Maryland Clean Energy Center

Financial Statements
As of and for the Year Ended
June 30, 2021

CONTENTS

Management's Discussion and Analysis

The Maryland Clean Energy Center's (the "Center") discussion and analysis is presented to assist the reader in focusing on significant financial issues, provide an overview of the Center's financial activity, and identify changes in the Center's financial position. Management encourages the reader to consider Management's Discussion and Analysis (MD&A) of the Center's financial performance in conjunction with the information contained in the Center's financial statements.

Corporation Activity Highlights

The Center's revenues in comparison to prior years are as follows:

	2021	2020	2019
Energy savings revenue	$ 1,542,021	$ 1,752,897	$ 1,212,507
Grants	899,361	921,450	932,842
Donations and contributions	270,368	310,200	3,257
Sponsor and event revenue	56,367	147,618	161,457
Consulting and other services	105,210	58,000	-
Bond administration	38,463	39,194	47,054
Investment income	5,918	19,062	84,962
Excess energy savings revenue	12,527	12,527	37,863
Interest income	1,134	9,359	14,277
Miscellaneous	4,428	649	-
Project fees	5,000	-	5,000
	$ 2,940,797	$ 3,270,956	$ 2,499,219

The Center recognized revenue from energy savings of approximately $1,555,000 for the year ended June 30, 2021 of which approximately $1,542,000 was used to pay the corresponding principal and interest on the outstanding bond and loan balances. As of June, 30, 2021 the Center the balance of the deferred energy savings revenues was approximately $3,335,000.

Financial Position Summary

Total net assets serve over time as a useful indicator of the Center's financial position. The Center's total assets exceeded liabilities by approximately $1,222,000 at June 30, 2021.

A condensed summary of the Center's net assets at June 30 are as follows:

Financial Position Summary (continued)

	2021	2020	2019
ASSETS			
Current and other assets	$ 3,166,871	$ 3,167,489	$ 6,245,607
Capital assets	26,805,110	27,608,377	27,170,699
Total assets	29,971,981	30,775,866	33,416,306
LIABILITIES			
Current liabilities	$ 6,402,264	$ 4,938,647	$ 5,178,891
Long-term liabilities	22,447,692	24,955,379	27,607,350
Total liabilities	28,849,956	29,894,026	32,786,241
NET ASSETS			
Unrestricted	1,122,025	881,840	630,065
Total net assets	$ 1,122,025	$ 881,840	$ 630,065

The largest portion of the Center's assets (89% at June 30, 2021) represents its investment in capital assets and related restricted cash held for the purchase of capital assets. The Center uses these assets to administer its daily operations; consequently, these assets are not available for future non-capital spending.

An additional portion of the Center's assets (11% at June 30, 2021) represents cash and receivables.

The largest portion of the Center's liabilities (88% at June 30, 2021) represent bonds and notes payable used for the acquisition and construction of energy conservation measures (ECMs) implemented on three University System of Maryland campuses. Approximately $2,962,056 of the bonds and notes payable is due in one year or less and $22,447,692 is due in more than one year.

An additional portion of the Center's liabilities (12% at June 30, 2021) consists of accounts payable, accrued expenses and deferred energy savings revenue.

Financial Operations Highlights

Operating income decreased by 4.7% from approximately $1,468,000 in the fiscal year ended June 30, 2020 to approximately $1,400,000 in fiscal year ended June 30, 2021 due to a decrease in sponsorship and event revenue of approximately $91,000 resulting from a reduction in the number of events held caused by COVID-19 restrictions, and a decrease in investment and interest income of approximately $19,000 and $8,000, respectively, due to a change in the type of banking product used.

Financial Operations Highlights (continued)

MCEC did recognize an increase in consulting income of approximately $47,000 from project consulting provided by MCEC to Morgan State University and Baltimore City Public Schools.

Operating expenses decreased 16% from approximately $1,501,000 in fiscal year ended June 30, 2020 to approximately $1,258,000 in fiscal year ended June 30, 2021 due to a decrease in salaries and fringe resulting from vacant positions during the fiscal year and a decrease in event expenses due to a decrease in the number of events held caused by COVID-19 restrictions.

Consequently, net operating income before depreciation decreased by approximately $12,000 from fiscal year 2020.

Summary of Changes in Net Assets

	2021	2020	2019
Operating revenues	$ 1,392,858	$ 1,498,997	$ 1,201,749
Operating expenses	(1,258,043)	(1,500,542)	(1,093,029)
Excess (deficiency) before depreciation and other non-operating income and expenses	134,815	(1,545)	108,720
Depreciation	(803,266)	(803,266)	(591,199)
Excess (deficiency) before other non-operating income and expenses	(668,451)	(804,811)	(482,479)
Other non-operating income and expenses, net	908,636	1,056,586	1,034,921
Change in net assets	$ 240,185	$ 251,775	$ 552,442

Operating Revenues

A summary of operating revenues for the year ended June 30, 2021, and the amount and percentage of change in relation to prior year amounts are as follows:

Operating Revenues (continued)

	2021 Amount	Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease)
Grants	$ 899,361	65%	$ (22,089)	-2%
Donations and contributions	270,368	19%	(39,832)	-13%
Sponsorship and event revenue	56,367	4%	(91,251)	-62%
Consulting and other services	105,210	8%	47,210	0%
Bond administration	38,463	3%	(731)	-2%
Excess energy savings revenue	12,527	1%	-	0%
Interest income	1,134	0%	(8,225)	-66%
Miscellaneous	4,428	0%	3,779	40%
Project fees	5,000	0%	5,000	0%
	$ 1,392,858	100%	$ (106,139)	-7%

Expenses

A summary of expenses for the year ended June 30, 2021, and the amount and percentage of change in relation to prior year amounts are as follows:

	2021 Amount	Percent of Total	Increase (Decrease) from 2020	Percent Increase (Decrease)
Operating:				
Salaries	$ 428,907	22%	$ (135,134)	-24%
Fringe benefits	153,676	7%	(515)	0%
Professional fees	115,990	6%	36,234	45%
Consultants	373,221	18%	(59,966)	-14%
Cohort	63,419	3%	63,419	100%
Rent	36,841	2%	(46)	0%
Advertising	31,798	2%	(10,774)	-25%
Dues and subscriptions	13,528	1%	7,663	>100%
Office expenses	11,145	-	(31,761)	-74%
Event expenses	8,477	-	(104,472)	-92%
Information technology	6,999	-	178	3%
Conferences and meetings	6,510	-	2,047	46%
Telephone	5,292	-	1,778	51%
Printing and publications	1,257	-	(1,900)	-60%
Travel	983	-	(6,250)	-86%
Donations	-	-	(3,000)	-100%
Total operating expenses	1,258,043	60%	(242,499)	-22%
Depreciation and amortization	803,266	39%	-	0%
TOTAL EXPENSES	$ 2,061,309	99%	$ (242,499)	-11%

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered highly liquid investments with an original maturity of three months or less.

	2021	2020
Cash flows from operating activities	$ 1,346,865	$ (1,397,284)
Cash flows from investment activities	-	(1,240,945)
Cash flows from financing activities	(1,119,410)	(619,847)
Net change in cash and cash equivalents	227,455	(3,258,076)
Cash and cash equivalents:		
Beginning of year	2,897,567	6,155,643
End of year	$ 3,125,022	$ 2,897,567

Financial Statements

The Center's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Center is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized (except land) and are depreciated over their useful lives. See the notes to the financial statements for the summary of the Center's significant accounting policies.

BD & CO. INC.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

Independent Auditors' Report

Board of Directors
Maryland Clean Energy Center
Annapolis, MD

Report on Financial Statements

We have audited the accompanying financial statements of Maryland Clean Energy Center, which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maryland Clean Energy Center as of June 30, 2021, and the results of its activities and changes in net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BD & Company, Inc.

September 29, 2021

Maryland Clean Energy Center
Statement of Financial Position
June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 857,515
Restricted cash	2,267,507
Accounts receivables	40,829
Prepaid expenses and deposits	1,020
Total current assets	3,166,871
Property and equipment, net	26,805,110
TOTAL ASSETS	$ 29,971,981
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 31,346
Accrued salaries and benefits	74,318
Deferred revenue	3,334,544
Current portion of bonds payable	2,298,448
Current portion of loans payable	320,083
Due to third party	343,525
Total current liabilities	6,402,264
LONG-TERM LIABILITIES	
Bonds payable, net of current portion	18,953,038
Loans payable, net of current portion	3,494,654
Total long-term liabilities	22,447,692
Total liabilities	28,849,956
NET ASSETS	
Without donor restrictions	1,122,025
Total liabilities and net assets, without donor restrictions	$ 29,971,981

The accompanying notes are an integral part of these financial statements.

Maryland Clean Energy Center
Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2021

OPERATING REVENUES, GAINS, AND OTHER SUPPORT	
Grants	$ 899,361
Sponsorship and event revenue	56,367
Bond administration revenue	38,463
Project fees	5,000
Interest income	1,134
Donations and contributions	270,368
Energy savings revenue, unrestricted	12,527
Consulting and other services	105,210
Miscellaneous	4,428
Total operating revenues, gains, and other support	1,392,858
OPERATING EXPENSES	
Financing programs	404,729
Operations	212,413
General and administrative	109,269
Outreach and education	145,805
Innovation advancement	385,827
Total operating expenses	1,258,043
Operating gain before depreciation and amortization	134,815
Depreciation and amortization	803,266
Operating loss before non-operating income	(668,451)
NON-OPERATING INCOME AND (EXPENSES)	
Energy savings revenue restricted for debt service	1,542,021
Other investment income	5,918
Interest expense	(644,029)
Other income	4,726
Total non-operating income, net	908,636
Change in net assets	240,185
Net assets - beginning of year	881,840
Net assets - end of year	$ 1,122,025

The accompanying notes are an integral part of these financial statements.

Maryland Clean Energy Center
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Financing Programs	Outreach and Education	Innovation Advancement	Operations	General and Administrative	Total
Salaries	$ 254,883	$ 94,808	$ -	$ -	$ 79,216	$ 428,907
Cohort	-	-	63,419	-	-	63,419
Consultants	19,903	8,565	309,870	34,883	-	373,221
Fringe benefits	91,324	33,969	-	-	28,383	153,676
Event expenses	-	7,295	1,182	-	-	8,477
Professional fees	30,091	140	4,000	81,759	-	115,990
Office expenses	160	788	93	8,434	1,670	11,145
Advertising and website	7,156	240	298	24,104	-	31,798
Rent	-	-	-	36,841	-	36,841
Travel	34	-	-	949	-	983
Information and technology	-	-	-	6,999	-	6,999
Dues and subscriptions	825	-	6,391	6,312	-	13,528
Conferences and meetings	-	-	574	5,936	-	6,510
Telephone	-	-	-	5,292	-	5,292
Printing and publications	353	-	-	904	-	1,257
Total operating expenses	$ 404,729	$ 145,805	$ 385,827	$ 212,413	$ 109,269	$ 1,258,043

The accompanying notes are an integral part of these financial statements.

Maryland Clean Energy Center
Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 240,185
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	803,267
Change in operating assets and liabilities:	
Accounts receivable	227,910
Prepaid expenses	163
Accounts payable	936
Accrued salaries and benefits	(57,332)
Due to third party	131,736
Net cash provided by operating activities	1,346,865
CASH FLOWS FROM FINANCING ACTIVITIES	
Energy savings revenue restricted for debt service payments	1,445,486
Interest paid on bonds	(635,930)
Interest paid on notes payable	(8,099)
Principal payments on long-term debt	(1,920,867)
Net cash used in financing activities	(1,119,410)
Net change in cash, cash equivalents, and restricted cash	227,455
Cash at beginning of year	2,897,567
Cash at end of year	$ 3,125,022

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Maryland Clean Energy Center ("MCEC" or the "Center") is an instrumentality of the State of Maryland under Maryland State Law. It was established to promote clean energy economic development, foster the deployment of clean energy technologies, promote job growth, analyze and disseminate industry data, and provide technical support to expand the clean energy industry in the State.

The Center is governed by a nine-member Board of Directors, eight of which are appointed by the Governor with the consent of the State.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Center's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Contributions received or made are recorded as without donor restrictions, or with donor restrictions depending on the existence and/or nature of any donor restrictions. The Center is required to report information regarding its financial position and activities according to two classes of net assets: (a) net assets without donor restrictions, and (b) net assets with donor restrictions.

Net Assets – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for general use that are not subject to donor-imposed stipulations.

- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations expire by passage of time, can be fulfilled and removed by actions of the Board pursuant to those stipulations or the donor authorizes the Center to expend the net assets. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or when the donor authorizes the expenditure.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Center receives the majority of its funding as per statute through an agreement with the University of Maryland on behalf of the Maryland Energy Innovation Institute ("MEII"). This agreement requires the Maryland Energy Administration to contribute to the Maryland Energy Innovation Fund, a fund created by the Maryland General Assembly, on a quarterly basis. The agreement provides for a portion of the fund contributions to be allocated to the Center. The Center records transfers from the Maryland Energy Innovation Fund as assets without donor restrictions when received.

The Center also issues limited-obligation revenue notes to provide capital financing for installation of energy conservation measures ("ECMs"). The notes are issued in the Center's name for specific third-parties. Under the terms of the agreements, MCEC is the legal owner of the ECMs and the related notes are repaid solely from the energy savings of the ECMs. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the ECMs are not sufficient to repay the notes. MCEC records payments associated with the ECMs as assets without donor restrictions when received.

The Center also receives sponsorship payments for events held to support clean energy awareness in the State of Maryland. Such payments are recorded as deferred revenue when received and recognized as net assets without donor restrictions upon the completion of the event.

MEIA receives a majority of its funding as pledges from corporations or other donors to assist startups within the Accelerator program in progressing towards their clean energy or climate related goals. Such pledges are recorded when received by the Accelerator as net assets without donor restrictions.

Contributed property and equipment are recorded at fair value at the date of contribution. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills.

Contributions of goods and spaces to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or spaces are received.

Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of COVID-19

In December 2019, a novel strain of coronavirus (SARS-CoV-2), commonly known as "COVID-19", surfaced in Wuhan and subsequently spread to multiple countries worldwide, including the United States, where the Center is located. On March 11, 2020, the World Health Organization declared the outbreak of the SARS-CoV-2 virus to be a global pandemic.

In response to COVID-19, the Center moved to a hybrid virtual setting in March 2020. If the pandemic continues to spread, the Center may experience further disruptions, including those that could continue to negatively impact operations.

Budgets and Budgetary Basis

The Center operates under a budget proposed by the Executive Director and approved by the Board of Directors on an annual basis. Budgetary amendments may be approved by the Executive Director and subsequently reported to the Board.

Cash

The Center maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. As of June 30, 2021 the Center has cash balances in excess of federally insured limits of approximately $1,681,000. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Receivables consist primarily of excess energy savings revenue described in Note 8 and event sponsorship revenue. MCEC provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of funding sources to meet their obligations. As of June 30, 2021, management has determined all receivables are fully collectible and an allowance for doubtful accounts is not necessary.

Statement of Cash Flows

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

Cash and cash equivalents	$ 857,515
Restricted cash	2,267,507
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 3,125,022

Restricted cash consists of balances restricted for debt service purposes for notes and bonds payable balances described in notes 5 and 6. Funds are received on a monthly basis and deposited directly into an escrow account for each corresponding note or bond.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs that are less than $2,500 and do not improve or extend the lives of the property and equipment are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The following represents the useful lives for each fixed asset class:

Computers	3 Years
Furniture and office equipment	6-7 Years
Energy saving equipment	5-30 Years

Income Tax Status and Position

The Center is an exempt non-profit corporate instrumentality of the State of Maryland. It is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as the Center has had no significant unrelated business income.

The Center follows the guidance of ASC 740-10, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Center's financial statements.

The Center analyzes tax positions taken, activities performed by Board members, the reporting of unrelated business income, and its status as a tax-exempt organization under Maryland State statute. The Center does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Center's financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after June 30, 2017 remain subject to examination by federal and state authorities.

Allocation of Functional Expenses

U.S. GAAP requires the Center to present its expenses on a functional basis, separating program services from management and general expenses. Functional expenses are either charged directly to program services as incurred or allocated based on management’s estimates among major classes of program services and supporting activities. Management’s estimates are based on the time of usage and effort incurred in the performance of the underlying task.

Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Total advertising costs for the year ended June 30, 2021 amounted to $31,798 and is included in the Statement of Functional Expenses as advertising and website expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This ASU clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows and requires the entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The ASU is effective for non-public entities for fiscal years beginning after December 31, 2018 with earlier adoption permitted. The Center adopted this ASU as of July 1, 2019 resulting in no significant impact on the Center's financial statements other than a change in the presentation of restricted cash on the Statements of Cash Flows.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers". This new standard is based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides for a five-step method to be applied to all revenue contracts with customers and necessitates additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to contracts. On June 3, 2020, the FASB issued ASU 2020-05, deferring the effective date of this standard. ASU 2020-05 permits non-public entities that have not yet issued their financial statements or made financial statements available for issuance as of June 3, 2020, to adopt ASC 606 for annual reporting periods beginning after December 15, 2019; however, early adoption is permitted. The Center adopted ASC 606 and noted no impact from adoption.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous U.S. GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU will supersede FASB ASC 841, Leases, and add Topic 842, Leases, to the FASB ASC. As amended, the ASU is effective for non-public business entities for fiscal years beginning after December 15, 2021; however, early adoption is also permitted. Management is currently evaluating the effect that the pronouncement will have on the Center's financial statements; however, it is not expected to have a material impact.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Center's financial assets as of June 30, 2021 to meet the needs for general expenditures within one year of the statement of financial position date:

Financial Assets at year-end:	
Cash and cash equivalents	$ 857,515
Accounts receivable	40,829
Total financial assets at year-end	898,344
Less donor imposed restricted assets	-
Financial assets available to meet the needs for general expenditures within one year	$ 898,344

By statute in 2017 the Center received a five-year commitment of operating capital from the State of Maryland, which is scheduled to sunset at the end of fiscal year 2022. The Center has sufficient funds to operate through September of 2023 with some adjustments to programmatic spend. Legislation passed by the General Assembly in 2021 granted operating capital funds to the Center to cover costs at the current spend level on an ongoing annual basis. Although the legislation passed with a veto proof majority, the bill was vetoed by Governor Hogan. Unless the veto is overridden when the body next convenes, the future of the Center is uncertain without this funding commitment in the future.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021:

Construction in progress	$ 16,230,879
Furniture and equipment	15,565,119
	31,795,998
Less accumulated depreciation	(4,990,888)
Property and equipment, net	$ 26,805,110

Depreciation and amortization expense for the year ended June 30, 2021 was $803,266.

NOTE 5 – NOTE PAYABLE

In February 2018, the Center obtained a loan in the amount of $4,665,618 in the form of a taxable revenue note. The note is subject to an annual interest rate of 0.20%. Payments of principal and interest began in June 2019, and matures in August 2033. Proceeds have been used for the acquisition and construction of energy conservation measures implemented on University of Maryland, Institute for Bioscience and Biotechnology Research ("IBBR") campus. The balance outstanding on the bond as of June 30, 2021, was $3,814,737. The note is payable solely from the energy savings of the shared energy savings agreement described in Note 8 or any residual note funds.

NOTE 5 – NOTE PAYABLE (continued)

Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the shared energy savings agreement are not sufficient to service or pay the debt.

Future minimum principal payments due under the loan as of June 30, 2021, are as follows:

Year Ending June 30,		
2022	$	320,083
2023		305,652
2024		297,185
2025		296,317
2026		296,466
Thereafter		2,299,034
	$	3,814,737

Total interest expense for the year ended June 30, 2021 was $8,099.

NOTE 6 – BONDS PAYABLE

In December 2012, the Center was issued a tax-exempt revenue note in the amount of $6,188,162. The bond is subject to an annual interest rate of 3.15%. Interest only payments began in January 2013, and payments of principal and interest commenced in August 2014. The bond matures in November 2027. Bond proceeds have been used for the acquisition and construction of energy conservation measures implemented on Coppin State University's campus. Cumulative interest expense of $189,881 has been capitalized. The balance outstanding on the bond as of June 30, 2021 was $3,273,636. The note is payable solely from the energy savings of the shared energy savings agreement described in Note 7 or any residual bond funds. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the shared energy savings agreement are not sufficient to service or pay the debt.

In September 2013, the Center was issued a tax-exempt revenue note in the amount of $5,107,855. The bond is subject to an annual interest rate of 3.45%. Interest only payments began in December 2013, and payments of principal and interest commenced in June 2015. The bond matures in December 15, 2024. Cumulative interest expense of $176,221 has been capitalized. Bond proceeds have been used for the acquisition and construction of energy conservation measures implemented on University of Maryland Baltimore County ("UMBC") campus. The balance outstanding on the bond as of June 30, 2021, was $2,102,369. The note is payable solely from the energy savings of the shared energy savings agreement described in Note 8 or any residual bond funds. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the shared energy savings agreement are not sufficient to service or pay the debt.

NOTE 6 – BONDS PAYABLE (continued)

In November 2017, the Center was issued a tax-exempt revenue note in the amount of $18,300,773. The bond is subject to an annual interest rate of 2.60%. Interest only payments began in March 2018, and payments of principal and interest will commence in September 2019. The bond matures in June 2032. Cumulative interest expense of $737,521 has been capitalized. Bond proceeds have been used for the acquisition and construction of energy conservation measures implemented on University of College Park ("UMCP") campus. The balance outstanding on the bond as of June 30, 2021, was $15,875,481.

The note is payable solely from the energy savings of the shared energy savings agreement described in Note 8 or any residual bond funds. Therefore, the holders of the debt have no recourse to other assets of the Center in the event that cash flows from the shared energy savings agreement are not sufficient to service or pay the debt.

Bonds payable outstanding are as follows at June 30, 2021:

Tax exempt bond - Coppin State University	$ 3,273,636
Tax exempt bond - UMBC	2,102,369
Tax exempt bond - UMCP	15,875,481
	21,251,486
Less current portion	(2,298,448)
Bonds payable - Long term portion	$ 18,953,038

Future minimum principal payments due under the bond as of June 30, 2021, are as follows:

Year Ending June 30,	
2022	$ 2,298,448
2023	2,375,329
2024	2,444,143
2025	2,190,584
2026	1,930,648
Thereafter	10,012,334
	$ 21,251,486

Total interest expense for the year ended June 30, 2021 was $635,930.

NOTE 7 – CONDUIT DEBT OBLIGATION

The Center has issued a tax-exempt and taxable revenue note for the acquisition and construction of energy conservation measures implemented at the National Aquarium in Baltimore, Maryland, and deemed to be in the public interest. The note is secured by the property finances and is payable solely from savings received on the underlying energy conservation measures. Upon repayment of the note, ownership of the acquired facilities transfers to the entity served by the bond issuance.

NOTE 7 – CONDUIT DEBT OBLIGATION (continued)

The Center is not obligated in any manner for repayment of the note except from the revenues received from the Aquarium under the Shared Energy Savings Agreement. Accordingly, the bond is not reported as a liability in the accompanying financial statements. As of June 30, 2021 the outstanding principal on the debt was approximately $2,418,000.

NOTE 8 – SHARED ENERGY SAVINGS AGREEMENT AND ENERGY PERFORMANCE CONTRACT

In December 2012, the Center entered into a shared energy savings agreement with Coppin State University, Inc. and a corresponding Energy Performance Contract ("EPC") with an Energy Savings Company ("ESCO"). The EPC is an agreement with Energy Systems Group, LLC to install the equipment on the University's premises comprised of certain facility renewal and energy efficiency measures and to guarantee certain energy and operational savings. The Center is entitled to approximately 99% of the energy savings, which the University will pay to the Center for project costs including the debt service requirements of the revenue notes described in Note 6.

In September 2013, the Center entered into a shared energy savings agreement with University of Maryland Baltimore County and a corresponding EPC with an ESCO. The EPC is an agreement with Noresco, LLC to install the equipment on the University's premises comprised of certain facility renewal and energy efficiency measures and to guarantee certain energy and operational savings. The Center is entitled to approximately 96% of the energy savings, which the University will pay to the Center for project costs including the debt service requirements of the revenue notes described in Note 6.

In November 2017, the Center entered into a shared energy savings agreement with UMCP and a corresponding EPC with an ESCO. The EPC is an agreement with Constellation NewEnergy Inc. to install the equipment on the University's premises comprised of certain facility renewal and energy efficiency measures and to guarantee certain energy and operational savings. The Center is entitled to approximately 99% of the energy savings, which the University will pay to the Center for project costs including the debt service requirements of the revenue notes described in Note 6.

In February 2018, the Center entered into a shared energy savings agreement with IBBR and a corresponding EPC with an ESCO. The EPC is an agreement with Siemens, Inc to install the equipment on the University's premises comprised of certain facility renewal and energy efficiency measures and to guarantee certain energy and operational savings. The Center is entitled to approximately 98% of the energy savings, which the University will pay to the Center for project costs including the debt service requirements of the revenue notes described in Note 5.

NOTE 9 – OPERATING LEASES

The Center entered into a five (5) year lease agreement with the University of Maryland, College Park in June 2018 with a start date of January 1, 2019. The agreement requires an initial monthly license fee payment of $2,661 and annual increases of 3%.

NOTE 9 – OPERATING LEASES (continued)

Future minimum lease payments are as follows for the years ended June 30:

2022	$	33,724
2023		34,736
2024		35,778
2025		21,231
Total	$	125,469

NOTE 10 – RELATED PARTY TRANSACTIONS

The Center maintains an agreement with the Maryland Environmental Service to provide administrative and operational support services for the Center. The employees performing the services for the Center were Maryland Environmental Service employees. Under the Memorandum of Understanding, the Center reimburses the Maryland Environmental Service for services rendered by Maryland Environmental Service employees to the Center.

NOTE 11 – SUBSEQUENT EVENTS

The Center has evaluated the impact of significant events. No significant subsequent events have been identified through September 29, 2021, the date the Centers' financial statements were available to be issued, that require recognition or disclosure.