

**NY GREEN BANK**  
**(A Division of the New York State Energy Research and Development Authority)**

**FINANCIAL STATEMENTS**

**March 31, 2025**

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## RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, integrity and objectivity of the financial statements of the New York State Energy Research and Development Authority (the Authority), as well as all other information contained in the Authority's Annual Report. The financial statements of the Authority for the fiscal year ended March 31, 2025 were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). The Board of the Authority (the Board) adopted these financial statements and the Annual Report at a meeting on June 24, 2025.

The Authority maintains a system of internal controls, the objectives of which are to provide reasonable assurance as to the proper authorization and recording of transactions, the safeguarding of Authority assets, the compliance with applicable laws and regulations, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management, internal audit staff and the independent auditors. No internal control system can provide absolute assurance that errors and irregularities will not occur due to the inherent limitations of the effectiveness of internal controls; however, management strives to maintain a balance, recognizing that the cost of such system should not exceed the benefits derived.

The Authority's financial statements have been audited by KPMG LLP, independent auditors appointed by the Members of the Authority. Management has made available to the independent auditors all the financial records and related data of the Authority, as well as provided access to all the minutes of the meetings of the Board and its standing committees. The independent auditors periodically meet directly with the Audit and Finance Committee of the Board, which is comprised of Members who are not employees of the Authority.

The independent audit included obtaining an understanding of the internal control structure, tests of accounting records, and other procedures which the independent auditors considered necessary in order to express opinions as to the fairness of the presentation of the financial statements. No material weaknesses in internal control or any condition of non-compliance with applicable laws, regulations or policy were noted by the independent auditors through the execution of their audit procedures. The unmodified independent auditors' report attests that the financial statements are presented fairly, in all material respects, in accordance with U.S. GAAP.



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Doreen M. Harris  
President and Chief Executive Officer



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Pamela C. Poisson  
Chief Financial Officer



KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

## **Independent Auditors' Report**

Members of the Authority  
New York State Energy Research and Development Authority:

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of NY Green Bank, an enterprise fund of New York State Energy Research and Development Authority (the Fund), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements for the year then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of March 31, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 opinion.

#### *Emphasis of Matter*

As discussed in Note 2(a), the financial statements present only the NY Green Bank Fund and do not purport to, and do not, present fairly the financial position of the New York State Energy Research and Development Authority as of March 31, 2025, the changes in its financial position or its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from



fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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.

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*

U.S. generally accepted accounting principles require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of the Fund'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 Fund'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 Fund's internal control over financial reporting and compliance.

**KPMG LLP**

Albany, New York  
June 26, 2025

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
Management's Discussion and Analysis  
For the Year Ended March 31, 2025  
Unaudited

The following Management's Discussion and Analysis (MD&A) of NY Green Bank's financial performance provides an overview of NY Green Bank's financial activities for the fiscal year ended March 31, 2025. The information contained in the MD&A should be considered in conjunction with the information in the accompanying financial statements and related notes. Following this MD&A are the basic financial statements of NY Green Bank with the notes thereto that are essential to a full understanding of the data contained in the financial statements. NY Green Bank's basic financial statements have the following components: (1) proprietary fund financial statements and (2) notes to the basic financial statements.

Proprietary fund financial statements are designed to provide readers with a broad overview of NY Green Bank's finances in a manner similar to a private-sector business. The *Statement of Net Position* presents information on NY Green Bank's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the difference between these is reported as net position. The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents information showing how NY Green Bank's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses that are reported for some items will result in cash flows in future fiscal periods. The *Statement of Cash Flows* shows how changes in balance sheet and income accounts affect cash balances at year end. The notes to the basic financial statements provide additional information that is essential for a full understanding of the information provided in the proprietary fund financial statements.

NY Green Bank is a division of the New York State Energy Research and Development Authority (NYSERDA). The financial statements present the financial results of NY Green Bank and not the overall financial results of NYSERDA. A complete set of NYSERDA's audited financial statements is available upon request.

## CONDENSED FINANCIAL INFORMATION

The following condensed financial information is presented from NY Green Bank's financial statements.

(Amounts in thousands)

| <b>Summary of Net Position</b>       | <b>March 31,<br/>2025</b> | <b>March 31,<br/>2024</b> | <b>% Change<br/>2025-2024</b> |
|--------------------------------------|---------------------------|---------------------------|-------------------------------|
| Cash and investments                 | \$738,056                 | \$418,343                 | 76.4%                         |
| Loans and financing receivables, net | 648,937                   | 667,202                   | (2.7)%                        |
| Net pension and OPEB assets          | -                         | 153                       | (100.0)%                      |
| Other assets                         | 5,547                     | 5,071                     | 9.4%                          |
| Total assets                         | 1,392,540                 | 1,090,769                 | 27.7%                         |
| Deferred outflows of resources       | 4,226                     | 4,292                     | (1.5)%                        |
| Other liabilities                    | 274,428                   | 562                       | 48,730.6%                     |
| Net pension and OPEB liability       | 2,597                     | 3,022                     | (14.1)%                       |
| Total liabilities                    | 277,025                   | 3,584                     | 7,629.5%                      |
| Deferred inflows of resources        | 2,550                     | 2,063                     | 23.6%                         |
| Net position - restricted            | \$1,117,191               | \$1,089,414               | 2.5%                          |

NY Green Bank  
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Management's Discussion and Analysis  
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For the year ended March 31, 2025, NY Green Bank continued its focus on execution and asset management across all aspects of its sustainable infrastructure investment business, consistent with comparable established entities with analogous investment activities. NY Green Bank's Loans and Financing Receivables (hereinafter referred to as "Portfolio Investment(s)"), ongoing business development, as well as focus on implementing and maintaining operational platforms, policies and practices are consistent with industry best practices. NY Green Bank has an active pipeline of potential Portfolio Investments that continues to be diversified across technology, location, and end-user segments.

The 76.4% increase in Cash and Investments reflects \$273.6 million associated with unearned grant revenue and that NY Green Bank's Portfolio is established with a number of investments starting to pay down. NY Green Bank's cash and invested capital balances includes \$1.0 billion in funded capitalization received to date. NY Green Bank received incremental capital contributions through NYSERDA as capital was committed (considering projected liquidity needs) and has received the full \$1.0 billion in capitalization which was authorized by the New York State Public Service Commission (Commission). NYSERDA funded these contributions either from a transfer of existing cash and investment balances (of certain Commission authorized programs), or from the Clean Energy Fund (CEF) ratepayer collections held by the electric utilities under the "Bill-As-You-Go" (BAYG) approach, consistent with the Commission Order establishing the CEF. NY Green Bank's forecasted liquidity needs are addressed through these funded capital contributions, or through the use of a credit facility, if and when required.

As part of U.S. generally accepted accounting principles (U.S. GAAP), the Governmental Accounting Standards Board (GASB) requires capital contributions made to NY Green Bank from NYSERDA's available cash and investment balances to be treated as transfers, while those derived directly from the BAYG approach be accounted for as non-operating revenues to NY Green Bank. As a result, additions to NY Green Bank's capital during the fiscal year equal the sum of "Capital contributions" under Non-operating revenues and "Transfers In-Capital Contributions (Redemptions)" on NY Green Bank's Statement of Revenues, Expenses and Changes in Fund Net Position.

The variance in Deferred Outflows and Inflows of Resources and Net Pension and OPEB Liabilities results from changes in the actuarially-determined amounts determined through separate actuarial valuations, of which NY Green Bank, as a proprietary fund of NYSERDA, is required to record its proportionate share of NYSERDA actuarially determined amounts.

It is important to note that, consistent with its business model, not all funds that NY Green Bank commits to sustainable infrastructure and clean energy development in the State are intended to be deployed and disbursed immediately, or in some cases, at all, pursuant to executed contractual arrangements. Many NY Green Bank Portfolio Investments relate to distributed generation or energy efficiency finance, which are most commonly focused on funding portfolios of projects. Once a Portfolio Investment of these types closes, developers begin implementing projects and drawing down on capital over time. These financings are "delayed draw" by design in that funds are not deployed until project sponsors meet certain development milestones over a time period necessary to originate, develop and construct a large number of smaller, distributed clean energy projects. NY Green Bank also enters into transactions that are not expected to be funded, such as those involving credit enhancements that comprise a contingent obligation for NY Green Bank, and where NY Green Bank capital is only drawn if a contingency is triggered.

Total Assets and Net Position increased by \$301.8 million and \$27.8 million, respectively during the current fiscal year. NY Green Bank's Net Position as of March 31, 2025 was \$1,117.2 million, reflecting the total capitalization of \$1.0 billion funded through the end of the year, less \$52.9 million of NYSERDA capital redemptions, plus \$169.8 million in cumulative revenues in excess of cumulative expenses. The \$52.9 million capital redemption reflects a portion of NY Green Bank's initial capitalization funded from Regional Greenhouse Gas Initiative revenues repurposed by NYSERDA to provide funding to support NYSERDA's statewide energy storage initiative.

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
Management's Discussion and Analysis  
For the Year Ended March 31, 2025  
Unaudited

(Amounts in thousands)

| <b>Summary of Changes in Net Position</b>                      | <b>March 31,<br/>2025</b> | <b>March 31,<br/>2024</b> | <b>% Change<br/>2025-2024</b> |
|--|---------------------------|---------------------------|-------------------------------|
| Operating revenues:  |                           |                           |                               |
| Fees   | \$7,448                   | \$6,880                   | 8.3%                          |
| Loans and financing receivables interest                       | 49,484                    | 58,802                    | (15.8)%                       |
| Provision for losses on loans and financing receivables        | (33,722)                  | (15,218)                  | 121.6%                        |
| Total operating revenues:                                      | <u>23,210</u>             | <u>50,464</u>             | <u>(54.0)%</u>                |
| Operating expenses:  |                           |                           |                               |
| Salaries and benefits  | 11,930                    | 11,585                    | 3.0%                          |
| Investment related expenses                                    | 972                       | 215                       | 352.1%                        |
| Other operating costs  | 1,771                     | 1,507                     | 17.5%                         |
| General and administrative expenses                            | 2,006                     | 1,977                     | 1.5%                          |
| Depreciation   | 496                       | 744                       | (33.3)%                       |
| NY State assessments   | 140                       | 146                       | (4.1)%                        |
| Interest expense   | 24                        | 32                        | (25.0)%                       |
| Total operating expenses                                       | <u>17,339</u>             | <u>16,206</u>             | <u>7.0%</u>                   |
| Operating income   | <u>5,871</u>              | <u>34,258</u>             | <u>(82.9)%</u>                |
| Non-operating revenues:  |                           |                           |                               |
| Investment income  | 22,177                    | 18,595                    | 19.3%                         |
| Total non-operating revenues                                   | <u>22,177</u>             | <u>18,595</u>             | <u>19.3%</u>                  |
| Non-operating expenses:  |                           |                           |                               |
| Program evaluation   | 142                       | -                         | 100%                          |
| Total non-operating expenses                                   | <u>142</u>                | <u>-</u>                  | <u>100%</u>                   |
| Change in net position   | 27,906                    | 52,853                    | (47.2)%                       |
| Net position, beginning of year                                | 1,089,414                 | 1,036,561                 | 5.1%                          |
| Cumulative effect of change in accounting principle (GASB 101) | (129)                     | -                         | (100.0)%                      |
| Net position, end of year                                      | <u>\$1,117,191</u>        | <u>\$1,089,414</u>        | <u>2.5%</u>                   |

Total Operating Revenues decreased \$27.3 million 54.0% from the prior year due primarily to an increase in provision for losses on NY Green Bank's Investment Portfolio. Loans and financing receivables interest decreased by \$9.3 million 15.8% from the prior year due to smaller average portfolio balance and lower reference rates on certain loans. Fees increased \$0.6 million 8.3%, which is a result of greater value of Portfolio Investments closing when compared to the prior year as well as more undrawn fees earned over the prior year. As of March 31, 2025 an impairment of \$33.7 million was recognized on five Portfolio Investments.

Total Operating Expenses increased \$1.1 million 7.0%, most significantly driven by increased Salaries and Benefits as well as General and Administrative Expenses; these and other costs are discussed below.

Salaries and Benefits, which include NY Green Bank staff salary expenses (\$6.0 million), NYSERDA allocated administrative salary expenses (\$2.6 million), and allocated fringe benefit expenses (\$3.4 million), increased \$0.3 million 3.0% from the prior year. This occurred due to an increase in NY Green Bank's staffing costs as well as in the overall pool of allocable expenses of which NY Green Bank pays its pro rata share (which is calculated based on NY Green Bank's direct staffing costs as a proportion of NYSERDA's program staffing costs).

NY Green Bank  
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Management's Discussion and Analysis  
For the Year Ended March 31, 2025  
Unaudited

Investment Related Expenses, which include legal and other costs incurred for various Portfolio Investments, were 352.1% higher than the previous year, which generally reflects a decrease in counterparty reimbursement rates as NY Green Bank typically receives reimbursement from counterparties for these expenses.

Other Operating Costs increased \$0.3 million 17.5% due to an increase in legal expenses. General and Administrative Expenses, which include allocable costs such as rent, utilities, and insurance increased due to an increase in the allocable cost as compared to the prior year.

Depreciation and NY State Assessments reflect NY Green Bank's allocable share of NYSERDA's depreciation and NYSERDA's cost recovery fee (CRF) assessment from the State of New York, respectively. Depreciation and NY State Assessments decreased from the prior year.

Investment income increased \$3.6 million. This was driven largely by an increase in investments held during the fiscal year.

Non-operating expenses increased \$0.1 million, due to the increase in program evaluation costs from the prior year.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets are purchased and owned by NYSERDA. NY Green Bank does not maintain capital assets on its Statement of Net Position, but instead is allocated depreciation expense on capital assets from NYSERDA.

#### **ECONOMIC AND OTHER MARKET FACTORS**

Portfolio Investments in, and funding of, clean energy projects may be impacted by a number of factors including, but not limited to, general economic conditions, energy prices, materials and equipment availability and costs, energy system reliability, energy technology advancements, and regulatory and public policy matters both within and beyond New York State.

#### **CONTACT FOR NY GREEN BANK'S FINANCIAL MANAGEMENT**

This report is designed to provide a general overview of the finances of NY Green Bank, a division of NYSERDA, for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to Pam Poisson, Chief Financial Officer, NYSERDA, 17 Columbia Circle, Albany, NY 12203.

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
Statement of Net Position  
March 31, 2025  
(Amounts in thousands)

|  | March 31,<br>2025 |
|--|-------------------|
| <b><u>ASSETS:</u></b>                                    |                   |
| Current assets:  |                   |
| Cash and investments                                     | \$ 738,056        |
| Third-party billings receivable                          | 25                |
| Interest receivable on loans                             | 5,522             |
| Loans and financing receivables due within one year, net | 79,189            |
| Total current assets                                     | 822,792           |
| Non-current assets:                                      |                   |
| Loans and financing receivables, long-term, net          | 569,748           |
| Total non-current assets                                 | 569,748           |
| Total assets   | 1,392,540         |
| <br><b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>        | <br>4,226         |
| <br><b><u>LIABILITIES:</u></b>                           |                   |
| Current liabilities:                                     |                   |
| Accrued liabilities                                      | 445               |
| Unearned revenue   | 273,634           |
| Escrow deposits  | 349               |
| Total current liabilities                                | 274,428           |
| Non-current liabilities:                                 |                   |
| Net pension and OPEB liabilities                         | 2,597             |
| Total non-current liabilities                            | 2,597             |
| Total liabilities  | 277,025           |
| <br><b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>         | <br>2,550         |
| <br><b><u>NET POSITION:</u></b>                          |                   |
| Net position restricted for specific programs            | \$ 1,117,191      |

*See accompanying notes to the basic financial statements.*

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the fiscal year ended March 31, 2025  
(Amounts in thousands)

|  | March 31,<br>2025          |
|--|----------------------------|
| <b><u>OPERATING REVENUES:</u></b>                              |                            |
| Closing fees   | \$ 2,809                   |
| Undrawn fees   | 2,318                      |
| Administrative fees  | 573                        |
| Other fees   | 1,748                      |
| Loans and financing receivables interest                       | 49,484                     |
| Provisions for losses on loans and financing receivables       | <u>(33,722)</u>            |
| Total operating revenues                                       | <u>23,210</u>              |
| <b><u>OPERATING EXPENSES:</u></b>                              |                            |
| Salaries and benefits  | 11,930                     |
| Investment related expenses                                    | 972                        |
| Other operating costs  | 1,771                      |
| General and administrative expenses                            | 2,006                      |
| Depreciation   | 496                        |
| NY State assessments   | 140                        |
| Interest expense   | <u>24</u>                  |
| Total operating expenses                                       | <u>17,339</u>              |
| <b>OPERATING INCOME</b>  | 5,871                      |
| <b><u>NON-OPERATING REVENUES:</u></b>                          |                            |
| Investment income  | <u>22,177</u>              |
| Total non-operating revenues                                   | <u>22,177</u>              |
| <b><u>NON-OPERATING EXPENSES:</u></b>                          |                            |
| Program evaluation   | <u>142</u>                 |
| Total non-operating expenses                                   | <u>142</u>                 |
| Change in net position   | 27,906                     |
| Net position, beginning of year                                | <u>1,089,414</u>           |
| Cumulative effect of change in accounting principle (GASB 101) | <u>(129)</u>               |
| Net position, end of year                                      | <u><u>\$ 1,117,191</u></u> |

*See accompanying notes to the basic financial statements.*

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
Statement of Cash Flows  
For the fiscal year ended March 31, 2025  
(Amounts in thousands)

|   | March 31,<br>2025 |
|---|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                   |
| Closing fees collected  | \$ 2,844          |
| Undrawn fees collected  | 1,621             |
| Administrative fees collected   | 551               |
| Other fees collected  | 997               |
| Loans and financing receivables interest collected  | 37,531            |
| Receipt of escrow deposits  | 180               |
| Payments to employees & employee benefit providers  | (11,649)          |
| Payments to suppliers   | (4,794)           |
| Payment for allocated depreciation  | (496)             |
| Payment for allocated interest  | (24)              |
| Payments to NYS   | (140)             |
| Loans and financing receivables deployed  | (197,439)         |
| Loans and financing receivables principal repayments  | 194,725           |
| Net cash provided by non-capital operating activities                                       | <u>23,907</u>     |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                                    |                   |
| Unearned grant revenue  | 273,629           |
| Net cash provided by non-capital financing activities                                       | <u>273,629</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                   |
| Purchase of investments   | (821,755)         |
| Proceeds from sale of investments   | 787,875           |
| Investment income   | 22,535            |
| Net cash used in investing activities   | <u>(11,345)</u>   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS:</b>   | 286,191           |
| Cash and cash equivalents, beginning of period  | 11,847            |
| Cash and cash equivalents, end of period  | <u>\$ 298,038</u> |
| <b>RECONCILIATION OF OPERATING INCOME TO<br/>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b> |                   |
| Operating income  | \$ 5,871          |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities:  |                   |
| Decrease in third party billings receivable   | 15                |
| Increase in interest receivable   | (491)             |
| Decrease in loans and financing receivables   | 18,265            |
| Decrease in accounts payable  | (8)               |
| Increase in accrued liabilities   | 207               |
| Increase in escrow deposits   | 156               |
| Decrease in unearned revenue unrelated to unearned grant revenue                            | (118)             |
| Net change in pension & OPEB related accounts   | 281               |
| Non-operating expenses unrelated to financing activities                                    | (271)             |
| Net cash provided by operating activities   | <u>\$ 23,907</u>  |

*See accompanying notes to the basic financial statements.*

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
**Notes to Basic Financial Statements**  
**March 31, 2025**

**(1) GENERAL**

NY Green Bank was established to attract private sector capital to accelerate clean energy deployment in New York State (NYS or the State). To date, NY Green Bank has participated in transactions by providing: development, construction and longer-term post-construction financing and investment, financing to enable developers to aggregate smaller distributed assets into portfolios at scale, and credit enhancements.

NY Green Bank works to increase the size, volume, and breadth of clean energy and sustainable infrastructure investment activity throughout the State, expand the base of investors focused on NYS clean energy, and increase clean energy participants' access to capital. To do so, NY Green Bank collaborates with the private sector to develop transaction structures and methodologies that overcome typical clean energy investment barriers, such as challenges in evaluating risk and addressing the needs of distributed energy and efficiency projects where underwriting may be geared more towards larger projects and/or groups of somewhat homogeneous investment opportunities.

NY Green Bank focuses on opportunities that create attractive precedents, standardized practices, and roadmaps that capital providers can willingly replicate and scale. As funders "crowd in" to a particular area within the sustainable infrastructure and clean energy landscape, NY Green Bank moves on to other areas that have attracted less investor interest.

As a key component of New York's Clean Energy Fund (CEF), NY Green Bank is structured to be self-sustaining in that it must ultimately cover its own costs of operation, which has been achieved since the fiscal year ended March 31, 2017. The CEF is a \$7.6 billion commitment, representing part of the Reforming the Energy Vision (REV) strategy to advance clean energy growth and innovation and drive economic development across the State while reducing ratepayer collections.

NY Green Bank is a division of the New York State Energy Research and Development Authority (NYSERDA). NYSERDA is a public benefit corporation established in 1975 pursuant to Title 9 of Article 8 of the Public Authorities Law of the State of New York. NYSERDA is included in the State's basic financial statements as a component unit.

Pursuant to various Orders of the NYS Public Service Commission (Commission), the Commission authorized a total of \$1 billion in funded capitalization for NY Green Bank. NY Green Bank received incremental capital contributions through NYSERDA upon executing new commitments of the authorized capital. In turn, NYSERDA funded these contributions either from a transfer of existing cash and investment balances (of certain Commission authorized programs), or from the CEF ratepayer collections held by the electric utilities, an approach known as "Bill As You Go" (BAYG). As of March 31, 2022, NY Green Bank has received the entire \$1.0 billion of capitalization.

As part of U.S. generally accepted accounting principles (U.S. GAAP), the Governmental Accounting Standards Board (GASB) requires capital contributions made to NY Green Bank from NYSERDA's available cash and investment balances be treated as transfers, while those derived directly from the BAYG approach be accounted for as non-operating revenues to NY Green Bank. As a result, additions to NY Green Bank's capital during the fiscal year equal the sum of "Program contributions" under Non-operating revenues and "Transfers in" on NY Green Bank's Statement of Revenues, Expenses and Changes in Fund Net Position.

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**March 31, 2025**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of presentation**

NY Green Bank is presented as a proprietary fund. Proprietary funds are used to report business-type activities for which a fee is charged to external users for goods or services. NY Green Bank's proprietary fund financial statements are designed to provide readers with a broad overview of NY Green Bank's finances in a manner similar to a private-sector business and consist of a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows.

Net position restricted for specific programs in the proprietary fund financial statements is defined as the amount of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

The accompanying financial statements present only the activities of NY Green Bank and the results of its operations in conformity with U.S. GAAP and are not intended to present the financial position of NYSERDA.

**(b) Basis of accounting**

Proprietary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues resulting from exchange transactions are recognized when the exchange takes place. Revenues resulting from non-exchange transactions are recognized when all eligibility requirements (if any) have been met. Expenses are recognized when incurred.

**(c) Program operating costs**

Program operating costs consist of certain costs that can be directly attributed to the NY Green Bank function. Program operating costs include expenses such as professional service costs and staff travel.

**(d) Indirect cost allocation method**

NYSERDA incurs certain indirect costs (e.g., administrative salary expense, fringe benefit expense, and general and administrative expense) that are not directly associated with a specific function/program. Therefore, these costs are allocated in proportion to direct salary expenses of each NYSE RDA function/program, including NY Green Bank.

Administrative salary expense is comprised of an allocation of NYSE RDA's administrative and support unit salaries and fringe benefit expenses. The administrative salary and fringe benefit expenses allocated to NY Green Bank are included in Salaries and Benefits Expense. General and Administrative Expense includes costs such as rent, equipment and facility costs, and information technology costs allocated to NY Green Bank.

**(e) Investments**

Investments are recorded at fair value, which reflects quoted market prices for U.S. government obligations.

**(f) Loans and financing receivables**

Loans and financing receivables are recorded at their cost basis. A provision for losses is established on any individual loan and financing receivable which: (i) is delinquent by more than 120 days on payment of principal or interest obligations; and (ii) indicates a deficiency in the present value of expected cash flows discounted at its effective interest rate, or a deficiency in the valuation of its collateral, as compared to its outstanding balance plus any accrued interest receivable. For the fiscal year ended March 31, 2025, there was a \$33.7 million provision for losses.

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**(g) Capital assets**

NY Green Bank does not maintain capital assets on its Statement of Net Position, but instead is allocated depreciation expense on NYSERDA capital assets. Depreciation is allocated in proportion to direct salary expenses of each NYSERDA function/program, including NY Green Bank.

**(h) Deferred outflows of resources and deferred inflows of resources**

Deferred outflows of resources as presented represent a consumption of net assets applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets applicable to a future reporting period. Deferred outflows of resources and deferred inflow of resources include differences between expected projected results and actual results related to NY Green Bank's allocated portion of NYSERDA's net pension and net OPEB liabilities, as well as an allocated portion of retirement plan contributions subsequent to the measurement date.

**(i) NY State assessments**

NY State assessments represent NY Green Bank's pro-rata share of fees assessed to NYSERDA by the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services, which are allocated in proportion to total expenses of each NYSERDA function/program, including NY Green Bank.

**(j) Use of 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(3) CASH AND INVESTMENTS**

Pursuant to Public Authorities Law Section 1859(1), the Commissioner of the New York State Department of Taxation and Finance (Fiscal Agent) serves as fiscal agent for NYSERDA's cash and investments, maintaining such funds on NYSERDA's behalf and managing investments subject to the Fiscal Agent's policies and with direction and authorization from NYSERDA. NY Green Bank investments are subject to an investment policy approved by NYSERDA's Board. The policy permits deposits with financial institutions approved by the Fiscal Agent and permits investments in: certificates of deposit of bank or trust companies located in New York State, obligations of New York State and the U.S. government and certain of their agencies, repurchase agreements subject to certain limitations, and money market funds subject to certain limitations.

The following schedule presents NY Green Bank's cash and investments as of March 31, 2025. Fair value is measured using quoted market prices for U.S. government obligations. GASB Statement No. 72, *Fair Value Measurement and Application*, prescribes three approaches to measuring fair value and requires a government to use valuation techniques consistent with one or more of these approaches. The standard establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All NY Green Bank investments are valued based on Level 1 inputs.

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|                      | Fair Value<br>(thousands) | % of Total   | Weighted<br>Average Maturity<br>(months) |
|----------------------|---------------------------|--------------|--|
| Cash and Equivalents | \$298,038                 | 40.4         | N/A                                      |
| U.S. Treasury Bills  | \$440,018                 | 59.6         | <u>5.7</u>                               |
| Total                | <u>\$738,056</u>          | <u>100.0</u> | <u>5.7</u>                               |
| Current Portion      | <u>\$738,056</u>          |              |  |

In addition to being subject to NYSERDA's investment policy, NY Green Bank is also subject to the same interest rate risk, concentration of credit risk, custodial credit risk for deposits, and custodial credit risks for investments.

*Interest Rate Risk.* NYSERDA's investment policy limits investment maturities to no longer than five years as a means of managing its exposure to fair value losses arising from increasing interest rates. Investment maturities are selected based on anticipated cash flow needs.

*Concentration of Credit Risk.* NYSERDA's investment policy limits investments with any single eligible banking institution to no more than 35% of its total investment portfolio, except as otherwise required by any policies and practices of the Fiscal Agent. As of March 31, 2025, NYSERDA did not have any investments with institutions that were individually in excess of 5% of total investments.

*Custodial Credit Risk for Deposits.* Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging institution's trust department or agent, but not in the name of NYSERDA.

In accordance with existing policies and procedures, the Fiscal Agent for NYSERDA monitors deposit balances for the purpose of determining collateralization levels. Collateral sufficient to cover all uninsured deposits is held at the Fiscal Agent's custodial bank.

*Custodial Credit Risk for Investments.* Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of NYSERDA and are held either by the counterparty or the counterparty's trust department or agent, but not in the name of NYSERDA.

Fixed income investments owned directly by NYSERDA including those held on behalf of NY Green Bank, which trade in the U.S. markets, are held at NYSERDA's fiscal agent's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for NYSERDA.

These securities are typically held in electronic form through the Federal Book Entry System and by the Depository Trust Company (DTC) and its subsidiaries acting as an agent of NYSERDA's fiscal agent's custodian bank.

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
**Notes to Basic Financial Statements**  
**March 31, 2025**

The following is a summary of cash and investments and related committed capital as of March 31, 2025:

*(Amounts in thousands)*

| <u>Cash and<br/>Investments</u> | <u>Committed<br/>Capital</u> |
|---------------------------------|------------------------------|
| \$738,056                       | \$334,900                    |

NY Green Bank's investment portfolio at any time consists of two components: committed capital and deployed capital. Committed capital relates to clean energy/sustainable infrastructure investments that NY Green Bank has legally executed, but where capital has not yet been deployed. This is supplemented by capital that has been deployed into NY Green Bank's clean energy transactions, pursuant to the terms of those arrangements. At March 31, 2025, NY Green Bank committed capital was \$334.9 million and deployed capital was \$649.0 million (net of provision for losses on loans and financing receivables), as discussed further in note 4.

**(4) LOANS AND FINANCING RECEIVABLES**

Loans and financing receivables consist of sustainable infrastructure investments made by NY Green Bank into eligible technologies, consistent with its mission and investment criteria. These loans and financing transactions aim to mobilize private sector capital during the lifecycle of each investment, accelerate the deployment of economically and technically feasible clean energy projects in the State, provide financial returns to NY Green Bank, and contribute to New York's clean energy policy outcomes. NY Green Bank offers the following categories of capital solutions: construction finance, construction finance and term loan, term loans and investments (which may be debt or equity), warehousing/aggregation, and credit enhancements. NY Green Bank prices its products to reflect its credit underwriting, its risk position in the capital structure and pricing for comparable transactions, as well as internal portfolio return needs taking into account current market rates as well as commercial expectations of rates.

Loans and financing receivables at March 31, 2025 include the following:

*(Amounts in thousands)*

|                                    | <u>Number of<br/>Transactions</u> | <u>Loans and Financing<br/>Receivables Outstanding</u> |
|------------------------------------|-----------------------------------|--|
| Construction Finance               | 5                                 | \$40,760   |
| Construction Finance and Term Loan | 12                                | 188,320  |
| Term Loan and Investments          | 32                                | 390,862  |
| Warehousing / Aggregation          | 3                                 | 28,995   |
| Total                              | <u>52</u>                         | <u>\$648,937</u>                                       |

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Loans and financing receivables at March 31, 2025 mature as follows:

*(Amounts in thousands)*

| Fiscal Year(s)<br>Ending March 31 | Construction<br>Finance | Construction<br>Finance and<br>Term Loan | Term Loan<br>and<br>Investments | Warehousing<br>/ Aggregation | Total            |
|-----------------------------------|-------------------------|--|---------------------------------|------------------------------|------------------|
| 2026                              | \$2,157                 | \$10,555                                 | \$48,264                        | \$18,213                     | \$79,189         |
| 2027                              | 29,000                  | 27,331                                   | 67,350                          | -                            | 123,681          |
| 2028                              | 6,662                   | 12,202                                   | 54,454                          | -                            | 73,318           |
| 2029                              | -                       | 4,625                                    | 8,327                           | -                            | 12,952           |
| 2030                              | -                       | 5,772                                    | 10,075                          | -                            | 15,847           |
| 2031-2035                         | -                       | 119,037                                  | 110,214                         | -                            | 229,251          |
| 2036-2040                         | 2,941                   | 6,985                                    | 92,178                          | 10,782                       | 112,886          |
| 2041-2045                         | -                       | 1,813                                    | -                               | -                            | 1,813            |
| Total                             | <u>\$40,760</u>         | <u>\$188,320</u>                         | <u>\$390,862</u>                | <u>\$28,995</u>              | <u>\$648,937</u> |

**(5) NET PENSION & OPEB ASSETS**

NY Green Bank's net pension & OPEB assets represents the share of NYSERDA's net pension asset and net OPEB asset allocable to NY Green Bank. Pension and OPEB related deferred outflows of resources and deferred inflows of resources are recognized by NY Green Bank to the extent they relate to NY Green Bank's share of the total amount recognized by NYSERDA as a whole.

Net pension and OPEB assets activity for the year ended March 31, 2025 was as follows:

*(Amounts in thousands)*

|                             | Beginning<br>Balance | Additions      | Reductions       | Ending<br>Balance |
|-----------------------------|----------------------|----------------|------------------|-------------------|
| Net pension liability       | \$3,022              | \$2,403        | (\$3,308)        | \$2,117           |
| Net OPEB liability (asset)  | <u>(153)</u>         | <u>1,793</u>   | <u>(1,160)</u>   | <u>480</u>        |
| Total non-current liability | <u>\$2,869</u>       | <u>\$4,196</u> | <u>(\$4,468)</u> | <u>\$2,597</u>    |

**(6) CONTINGENCIES**

Risk Management

NYSERDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NYSERDA maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to NYSERDA. NYSERDA has not experienced any reductions in coverage and has not had any insurance settlements exceeding the coverage in the past three years. NY Green Bank is covered by NYSERDA's insurance policies.

NY Green Bank  
(A Division of the New York State Energy Research and Development Authority)  
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NY Green Bank, in January 2025 received, along with other subgrantees through a prime grantee, \$272.7 million in US Environmental Protection Agency (EPA) National Clean Investment Fund (NCIF) grant funds held in a Citibank NA account. In February 2025, EPA, through the US Department of Justice and Federal Bureau of Investigation, asked Citibank NA to freeze all undistributed recipient NCIF funds, which Citibank NA did. In March 2025, EPA subsequently terminated the grant, thus potentially prompting full recovery of undistributed NCIF funds from all prime and subprime recipients (circa \$14B in total); however, in April 2025, a DC federal district court stayed this termination as unlawful and unfroze all recipient funds at Citibank. This ruling, however, was immediately appealed and contemporaneously stayed by the DC Circuit Court of Appeals pending further evaluation of the matter and jurisdiction. As such, all undistributed NCIF funds, at NYGB and other recipients, remain frozen at Citibank NA and unavailable for use. Furthermore, as a condition of NY Green Bank's subaward, all funds must be obligated prior to December 31, 2025, and any remaining funds not obligated by that date are to be returned to the prime grantee. Due to these circumstances currently, there is no reasonable estimation of any actual or potential amount to be earned, versus amounts potentially required to be returned before earned.



KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With Government Auditing Standards**

Members of the Authority  
New York State Energy Research and Development Authority:

We have audited, in accordance with the 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, the financial statements of NY Green Bank, an enterprise fund of New York State Energy Research and Development Authority (the Fund), which comprise the Fund's statement of financial position as of March 31, 2025, and the related statements of revenues, expenses and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Albany, New York  
June 26, 2025