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**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE
COMMONWEALTH OF MASSACHUSETTS)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2026 AND 2025

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**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Massachusetts Life Sciences Center
(A Component Unit of the Commonwealth of Massachusetts)
Waltham, Massachusetts

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of the Massachusetts Life Sciences Center (the Center), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Qualified Opinion on Business-Type Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Center as of June 30, 2026 and 2025, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Fiduciary Activities

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary activities of the Center as of June 30, 2026 and 2025, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audits 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 Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on Business-Type Activities

The Center has loan agreements within the Life Sciences Investment Fund, established under Section 24 of Massachusetts General Laws Chapter 123 of the Acts of 2006. Those loan agreements include warrants features that qualify as reportable derivative instruments under Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value of the warrants held by the Center as of June 30, 2026 have not been recorded, as financial information to support valuation was not readily available. Consequently, the Center has not recognized or disclosed any values associated with these unexercised warrants and the amounts by which this departure would affect the assets, net position and revenues of the Center has not been determined.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. The adoption of this standard resulted in changes to the presentation and classification of information in the financial statements. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Massachusetts Life Sciences Center
(A Component Unit of the Commonwealth of Massachusetts)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Boston, Massachusetts
September 29, 2026

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026 AND 2025**

As the management of the Massachusetts Life Sciences Center (the Center), we offer the following narrative overview and analysis of the financial activities of the Center for the fiscal years ended June 30, 2026, 2025, and 2024. This unaudited management discussion and analysis should be read in conjunction with the audited financial statements and the notes thereto which follow this section.

To obtain further information regarding current and future programs, prior year financials and contact information for the Center's employees, please refer to our website at: www.masslifesciences.com.

Overview of the Financial Statements

The basic financial statements are prepared in accordance with U.S. GAAP, as promulgated by the Governmental Accounting Standards Board (GASB). The Center's financial statements are reported as a special purpose business-type entity. This report includes three basic financial statements: the statements of net position, the statements of revenues, expenses, and changes in net position and the statements of cash flows.

The statements of net position present the financial position of the Center as of June 30, 2026 and 2025. It provides information about the nature and the number of resources (assets), plus deferred outflows (as applicable), obligations (liabilities), plus deferred inflows (as applicable) and net position.

The statements of revenues, expenses, and changes in net position present the changes in net position over the course of the years ended June 30, 2026 and 2025. The change in net position may be useful in assessing whether the financial position improved or deteriorated for the year.

The statements of cash flows present the cash activities segregated by four major cash flow categories: operating activities, noncapital financing activities, capital, and related financing activities, and investing activities. These statements may be useful in determining the changes in liquidity and in understanding how cash and cash equivalents were used during the years ended June 30, 2026 and 2025.

Fiduciary activities are used to account for resources held for the benefit of parties outside of the Center. These activities are excluded from the business-type activities because the resources of these funds are restricted and cannot be used to finance the Center's operations. The fiduciary activities of the Center include the activities of the Massachusetts Neuroscience Consortium (the Consortium), a collaboration between seven global pharmaceutical companies. The Center is not a member of the Consortium. The financial burden and administrative control do not reside with the Center. The designated members of the Consortium are responsible for all decisions regarding disbursement of funds. The Center acts solely as a custodian of the Consortium funds, which are segregated in a separate bank account; the Center does not receive any fees for custodial services provided.

The fiduciary activities are reported in the statements of fiduciary net position and the statements of changes in fiduciary net position. The statements of fiduciary net position are a point-in-time snapshot of the amount the Consortium has accumulated in net assets to pay for future benefits and any liabilities that are owed as of the statement date. The statements of changes in fiduciary net position present the additions and deductions for the fiscal year.

Notes to the basic financial statements provide additional information that is essential to fully understand the data provided in the basic financial statements.

MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026 AND 2025

Financial Summary

The following summarizes the statements of net position and revenue, expenses and changes in net position for fiscal years 2026, 2025, and 2024:

Statements of Net Position

	June 30, 2026	June 30, 2025	June 30, 2024	2026-2025		2025-2024	
				\$ Change	% Change	\$ Change	% Change
Assets:							
Current Assets	\$ 45,743,469	\$ 45,133,113	\$ 54,452,300	\$ 610,356	1.35%	\$ (9,319,187)	-17.11%
Noncurrent Assets	113,013	410,791	699,681	(297,778)	-72.49%	(288,890)	-41.29%
Capital Assets, Net	919,830	1,249,119	1,627,605	(329,289)	-26.36%	(378,486)	-23.25%
Total Assets	<u>\$ 46,776,312</u>	<u>\$ 46,793,023</u>	<u>\$ 56,779,586</u>	<u>\$ (16,711)</u>	<u>-0.04%</u>	<u>\$ (9,986,563)</u>	<u>-17.59%</u>
Liabilities:							
Current Liabilities	\$ 18,196,733	\$ 19,543,060	\$ 20,980,325	\$ (1,346,327)	-6.89%	\$ (1,437,265)	-6.85%
Noncurrent Liabilities	1,041,254	1,312,798	1,611,156	(271,544)	-20.68%	(298,358)	-18.52%
Total Liabilities	<u>19,237,987</u>	<u>20,855,858</u>	<u>22,591,481</u>	<u>(1,617,871)</u>	<u>-7.76%</u>	<u>(1,735,623)</u>	<u>-7.68%</u>
Net Position:							
Net Investment in Capital Assets	(66,324)	(80,077)	(48,142)	13,753	-17.17%	(31,935)	66.34%
Unrestricted	27,604,649	26,017,242	34,236,247	1,587,407	6.10%	(8,219,005)	-24.01%
Total Net Position	<u>27,538,325</u>	<u>25,937,165</u>	<u>34,188,105</u>	<u>1,601,160</u>	<u>6.17%</u>	<u>(8,250,940)</u>	<u>-24.13%</u>
Total Liabilities and Net Position	<u>\$ 46,776,312</u>	<u>\$ 46,793,023</u>	<u>\$ 56,779,586</u>	<u>\$ (16,711)</u>	<u>-0.04%</u>	<u>\$ (9,986,563)</u>	<u>-17.59%</u>

Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2026	June 30, 2025	June 30, 2024	2026-2025		2025-2024	
				\$ Change	% Change	\$ Change	% Change
Revenues and Expenses:							
Operating Revenues	\$ 213,001	\$ 226,511	\$ 227,237	\$ (13,510)	-5.96%	\$ (726)	-0.32%
Operating Expenses:							
Grant Awards	(50,202,409)	(45,763,934)	(45,491,671)	(4,438,475)	9.70%	(272,263)	0.60%
Administrative Expenses	(6,858,017)	(6,477,903)	(5,772,762)	(380,114)	5.87%	(705,141)	12.21%
Operating Loss	<u>(56,847,425)</u>	<u>(52,015,326)</u>	<u>(51,037,196)</u>	<u>(4,832,099)</u>	<u>9.29%</u>	<u>(978,130)</u>	<u>1.92%</u>
Noncapital Subsidies	57,503,621	41,972,588	48,957,521	15,531,033	37.00%	(6,984,933)	-14.27%
Nonoperating Revenues (Expenses)	944,964	1,791,798	1,867,965	(846,834)	-47.26%	(76,167)	-4.08%
Increase (Decrease) in Net Position	<u>\$ 1,601,160</u>	<u>\$ (8,250,940)</u>	<u>\$ (211,710)</u>	<u>\$ 9,852,100</u>	<u>-119.41%</u>	<u>\$ (8,039,230)</u>	<u>3797.28%</u>

Detailed Analyses

The following analysis explains the significant changes in the Center's financial position and results of operations. It focuses on the underlying program, policy, and economic factors that affected fiscal year 2026 results.

The changes in net position are primarily due to the Center's operating expenses exceeding operating revenues offset by amounts reported in noncapital subsidies which include program funding and amounts appropriated from the legislature for the Center's breakthrough fund. The Center received \$10 million of appropriations for the breakthrough fund in fiscal year 2026, did not receive any appropriations in fiscal year 2025, and \$10 million in fiscal year 2024.

Noncapital Subsidies: Noncapital subsidies increased from 2025 to 2026 as a result of the \$10,000,000 appropriation from the Commonwealth to the breakthrough fund along with the increase in grant awards as described below. The noncapital subsidies decreased from 2024 to 2025 as a result of no appropriation from the Commonwealth to the breakthrough fund and relatively steady grant funding.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026 AND 2025**

Grant Awards:

Breakthrough Fund: Section 24 of Chapter 123 of the Acts of 2006 established the Massachusetts Life Sciences Investment Fund to be administered by the Center to finance its activities. The Mass Leads Act has renamed the fund as The Massachusetts Life Sciences Breakthrough Fund. The Breakthrough Fund is to be used in making appropriations, allocations, grants or loans to leverage development and investments in life sciences in Massachusetts. The fund is also to be used to support the administrative expenses and investment in property and equipment of the Center.

In fiscal year 2026, the Center incurred \$11.8 million of grant expense through the Breakthrough Fund, compared to \$10.7 million of grant expense in fiscal year 2025, and \$11.0 million of grant expense in fiscal year 2024. The expenses were for research grants, workforce development programs and programs that support innovation in life sciences. The \$1.0 million increase from 2025 to 2026 was a result of an increase in internship program awards which received additional funding from Commonwealth to support the program. The grant expense from 2024 to 2025 remained consistent with no major changes to activity. The remaining payment for commitments as of June 30, 2026, on the outstanding breakthrough fund grants is \$22.1 million.

Capital Program: The Capital Program was created by the Life Sciences Act and is for municipalities and nonprofit institutions to construct and/or renovate buildings, purchase equipment, make upgrades to roads, sewer lines and other infrastructure that supports growth in the life sciences sector. The Capital Program is funded by the Commonwealth.

In fiscal year 2026, the Center incurred \$38.4 million of grant expense in the Capital Program, compared with \$35.0 million in fiscal year 2025 and \$33.0 million in fiscal year 2024. The \$3.4 million increase from 2025 to 2026 was due to increased Research Infrastructure program spend and the new BioBoost program. The \$2.0 million increase from 2024 to 2025 was due to more timely spending by awardees and fewer project delays than in previous years. Remaining payments on outstanding Capital Program grant commitments were \$51.9 million as of June 30, 2026.

Life Sciences Tax Incentive Program: The Life Sciences Tax Incentive Program was created by the Life Sciences Act and allows the Center to award tax incentives to companies at every stage of development on behalf of the DOR. The Center can award 9 different tax incentives with a cumulative cap of \$40 million per year for 10 years. The tax incentives have no financial impact on the Center. The Center awarded \$40 million to 39 companies in fiscal year 2026, \$40 million to 48 companies in fiscal year 2025 and \$24.5 million to 22 companies in fiscal year 2024. The \$15.5 million increase from fiscal year 2024 to fiscal year 2025 was due to an increase in funding authorized by the Secretary of Administration and Finance from \$25 million to \$40 million.

Investment Income: Investment income in fiscal year 2026 was \$987,319, compared to \$1,845,169 in fiscal year 2025 and \$1,931,208 in fiscal year 2024. Investment income relates primarily to interest earned throughout the fiscal year on the Center's cash and cash equivalent balance. The decrease from 2025 to 2026 in cash held as a result of shorter processing times from receipt of funds by the Center to payment to awardees. The increase from 2024 to 2025 are due to increase in cash balances held and interest rates.

**MASSACHUSETTS LIFE SCIENCES CENTER
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2026 AND 2025**

Administrative Expenses:

In fiscal year 2026, the Center incurred \$6.8 million in administrative expenses. In fiscal year 2025, the Center incurred \$6.5 million in administrative expenses. In fiscal year 2024, the Center incurred \$5.8 million of administrative expenses. The increase in expenditures from 2025 to 2026 is primarily due to higher wage and benefit expenses due to the full year impact of several positions that were hired during fiscal year 2025. The increase in expenditures from 2024 to 2025 is primarily due to higher wage and benefit expenses and higher marketing costs. For the fiscal years ended June 30, 2026, 2025 and 2024, the headcount of the Center at the end of the fiscal year was 31, 30, and 26, respectively.

Significant Capital Assets and Long-Term Financing Activity

Capital Asset Activity

The Center has capital assets, net of accumulated depreciation and amortization of \$919,830, which is not significant to the Center's financial position. Capital assets consist of an office lease and office equipment. There are no capital assets held for sale, and the Center has no plans to expand capital asset activity. See Note 4 for additional information on capital assets.

Long-Term Financing Activity

The Center has no long-term financing activities.

Currently Known Facts, Decisions or Conditions

The Mass Leads Act, signed in November 2024, reauthorized the Commonwealth's Life Sciences Initiative and provides for additional life sciences funding over the next decade, including a \$500 million capital reauthorization and an increase in the annual Life Sciences Tax Incentive Program cap from \$30 million to \$40 million. The Center expects future program activity to align with the initiative's priorities, including capital infrastructure, workforce development, tax incentives, research and development, equity and access, geographic expansion, and support for emerging life sciences companies.

In addition, the Center has amended its strategic plan in fiscal year 2026 to focus on three critical pillars based on feedback from the life sciences ecosystem: Science, Speed and Scale.

Management will continue to monitor future appropriations, award cycles, economic conditions affecting the life sciences sector, and legislative or regulatory actions that could affect available resources, commitments, liquidity, or planned spending. As of the date of these financial statements, management is not aware of any other matters expected to have a significant effect on the Center's future financial position or results of operations beyond those described above.

MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 38,001,909	\$ 44,270,974
Grant Reimbursement Receivable from Commonwealth of Massachusetts	7,149,919	100,000
Prepaid Expenses and Other Current Assets	<u>591,641</u>	<u>762,139</u>
Total Current Assets	45,743,469	45,133,113
NONCURRENT ASSETS		
Loans Receivable, Net of Allowance	28,414	31,353
Interest Receivable, Net of Allowance	84,599	80,020
Convertible Notes Receivable	-	299,418
Capital Assets		
Right-to-Use Leased Assets, Net of Amortization	876,324	1,196,146
Property and Equipment, Net of Depreciation	<u>43,506</u>	<u>52,973</u>
Total Noncurrent Assets	<u>1,032,843</u>	<u>1,659,910</u>
Total Assets	<u><u>\$ 46,776,312</u></u>	<u><u>\$ 46,793,023</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 242,139	\$ 175,313
Grants Payable and Accrued Grant Expense	14,121,646	16,239,172
Leases, Current Portion	353,895	343,043
Unearned Revenue	<u>3,479,053</u>	<u>2,785,532</u>
Total Current Liabilities	18,196,733	19,543,060
NONCURRENT LIABILITIES		
Leases	632,259	986,153
Compensated Absences	<u>408,995</u>	<u>326,645</u>
Total Noncurrent Liabilities	<u>1,041,254</u>	<u>1,312,798</u>
Total Liabilities	<u>19,237,987</u>	<u>20,855,858</u>
NET POSITION		
Net Investment In Capital Assets	(66,324)	(80,077)
Unrestricted	<u>27,604,649</u>	<u>26,017,242</u>
Total Net Position	<u>27,538,325</u>	<u>25,937,165</u>
Total Liabilities and Net Position	<u><u>\$ 46,776,312</u></u>	<u><u>\$ 46,793,023</u></u>

See accompanying Notes to Financial Statements.

MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
OPERATING INCOME		
Grant Revenues	\$ 150,000	\$ 165,000
Other Income	<u>63,001</u>	<u>61,511</u>
Total Operating Income	213,001	226,511
OPERATING EXPENSES		
Grant Expense	50,202,409	45,763,934
Salary and Related Employee Expenses	5,056,720	4,353,076
Professional and Consulting Fees	280,411	271,860
Communications Programs, Sponsorships and Contributions	824,416	1,170,630
General and Administrative Expenses	354,743	308,916
Loan Loss Reserve Adjustments	(19,686)	(24,732)
Depreciation and Amortization	<u>361,413</u>	<u>398,153</u>
Total Operating Expenses	<u>57,060,426</u>	<u>52,241,837</u>
OPERATING LOSS	(56,847,425)	(52,015,326)
NONCAPITAL SUBSIDIES		
Contributions from Commonwealth of Massachusetts	10,000,000	-
Contributions from Commonwealth of Massachusetts for Programs	47,336,965	41,702,973
Nonemployer Contribution to Pension Plan	<u>166,656</u>	<u>269,615</u>
Total Noncapital Subsidies	<u>57,503,621</u>	<u>41,972,588</u>
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	656,196	(10,042,738)
OTHER NONOPERATING REVENUES (EXPENSES)		
Investment Income	987,319	1,845,169
Interest Expense on Lease and SBITAs	<u>(42,355)</u>	<u>(53,371)</u>
Total Other Nonoperating Revenues (Expenses)	<u>944,964</u>	<u>1,791,798</u>
INCREASE (DECREASE) IN NET POSITION	1,601,160	(8,250,940)
Net Position - Beginning of Year	<u>25,937,165</u>	<u>34,188,105</u>
NET POSITION - END OF YEAR	<u><u>\$ 27,538,325</u></u>	<u><u>\$ 25,937,165</u></u>

See accompanying Notes to Financial Statements.

MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for Grants and Other Income	\$ 384,000	\$ 344,225
Payments for Grants	(52,153,279)	(46,966,495)
Payments for Salary and Related Employee Expenses	(4,933,021)	(4,022,880)
Payments for Professional Consulting Fees	(280,411)	(271,860)
Payments for General and Administrative Expenses	(379,272)	(250,219)
Payments for Communication Programs, Sponsorships, and Contributions	(798,939)	(1,408,189)
Net Cash Used by Operating Activities	(58,160,922)	(52,575,418)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of Principal on Leases and SBITAs	(343,042)	(346,551)
Payment of Interest on Leases and SBITAs	(42,355)	(53,371)
Purchase of Property and Equipment	(32,124)	(19,667)
Net Cash Used by Capital and Related Financing Activities	(417,521)	(419,589)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of Contributions from the Commonwealth of Massachusetts	50,795,567	41,508,440
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Repayment of Loans	22,625	428,581
Receipt of Repayment of Convertible Notes	308,840	-
Receipt of Investment Income	1,182,346	1,579,984
Net Cash Provided by Investing Activities	1,513,811	2,008,565
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,269,065)	(9,478,002)
Cash and Cash Equivalents - Beginning of Year	44,270,974	53,748,976
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 38,001,909</u>	<u>\$ 44,270,974</u>
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (56,847,425)	\$ (52,015,326)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense Amortization Expense	361,413	398,153
Nonemployer Contributions to Pension Plan	166,656	269,615
Loan Loss Reserve	(19,686)	(24,732)
Loan Interest Reserve	13,736	13,657
Changes in Assets and Liabilities:		
Accounts Receivable	-	2,000
Interest Receivable	(18,315)	(18,210)
Convertible Note Interest Receivable	(9,422)	37,267
Prepaid Expenses and Other Current Assets	(24,529)	56,697
Accounts Payable and Accrued Expenses	66,826	(221,664)
Compensated Absences	82,350	44,686
Grants Payable and Accrued Grant Expense	(2,117,526)	(1,202,561)
Unearned Revenues	185,000	85,000
Total Adjustments	(1,313,497)	(560,092)
Net Cash Used by Operating Activities	<u>\$ (58,160,922)</u>	<u>\$ (52,575,418)</u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
FIDUCIARY ACTIVITIES
NEUROSCIENCE CONSORTIUM CUSTODIAL FUND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2026 AND 2025**

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 624,361</u>	<u>\$ 928,888</u>
Total Assets	<u><u>\$ 624,361</u></u>	<u><u>\$ 928,888</u></u>
FIDUCIARY NET POSITION		
Restricted for the Neuroscience Consortium	<u>\$ 624,361</u>	<u>\$ 928,888</u>
Total Fiduciary Net Position	<u><u>\$ 624,361</u></u>	<u><u>\$ 928,888</u></u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
FIDUCIARY ACTIVITIES
NEUROSCIENCE CONSORTIUM CUSTODIAL FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2026 AND 2025**

	<u>2026</u>	<u>2025</u>
ADDITIONS		
Neuroscience Consortium Member Contributions	\$ 500,000	\$ 250,000
Interest Income	<u>20,473</u>	<u>30,644</u>
Total Additions	<u>520,473</u>	<u>280,644</u>
DEDUCTIONS		
Payments	<u>825,000</u>	<u>1,049,020</u>
Total Deductions	<u>825,000</u>	<u>1,049,020</u>
DECREASE IN FIDUCIARY NET POSITION	(304,527)	(768,376)
Fiduciary Net Position - Beginning of Year	<u>928,888</u>	<u>1,697,264</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 624,361</u></u>	<u><u>\$ 928,888</u></u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

On June 24, 2006, the Commonwealth of Massachusetts (the Commonwealth) enacted Section 24 of Chapter 123 of the Acts of 2006, creating the Massachusetts Life Sciences Center (the Center) and establishing the Massachusetts Life Sciences Investment Fund (the Investment Fund) to financially support its activities.

On June 16, 2008, the *Life Sciences Act* enacted by the Massachusetts Legislature was signed into law by Governor Deval Patrick. In that legislation, the Commonwealth committed to investing \$1 billion over a 10-year period to create jobs, drive innovation and promote biomedical breakthroughs that improve people's lives. The Center is the steward and administrator of the \$1 billion and uses three statutory funding vehicles to achieve the Commonwealth's mission: the Life Sciences Investment Fund (the Investment Fund), the Capital Program and the Life Sciences Tax Incentive Program.

The Investment Fund is to be used in making appropriations, allocations, grants or loans to leverage development and investments in life sciences in the Commonwealth. The Capital Program is for municipalities and institutions for buildings, equipment, upgrades to roads, sewer lines and other infrastructure that supports growth in the life sciences sector. The Life Sciences Tax Incentive Program allows the Center to award tax incentives on behalf of the Department of Revenue (DOR) to companies at every stage of development.

All grants and awards to be made by the Center require approval by its Board of Directors (the Board).

On June 15, 2018, Governor Charlie Baker signed Chapter 112 of the Acts of 2018, *An Act Providing Continued Investment in the Life Sciences Industry in the Commonwealth*, to further invest up to \$623 million in bond authorization and tax credits over five years in education, research and development and workforce training. The reauthorization funding will continue to be managed by the Center.

Most recently, in November 2024, Governor Maura Healey signed into law the Mass Leads Act, an economic development bill building on the success of the state's renowned life sciences sector infusing the Life Sciences Initiative with another \$1 billion over the next decade. The investments of the Center are intended to support future statewide, comprehensive strategies to lead the nation in life sciences-related research, innovations and employment.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Center is governed and its corporate powers exercised by a Board of Directors consisting of 9 directors: 1 of whom shall be the Secretary of Administration and Finance or their designee; 1 of whom shall be the Secretary of Economic Development or their designee; 1 of whom shall be the president of the University of Massachusetts or their designee; and 6 of whom shall be appointed by the Governor: 1 of whom shall be a Chief Executive Officer of a Massachusetts-based life sciences corporation that is a member of the board of directors of the Massachusetts Biotechnology Council, 1 of whom shall be a researcher involved in the commercialization of biotechnology, pharmaceuticals, medical technology or medical diagnostic products, 1 of whom shall have significant experience in the medical device sector and a member of the Massachusetts Medical Device Industry Council board of directors, 1 of whom shall have significant experience in the health equity subsector of the life sciences sector, 1 of whom shall have significant experience in the digital health subsector of the life sciences sector, and 1 of whom shall be a member of the board of the Massachusetts Health and Hospital Association.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial statements must present the Center and its component units. The Center has no component units. The Center, however, is considered a component unit of the Commonwealth and, accordingly, its financial statements are incorporated into the financial statements of the Commonwealth.

Accounting and Reporting Standards

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by GASB, which establishes standards for defining and reporting on the financial reporting entity.

The GASB defines the basic financial statements of a business-type activity as the: statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating, noncapital subsidies, or other nonoperating activities in the statement of revenues, expenses, and changes in net position. Nonoperating revenues and expenses consist of noncapital subsidies, revenues and expenses related to financing, investment income and expenses, and resources from the disposal of capital assets and inventory. Operating activities are those that support the mission and purpose of the Center. Noncapital subsidies are nonexchange resources received that directly or indirectly keep the Center's current or future fees and charges lower than they otherwise would be, and all noncapital transfers are presented separately, following operating income (loss).

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Reporting Standards(Continued)

The GASB requires that resources be classified into three categories of net position. Net position represents the residual interest in the Center's assets plus deferred outflows (as applicable) of resources after liabilities plus deferred inflows (as applicable) of resources are deducted and consist of net investment in capital assets, restricted, and unrestricted, as follows:

Net Investment in Capital Assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

Restricted – Restricted net position represents the portion of net position that is reported as restricted when there are external third-party limitations (statutory, contractual or bond covenant) on its use.

Unrestricted – Unrestricted net position represents the portion of net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by the Board or may be otherwise limited by contractual agreements with outside parties. The Center's unrestricted net position includes appropriations received from the Commonwealth that are to be used for the general purposes of the Center. Per its enabling legislation, the Center may not expend more than fifteen percent of the amounts to be expended from the Investment Fund (Investment and Capital Program) for the fiscal year for administrative expenditures and property and equipment.

Basis of Accounting

The financial statements were prepared using the accrual basis of accounting in conformity with U.S. GAAP. Under the accrual basis, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received.

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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on hand and highly liquid interest investments with maturities of three months or less from the date of acquisition.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Pursuant to GASB 79, *Certain External Investment Pools and Pool Participants*, the Center's investments are in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenses, and changes in net position. The Center's investments as of June 30, 2026 and 2025, meet the definition to be reported as cash equivalents.

Revenue Recognition

Investment income is recognized as earned. Sponsorship revenues represent fees collected from companies for providing tradeshow booths and other space at industry trade shows. Sponsorship revenues are recognized when earned upon occurrence of the event. In fiscal year 2018, the Center created a public-private initiative for the Center's MassNextGen program. The sponsorships received from private sources are recorded as unearned revenue and recognized as sponsorship revenue once the grants are awarded under the program and agreements are executed. If the Center cancels or terminates the program prior to completion, any unused sponsorship funds received will be returned to the sponsors.

Interest income is recognized as earned. Interest income on loans is reported net of any interest income loss reserve.

Capital program and other program revenues are amounts from the Commonwealth for related capital and other program expenditures by grantees of the Center. Capital program grantees submit requests for reimbursement to the Center after funds have been expended. The Center recognizes the capital program revenue when related grant expenses are incurred.

Contributions from the Commonwealth are recognized when received from the Commonwealth.

Loans Receivable and Interest Receivable, Net

Loans receivable, net, consists of loans issued by the Center through the Investment Fund to facilitate research, development, manufacturing and commercialization in life sciences by early-stage companies. The loans have repayment terms of the earlier of five years or a qualified financing greater than \$5,000,000. The initial stated interest rate on each loan is 10% compounded annually.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable and Interest Receivable, Net (Continued)

Certain of these loan agreements include warrants that qualify as reportable derivative instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The value of these warrants is ultimately dependent upon the fair value of the companies which have issued the warrants. These loans are generally issued to companies that are otherwise unable to obtain market-based financing. Most of these companies are pre-revenue start-up operations which are being incubated through the Investment Fund to promote economic development in the Commonwealth. Given the nature of these entities, the uncertainties associated with the ultimate viability of these companies precludes the Center from developing reliable estimates of the fair value of the related warrants. As such, it is the policy of the Center to recognize value associated with these warrant agreements only at such time as these warrants are ultimately exercised, at which point a reliable fair value is determined by a transaction, such as an initial public offering or a sale of the company.

As of June 30, 2026 and 2025, \$22.4 million had been authorized and disbursed from the Investment Fund. During fiscal year 2026, two borrowers partially repaid their loans with total repayment of principal of \$22,625. During fiscal year 2025, three borrowers fully or partially repaid their loans with a repayment of principal of \$427,908. There were no new loans awarded or disbursed in fiscal year 2026 and 2025.

Due to the nature of the loans made under this program, reserves are established at the time the loans are granted at a rate commensurate with management's estimate of historic loan loss. On a periodic basis, the Center assesses the collectability of each loan and records adjustments to those reserves based on an assessment of the financial condition of the borrower and loan performance. As of June 30, 2026, \$117,263 of loans receivable were outstanding and \$88,849 had been reserved for losses, resulting in net loans receivable of \$28,414. As of June 30, 2025, \$139,888 of loans receivable were outstanding and \$108,535 had been reserved for losses, resulting in net loans receivable of \$31,353.

The gross interest receivable balance was \$582,598 and \$564,283 as of June 30, 2026 and 2025, respectively. Periodically, the Center assesses the collectability of the interest receivable and establishes a loss reserve in a manner consistent with loss reserves for loans receivable. The Center reserved \$497,999 and \$484,263, resulting in a net interest receivable of \$84,599 and \$80,020 as of June 30, 2026 and 2025, respectively. Interest is due at the end of the loan term or upon repayment of the loan due to a qualified financing of greater than \$5,000,000.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Convertible Notes Receivable

Convertible notes receivable consists of loans issued by the Center through the Seed Fund to advance innovative and promising life science companies in targeted geographies throughout the Commonwealth by working with partners to leverage resources and promote economic development.

These loan agreements include conversion options that qualify as reportable derivative instruments under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The value of these conversion options ultimately depends upon the fair value of the companies that have issued the option. These loans are generally issued to pre-seed companies that are otherwise unable to obtain market-based financing. Most of these companies are pre-revenue start-up operations which are being incubated through the Seed Fund to promote economic development in the Commonwealth. Given the nature of these entities, the uncertainties associated with the ultimate viability of these companies preclude the Center from developing reliable estimates of the fair value of the related conversion options. As such, it is the policy of the Center to recognize the face value of the note associated with these conversion options until the conversion is exercised, at which point a reliable, fair value is determined by a transaction, such as an initial public offering or a sale of the company.

No new loan was awarded or disbursed in fiscal year 2026 or 2025. One loan was fully repaid during fiscal year 2026. No reserves for convertible loans were outstanding as of June 30, 2025, and no convertible loans were outstanding as of June 30, 2026.

Property and Equipment, Net

Property, equipment, and leasehold improvements with a value greater than \$3,000 are all stated at cost. Depreciation is recorded over the estimated useful lives of the assets by the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense totaled \$41,591 and \$54,347 for the years ended June 30, 2026 and 2025, respectively. Estimated useful lives used for computing depreciation on property, equipment and leasehold improvements are as follows:

Computer Equipment and Software	3 Years
Office Equipment	3 Years
Office Furniture	3 Years
Leasehold Improvements	Shorter of the Remaining Term of Lease or Asset Life

Compensated Absences

The liability for compensated absences reported consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Expense and Grants Payable

Grant expenses represent the current period cost of qualifying grant expenditures pursuant to the terms of each grant program.

Income Taxes

Pursuant to Massachusetts General Laws chapter 23I §6(a), the operations of the Center constitute the performance of an essential government function and are therefore exempt from taxation by and within the Commonwealth.

Defined Benefit Plan

All employees of the Center participate in either the Commonwealth of Massachusetts State Retirement System under a special funding situation or in the defined contribution plan provided by the Center. See Note 7 for further details.

Massachusetts Neuroscience Consortium

In June 2012, the Center announced the formation of a separate initiative, the Massachusetts Neuroscience Consortium (the Consortium), a collaboration between seven global pharmaceutical companies. The Consortium will fund pre-clinical neuroscience at Massachusetts academic and research institutions. Each consortium member has agreed to contribute \$250,000 to the Consortium for the first-year membership contribution. The Center is not a member of the Consortium. The financial burden and administrative control do not reside with the Center. The designated members of the Consortium are responsible for all decisions regarding disbursement of funds. The Center acts solely as a custodian of the Consortium funds which are segregated in a separate bank account, and the Center does not receive any fees for custodial services provided. In fiscal years 2026 and 2025, the Consortium received \$500,000 and \$250,000, respectively. These balances, plus interest from membership contributions to date, are held within a segregated bank account of the Center. The Center issued \$825,000 and \$1,049,020 of award payments on behalf of the Consortium during fiscal years 2026 and 2025, respectively. The asset and corresponding net position balances of the Consortium are accounted for as a fiduciary activity—custodial fund included in the statements of fiduciary net position and statements of changes in fiduciary net position of the Center as of June 30, 2026 and 2025. If the Consortium was to terminate, all remaining funds would be due back to the contributing members on a pro-rata basis.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle – Adoption of GASB Statements

During the fiscal year ended June 30, 2026, the Center adopted the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The implementation of this standard resulted in the Center reclassifying certain revenues and expenses previously reported as non-operating revenues and non-operating expenses to operating revenues and operating expenses. The implementation of this standard did not affect beginning net position, and all periods presented within these financial statements have been reclassified to conform to the provisions of this statement.

During the fiscal year ended June 30, 2026, the Center adopted the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The implementation of this standard did not have an impact on the Center's financial statements.

NOTE 2 RELATED-PARTY TRANSACTIONS

Certain of the Center's Board members have relationships with institutions that have received grants from the Center. Absent any statutory exemptions to the conflict-of-interest law, in circumstances where approval of such votes would create a conflict of interest, the Center's Board members are required to recuse themselves.

NOTE 3 CASH AND CASH EQUIVALENTS

The Board of the Center is empowered under Chapter 23I of the Massachusetts General Law (MGL), which shall have all powers necessary or convenient to carry out and effectuate its purposes, including, without limiting the generality of the foregoing, the powers: to invest any funds held in reserves or sinking funds, or the Investment Fund, or any funds not required for immediate disbursement, in such investments as may be provided in any financing document relating to the use of such funds, or, if not so provided, as the Board may determine. During fiscal years 2026 and 2025, the majority of these assets were allocated to short-term investments/money market accounts which qualify as cash equivalents carried at amortized cost.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk—Deposits

Custodial credit risk for deposits exists when, in the event of failure of a depository financial institution, the Center's deposits may not be recovered. The Center does not have a policy for custodial risk. At June 30, 2026, bank deposits were \$17,664,567 which excludes the amount held in the Massachusetts Municipal Depository Trust (MMDT or the Trust). The Center invests some of its funds in the MMDT, an external investment pool for political subdivisions of the Commonwealth designed as a legal means to invest temporarily available cash. The State Treasurer serves as trustee of MMDT, and has sole authority pertaining to the rules, regulations and operations of the Trust. Investment options the MMDT offers are a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and Short-Term Bond Portfolio which offers participation in a diversified portfolio of investment-grade, short term, fixed-income securities that seeks to generate performance exceeding the Barclays 1-5 Year Government/Credit Bond Index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. The Center's investment balance as of June 30, 2026 at MMDT was solely in the cash portfolio. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The cash portfolio adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, Massachusetts 02110.

The following summarizes the cash and cash equivalents of the Center at June 30, 2026 and 2025:

	2026	2025
Cash Deposits	\$ 17,664,567	\$ 25,074,440
MMDT Cash Portfolio	20,961,703	20,125,422
Total	<u>\$ 38,626,270</u>	<u>\$ 45,199,862</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2026 and 2025, were as follows:

	2026 Balance Beginning of Year	Additions	Deletions	2026 Balance End of Year
Capital Assets, Being Depreciated:				
Computer Equipment	\$ 280,699	\$ 10,078	\$ -	\$ 290,777
Office Furniture	293,197	22,046	-	315,243
Leasehold Improvements	12,380	-	-	12,380
Total Capital Assets, Being Depreciated	<u>586,276</u>	<u>32,124</u>	<u>-</u>	<u>618,400</u>
Less: Accumulated Depreciation:				
Computer Equipment	238,631	28,704	-	267,335
Office Furniture	282,292	12,887	-	295,179
Leasehold Improvements	12,380	-	-	12,380
Total Accumulated Depreciation	<u>533,303</u>	<u>41,591</u>	<u>-</u>	<u>574,894</u>
Total Capital Assets, Being Depreciated, Net	52,973	(9,467)	-	43,506
Right-to-Use Lease Assets:				
Building	2,770,562	-	-	2,770,562
Equipment	12,745	-	-	12,745
Total Right-to-Use Lease Assets	<u>2,783,307</u>	<u>-</u>	<u>-</u>	<u>2,783,307</u>
Less Accumulated Amortization:				
Building	1,583,179	316,636	-	1,899,815
Equipment	3,982	3,186	-	7,168
Total Accumulated Amortization	<u>1,587,161</u>	<u>319,822</u>	<u>-</u>	<u>1,906,983</u>
Total Right-to-Use Lease Assets, Net	<u>1,196,146</u>	<u>(319,822)</u>	<u>-</u>	<u>876,324</u>
Total Capital Assets, Net	<u>\$ 1,249,119</u>	<u>\$ (329,289)</u>	<u>\$ -</u>	<u>\$ 919,830</u>

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	2025 Balance Beginning of Year	Additions	Deletions	2025 Balance End of Year
Capital Assets, Being Depreciated:				
Computer Equipment	\$ 261,032	\$ 19,667	\$ -	\$ 280,699
Office Furniture	293,197	-	-	293,197
Leasehold Improvements	12,380	-	-	12,380
Total Capital Assets, Being Depreciated	566,609	19,667	-	586,276
Less: Accumulated Depreciation:				
Computer Equipment	202,706	35,925	-	238,631
Office Furniture	263,870	18,422	-	282,292
Leasehold Improvements	12,380	-	-	12,380
Total Accumulated Depreciation	478,956	54,347	-	533,303
Total Capital Assets, Being Depreciated, Net	87,653	(34,680)	-	52,973
Right-to-Use Lease Assets:				
Building	2,770,562	-	-	2,770,562
Equipment	12,745	-	-	12,745
Total Right-to-Use Lease Assets	2,783,307	-	-	2,783,307
Less Accumulated Amortization:				
Building	1,266,543	316,636	-	1,583,179
Equipment	796	3,186	-	3,982
Total Accumulated Amortization	1,267,339	319,822	-	1,587,161
Total Right-to-Use Lease Assets, Net	1,515,968	(319,822)	-	1,196,146
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	60,591	-	(60,591)	-
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	36,607	23,984	(60,591)	-
Total Subscription Based Information Technology Arrangement Assets, Net	23,984	(23,984)	-	-
Total Capital Assets, Net	\$ 1,627,605	\$ (378,486)	\$ -	\$ 1,249,119

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2026 and 2025, accounts payable and accrued expenses totaled \$242,139 and \$175,313, respectively. Those expenses primarily consisted of accrued salary, professional and consulting fees and marketing expenses.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 6 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal years ended June 30, 2026 and 2025:

	Balance June 30, 2025	Increases	Decreases	Balance June 30, 2026	Current Portion
Compensated Absences	\$ 326,645	\$ 82,350	\$ -	\$ 408,995	\$ -
Leases	1,329,196	-	(343,043)	986,153	353,894
Total	<u>\$ 1,655,841</u>	<u>\$ 82,350</u>	<u>\$ (343,043)</u>	<u>\$ 1,395,148</u>	<u>\$ 353,894</u>

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion
Compensated Absences	\$ 281,959	\$ 58,088	\$ -	\$ 326,645	\$ -
Leases	1,661,738	-	(332,542)	1,329,196	343,043
SBITAs	14,008	-	(14,008)	-	-
Total	<u>\$ 1,957,705</u>	<u>\$ 58,088</u>	<u>\$ (346,550)</u>	<u>\$ 1,655,841</u>	<u>\$ 343,043</u>

*The change in the compensated absences liability is presented as a net change.

NOTE 7 PENSIONS

Massachusetts State Employees' Retirement System

General Information about the Plan

Plan Description

The Massachusetts State Employees' Retirement System (MSERS) is a public employee retirement system (PERS), that administers a cost-sharing, multiple employer defined benefit pension plan as defined by Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans, covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. MSERS is reported as a pension trust fund in the Commonwealth's Annual Comprehensive Financial Report and does not issue a stand-alone audited financial report. Management of MSERS is vested in the Massachusetts State Retirement Board (the MSRB) which consists of five members—two elected by current and active MSERS members, one who is appointed by the State Treasurer, the State Treasurer, who serves as ex-officio and is the Chair of the MSRB, and one by the remaining members of the MSRB.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 7 PENSIONS (CONTINUED)

Massachusetts State Employees' Retirement System (Continued)

General Information about the Plan (Continued)

Benefits Provided

MSERS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Legislature. Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire and receive benefits prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions

All employees of the Center participate in either the Commonwealth of Massachusetts State Retirement systems under a special funding situation where the Commonwealth of Massachusetts is a 100% nonemployer contributor under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, or the statutorily prescribed optional defined contribution plan provided by the Center. The Center makes no contributions for employees participating in the Commonwealth of Massachusetts State Retirement systems' pension plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the Center does not contribute to MSERS, the Center does not report a proportionate share of the net pension liability of the MSERS at June 30, 2026 or 2025. The Center's employees were included in the actuarial analysis and a net pension liability of \$1,329,469 and \$2,520,432 as of June 30, 2026 and 2025, respectively, is owed by the Commonwealth and noted as part of the total State Plan's net pension liability.

For the years ended June 30, 2026 and 2025, the Center recognized pension expense of \$166,656 and \$269,615, respectively, associated with MSERS and revenue of the same amount for support provided by the Commonwealth.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 7 PENSIONS (CONTINUED)

Massachusetts State Employees' Retirement System (Continued)

Actuarial Assumptions

The MSERS' net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025 using the following actuarial assumptions:

Investment Rate of Return	7.00%
Salary Increases	Salary increases are based on analyses of past experiences but range from 4.00% to 9.00% depending on group and length of service.
Mortality Rates:	Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females. Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females. Disabled Retirees - reflects the post-retirement mortality described above, set forward 1 year.
Other	3.50% interest rate credited to the annuity savings fund.
Cost of Living	3.00% increase on the first \$13,000 of allowance per year.

Investments

Investment assets of MSERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.9%
Core Fixed Income	15.0%	2.6%
Private Equity	16.0%	7.7%
Portfolio Completion Strategies	10.0%	4.1%
Real Estate	10.0%	4.1%
Value Added Fixed Income	9.0%	5.3%
Timberland/Natural Resources	4.0%	4.1%
Total	100.0%	

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 7 PENSIONS (CONTINUED)

Massachusetts State Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position

Detailed information about the MSERS' fiduciary net position is available in the Commonwealth's audited financial statements.

Defined Contribution Plan

In fiscal year 2010, as provided by the 2008 Life Sciences Act, the Center established the optional defined contribution pension plan. The Center annually contributes an amount equal to 12% (5% statutorily mandated) of an employee's annual gross salary less the cost of life and disability insurance. Total optional defined contribution expense by the Center for the years ended June 30, 2026 and 2025, was \$210,359 and \$169,709, respectively. Vesting is immediate upon contribution. The Center pays administrative expenses of the Plan for the plan participants and VOYA is the custodian of the plan's assets. The balances of the plan are not included in the financial statements of the Center.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 8 GRANTS AND COMMITMENTS

To obtain further information regarding the Center's programs please refer to our website at: www.masslifesciences.com.

Breakthrough Fund

The following grants were paid and awarded out of the breakthrough fund for the years ended June 30, 2026 and 2025:

Program	Award Amount	Expensed Prior to FY25	Expensed FY25	Expensed FY26	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2026	Remaining Payments as of June 30, 2026
FY2023 Internship Programs	\$ 3,696,058	\$ 3,645,544	\$ 50,514	\$ -	\$ -	\$ -
FY2024 Internship Programs	5,681,093	2,195,739	3,554,261	(68,907)	-	-
FY2025 Internship Programs	5,000,000	-	952,431	4,047,569	361,778	361,778
FY2026 Internship Programs	5,500,000	-	-	1,892,685	1,671,804	5,279,119
FY 2025 Out-of School Time Program	280,273	-	17,040	251,981	135,421	146,673
FY 2026 Out-of School Time Program	575,820	-	-	-	-	575,820
FY 2026 Gamechanger	200,000	-	-	-	-	200,000
FY 2025 Competitions & Challenges	1,595,000	1,345,000	227,500	22,500	-	-
FY 2026 Competitions & Challenges	200,000	-	-	80,000	80,000	200,000
FY 2024 First Look Awards	617,317	342,526	271,011	3,780	-	-
FY 2025 First Look Awards	233,390	-	4,912	228,478	62,393	62,393
FY 2026 Health Equity Accelerator	250,000	-	-	203,461	40,243	86,782
FY 2024 MassNextGen	487,500	292,500	195,000	-	-	-
FY 2025 MassNextGen	400,000	-	239,000	161,000	-	-
FY 2026 MassNextGen	400,000	-	-	240,000	20,125	180,125
FY 2023 Women's Health Innovation	832,842	436,930	395,912	-	-	-
FY 2024 Women's Health Innovation	988,806	-	411,531	475,693	155,327	256,909
FY 2025 Women's Health Innovation	926,741	-	5,019	406,956	226,356	741,122
FY 2026 Woman's Health Initiative	1,545,000	-	-	-	-	1,545,000
FY 2026 BioBoost	500,000	-	-	-	-	500,000
FY 2026 BioBank	2,000,000	-	-	-	-	2,000,000
FY 2026 Frontiers	579,088	-	-	-	-	579,088
FY 2024 Pathmaker	4,962,274	3,173,400	1,461,884	326,990	-	-
FY 2025 Pathmaker	6,234,920	-	2,286,574	1,848,789	-	2,099,557
FY 2026 Pathmaker	7,265,069	-	-	1,200,069	394,451	6,459,451
FY 2023 HS Apprenticeship	759,479	674,152	85,327	-	-	-
FY 2024 Professional Development Program	646,275	-	547,197	89,882	-	9,196
FY 2025 Professional Development Program	500,000	-	-	387,157	269,917	382,760
Other Discretionary Grants	3,046,094	3,034,800	11,294	-	-	-
FY 2026 Elementary and Secondary Education	480,979	-	-	-	-	480,979
Total	<u>\$ 56,384,018</u>	<u>\$ 15,140,591</u>	<u>\$ 10,716,407</u>	<u>\$ 11,798,083</u>	<u>\$ 3,417,815</u>	<u>\$ 22,146,752</u>

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026 AND 2025**

NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund

The following grants were paid and awarded out of the Capital Program fund for the fiscal years ended June 30, 2026 and 2025:

Program	Award Amount	Expensed Prior to FY25	Expensed FY25	Expensed FY26	Grants Payable or Accrued Grant Expense as of June 30, 2026	Remaining Payments as of June 30, 2026
FY 2022 Workforce Capital Program	\$ 11,826,922	\$ 11,528,860	\$ 298,062	\$ -	\$ -	\$ -
FY 2023 Workforce Capital Program	9,822,402	8,576,448	1,245,954	-	-	-
FY 2024 Workforce Capital Program	9,953,803	-	9,500,294	401,749	13,721	65,481
FY 2025 Workforce Capital Program	9,454,117	-	-	8,988,520	3,812,667	4,278,264
FY 2026 Gamechanger	1,746,280	-	-	-	-	1,746,280
FY 2026 Post-secondary Education	7,304,295	-	-	-	-	7,304,295
FY 2022 Bits to Bytes	2,496,712	2,418,735	77,977	-	-	-
FY 2023 Bits to Bytes	2,496,712	646,005	1,850,707	-	-	-
FY 2024 Bits to Bytes	5,551,824	2,888,297	1,349,964	1,004,338	491,530	800,755
FY 2025 Bits to Bytes	3,729,692	-	-	2,336,928	764,553	2,157,317
FY 2026 Bits to Bytes	3,268,540	-	-	-	-	3,268,540
FY 2024 Women's Health Collaboration	3,187,960	1,339,155	1,200,271	629,774	116,026	134,786
FY 2025 Women's Health Collaboration	750,000	-	-	520,479	508,049	737,570
FY 2026 Women's Health Collaboration	1,500,000	-	-	-	-	1,500,000
FY 2023 Women's Health Innovation	1,536,267	957,987	578,280	-	-	-
FY 2024 Women's Health Innovation	1,454,717	-	744,938	709,779	320,142	320,142
FY 2025 Women's Health Innovation	1,637,872	-	33,461	706,953	470,302	1,367,760
FY 2026 Woman's Health Initiative	4,983,000	-	-	-	-	4,983,000
FY 2022 Novel Therapeutics Delivery	2,245,817	1,906,135	339,682	-	-	-
FY 2023 Novel Therapeutics Delivery	1,846,130	1,557,521	288,609	-	-	-
FY 2024 Novel Therapeutics Delivery	4,461,724	-	2,947,155	1,223,252	465,309	756,626
FY 2025 Novel Therapeutics Delivery	750,000	-	-	610,899	11,632	150,733
FY 2026 Novel Therapeutics Delivery	1,439,299	-	-	-	-	1,439,299
FY 2026 Frontiers	585,415	-	-	-	-	585,415
FY 2023 NIIMBL	1,925,038	1,905,915	19,123	-	-	-
FY 2026 BioBoost	3,000,000	-	-	2,968,728	2,968,728	3,000,000
FY 2024 Research Infrastructure	23,853,045	11,769,415	11,948,049	135,581	120,386	120,386
FY 2025 Research Infrastructure	16,429,105	-	299,585	13,881,518	91,946	2,339,948
FY 2026 Research Infrastructure	11,674,454	-	-	1,685,555	-	9,988,899
FY 2023 High School Equipment (STEM)	1,486,384	1,422,407	63,977	-	-	-
FY 2024 High School Equipment (STEM)	2,230,960	-	2,230,960	-	-	-
FY 2025 High School Equipment (STEM)	2,795,923	-	20,048	2,599,317	548,844	725,402
FY 2025 Out-of-School Time Program	11,387	-	10,431	956	-	-
FY 2026 Elementary and Secondary Education (Capital)	1,949,424	-	-	-	-	1,949,424
FY 2026 Research Equipment	2,169,483	-	-	-	-	2,169,483
Total	<u>\$ 161,554,703</u>	<u>\$ 46,916,880</u>	<u>\$ 35,047,527</u>	<u>\$ 38,404,326</u>	<u>\$ 10,703,835</u>	<u>\$ 51,889,805</u>

NOTE 9 LEASE PAYABLE

The Center entered into a lease agreement for the building in which its offices are located in which expires in 2029. The Center also entered into a lease of copiers for the office which expires in 2028. The office lease has an incremental borrowing rate of 3.25% while the copiers lease has an incremental borrowing rate of 8.25%. As of June 30, 2026 and 2025, the lease liability was \$986,154 and \$1,329,196, respectively. The Center is required to make monthly principal and interest payments.

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

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 353,895	\$ 31,503	\$ 385,398
2028	362,861	20,289	383,150
2029	269,398	8,743	278,141
Total	<u>\$ 986,154</u>	<u>\$ 60,535</u>	<u>\$ 1,046,689</u>

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY –
MASSACHUSETTS STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS
(UNAUDITED)**

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
MLSC's Proportion of the Net Pension Liability	0.0104%	0.0178%	0.0156%	0.0089%	0.0039%	0.0053%	0.0054%	0.0049%	0.0056%	0.0052%
MLSC's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the MLSC's Net Pension Liability	1,329,469	2,520,432	2,279,350	1,236,779	407,056	907,747	782,734	651,978	719,557	765,923
Total	<u>\$ 1,329,469</u>	<u>\$ 2,520,432</u>	<u>\$ 2,279,350</u>	<u>\$ 1,236,779</u>	<u>\$ 407,056</u>	<u>\$ 907,747</u>	<u>\$ 782,734</u>	<u>\$ 651,978</u>	<u>\$ 719,557</u>	<u>\$ 765,923</u>
MLSC's Covered-Employee Payroll	\$ 922,892	\$ 836,203	\$ 1,254,711	\$ 977,355	\$ 558,976	\$ 237,377	\$ 324,193	\$ 318,690	\$ 283,291	\$ 320,366
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	76.10%	72.90%	70.71%	71.05%	77.54%	62.48%	66.28%	67.97%	67.21%	63.50%

Data is being accumulated annually to present 10 years of the reported information.



**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***

Board of Directors
Massachusetts Life Sciences Center
Waltham, Massachusetts

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 the business-type activities and the fiduciary activity of the Massachusetts Life Sciences Center (the Center), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprised the Center's financial statements, and have issued our report thereon dated September 29, 2026. Our report contained a qualified opinion related to the Center not having recognized or disclosed any values associated with unexercised warrants feature on associated loans as the financial effect of recognizing and disclosing such information are not reasonably estimable.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered the Center'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

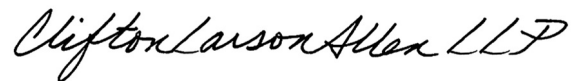
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Center'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Boston, Massachusetts
September 29, 2026



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