

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



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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, 2025 and 2024, 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 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, 2025 and 2024, and the 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 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, 2025 and 2024, and the changes in financial position 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, as well as convertible notes. Those loan agreements include warrants and convertible 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 and convertible notes held by the Center as of June 30, 2025 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 or convertible features and the amounts by which this departure would affect the assets, net position and revenues of the Center has not been determined.

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 25, 2025, 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 25, 2025

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

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, 2025, 2024, and 2023. This unaudited management discussion and analysis should be read in conjunction with the audited financial statements and the notes thereto which follow this section.

The Center was created on June 24, 2006, in the Economic Stimulus Bill, Chapter 123, Section 24 of the Acts of 2006, and codified in the Massachusetts General Laws, Chapter 23I. The Center is a body politic and corporate. Exercise of the powers conferred by Chapter 23I is considered to be the performance of an essential governmental function. The purpose of the Center is to promote the life sciences industry within the Commonwealth of Massachusetts (the Commonwealth). It is tasked with investing in life sciences research and economic development initiatives. This work includes making financial investments in public and private institutions growing life sciences research, development and commercialization, as well as building ties between sectors of the Massachusetts life sciences community.

On June 16, 2008, the Life Sciences Act enacted by the Massachusetts Legislature was signed into law by Governor Deval Patrick. 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.

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.

Most recently, in November 2024, Governor Maura Healey signed into law the Mass Leads Act to build 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.

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

FINANCIAL HIGHLIGHTS

Fiscal year 2025 is the 17th year of the initiative, and reflects a year of significant operating activities of the Center as grants were made both from the Breakthrough Fund and Capital Program, and a 16th round of awards under the Life Sciences Tax Incentive Program were granted.

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 Investment 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 2025, the Center incurred \$10.7 million of grant expense through the Breakthrough Fund, compared to \$11.0 million of grant expense in fiscal year 2024, and \$4.5 million of grant expense in fiscal year 2023. The expenses were for research grants, workforce development programs and programs that support innovation in life sciences. The \$6.5 million increase from 2023 to 2024 was due to \$3.2 million for the new Pathmaker workforce initiative and an increase in Internship Challenge expense due to higher volume. The remaining payment for commitments as of June 30, 2025, on the outstanding breakthrough fund grants is \$11.7 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 2025, the Center incurred \$35.0 million of grant expense in the Capital Program compared to \$33.0 million of grant expense in fiscal year 2024, and \$29.5 million of grant expense in fiscal year 2023. The increase of \$2.0 million from fiscal year 2024 to 2025 was due to more timely spending by awardees and less project delays than in previous years. The \$3.5 million increase from fiscal year 2023 to 2024 is due to more research infrastructure and workforce capital expenses partially offset by a decline in NIIMBL expense. The remaining payment for commitments as of June 30, 2025, on the outstanding Capital Program grants is \$40.9 million.

The Life Sciences Act also provides for a Life Sciences Education Fund for providing grants for purchasing or leasing equipment to train students in life sciences and research. In fiscal year 2025, the Center incurred \$2.3 million of expenses. The Center incurred \$1.2 million and \$1.8 million of expense in fiscal years 2024 and 2023, respectively.

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JUNE 30, 2025 AND 2024**

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 48 companies in fiscal year 2025, \$24.5 million to 22 companies in fiscal year 2024 and \$24.5 million to 43 companies in fiscal year 2023. 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 2025 was \$1,845,169, compared to \$1,931,208 in fiscal year 2024 and \$1,101,695 in fiscal year 2023. Investment income relates primarily to interest earned throughout the fiscal year on the Center's cash and cash equivalent balance. The increase from 2023 to 2024 are due to increase in cash balance held and interest rates.

Administrative Expenses and Investments in Property and Equipment:

In fiscal year 2025, the Center incurred \$6.2 million in administrative expenses and purchases of property and equipment. In fiscal year 2024, the Center incurred \$5.9 million in administrative expenses and purchases of property and equipment. In fiscal year 2023, the Center incurred \$4.6 million of administrative expenses and purchases of property and equipment. The increase in expenditures from 2024 to 2025 is primarily due to higher wage and benefit expenses as more positions were filled and higher marketing costs. The increase in expenditures from 2023 to 2024 is primarily due to higher wage and benefit expenses as more positions were filled and higher marketing costs, driven in part by campaigns to support the new Pathmaker program.

For the fiscal years ended June 30, 2025, 2024 and 2023, the headcount of the Center at the end of the fiscal year was 30, 26, and 24, respectively.

Budgets and Appropriations: Annual operating budgets are developed on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). The Center's annual operating budgets are developed through an internal process and reviewed and modified as appropriate by the Center's executive management. The annual operating budget is presented to the Center's Board for final approval and adoption. The budget approved by the Board is used for the purposes of management accountability. The budget passed by the Board is not, however, considered a legally adopted budget and, therefore, is not presented as required supplemental information to the financial statements.

Using 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024**

The statements of net position present the financial position of the Center as of June 30, 2025 and 2024. 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, 2025 and 2024. 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, 2025 and 2024.

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
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025 AND 2024

FINANCIAL SUMMARY

The following summarizes the statements of net position and revenue, expenses and changes in net position for fiscal years 2025, 2024, and 2023:

Statements of Net Position

	June 30, 2025	June 30, 2024	June 30, 2023
Assets:			
Current Assets	\$ 45,133,113	\$ 54,452,300	\$ 53,122,613
Noncurrent Assets	410,791	699,681	677,603
Right-to-Use Leased and SBITAs Assets, Net of Amortization	1,196,146	1,539,952	1,859,786
Property and Equipment, Net	52,973	87,653	82,913
Total Assets	<u>\$ 46,793,023</u>	<u>\$ 56,779,586</u>	<u>\$ 55,742,915</u>
Liabilities:			
Current Liabilities	\$ 19,543,060	\$ 20,980,325	\$ 19,679,335
Noncurrent Liabilities	1,312,798	1,611,156	1,663,765
Total Liabilities	<u>20,855,858</u>	<u>22,591,481</u>	<u>21,343,100</u>
Net Position:			
Net Investment in Capital Assets	(80,077)	(48,142)	(42,636)
Unrestricted	26,017,242	34,236,247	34,442,451
Total Net Position, as Restated	<u>25,937,165</u>	<u>34,188,105</u>	<u>34,399,815</u>
Total Liabilities and Net Position	<u>\$ 46,793,023</u>	<u>\$ 56,779,586</u>	<u>\$ 55,742,915</u>

Statements of Revenues, Expenses, and Changes in Net Position

	June 30, 2025	June 30, 2024	June 30, 2023
Revenues and Expenses:			
Operating Revenues	\$ 41,929,484	\$ 39,184,758	\$ 32,884,796
Operating Expenses	<u>(51,972,222)</u>	<u>(51,264,433)</u>	<u>(41,015,502)</u>
Operating Loss	(10,042,738)	(12,079,675)	(8,130,706)
Nonoperating Revenues (Expenses)	1,791,798	11,867,965	11,078,570
Increase (Decrease) in Net Position	<u>\$ (8,250,940)</u>	<u>\$ (211,710)</u>	<u>\$ 2,947,864</u>

The Center's net position decreased \$8.3 million, approximately 24%, for the fiscal year ended June 30, 2025, as compared to an decrease of \$0.2 million, approximately 1%, for the fiscal year ended June 30, 2024, and an increase of \$2.9 million, approximately 9%, for the fiscal year ended June 30, 2023.

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The changes in net position are primarily due to the Center's operating expenses exceeding operating revenues offset by amounts appropriated from the legislature for the Center's investment fund. The Center did not receive any appropriations in fiscal year 2025, \$10 million of appropriations in fiscal year 2024, and \$10 million of appropriations in fiscal year 2023. The Center ended the year with total net position of \$25.9 million as of June 30, 2025, \$34.2 million as of June 30, 2024, and \$34.4 million as of June 30, 2023.

Liquidity of the Investment/Breakthrough Fund: From inception through June 30, 2025, the Investment/Breakthrough Fund has received appropriations from the Commonwealth of \$185 million. In addition, the Center has earned an investment income of \$9.4 million and collected \$27.4 million through loan repayments, sponsorship, insurance proceeds, and corporate consortium revenues for total inflows of \$221.8 million. The Center reserves all the funds required for a grant or loan commitment at the time of the Board's authorization. From inception through June 30, 2025, the Center has disbursed or reserved \$211.4 million, resulting in \$10.4 million of available funds as of June 30, 2025.

Requests for Information: 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.

MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,325,692	\$ 15,450,675
Accounts Receivable	-	2,000
Grant Reimbursement Receivable from Commonwealth of Massachusetts	100,000	-
Prepaid Expenses and Other Current Assets	762,139	701,324
Assets Committed Under Programs and Awards:		
Cash and Cash Equivalents	<u>40,945,282</u>	<u>38,298,301</u>
Total Current Assets	<u>45,133,113</u>	<u>54,452,300</u>
NONCURRENT ASSETS		
Loans Receivable, Net of Allowance	31,353	37,529
Interest Receivable, Net of Allowance	80,020	75,467
Convertible Notes Receivable	299,418	586,685
Capital Assets		
Right-to-Use Leased Assets, Net of Amortization	1,196,146	1,515,968
Subscription-Based IT Asset, Net of Amortization	-	23,984
Property and Equipment, Net of Depreciation	<u>52,973</u>	<u>87,653</u>
Total Noncurrent Assets	<u>1,659,910</u>	<u>2,327,286</u>
Total Assets	<u><u>\$ 46,793,023</u></u>	<u><u>\$ 56,779,586</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 175,313	\$ 396,977
Grants Payable and Accrued Grant Expense	16,239,172	17,441,733
Leases, Current Portion	343,043	332,542
Subscription-Based IT Arrangements, Current Portion	-	14,008
Unearned Revenue	<u>2,785,532</u>	<u>2,795,065</u>
Total Current Liabilities	<u>19,543,060</u>	<u>20,980,325</u>
NONCURRENT LIABILITIES		
Leases	986,153	1,329,197
Compensated Absences	<u>326,645</u>	<u>281,959</u>
Total Noncurrent Liabilities	<u>1,312,798</u>	<u>1,611,156</u>
Total Liabilities	<u>20,855,858</u>	<u>22,591,481</u>
NET POSITION		
Net Investment In Capital Assets	(80,077)	(48,142)
Unrestricted	<u>26,017,242</u>	<u>34,236,247</u>
Total Net Position	<u>25,937,165</u>	<u>34,188,105</u>
Total Liabilities and Net Position	<u><u>\$ 46,793,023</u></u>	<u><u>\$ 56,779,586</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, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING INCOME		
Capital Program Revenues from Commonwealth of Massachusetts	\$ 38,566,399	\$ 36,257,521
Other Program Revenues from Commonwealth of Massachusetts	3,136,574	2,700,000
Grant Revenues	165,000	160,000
Sponsorship	34,500	35,000
Interest Gain (Loss)	27,011	32,237
Total Operating Income	<u>41,929,484</u>	<u>39,184,758</u>
OPERATING EXPENSES		
Grant Expense	45,763,934	45,491,671
Salary and Related Employee Expenses	4,083,461	3,749,165
Professional and Consulting Fees	271,860	421,107
Communications Programs, Sponsorships and Contributions	1,170,630	995,043
General and Administrative Expenses	308,916	269,493
Loan Loss Reserve Adjustments	(24,732)	(43,881)
Depreciation and Amortization	398,153	381,835
Total Operating Expenses	<u>51,972,222</u>	<u>51,264,433</u>
OPERATING LOSS	(10,042,738)	(12,079,675)
NONOPERATING (EXPENSES) REVENUES		
Contributions from the Commonwealth of Massachusetts	-	10,000,000
Interest Expense on Lease and SBITAs	(53,371)	(63,243)
Investment Income	1,845,169	1,931,208
Total Nonoperating Revenues	<u>1,791,798</u>	<u>11,867,965</u>
DECREASE IN NET POSITION	(8,250,940)	(211,710)
Net Position - Beginning of Year	<u>34,188,105</u>	<u>34,399,815</u>
NET POSITION - END OF YEAR	<u><u>\$ 25,937,165</u></u>	<u><u>\$ 34,188,105</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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for Reimbursements from The Commonwealth	\$ 41,508,440	\$ 46,450,000
Payments for Grants	(46,966,495)	(46,943,192)
Payments for Salary and Related Employee Expenses	(4,022,880)	(3,634,347)
Payments for Professional Consulting Fees	(271,860)	(421,107)
Payments for General and Administrative Expenses	(250,219)	(321,517)
Payments for Communication Programs, Sponsorships, and Contributions	(1,408,189)	(779,898)
Receipts for Grant Revenues	165,000	160,000
Receipts for Sponsorship and Miscellaneous	119,500	62,500
Receipts for Loan Interest	59,725	-
Net Cash Used by Operating Activities	<u>(11,066,978)</u>	<u>(5,427,561)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of Principal on Leases and SBITAs	(346,551)	(322,333)
Payment of Interest on Leases and SBITAs	(53,371)	(63,243)
Purchase of Property and Equipment	<u>(19,667)</u>	<u>(53,996)</u>
Net Cash Used by Capital and Related Financing Activities	(419,589)	(439,572)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of Contributions from the Commonwealth of Massachusetts	<u>-</u>	<u>10,000,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Repayment of Loans	428,581	54,040
Receipt of Investment Income	<u>1,579,984</u>	<u>2,106,767</u>
Net Cash Provided by Investing Activities	<u>2,008,565</u>	<u>2,160,807</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,478,002)	6,293,674
Cash and Cash Equivalents - Beginning of Year	<u>53,748,976</u>	<u>47,455,302</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 44,270,974</u></u>	<u><u>\$ 53,748,976</u></u>
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (10,042,738)	\$ (12,079,675)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense Amortization Expense	398,153	381,835
Loan Loss Reserve	(24,732)	(43,881)
Loan Interest Reserve	13,657	13,986
Investment Gains/Losses	-	43,038
Changes in Assets and Liabilities:		
Accounts Receivable	2,000	(2,000)
Grant Reimbursement from Commonwealth	(100,000)	4,797,413
Interest Receivable	(18,210)	(18,648)
Convertible Note Interest Receivable	37,267	(27,575)
Prepaid Expenses and Other Current Assets	56,697	(50,023)
Accounts Payable and Accrued Expenses	(221,664)	228,837
Compensated Absences	44,686	58,088
Grants Payable and Accrued Grant Expense	(1,202,561)	(1,451,521)
Unearned Revenues	(9,533)	2,722,565
Total Adjustments	<u>(1,024,240)</u>	<u>6,652,114</u>
Net Cash Used by Operating Activities	<u><u>\$ (11,066,978)</u></u>	<u><u>\$ (5,427,561)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION - CASH AND CASH EQUIVALENTS		
Unrestricted Cash and Cash Equivalents	\$ 3,325,692	\$ 15,450,675
Committed Cash and Cash Equivalents	<u>40,945,282</u>	<u>38,298,301</u>
Total Cash and Cash Equivalents	<u><u>\$ 44,270,974</u></u>	<u><u>\$ 53,748,976</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 FIDUCIARY NET POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 928,888</u>	<u>\$ 1,697,264</u>
Total Assets	<u><u>\$ 928,888</u></u>	<u><u>\$ 1,697,264</u></u>
FIDUCIARY NET POSITION		
Restricted for the Neuroscience Consortium	<u>\$ 928,888</u>	<u>\$ 1,697,264</u>
Total Fiduciary Net Position	<u><u>\$ 928,888</u></u>	<u><u>\$ 1,697,264</u></u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS LIFE SCIENCES CENTER
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FIDUCIARY ACTIVITIES
NEUROSCIENCE CONSORTIUM CUSTODIAL FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ADDITIONS		
Neuroscience Consortium Member Contributions	\$ 250,000	\$ 250,000
Interest Income	30,644	71,438
Total Additions	<u>280,644</u>	<u>321,438</u>
DEDUCTIONS		
Payments	<u>1,049,020</u>	<u>1,195,000</u>
Total Deductions	<u>1,049,020</u>	<u>1,195,000</u>
DECREASE IN FIDUCIARY NET POSITION	(768,376)	(873,562)
Fiduciary Net Position - Beginning of Year	<u>1,697,264</u>	<u>2,570,826</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 928,888</u></u>	<u><u>\$ 1,697,264</u></u>

See accompanying Notes to Financial Statements.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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.

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

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 or nonoperating activities in the statement of revenues, expenses, and changes in net position. Operating activities are those that support the mission and purpose of the Center. Nonoperating activities represent transactions that are capital, investing, legislative or regulated in nature.

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.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Reporting Standards (Continued)

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.

Cash and Cash Equivalents Committed Under Awards and Programs

Such amounts represent cash and cash equivalents to be expended for programmatic purposes based upon specific awards being made or programs authorized by the Board.

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, 2025 and 2024, meet the definition to be reported as cash equivalents.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 five-year 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 revenues are amounts from the Commonwealth for related capital 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 capital 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.

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.

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JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable and Interest Receivable, Net (Continued)

As of June 30, 2025 and 2024, \$22.4 million had been authorized and disbursed from the Investment Fund. During fiscal year 2025, one borrower fully repaid their loan and two other borrowers partially repaid their loans with total repayment of principal of \$427,908. During fiscal year 2024, three borrowers partially repaid their loans with a repayment of principal of \$54,040. There were no new loans awarded or disbursed in fiscal year 2025 and 2024.

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, 2025, \$139,888 of loans receivable were outstanding and \$108,535 had been reserved for losses, resulting in net loans receivable of \$31,353. As of June 30, 2024, \$567,796 of loans receivable were outstanding and \$530,267 had been reserved for losses, resulting in net loans receivable of \$37,529.

The gross interest receivable balance was \$564,283 and \$1,387,703 as of June 30, 2025 and 2024, 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 \$484,263 and \$1,312,236, resulting in a net interest receivable of \$80,020 and \$75,467 as of June 30, 2025 and 2024, 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.

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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Convertible Notes Receivable (Continued)

No new loan was awarded or disbursed in fiscal year 2025 or 2024. One loan was converted to equity during fiscal year 2025. No reserves for convertible loans were outstanding as of June 30, 2025 and 2024.

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 \$54,347 and \$49,256 for the years ended June 30, 2025 and 2024, 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.

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 231 §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 LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2025 and 2024, the Consortium received \$250,000 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 \$1,049,020 and \$1,195,000 of award payments on behalf of the Consortium during fiscal years 2025 and 2024, 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, 2025 and 2024. If the Consortium was to terminate, all remaining funds would be due back to the contributing members on a pro-rata basis.

Reclassifications

During the current fiscal year, a portion of the compensated absence liability previously reported as current has been reclassified to noncurrent to reflect the expected timing of settlement. This reclassification aligns with the updated recognition guidance under GASB Statement No. 101 and had no impact on total liabilities or net position. Comparative amounts have been adjusted to conform to the current year's presentation.

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.

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(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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 2025 and 2024, the majority of these assets were allocated to short-term investments/money market accounts which qualify as cash equivalents carried at amortized cost.

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, 2025, bank deposits were \$25,074,440 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, 2025 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, 2025 and 2024:

	2025	2024
Cash Deposits	\$ 25,074,440	\$ 31,444,089
MMDT Cash Portfolio	20,125,422	24,002,151
Total	<u>\$ 45,199,862</u>	<u>\$ 55,446,240</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2025 and 2024, were as follows:

	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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 CAPITAL ASSETS (CONTINUED)

	2024 Balance Beginning of Year	Additions	Deletions	2024 Balance End of Year
Capital Assets, Being Depreciated:				
Computer Equipment	\$ 215,434	\$ 45,598	\$ -	\$ 261,032
Office Furniture	284,799	8,398	-	293,197
Leasehold Improvements	12,380	-	-	12,380
Total Capital Assets, Being Depreciated	512,613	53,996	-	566,609
Less: Accumulated Depreciation:				
Computer Equipment	173,963	28,743	-	202,706
Office Furniture	245,449	18,421	-	263,870
Leasehold Improvements	10,288	2,092	-	12,380
Total Accumulated Depreciation	429,700	49,256	-	478,956
Total Capital Assets, Being Depreciated, Net	82,913	4,740	-	87,653
Right-to-Use Lease Assets:				
Building	2,770,562	-	-	2,770,562
Equipment	-	12,745	-	12,745
Total Right-to-Use Lease Assets	2,770,562	12,745	-	2,783,307
Less Accumulated Amortization:				
Building	949,907	316,636	-	1,266,543
Equipment	-	796	-	796
Total Accumulated Amortization	949,907	317,432	-	1,267,339
Total Right-to-Use Lease Assets, Net	1,820,655	(304,687)	-	1,515,968
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	60,591	-	-	60,591
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	21,460	15,147	-	36,607
Total Subscription Based Information Technology Arrangement Assets, Net	39,131	(15,147)	-	23,984
Total Capital Assets, Net	\$ 1,942,699	\$ (315,094)	\$ -	\$ 1,627,605

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2025 and 2024, accounts payable and accrued expenses totaled \$175,313 and \$396,977, respectively. Those expenses primarily accounted for accrued salary, professional and consulting fees and marketing expenses.

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2025 and 2024:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion
Compensated Absences	\$ 281,959	\$ 44,686	\$ -	\$ 326,645	\$ -
Leases	1,649,757	-	(332,542)	1,317,215	343,043
SBITAs	14,008	-	(14,008)	-	-
Total	<u>\$ 1,945,724</u>	<u>\$ 44,686</u>	<u>\$ (346,550)</u>	<u>\$1,643,860</u>	<u>\$ 343,043</u>

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion
Compensated Absences	\$ 223,871	\$ 58,088	\$ -	\$ 281,959	\$ -
Leases	1,949,135	-	(299,378)	1,649,757	332,542
SBITAs	36,200	-	(22,192)	14,008	14,008
Total	<u>\$ 2,209,206</u>	<u>\$ 58,088</u>	<u>\$ (321,570)</u>	<u>\$1,945,724</u>	<u>\$ 346,550</u>

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

NOTE 7 PENSIONS

Massachusetts State Employee's 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.

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NOTE 7 PENSIONS (CONTINUED)

Massachusetts State Employee's 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, 2025 or 2024. The Center's employees were included in the actuarial analysis and a net pension liability of \$2,520,432 and \$2,279,350 as of June 30, 2025 and 2024, respectively, is owed by the Commonwealth and noted as part of the total State Plan's net pension liability.

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

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NOTE 7 PENSIONS (CONTINUED)

Massachusetts State Employee's Retirement System (Continued)

Actuarial Assumptions

The MSERS' net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.6%
Core Fixed Income	15.0%	2.1%
Private Equity	16.0%	7.4%
Portfolio Completion Strategies	10.0%	3.7%
Real Estate	10.0%	3.9%
Value Added Fixed Income	9.0%	5.1%
Timberland/Natural Resources	4.0%	4.4%
Total	100.0%	

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NOTE 7 PENSIONS (CONTINUED)

Massachusetts State Employee's 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, 2025 and 2024, was \$169,709 and \$135,542, 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.

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NOTE 8 GRANTS AND COMMITMENTS

Investment Fund

The following grants were made out of the investment fund:

Workforce Training Grants

The Center runs a year-round Internship Challenge Program which provides summer and academic year internships for students predominately studying sciences, technology, engineering, and mathematics at various life sciences companies. On an annual basis, the Board authorizes the amount that the Center uses to fund these internships. For the years ended June 30, 2025 and 2024, the Center incurred the following expenses relating to the Internship Challenge Program:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
FY22 Internship	\$ 2,667,625	\$ 2,391,186	\$ 276,439	\$ -	\$ -	\$ -
FY23 Internship	3,696,058	613,608	3,031,936	50,514	-	-
FY24 Internship	5,750,000	-	2,195,739	3,554,261	-	-
FY22 Data Science Internship	499,403	419,085	80,318	-	-	-
FY23 Data Science Internship	493,816	92,680	401,136	-	-	-
FY2025-26 Internship	5,000,000	-	-	952,431	647,177	4,694,746
Total	<u>\$ 18,106,902</u>	<u>\$ 3,516,559</u>	<u>\$ 5,985,568</u>	<u>\$ 4,557,206</u>	<u>\$ 647,177</u>	<u>\$ 4,694,746</u>

The Center runs programs for High School Apprenticeship Challenge which offers apprenticeships to high school students at life sciences companies and research institutions. On an annual basis, the Board authorizes the amount that the Center uses to fund the apprenticeship program. For the years ended June 30, 2025 and 2024, the Center incurred the following expense relating to the High School Apprenticeship Challenge Program:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
2022 HS Apprenticeship	\$ 603,618	\$ 599,567	\$ 4,051	\$ -	\$ -	\$ -
2023 HS Apprenticeship	759,479	496,127	178,025	85,327	-	-
Total	<u>\$ 1,363,097</u>	<u>\$ 1,095,694</u>	<u>\$ 182,076</u>	<u>\$ 85,327</u>	<u>\$ -</u>	<u>\$ -</u>

Out of School Time Grants

The program funds transformational grants that enable non-profit organizations to implement new or expanded programming offered beyond the traditional school day.

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
FY25 Out-of School Time Program	\$ 286,807	\$ -	\$ -	\$ 17,040	\$ 17,040	\$ 286,807
Total	<u>\$ 286,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,040</u>	<u>\$ 17,040</u>	<u>\$ 286,807</u>

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Industry and Innovation Grants

The Center runs a variety of programs on an annual basis to support early-stage companies or researchers to ensure a thriving life sciences ecosystem in the Commonwealth. Currently the Center has two programs to support these companies or researchers, including the First Look Awards, which aims to support translational research at Massachusetts research institutions that furthers our understanding of sex and gender differences, especially for diseases or conditions that affect women solely, disproportionately, or differentially, and the MassNextGen Program, which aims to support women entrepreneurs engaged in the advancement of early-stage life sciences companies. The Center also has one program aimed at attracting companies to relocate to Massachusetts, called the MassTAG program. For the years ended June 30, 2025 and 2024, the Center incurred the following expenses relating to the early-stage grant programs:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining payments as of June 30, 2025
FY23 MassNextGen	\$ 537,500	\$ 468,750	\$ 68,750	\$ -	\$ -	\$ -
FY24 MassNextGen	487,500	-	292,500	195,000	-	-
FY25 MassNextGen	400,000	-	-	239,000	60,375	221,375
FY24 First Look Awards	613,537	145,000	197,526	271,011	-	-
FY25 First Look Awards	249,997	-	-	4,912	4,912	249,997
Total	<u>\$ 2,288,534</u>	<u>\$ 613,750</u>	<u>\$ 558,776</u>	<u>\$ 709,923</u>	<u>\$ 65,287</u>	<u>\$ 471,372</u>

Women's Health Innovation Program

The Center runs a Women's Health Innovation program to provide grants for capital and noncapital projects in Massachusetts that aim to support translational research in women's health and gender biology that will ultimately lead to commercial opportunities that address the lack of innovative technologies. For the years ended June 30, 2025 and 2024, the Center incurred the following expenses in the noncapital part of this grant:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
2023 Women's Health Innovation	\$ 832,842	\$ -	\$ 436,930	\$ 395,912	\$ 133,596	\$ 133,596
2024 Women's Health Innovation	998,014	-	-	411,531	287,183	873,666
2025 Women's Health Innovation	966,152	-	-	5,019	5,019	966,152
Total	<u>\$ 2,797,008</u>	<u>\$ -</u>	<u>\$ 436,930</u>	<u>\$ 812,462</u>	<u>\$ 425,798</u>	<u>\$ 1,973,414</u>

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Investment Fund (Continued)

Other Grants

The Center has made grants to various sciences, technology, engineering and math (STEM) related education grants, diversity, equity, and inclusion workforce grants, and business plan competitions. For the fiscal years ended June 30, 2025 and 2024, the Center incurred the following expenses:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
STEM and Workforce						
Development Grants	\$ 2,242,495	\$ 917,956	\$ 195,440	\$ 547,197	\$ 81,856	\$ 663,758
Other Discretionary Grants	3,046,391	2,846,147	188,653	11,591	-	-
Competitions & Challenges	1,625,000	1,105,000	240,000	227,500	123,500	176,000
Pathmaker	11,482,883	-	3,173,400	3,748,458	1,061,932	5,622,957
Total	<u>\$ 18,396,769</u>	<u>\$ 4,869,103</u>	<u>\$ 3,797,493</u>	<u>\$ 4,534,746</u>	<u>\$ 1,267,288</u>	<u>\$ 6,462,715</u>

Capital Fund

The following grants were made of the Capital Fund:

Biomanufacturing Capital Programs

The Center is a member of the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL), which is a national initiative designed to accelerate biopharmaceutical manufacturing innovation in the United States, support the development of standards that enable more efficient and rapid manufacturing capabilities, and educate and train a world-leading biopharmaceutical manufacturing workforce, fundamentally advancing U.S. competitiveness in this industry. The Center committed to providing cost-share for NIIMBL projects in Massachusetts provided that each project presented for funding be vetted by the Center's Scientific Advisory Board, submitted to the Center's Investment Committee for review, and approved by the Board prior to funding.

In fiscal year 2019, the Center launched The Building Breakthroughs program to provide grants for capital projects in Massachusetts thereby enabling and supporting biomanufacturing innovation, including improvements to upstream/downstream processing, production of cell and gene therapies, monoclonal antibodies, and small molecules, quality and safety and storage/stability in the Commonwealth. The program is aimed to address biomanufacturing bottlenecks that keep therapies from patients, and potentially reduce costs and avoid drug shortages.

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund (Continued)

Biomanufacturing Capital Programs (Continued)

For the fiscal years ended June 30, 2025 and 2024, the Center incurred the following expenses for its biomanufacturing programs:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
NIIMBL FY23 Authorization	\$ 1,925,038	\$ 1,758,942	\$ 146,973	\$ 19,123	\$ -	\$ -
Total	\$ 1,925,038	\$ 1,758,942	\$ 146,973	\$ 19,123	\$ -	\$ -

Out of School Time Capital Grant Program

The program funds transformational grants that enable non-profit organizations to implement new or expanded programming offered beyond the traditional school day.

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
FY25 Out-of School Time Program	\$ 13,193	\$ -	\$ -	\$ 10,431	\$ 2,400	\$ 5,162
Total	\$ 13,193	\$ -	\$ -	\$ 10,431	\$ 2,400	\$ 5,162

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund (Continued)

Workforce Development Capital Grant Program

The Workforce Development Capital Grant Program is a program designed to further the development and expansion of life sciences education and training programs offered by post-secondary academic institutions and nonprofit organizations through capital investment in industry-aligned certificate and degree programs. For the fiscal years ended June 30, 2025 and 2024, the Center incurred the following expenses for this program:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
Workforce Capital FY22 Authorization	\$ 11,826,922	\$ 8,479,283	\$ 3,049,577	\$ 298,062	\$ 503	\$ 503
Workforce Capital FY23 Authorization	9,822,402	-	8,576,448	1,245,954	584,242	584,242
Workforce Capital FY24 Authorization	10,093,274	-	-	9,500,294	3,427,707	4,020,687
Workforce Capital FY25 Authorization	9,457,349	-	-	-	-	9,457,349
Total	<u>\$ 41,199,947</u>	<u>\$ 8,479,283</u>	<u>\$ 11,626,025</u>	<u>\$ 11,044,310</u>	<u>\$ 4,012,452</u>	<u>\$ 14,062,781</u>

Big Data Capital Program

Bits to Bytes is a program designed to provide grants for capital projects in Massachusetts thereby enabling and supporting the generation and analysis of large datasets to answer pressing life sciences questions, and to attract and train data scientists in the Commonwealth. For the fiscal years ended June 30, 2025 and 2024, the Center incurred the following expenses:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
Bits to Bytes FY21 Authorization	\$ 3,663,172	\$ 3,058,983	\$ 604,189	\$ -	\$ -	\$ -
Bits to Bytes FY22 Authorization	2,530,055	1,912,976	539,102	77,977	2,356	2,356
Bits to Bytes FY23 Authorization	4,018,378	-	1,784,247	1,850,707	1,376,049	1,759,473
Bits to Bytes FY24 Authorization	2,300,000	-	-	1,349,964	771,232	1,721,268
Bits to Bytes FY25 Authorization	3,729,692	-	-	-	-	3,729,692
Total	<u>\$ 16,241,297</u>	<u>\$ 4,971,959</u>	<u>\$ 2,927,538</u>	<u>\$ 3,278,648</u>	<u>\$ 2,149,637</u>	<u>\$ 7,212,789</u>

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund (Continued)

Women's Health Programs

The Center currently runs two capital programs to support women's health research and innovation. The program aims to improve the discovery, technical innovation and/or analysis of datasets to answer pressing life sciences questions around women's health. The Center also runs the Women's Health Innovation grant program to provide grants for capital projects in Massachusetts that aim to support translational research in women's health and gender biology that will ultimately lead to commercial opportunities that address the lack of innovative technologies. For the fiscal years ended June 30, 2025 and 2024, the Center incurred the following expenses for its women's health programs:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
Women's Health FY21 Authorization	\$ 2,399,582	\$ 2,078,380	\$ 321,202	\$ -	\$ -	\$ -
Women's Health FY22 Authorization	748,114	316,418	372,740	58,956	-	-
Women's Health FY23 Authorization	1,956,861	-	649,997	689,493	550,025	1,167,396
Women's Health FY24 Authorization	805,660	-	-	451,822	75,004	428,842
Women's Health FY25 Authorization	750,000	-	-	-	-	750,000
Women's Health Innovation FY21 Authorization	1,718,380	1,697,212	21,168	-	-	-
Women's Health Innovation FY23 Authorization	1,536,267	-	957,987	578,280	217,902	217,902
Women's Health Innovation FY24 Authorization	1,638,249	-	-	744,938	550,983	1,444,294
Women's Health Innovation FY25 Authorization	1,781,307	-	-	33,461	33,461	1,781,307
Total	<u>\$ 13,334,420</u>	<u>\$ 4,092,010</u>	<u>\$ 2,323,094</u>	<u>\$ 2,556,950</u>	<u>\$ 1,427,375</u>	<u>\$ 5,789,741</u>

Health Equity Accelerator Capital Program

The Health Equity Accelerator program is designed to advance health equity in underserved communities. By integrating innovative solutions with a life sciences focus, participants can address unmet healthcare needs, reduce disparities, and promote health equity. The program invites applications from both non-profit and for-profit organizations based in Massachusetts to develop transformative solutions in targeted areas under the health equity lens.

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
Health Equity Accelerator FY25	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Total	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund (Continued)

Novel Therapeutics Delivery Capital Program

The Novel Therapeutics Delivery Capital Program is designed to provide grants for capital projects in Massachusetts that aim to foster the development of novel technologies and techniques for the delivery of existing or innovative therapies by working at the intersection of engineering, biology, chemistry, and medicine. For the fiscal years ended June 30, 2025 and 2024, the Center incurred the following expenses:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
Novel Therapeutics Delivery FY 21 Authorization	\$ 1,976,628	\$ 1,965,867	\$ 10,761	\$ -	\$ -	\$ -
Novel Therapeutics Delivery FY22 Authorization	2,245,817	1,501,574	404,561	339,682	180,707	180,707
Novel Therapeutics Delivery FY23 Authorization	1,846,130	-	1,557,521	288,609	190,492	190,492
Novel Therapeutics Delivery FY24 Authorization	4,461,724	-	-	2,947,155	1,616,585	3,131,154
Novel Therapeutics Delivery FY25 Authorization	750,000	-	-	-	-	750,000
Total	<u>\$ 11,280,299</u>	<u>\$ 3,467,441</u>	<u>\$ 1,972,843</u>	<u>\$ 3,575,446</u>	<u>\$ 1,987,784</u>	<u>\$ 4,252,353</u>

Research Infrastructure Program

The Research Infrastructure program (formerly known as the Open or Competitive Capital Program) is to provide grants for capital projects that support the life sciences ecosystem in Massachusetts by enabling and supporting life sciences research and development in the Commonwealth.

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NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund (Continued)

Research Infrastructure Program (Continued)

The following table summarizes active grants in fiscal years 2025 and 2024, under the Research Infrastructure program:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining payments as of June 30, 2025
Brigham & Women's Hospital	\$ 3,026,942	\$ 1,575,621	\$ 1,451,321	\$ -	\$ -	\$ -
Massachusetts General Hospital	3,633,519	3,500,000	133,519	-	-	-
North Shore Innoverures	3,100,000	1,350,165	1,749,835	-	-	-
University of Massachusetts Amherst	1,655,774	-	1,655,774	-	-	-
Brigham & Women's Hospital	2,402,909	2,402,909	-	-	-	-
University of Massachusetts Amherst	1,554,994	-	1,554,994	-	-	-
Dana-Farber Cancer Institute, Inc.	2,713,670	1,277,214	1,338,095	98,361	98,361	98,361
Harvard School of Public Health	1,850,084	-	1,850,084	-	-	-
University of Massachusetts Boston	1,062,681	182,018	440,422	440,241	-	-
University of Massachusetts Medical School	2,331,572	2,147,072	184,500	-	-	-
Marine Biological Laboratory	4,350,011	734,000	3,616,011	-	-	-
University of Massachusetts Amherst	4,416,301	-	-	4,416,301	1,971,282	1,971,282
Massachusetts General Hospital	3,250,000	-	-	3,250,000	-	-
University of Massachusetts Lowell	1,321,200	-	-	1,185,619	8,000	143,581
Boston Children's Hospital	2,557,526	-	-	2,557,526	-	-
Beth Israel Deaconess Medical Center	1,807,465	-	-	299,585	299,585	1,807,465
Brandeis	2,538,729	-	-	-	-	2,538,729
Massachusetts Institute of Technology	3,050,588	-	-	-	-	3,050,588
Massachusetts General Hospital	3,379,000	-	-	-	-	3,379,000
University of Massachusetts Amherst	2,196,702	-	-	-	-	2,196,702
University of Massachusetts Amherst	1,585,877	-	-	-	-	1,585,877
University of Massachusetts Amherst	1,985,000	-	-	-	-	1,985,000
Total	<u>\$ 55,770,544</u>	<u>\$ 13,168,999</u>	<u>\$ 13,974,555</u>	<u>\$ 12,247,633</u>	<u>\$ 2,377,228</u>	<u>\$ 18,756,585</u>

The STEM Equipment and Supplies Grant Program enables the purchase of equipment and supplies for high schools and middle schools in the Commonwealth in order to train students in life sciences technology and research, as well as addresses a funding gap in capital dollars for public and nonprofit workforce training and educational institutions.

**MASSACHUSETTS LIFE SCIENCES CENTER
(A COMPONENT UNIT OF THE COMMONWEALTH OF MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 GRANTS AND COMMITMENTS (CONTINUED)

Capital Fund (Continued)

STEM Equipment and Supplies Program

The program also seeks to increase student achievement and student interest in STEM as well as support the implementation of state STEM standards. The following table summarizes active grants in fiscal year 2025 and 2024 under the program:

Program	Award Amount	Expensed Prior to FY24	Expensed FY24	Expensed FY25	Amount in Grants Payable or Accrued Grant Expense as of June 30, 2025	Remaining Payments as of June 30, 2025
FY22 High School Equipment Program	\$ 1,534,576	\$ 1,397,357	\$ 137,219	\$ -	\$ -	\$ -
FY23 High School Equipment Program	1,486,384	-	1,422,407	63,977	115	115
FY24 High School Equipment Program	2,230,960	-	-	2,230,960	534,531	534,531
FY25 High School Equipment Program	2,842,943	-	-	20,048	8,989	2,831,884
Total	<u>\$ 8,094,863</u>	<u>\$ 1,397,357</u>	<u>\$ 1,559,626</u>	<u>\$ 2,314,985</u>	<u>\$ 543,635</u>	<u>\$ 3,366,530</u>

Total remaining payments and commitments for all capital program grants as of June 30, 2025, is \$67,334,995, which is contingent upon the Commonwealth fulfilling their funding obligations to the Center.

NOTE 9 LEASE PAYABLE

The Center entered into a lease agreement with the building their 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, 2025 and 2024, the value of the leases was \$1,329,196 and \$1,661,739, respectively. The Center is required to make monthly principal and interest payments.

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

<u>Fiscal Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 343,043	\$ 42,355	\$ 385,398
2027	353,894	31,503	385,397
2028	362,861	20,289	383,150
2029	269,398	8,743	278,141
Total	<u>\$ 1,329,196</u>	<u>\$ 102,890</u>	<u>\$ 1,432,086</u>

**MASSACHUSETTS LIFE SCIENCES CENTER
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Center previously entered into a noncancellable subscription-based information technology arrangement. As of June 30, 2025 and 2024, the value of the arrangement was \$-0- and \$14,008, respectively. The arrangement had an incremental borrowing rate of 3.25%. The arrangement expired during 2025 and now has a term of 12 months or less.

**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)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017
MLSC's Proportion of the Net Pension Liability	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	2,520,432	2,279,350	1,236,779	407,056	907,747	782,734	651,978	719,557	765,923
Total	<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	\$ 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	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, 2025, and the related notes to the financial statements (collectively, the financial statements), and have issued our report thereon dated September 25, 2025. Our report contained a qualified opinion related to the Center not having recognized or disclosed any values associated with unexercised warrants or conversion 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.

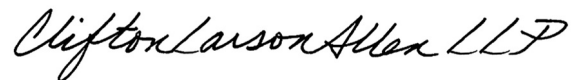
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Boston, Massachusetts
September 25, 2025

