAINE TRUST
Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 162,328,570
Investments	2,929,933
Receivables:	
Intergovernmental	2,698,196
Other	2,761,027
Loans, less allowance for loan losses	13,382,475
Prepaid expenses	231,534
Other assets	8,006
Capital assets, net of accumulated depreciation and amortization	1,757,627
Total assets	186,097,368
LIABILITIES	
Current liabilities:	
Accounts payable	3,042,309
Intergovernmental payables	145,872
Accrued payroll and benefits	153,662
Unearned revenue	456,233
Current portion of lease/SBITA liabilities	129,212
Total current liabilities	3,927,288
Noncurrent liabilities:	
Long-term lease/SBITA, net current portion	1,023,688
Total noncurrent liabilities	1,023,688
Total liabilities	4,950,976
NET POSITION	
Net investment in capital assets	604,727
Restricted:	
Energy efficiency and conservation programs	180,541,665
Total net position	181,146,392

See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Statement of Activities
For the Year Ended June 30, 2026

Functions/programs	Expenses after					Program revenues		Net (expense) revenue and change	
	Expenses	Indirect expense allocation	Indirect expense allocation	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Governmental activities		
Primary government activities:									
Governmental activities:									
Income eligible initiatives	\$ 22,103,064	1,541,981	23,645,045	-	43,309,990	-	19,564,945		
DEP fuel grant	9,600	507	10,107	-	13,974	-	3,867		
Retail initiatives	15,572,880	822,916	16,395,796	-	29,369,359	-	12,973,563		
Home energy savings program	19,226,804	1,016,000	20,242,804	-	40,166,372	-	19,923,568		
Commercial and industrial prescriptive program	12,629,105	891,243	13,520,348	-	25,854,475	-	12,334,127		
Commercial and industrial custom program	3,515,177	231,931	3,747,108	-	7,727,175	-	3,980,067		
Green bank	646,879	34,183	681,062	-	713,570	-	32,508		
Electric vehicle supply equipment	232,119	248,101	480,220	-	4,191,621	-	3,711,401		
Electronic vehicle rebates	1,959,027	103,521	2,062,548	-	2,688,503	-	625,955		
Demand management	1,933,257	102,159	2,035,416	-	3,908,601	-	1,873,185		
Thermal energy investment	57,299	3,028	60,327	-	-	-	(60,327)		
Lead by example	168,127	8,884	177,011	-	-	-	(177,011)		
Strategic initiatives (information, innovation, evaluation)	1,544,461	82,256	1,626,717	-	3,034,581	-	1,407,864		
Payments to utilities	12,151	-	12,151	-	-	-	(12,151)		
Intra-entity grants - State agencies	101,754	-	101,754	-	237,095	-	135,341		
Administrative	5,377,065	(5,086,710)	290,355	-	290,355	-	-		
Grant-funded programs:									
Low income initiatives - ARPA	6,031,559	-	6,031,559	-	6,031,559	-	-		
CIPP-ARPA	3,877,942	-	3,877,942	-	3,877,942	-	-		
CICP-ARPA	876,151	-	876,151	-	876,151	-	-		
EV supply equipment-ARPA	1,603,036	-	1,603,036	-	1,603,036	-	-		
Bipartisan infrastructure law	40,000	-	40,000	-	268,245	-	228,245		
Low income/CCIP - department of commerce grants	1,484,036	-	1,484,036	-	1,484,036	-	-		
EV supply equipment/rebates - DOT/FHWA	2,882,251	-	2,882,251	-	2,882,251	-	-		
Total governmental activities	101,883,744	-	101,883,744	-	178,528,891	-	76,645,147		
Change in net position							76,645,147		
Net position - beginning as previously reported							103,777,541		
Correction of an error							723,704		
Net position - beginning as restated							104,501,245		
Net position - ending							\$ 181,146,392		

See accompanying notes to basic financial statements.

EFFICIENCY MAINE TRUST
Balance Sheet
Governmental Fund
June 30, 2026

	Special Revenue Fund
ASSETS	
Cash and cash equivalents	\$ 162,328,570
Investments	2,929,933
Receivables:	
Intergovernmental	2,698,196
Other	2,761,027
Loans, less allowance for loan losses	13,382,475
Prepaid expenditures	231,534
Other assets	8,006
Total assets	184,339,741
LIABILITIES	
Accounts payable	3,042,309
Intergovernmental payables	145,872
Accrued payroll and benefits	153,662
Unearned revenue	456,233
Total liabilities	3,798,076
FUND BALANCE	
Nonspendable:	231,534
Restricted:	180,311,062
Unassigned	(931)
Total fund balances	180,541,665
Total liabilities and fund balances	184,339,741
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.	1,757,627
Long-term liabilities, including leases/SBITAs payable, are not due and payable in the current period and therefore, are not reported in the funds.	(1,152,900)
Net position of governmental activities	\$ 181,146,392

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, 2026

	Special Revenue Fund
Revenues:	
Alternative compliance mechanism	\$ 2,179,475
Federal grants	17,022,695
Interest income:	
Investments	219,726
Loans	692,244
State initiatives	4,888,310
Electric procurement	77,945,381
Natural gas assessment	1,004,371
NECEC settlement proceeds	4,000,000
Forward capacity market credits	5,661,546
Regional Greenhouse Gas Initiative proceeds	64,878,983
Miscellaneous revenue	36,160
Total revenues	178,528,891
Expenditures:	
Current:	
Income eligible initiatives	29,180,464
DEP fuel tank removal grant	9,600
Retail initiatives	15,572,880
Home energy savings program	19,226,804
Commercial and industrial prescriptive program	16,865,886
Commercial and industrial custom program	4,389,073
Green bank	646,879
Electric vehicle supply equipment	4,695,059
Electric vehicle rebates	1,959,027
Demand management	1,933,257
Thermal energy investment	57,299
Lead by example	168,127
Administration and strategic initiatives	7,465,938
Total expenditures	102,170,293
Excess of revenues over expenditures	76,358,598
Other financing sources (uses):	
Right of use lease/SBITA proceeds	403,117
Payments to utilities	(12,151)
Intra-entity grants - state agencies	(101,754)
Total other financing sources (uses)	289,212
Net change in fund balance	76,647,810
Fund balances, beginning of year - As previously presented	103,170,151
Correction of an error	723,704
Fund balance, beginning of year	103,893,855
Fund balance, end of year	\$ 180,541,665

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, 2026

Net change in fund balance - governmental fund (from Statement 4)	\$	76,647,810
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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		(228,433)
Capital asset and right to use asset additions		403,117

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		(403,117)
Amortization of lease and subscription liabilities		225,770

Change in net position of governmental activities (see Statement 2)	\$	76,645,147
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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

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 covered the period beginning July 1, 2022 through June 30, 2025. The sixth plan was approved on April 25, 2025, by the Public Utilities Commission and covers the period beginning July 1, 2025, through June 30, 2028. The Plan, as updated from time to time, has been designed to provide a broad array of economic and environmental benefits in Maine. 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
- Federal Energy Programs

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 385, 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

- 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 132nd Maine Legislature, adjourning in the spring of 2026, there were several pieces of legislation enacted that impacted the Trust's authority, duties, or activities. The relevant bills that were passed were:

- Resolve Ch. 154 (LD 725), 132nd Legislature (2026), directing the Trust to study the quality of jobs created through projects funded by the Trust;
- Resolve Ch. 162 (LD 2140), 132nd Legislature (2026), directing the Trust to establish a demand response program for residential customers in Maine to encourage electricity customers to reduce their consumption of electricity during periods of peak demand; and
- Public Law Ch. 550 (LD 2037), 132nd Legislature (2026), extending Maine's participation in the Regional Greenhouse Gas Reduction Initiative (RGGI) through the year 2037 and setting Maine's annual carbon dioxide emissions budget for each year;

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.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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 \$51,952 at June 30, 2026.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. Prepaid Expenditures

Payments made to vendors for services and amounts withheld by the State that will benefit periods beyond June 30, 2026, 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.

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.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- 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.

K. 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 basis 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

L. 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 basis 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, 2026, the Trust had bank balances of \$163,058,516 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, 2026, was \$166,306,073.

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, 2026:

	Carrying Amount/ <u>Fair Value</u>	Investment Maturity <u>Less Than 1 Year</u>
Investment type:		
Mutual fund	\$ 2,929,933	N/A
Total	\$ 2,929,933	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, 2026: Mutual fund accounts of \$2,929,933 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, 2026, is as follows:

	<u>Residential</u>	<u>Business</u>	<u>Total</u>
Beginning balance:	\$ 13,347,243	263,609	13,610,852
Loans issued	4,784,950	-	4,784,950
Repayments and write offs	(4,697,993)	(263,382)	(4,961,375)
Ending balance	13,434,200	227	13,434,427
Allowance for loan losses	(51,952)	-	(51,952)
Loan receivable, net of allowance for loan losses	\$ 13,382,248	227	13,382,475

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity is as follows for the year ended June 30, 2026:

	Balance June 30, 2025	Increases	Decreases	Balance June 30, 2026
Capital assets, being depreciated/amortized:				
Office equipment and computer software	\$ 618,266	-	-	618,266
Building improvements	487,539	-	-	487,539
Right-to-use subscription assets	223,957	-	-	223,957
Right-to-use leased assets - Building	873,265	403,117	114,993	1,161,389
Total capital assets being depreciated/amortized	2,203,027	403,117	114,993	2,491,151
Less accumulated depreciation/amortization for:				
Office equipment and computer software	191,254	173,239	-	364,493
Building improvements	243,770	48,754	219,393	73,131
Right-to-use subscription assets	62,708	107,499	-	170,207
Right-to-use leased assets - Building	122,352	118,334	114,993	125,693
Total accumulated depreciation/amortization	620,084	447,826	334,386	733,524
Total capital assets being depreciated/amortized, net	1,582,943	(44,709)	(219,393)	1,757,627
Governmental activities capital assets, net	\$ 1,582,943	(44,709)	(219,393)	1,757,627

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

Governmental activities:	
Administrative	\$ 447,826
Total amortization/depreciation – governmental activities	\$ 447,826

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the Trust for the year ended June 30, 2026:

	Beginning Balance	Additions	Deletions	Ending balance	Due within one year
Subscriptions	\$ 187,957	-	133,421	54,536	54,536
Leases	787,596	403,117	92,349	1,098,364	74,676
Total long-term liabilities	\$ 975,553	403,117	225,770	1,152,900	129,212

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

LEASES

On December 22, 2025, the Trust entered into a lease agreement for its primary office space expiring in December 2030. As of June 30, 2026, the value of the lease liability was \$385,748. The lease provides for a five-year term of \$4,448 per month. The value of the right-to-use asset as of the end of the current fiscal year was \$403,117 and had accumulated amortization of \$17,368.

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, 2026, the value of the lease liability was \$712,616. 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 \$108,325.

The future principal and interest lease payments as of June 30, 2026, were as follows:

		Lease Payable		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$	74,676	77,977	152,653
2028		83,642	72,213	155,855
2029		92,631	65,786	158,417
2030		102,374	58,670	161,044
2031		115,590	50,768	166,358
2032-2036		629,451	103,976	733,427
Totals	\$	1,098,364	429,390	1,527,754

SUBSCRIPTIONS

On October 14, 2024, the Trust entered into a subscription agreement for hosting expiring in December 2025, subsequently extended to December 2026. As of June 30, 2026, the value of the subscription liability was \$54,536. 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 \$170,207.

The future principal and interest payments as of June 30, 2026, were as follows:

		Subscription Payable		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$	54,536	1,464	56,000
Totals	\$	54,536	1,464	56,000

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, 2026, are as follows:

Restricted for operations/programs:	
Administration Fund	\$ 1,048,185
Regional Greenhouse Gas Initiative Trust Fund	51,035,079
Conservation Program Fund	56,483,784
Forward Capacity Market Heat Pumps	2,520,663
Renewable Resources Fund	42,382
Agricultural Fair	27,200
Thermal Energy Investment	6,325,240
Lead by Example	35,941
New England Heat Pump Accelerator	70
State of Maine - Electric Vehicle Rebates	346,071
NECEC Heat Pump Initiative	1,091,439
NECEC Hydro-Quebec Electronic Vehicles	7,299,989
Natural Gas Conservation Fund	367,282
Greenhouse Gas Reduction Fund	44
Total restricted for operations/programs	126,623,369
Restricted for grants, revolving loan funds, and other:	
Small Business Energy Conservation Revolving Loan Fund	1,330,785
ARRA State Energy Program Revolving Loan Fund	50,004
ARRA Better Buildings Fund	20,654,811
Bipartisan infrastructure law RLF	286,745
RGGI RLF	31,596,883
Total restricted for grants, revolving loan funds, and other	53,919,228
Total	\$ 180,542,597

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, 2026, of \$639, and \$292, respectively. These deficits will be funded by future revenues.

PENSION PLAN

The Trust has a pension plan under Section 401(a) 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. 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 \$124,555 for the year ended June 30, 2026.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

INTERGOVERNMENTAL PAYABLES

Intergovernmental payables consisted of the following at June 30, 2026:

State of Maine:	
Maine Department of Administrative and Financial Services	\$ 120,000
Maine revenue services	60
Maine Department of Environmental Protection	25,812
Total State of Maine	\$ 145,872

TRANSACTIONS WITH THE STATE OF MAINE AND ITS COMPONENT UNITS

A. Revenue

In FY 2026, the Trust received revenues related to Alternative Compliance Mechanism payments from the State of Maine and its component units, which totaled \$2,179,475.

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, 2026, the Trust reimbursed the State of Maine approximately \$184,568 for payroll costs and personnel servicing costs.

Intra-entity grants to State of Maine agencies and component units during the year ended June 30, 2026, are as follows:

Maine Department of Environmental Protection	\$ 25,812
Total	\$ 25,812

The table above does not include payments totaling \$75,941 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.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

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, 2026, the Trust paid approximately \$239,425 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. (acquired by OpenGov, Inc.), while loan servicing activities were administered by AmeriNational Community Services, LLC (AmeriNat). In FY 2026, the Trust paid approximately \$309,633 to OpenGov, Inc. for loan servicing. Payments made to OpenGov, Inc. 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, 2026. 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.

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.

EFFICIENCY MAINE TRUST
Notes to Basic Financial Statements, Continued

COMMITMENTS AND CONTINGENCIES, CONTINUED

Grant money under litigation

During FY25 the Trust was awarded funds from a federal grant to capitalize loans for qualifying energy projects. The federal grant was made by the U.S. EPA, using funds from the Inflation Reduction Act's Greenhouse Gas Reduction Fund, to the non-profit group called the Coalition for Green Capital (CGC). The CGC in turn allocated \$25 million to the Trust to support the Trust's loan initiatives. A portion of this amount was awarded in the form of a sub-grant to the Trust, and the balance was allocated in the form of a loan to the Trust. Upon execution of the sub-grant agreement and the loan agreement, the funds were deposited in one or more bank accounts at Citibank. Subsequent to the deposit, the federal government revoked the grant to CGC and sought recovery of the amounts awarded. As a result, litigation was initiated by multiple parties, including the CGC and the Trust, challenging the legality of the federal government's actions. Pending the resolution of the litigation, the courts have ordered the funds in the related accounts to be frozen.

Due to the uncertainty surrounding the ultimate disposition of the grant proceeds and the ongoing legal proceedings, the Trust has not recognized the grant activity, including the related cash balance, in the accompanying financial statements. The Trust will evaluate the accounting treatment of the grant and related assets upon resolution of the matter or when sufficient information becomes available to determine the likelihood of retaining the funds.

RESTATEMENT OF FUND BALANCE AND NET POSITION

In fiscal year 2026, the Trust identified amounts that should have been reported as account receivable, and some amounts that should have been reported as unearned revenue as of June 30, 2025. The correction resulted in the following net adjustments to equity:

	Governmental <u>Activities</u>	Special <u>Revenue Funds</u>
Net position/fund balance, as previously reported	\$ 103,777,541	103,170,151
Correction of an error	<u>723,704</u>	<u>723,704</u>
Net position/fund balance, as restated	<u>\$ 104,501,245</u>	<u>103,893,855</u>

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, 2026

For the Year Ended June 30, 2026					
	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual
	Original	Final			
Revenues:					
Alternative compliance mechanism	\$ 50,000	933,975	883,975	2,179,475	1,245,500
Federal grants	70,117,420	71,275,569	1,158,149	17,022,695	(54,252,874)
Interest income:					
Investments	-	-	-	219,726	219,726
Loans	792,500	792,500	-	692,244	(100,256)
State initiatives	500,000	500,000	-	4,888,310	4,388,310
Electric procurement	77,943,489	77,943,489	-	77,945,381	1,892
Natural gas assessment	1,004,371	1,004,371	-	1,004,371	-
NECEC settlement proceeds	2,000,000	4,000,000	2,000,000	4,000,000	-
Forward capacity market credits	5,050,000	5,050,000	-	5,661,546	611,546
Regional Greenhouse Gas Initiative proceeds	26,000,000	64,878,983	38,878,983	64,878,983	-
Miscellaneous revenue	-	-	-	36,160	36,160
Total revenues	183,457,780	226,378,887	42,921,107	178,528,891	(47,849,996)
Expenditures:					
Current:					
Programs:					
Income eligible initiatives	52,472,989	57,402,495	4,929,506	29,180,464	28,222,031
DEP fuel tank removal grant	-	135,000	135,000	9,600	125,400
Retail initiatives	18,524,648	21,299,205	2,774,557	15,572,880	5,726,325
Home energy savings program	27,473,312	27,305,942	(167,370)	19,226,804	8,079,138
Commercial and industrial prescriptive program	47,439,431	42,548,012	(4,891,419)	16,865,886	25,682,126
Commercial and industrial custom program	15,023,649	19,503,103	4,479,454	4,389,073	15,114,030
Industrial climate initiative	500,000	500,000	-	-	500,000
Agricultural fair initiatives	27,200	27,200	-	-	27,200
Green bank	1,208,000	1,217,000	9,000	646,879	570,121
Electric vehicle supply equipment	38,702,640	46,159,047	7,456,407	4,695,059	41,463,988
Electric vehicle rebate program	2,976,500	4,221,995	1,245,495	1,959,027	2,262,968
Demand management	4,274,048	4,274,048	-	1,933,257	2,340,791
Thermal energy investment	3,015,000	5,137,039	2,122,039	57,299	5,079,740
Lead by example	3,000	168,127	165,127	168,127	-
Subtotal programs	211,640,417	229,898,213	18,257,796	94,704,355	135,193,858
Administration and strategic initiatives:					
Innovation	1,925,804	2,169,766	243,962	703,456	1,466,310
Public information	751,070	751,070	-	100,825	650,245
Administration	7,063,556	7,047,499	(16,057)	5,518,360	1,529,139
Evaluation, measurement and verification	3,571,494	3,735,588	164,094	740,180	2,995,408
Payments to utilities	-	12,151	12,151	12,151	-
Intra-entity grants - state agencies	1,085,801	1,085,801	-	101,754	984,047
Subtotal administration and strategic initiatives	14,397,725	14,801,875	404,150	7,176,726	7,625,149
Total expenditures	226,038,142	244,700,088	18,661,946	101,881,081	142,819,007
Excess (deficiency) of revenues over (under) expenditures	(42,580,362)	(18,321,201)	24,259,161	76,647,810	94,969,011
Other financing sources (uses):					
Use of fund balance	44,405,520	57,947,816	13,542,296	-	(57,947,816)
Interfund transfers out	(6,462,773)	(6,462,773)	-	(5,174,138)	1,288,635
Interfund transfers in	6,462,773	6,462,773	-	5,174,138	(1,288,635)
Total other financing sources	44,405,520	57,947,816	13,542,296	-	(57,947,816)
Net change in fund balance	1,825,158	39,626,615	37,801,457	76,647,810	37,021,195
Fund balance, beginning of year, restated				103,893,855	
Fund balance, end of year				\$ 180,541,665	

EFFICIENCY MAINE TRUST
Notes to Required Supplementary Information
June 30, 2026

1. Budgetary basis of 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 \$90,374,935 in outstanding purchase orders or contracts as of June 30, 2026.

The original revenue and expenditure budgets for the fiscal year ending June 30, 2026, were \$234,326,073 and \$232,500,915, respectively. The revenue and expenditure budgets, including amendments made through the date of issuance of these financial statements, are \$290,789,476 for revenues and \$251,162,861 for expenditures.

2. Budgetary highlights

The base budget for fiscal year 2026 included total revenues, inter-fund transfers, and carryforward of \$234,326,073 and total expenditures and inter-fund transfers of \$232,500,915. The base budget included an estimated carryforward from FY 2025 totaling \$44,405,520. The budget was adopted by the Trust's Board on May 28, 2025. During the fiscal year, the Trust added an additional \$13,542,296 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 \$38,878,983 from RGGI auctions that performed stronger than what was forecasted at the beginning of the fiscal year; \$883,975 was added for Alternative Compliance Mechanism payments used to support the Thermal Energy Investment Program. An additional \$2,000,000 was added to the New England Clean Energy Connect (NECEC) revenues that support ongoing investments in electric vehicle charging infrastructure. Finally, Federal Revenues were increased by \$1,158,149 to facilitate investments in ARPA-funded initiatives. The cumulative effect of the adjustments to revenues resulted in a budget at year's end of \$290,789,476.

The FY 2026 revenue adjustments described above correlate to adjustments to the expenditure budget. Over the course of FY 2026, the Trust also amended the expenditure budget as follows:

- Income-Eligible Home Programs budget was increased by \$5,162,136, accomplished by shifting ARPA/MJRP funds to this program from: (a) C&I Prescriptive Initiatives (\$3,372,453), (b) C&I Custom (\$1,014,000), and (c) (\$775,683) of fund balance. This shift recognized the higher market demand observed in the residential sector that could timely utilize the ARPA/MJRP funds within the deadline set by the grant. Income-Eligible Home Programs also saw an adjustment from decreasing FCM funding by \$232,630 when those funds were shifted to the EV Rebates program. This shift was made possible by LD 585 (Public Law Ch. 45), *An Act to Use Certain Regional Transmission Organization Payments for Beneficial Electrification to Reduce Electricity Rates*, which authorizes the Trust to use revenues from the Forward Capacity Market for promotion of heat pumps and EVs. The law became effective on September 24, 2025.
- The Home Energy Savings Program budget was slightly decreased by \$167,370, through decreasing FCM funding by \$967,370 (shifting those funds to EV Rebates) and adding \$800,000 of RGGI funding (to meet an anticipated increase in insulation rebates).
- The Retail Initiatives program budget saw a net increase of \$2,774,557, resulting from an initial increase of \$9,474,557 of RGGI to offset a delay in receiving CPRG funding and then a reduction of \$6,700,000 of RGGI once CPRG funding was available.
- The C&I Prescriptive Program budget decreased by \$4,891,419, reflecting the \$3,372,453 shift to Income-Eligible home Programs (described above); an increase in RGGI of \$312,000 from fund balance to address anticipated program activity; and a reduction of \$1,207,345 of electric procurement to adjust the portion of committed fund balance at year-end.

EFFICIENCY MAINE TRUST
Notes to Required Supplementary Information, Continued
June 30, 2026

- The C&I Custom Program budget increased by \$4,479,454, reflecting the shift of \$1,014,000 to Income-Eligible Home Programs (described above); an increase of \$2,133,089 of ARPA/MJRP for anticipated grant expenditures for the year; and an increase of \$3,360,365 from electric procurement fund balance to cover committed projects at year end.
- The Electric Vehicle Supply Equipment's budget was increased by \$7,456,407 to bring the budget in line with expected commitments at year end.
- The Electric Vehicle Rebates Program had a net budget increase of \$1,245,495, due to the shifts in FCM from Income-Eligible Home Programs and Home Energy Savings Program described above.
- The Lead by Example initiative was increased by \$165,127, to align the budget with encumbered projects.
- The Administrative budget and Strategic Initiatives budget was increased by \$404,150, reflecting FY 2025 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 \$2,122,039 to add prior year carryforward and alternative compliance payments received in FY 2026.

Finally, the Trust added \$9,000 for expenses associated with the Efficiency Maine Green Bank. These adjustments resulted in a total expenditure budget at year's end of \$251,162,861.

The \$39,626,615 difference between the revenue and expenditure budget comprises:

- \$235,132 Unbudgeted Admin Funds at year end
- \$9,903,735 RGGI proceeds reserved for use in FY2027 for Income-Eligible Home Programs
- \$26,425,248 RGGI proceeds reserved for the Revolving Loan Fund (RLF) in the Efficiency Maine Green Bank
- \$1,750,000 RGGI proceeds reserved for costs to deliver the CPRG grant that is funding rebates on heat pump water heaters
- (\$70,000) added expenditures in the federal Bipartisan Infrastructure Law (BIL) against revenues included in the gain on RLF in the base budget
- \$1,382,500 RLF gain in the base budget

Revenues – Budget to Actual

One of the Trust's main revenue sources in FY 2026 was the remittances received from the transmission and distribution (electric) utilities. The Trust refers to these remittances as the "electric procurement." The Maine Public Utilities Commission (PUC) ordered electric utilities to remit approximately \$77.95 million to the Trust for the FY 2026 electric efficiency and conservation program budgets approved in the Trust's Sixth Triennial Plan. As noted above, this level of new funding, together with the prior-year carryforward applied to offset the need for additional amounts from the FY 2026 electric procurement, was estimated to be the amount needed to meet the standard of capturing the maximum, achievable cost-effective (MACE) savings from efficiency programs for the benefit of Maine's electricity customers. Similarly, the PUC ordered the natural gas local distribution companies to remit procurement for Natural Gas programs. The estimated MACE opportunity for natural gas in Maine is much smaller, totaling approximately \$1 million in FY 2026.

The Trust also participates in the ISO New England (ISO-NE) Forward Capacity Market (FCM) by bidding and delivering electric "capacity resources" associated with its projects. The annual auction takes bids to deliver capacity three years hence, and if the Trust succeeds in delivering sufficient resources to meet the amount that was bid, it will receive a revenue stream for up to five years. Having recently experienced multiple years where actual revenues lagged the Trust's estimates, the Trust took a more conservative approach in budgeting revenues

EFFICIENCY MAINE TRUST
Notes to Required Supplementary Information, Continued
June 30, 2026

in FY 2026. Ultimately, FCM revenues came in slightly above budget. Based on year-to-date spending at that time, Staff elected to take no action.

Expenditures – Budget to Actual

FY 2026 marked the first year of the Trust's Sixth Triennial Plan. The Plan includes the following major program areas:

- Income-Eligible Home Programs;
- Retail and Distributor Initiatives;
- 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.

Income-Eligible Home Programs expended 50.8% of its budget in FY 2026 with another 1.1% committed. Despite strong program activity supporting insulation projects, heat pump projects experienced a significant, unexpected decrease in activity during the winter and spring months resulting in a sizeable uncommitted balance. The slow-down in program activity for heat pumps was due primarily to 1) the unexpected termination of federal tax credits for heat pumps, 2) new tariffs, increasing the price of heat pump components, 3) increased electricity prices in Maine, which tend to reduce the spread between oil and electric heating costs, 4) rising labor costs impacting costs of installation, 5) higher interest rates, and 6) disruptions in the supply chain due to the transition to new types of refrigerants. In response, the Trust significantly increased marketing, and launched a new rebate structure for ducted whole home heat pumps on January 1, 2026, which the Trust intends to extend through FY 2026 and FY 2027. The Trust has also added a limited-time bonus for all whole home heat pump rebates, both ducted and non-ducted, that started on March 1, 2026.

The Retail and Distributor Initiatives program spent 73.1% of available funds. The uncommitted balance was due in large part to the impact of tariffs; shortage of inventory coinciding with limited-time-offer promotions; and competing prices for electric resistance water heaters. The Home Energy Savings Program (HESP) spent 70.4% of budget, with the uncommitted balance caused by the same factors (relating to market demand for heat pumps) that affected Income-Eligible Home Programs. The Commercial and Industrial Prescriptive Initiatives program expended 39.6% and had committed an additional 32.5% of its budget at year end. Factors that contributed to the balance of uncommitted funds include economic uncertainty and most of the issues facing heat pump activity (mentioned above). The Commercial and Industrial Custom program expended 22.5% of its budget and had an additional 43.4% under contract or awarded at year end. The uncommitted balance was primarily due to due to economic uncertainty (higher electricity and equipment costs, impacts of tariffs), and limited number of large transmission and subtransmission (T&ST) customers prepared to complete new projects. The Electric Vehicle Supply Equipment (EVSE) initiative spent 10.2% of its multi-year budget, with 17.0% of the remaining budget committed in awarded bids. The Electric Vehicle (EV) Rebates initiative spent 46.4% of its budget, with another 1.0% in pending rebates and pre-approvals. The program experienced a steep drop in activity due to discontinuation of significant federal tax credits and launch of a new program design to address cost effectiveness and beneficial electrification considerations.

The Demand Management program expended 45.2% and committed another 12.9% towards projects currently in progress. Factors contributing to the uncommitted balance include a slower growth in demand response, and large C&I battery projects have been experiencing delays and cancellations due to market uncertainty.

EFFICIENCY MAINE TRUST
Notes to Required Supplementary Information, Continued
June 30, 2026

Additionally, off-peak charger sales decreased due to the discontinuation of federal tax credits for electric vehicles. The Lead by Example initiative expended 100% of its annual budget. Administrative and Strategic Initiatives spent 48.4% of their budgets, with another 6.0% committed. The Agricultural Fair Assistance Program did not have any expenditures as all projects were completed in FY 2024; the balance will be used to offset electric procurement. Industrial Climate Initiative did not expend any of its budget in FY 2026, due to prioritizing the time-limited availability of federal funding through MJRP that supports the same project types. The Thermal Energy Investment Program (TEIP) expended 1.1% of its budget, due to a lack of project applications, with approximately 21.4% encumbered for approved projects. Contract and program balances will be carried forward into FY 2027 ensuring that program funds are available to honor all commitments at year end.

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EFFICIENCY MAINE TRUST
Combining Schedule of Loans Receivable Activity
For the Year Ended June 30, 2026

	Residential Loans										Business Loans		
	PACE	PowerSaver	EMEL	EMEL	EMEL	EMEL	EMEL	BIL	RGGI	HELP	Small Business	ARRA Better Building	UMS
	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	ARRA Better Building	SEP	ARRA Better Building	Total Business Loans
Beginning balance	\$ 136,387	42,789	10,130,460	975,312	1,888,906	83,604	89,785	13,347,243	4,109	259,500	263,609	13,610,852	
Loans issued	-	-	7,500	4,719,175	-	58,275	-	4,784,950	-	-	-	4,784,950	
Repayments and write offs	(46,777)	(10,830)	(3,183,743)	(869,532)	(463,656)	(85,110)	(38,345)	(4,697,993)	(3,882)	(259,500)	(263,382)	(4,961,375)	
Ending balance	89,610	31,959	6,954,217	4,824,955	1,425,250	56,769	51,440	13,434,200	227	-	227	13,434,427	
Allowance for loan losses	-	-	(43,865)	-	(2,894)	-	(5,193)	(51,952)	-	-	-	(51,952)	
Loans receivable, net	\$ 89,610	31,959	6,910,352	4,824,955	1,422,356	56,769	46,247	13,382,248	227	-	227	13,382,475	

EFFICIENCY MAINE TRUST
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2026

		Special Revenue Fund									
		Administration	RGGI Trust	Conservation Program	FCM Heat Pump Initiative	Renewable Resources	Agricultural Fair	Thermal Energy Investment	Lead by Example	New England Heat Pump Accelerator	Electric Vehicle Rebates
Revenues:											
Alternative compliance mechanism	\$	-	-	-	-	-	-	2,179,475	-	-	-
Federal grants		-	-	-	-	-	-	-	-	-	-
Interest income:											
Investments	219,293	-	-	-	-	-	-	-	-	74	-
Loans	-	-	-	-	-	-	-	-	-	-	-
State initiatives	-	-	-	77,945,381	-	-	-	-	-	4,888,310	-
Electric procurement	-	-	-	-	-	-	-	-	-	-	-
Natural gas assessment	-	-	-	-	-	-	-	-	-	-	-
NECEC settlement proceeds	-	-	-	-	5,661,546	-	-	-	-	-	-
Forward capacity market credits	-	-	-	-	-	-	-	-	-	-	-
Regional Greenhouse Gas Initiative proceeds	-	64,878,983	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenues	219,293	64,878,983	64,878,983	77,945,381	5,661,546	-	-	2,179,475	-	4,888,384	-
Expenditures:											
Current:											
Programs:											
Income eligible initiatives	-	-	2,907,579	16,793,939	594,570	-	-	-	-	385,848	-
DEP fuel tank removal grant	-	-	-	-	9,600	-	-	-	-	-	-
Retail initiatives	-	-	8,017,607	3,052,807	-	-	-	-	-	4,502,466	-
Home energy savings program	-	-	9,209,949	7,103,232	2,501,398	-	-	-	-	-	-
Commercial and industrial prescriptive program	-	-	5,412,149	6,080,042	-	-	-	-	-	-	-
Commercial and industrial custom program	-	-	2,029,016	1,469,341	-	-	-	-	-	-	-
Green bank	-	-	6,583	-	-	-	-	-	-	-	-
Electric vehicle supply equipment	-	-	-	-	-	-	-	-	-	-	-
Electric vehicle rebate program	-	-	-	763,389	786,632	-	-	-	-	-	199,424
Demand management	-	-	-	1,933,257	-	-	-	-	-	-	-
Thermal energy investment	-	-	-	-	-	-	-	57,299	-	-	-
Lead by example	-	-	-	-	-	-	-	-	168,127	-	-
Subtotal programs	-	-	27,582,883	37,196,007	3,892,200	-	-	57,299	168,127	4,888,314	199,424
Administration and strategic initiatives:											
Innovation	-	-	13,828	611,614	-	78,014	-	-	-	-	-
Public information	-	-	47,839	52,986	-	-	-	-	-	-	-
Administration	5,093,258	-	-	249,977	735	-	-	-	-	-	-
Evaluation, measurement and verification	-	-	178,439	554,204	7,537	-	-	-	-	-	-
Subtotal administration and strategic initiatives	5,093,258	-	240,106	1,468,781	8,272	78,014	-	-	-	-	-
Total expenditures	5,093,258	27,822,989	27,822,989	38,664,788	3,900,472	78,014	-	57,299	168,127	4,888,314	199,424
Excess (deficiency) of revenues over (under) expenditures	(4,873,965)		37,055,994	39,280,593	1,761,074	(78,014)	-	2,122,176	(168,127)	70	(199,424)
Other financing sources (uses):											
Interfund transfers in (out)	4,873,965	(32,041,089)	-	(4,213,056)	-	-	-	-	-	-	-
Payments to utilities	-	-	-	-	-	(12,151)	-	-	-	-	-
Intra-entity grants - state agencies	-	-	(101,754)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,873,965	(32,142,843)	(32,142,843)	(4,213,056)	-	(12,151)	-	-	-	-	-
Net change in fund balances	-	-	4,913,151	35,067,537	1,761,074	(90,165)	-	2,122,176	(168,127)	70	(199,424)
Fund balances, beginning of year - As previously presented	1,048,185		46,121,928	21,416,246	759,589	132,547	27,200	4,203,064	204,068	-	545,495
Correction of an error	-	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning of year - As restated	1,048,185		46,121,928	21,416,246	759,589	132,547	27,200	4,203,064	204,068	-	545,495
Fund balances (deficits), end of year	\$	1,048,185	51,035,079	56,483,783	2,520,663	42,382	27,200	6,325,240	35,941	70	346,071

EFFICIENCY MAINE TRUST
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2026

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	RGGI RLF	ARRA Better Buildings	Greenhouse Gas Reduction Fund			
Revenues:													
Alternative compliance mechanism	-	-	-	-	-	-	-	-	-	-			
Federal grants	-	-	-	-	-	-	-	-	-	-			
Investment income:													
Investments	17	-	32	-	-	27	-	-	-	-			
Loans	-	-	-	-	-	96	-	90,230	601,676	-			
State initiatives	-	-	-	-	-	-	-	-	-	-			
Electric procurement	-	-	-	-	-	-	-	-	-	-			
Natural gas assessment	-	-	-	-	1,004,371	-	-	-	-	-			
NECEC settlement proceeds	2,000,000	-	2,000,000	-	-	-	-	-	-	-			
Forward capacity market credits	-	-	-	-	-	-	-	-	-	-			
Regional Greenhouse Gas Initiative proceeds	-	-	-	-	-	-	-	-	-	-			
Miscellaneous revenue	-	-	-	-	-	-	-	-	36,160	-			
Total revenues	2,000,017	-	2,000,032	-	1,004,371	123	-	90,230	637,836	-			
Expenditures:													
Current:													
Programs:													
Income eligible initiatives	1,260,361	-	-	-	160,767	-	-	-	-	-			
DEP fuel tank removal grant	-	-	-	-	-	-	-	-	-	-			
Retail initiatives	-	-	-	-	-	-	-	-	-	-			
Home energy savings program	-	-	-	-	412,225	-	-	-	-	-			
Commercial and industrial prescriptive program	1,136,914	-	-	-	-	-	-	-	-	-			
Commercial and industrial custom program	-	-	-	-	16,820	-	-	-	-	-			
Green bank	-	-	-	-	-	50	-	63,642	576,604	-			
Electric vehicle supply equipment	-	-	232,119	-	-	-	-	-	-	-			
Electric vehicle rebate program	-	-	-	209,582	-	-	-	-	-	-			
Demand management	-	-	-	-	-	-	-	-	-	-			
Thermal energy investment	-	-	-	-	-	-	-	-	-	-			
Lead by example	-	-	-	-	-	-	-	-	-	-			
Subtotal programs	2,397,275	-	232,119	209,582	589,812	50	-	63,642	576,604	-			
Administration and strategic initiatives:													
Innovation	-	-	-	-	-	-	-	-	-	-			
Public information	-	-	-	-	-	-	-	-	-	-			
Administration	-	-	-	-	-	-	-	-	30,432	-			
Evaluation, measurement and verification	-	-	-	-	-	-	-	-	-	-			
Subtotal administration and strategic initiatives	-	-	-	-	-	-	-	-	30,432	-			
Total expenditures	2,397,275	-	232,119	209,582	589,812	50	-	63,642	607,036	-			
Excess (deficiency) of revenues over (under) expenditures	(397,258)	-	1,767,913	(209,582)	414,559	73	-	26,588	30,800	-			
Other financing sources (uses):													
Interfund transfers in (out)	-	-	-	-	(47,277)	-	-	31,427,457	-	-			
Payments to utilities	-	-	-	-	-	-	-	-	-	-			
Intra-entity grants - state agencies	-	-	-	-	-	-	-	-	-	-			
Total other financing sources (uses)	-	-	-	-	(47,277)	-	-	31,427,457	-	-			
Net change in fund balances	(397,258)	-	1,767,913	(209,582)	367,282	73	-	31,454,045	30,800	-			
Fund balances, beginning of year - As previously presented	988,697	(639)	5,032,076	209,582	-	1,330,712	50,004	142,838	20,624,011	44			
Correction of an error	500,000	-	500,000	-	-	-	-	-	-	-			
Fund balances, beginning of year - As restated	1,488,697	(639)	5,532,076	209,582	-	1,330,712	50,004	142,838	20,624,011	44			
Fund balances (deficits), end of year	\$ 1,091,439	(639)	7,299,989	-	367,282	1,330,785	50,004	31,596,883	20,654,811	44			

