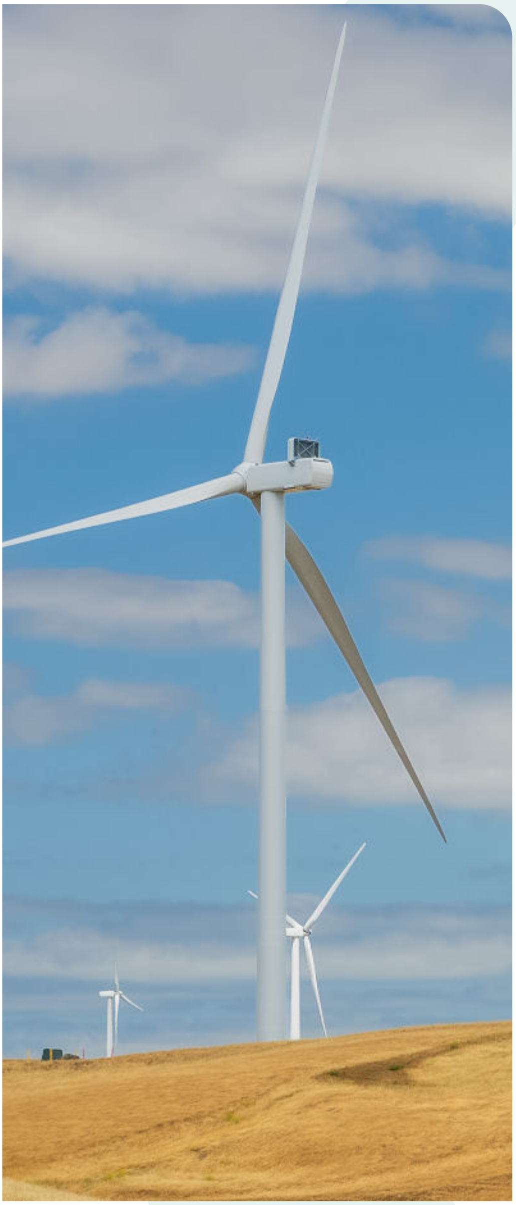
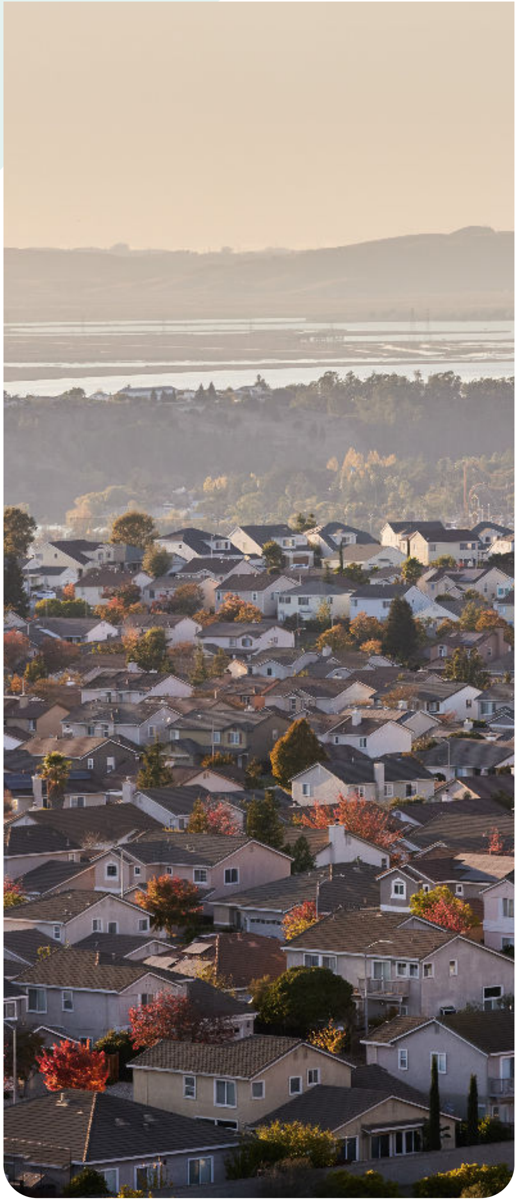
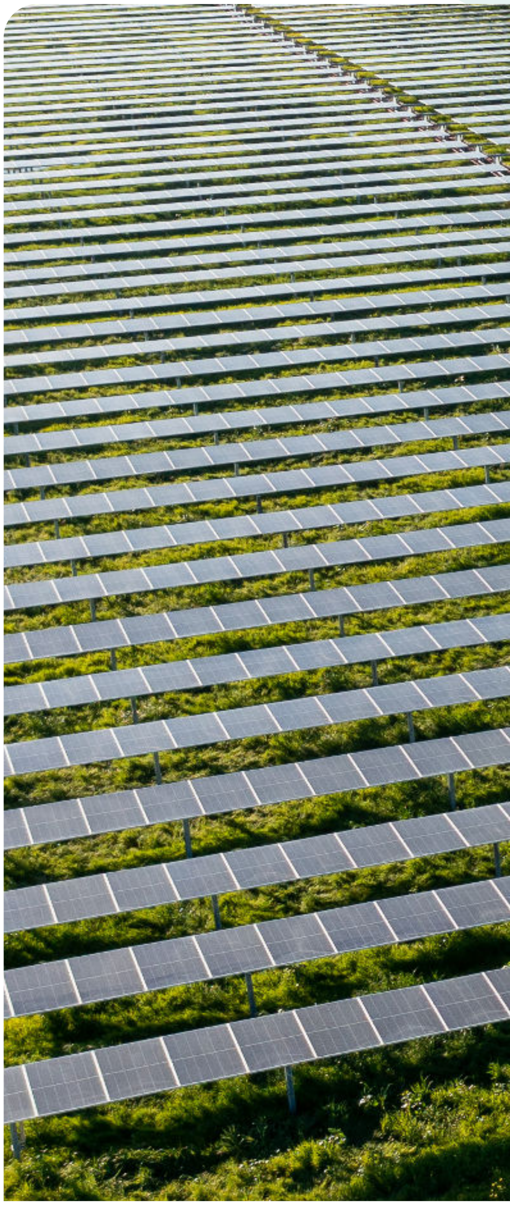
Financial Statements

Years ended March 31, 2026 & 2025
with Report of Independent Auditors

mceCleanEnergy.org

MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2026 AND 2025
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Independent Auditors' Report

To the Board of Directors of
Marin Clean Energy

Opinion

We have audited the accompanying financial statements of Marin Clean Energy (MCE), as of and for the years ended March 31, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the MCE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of MCE as of March 31, 2026 and 2025, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 MCE 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 audit opinion.

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

Baker Tilly US, LLP

Madison, Wisconsin
August 20, 2026

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Marin Clean Energy's (MCE) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff's knowledge of MCE's finances. MCE's fiscal year runs from April 1 through March 31.

If you have questions about this report or require further information, please contact MCE at finance@mceCleanEnergy.org.

Overview of the Financial Statements

MCE's financial report contains basic financial statements:

- The *Statements of Net Position* include all of MCE's assets, liabilities, deferred inflows of resources, and net position and provide information about the nature and amounts of resources and obligations at a specific point in time.

- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of MCE's revenue and expenses for the years shown.

- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.

- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

(Continued)

Financial Summary

MCE's Net Position

	2026	2025	2024
Current assets	$ 479,004,853	$ 512,168,716	$ 426,376,427
Noncurrent assets			
Capital assets, net	6,189,785	555,816	863,432
Other noncurrent assets	174,819,822	166,328,849	164,792,317
Total noncurrent assets	181,009,607	166,884,665	165,655,749
Total assets	660,014,460	679,053,381	592,032,176
Current liabilities	91,705,235	192,190,329	118,346,661
Deferred inflows of resources	150,000,000	70,000,000	70,000,000
Net position:			
Net investment in capital assets	6,189,785	555,816	326,788
Restricted	17,581,784	15,000,000	15,000,000
Unrestricted	394,537,656	401,307,236	388,358,727
Total net position	$ 418,309,225	$ 416,863,052	$ 403,685,515

As of March 31, 2026, MCE's total net position was approximately $418 million, an increase of $1.446 million compared to March 31, 2025. See the discussion in the following section for the changes in the various components.

MCE's Changes in Net Position

	2026	2025	2024
Operating revenues	$ 701,422,195	$ 816,224,799	$ 767,779,391
Nonoperating revenues	21,369,348	25,354,208	15,420,160
Total income	722,791,543	841,579,007	783,199,551
Operating expenses	721,345,370	828,392,314	623,657,258
Nonoperating expenses	-	9,156	28,624
Total expenses	721,345,370	828,401,470	623,685,882
Change in net position	$ 1,446,173	$ 13,177,537	$ 159,513,669

For the year ended March 31, 2026, MCE's change in net position was an increase of approximately $1 million, a decrease of $12 million from the prior year. See the discussion in the following section for the changes in the various components.

Detailed Analysis

MCE continued to maintain a strong financial position during fiscal year 2026 while advancing its long-term objectives of rate stability, customer affordability, and prudent risk management. During the year, MCE increased its Operating Reserve Fund from $70 million to $150 million, remained debt-free, maintained investment-grade credit ratings, and strengthened its liquidity position. Although operating results were affected by the deferral of a portion of current-year revenues into reserves and by changes in energy market conditions, these actions reflect MCE's ongoing commitment to financial resilience and its ability to support customers through future market volatility. The following discussion highlights the key factors affecting MCE's financial performance and financial position during fiscal year 2026.

MCE’s Operating Reserve Fund increased from $70,000,000 at the end of fiscal year 2025 to $150,000,000 at the end of fiscal year 2026. The Operating Reserve Fund allows MCE to defer revenues in years of strong financial performance for potential recognition in future periods when financial results may decline. The fiscal year 2026 deferral reduced the increase in net position but provides additional rate stabilization capacity to help MCE manage future energy market volatility and other financial risks.

Operating revenues decreased by $115,000,00 in fiscal year 2026 compared with fiscal year 2025. The decrease was primarily attributable to the $80,000,000 contribution to the Operating Reserve Fund, which is reported as a reduction of operating revenues. Retail electricity sales also declined by $36,000,000, reflecting slightly lower year over year electricity consumption. Mild weather during the summer of 2025 contributed to lower air-conditioning demand and, consequently, lower electricity load. MCE also receives revenue from sources other than retail customer sales, including grant revenue and liquidated damages resulting from electricity suppliers' noncompliance with contract provisions. Grant revenue increased modestly during the year, partially offsetting the decline in retail electricity sales.

Operating expenses decreased by $107,000,000 in fiscal year 2026 compared with fiscal year 2025. The decrease was primarily attributable to a $116,000,000 reduction in the cost of electricity. Several factors contributed to the lower cost of electricity. Renewable energy deliveries under a short-term contract occurred earlier than anticipated, shifting a significant portion of the related costs to fiscal year 2025. The contract allowed the seller discretion over the timing of deliveries within the applicable calendar year, and energy delivered under the contract was priced during a period of elevated renewable energy prices. As a result, fiscal year 2025 included a greater concentration of these higher-cost deliveries than fiscal year 2026.

Detailed Analysis (Continued)

Fiscal year 2026 costs also benefitted from lower electricity demand due to unusually cool weather, which contributed to lower California Independent System Operator (CAISO) market and settlement costs. Costs associated with renewable energy, resource adequacy, and contracts used to manage exposure to market price volatility were also lower than in the prior year. These decreases were partially offset by higher costs for certain carbon-free energy resources. Overall, the year over year decrease reflects the timing and pricing of contracted energy deliveries, lower customer demand, and more favorable energy market conditions during fiscal year 2026.

The table below summarizes the year-over-year change in MCE's main cost of energy categories.

	2026	2025	2024	$ change from 2026 to 2025	% change from 2026 to 2025
Energy contracts	$ 522,072,000	$ 626,255,000	$ 468,797,000	$ (104,183,000)	-17%
Resource adequacy	130,444,000	142,264,000	102,607,000	(11,820,000)	-8%
Total	$ 652,516,000	$ 768,519,000	$ 571,404,000	$ (116,003,000)	-15%

Energy contracts include PCC1 renewable energy agreements, non-renewable energy agreements, carbon free energy agreements, large hydro or asset-controlling supplier deals, and CAISO settlement costs.

Energy costs fluctuate based on retail load, market prices, renewable energy and resource adequacy requirements, contract terms, hydroelectric and renewable generation, CAISO settlements, congestion, and the timing and mix of procurement. The decrease in the cost of electricity was partially offset by increases in contract services, staff compensation, and other operating expenses necessary to support MCE's operations, regulatory requirements, customer programs, and expanded service area.

Current assets decreased from $512,000,000 at the end of fiscal year 2025 to $479,000,000 at the end of fiscal year 2026. The decrease primarily reflects a shift in the maturity composition of MCE's investment portfolio, including a $60,000,000 decrease in investments classified as current, partially offset by a $53,000,000 increase in unrestricted cash and cash equivalents. Current assets at the end of fiscal year 2026 were primarily comprised of cash and investments of $354,000,000, accounts receivable of $68,000,000, and accrued revenue of $29,000,000.

Capital assets are reported net of depreciation and amortization. Each year, the change is mostly due to capital asset acquisitions, less depreciation and amortization expenses. Capital assets include leasehold improvements, furniture and equipment, and real estate related to MCE's office premises. Capital assets, net of accumulated depreciation and amortization, increased from $600,000 at the end of fiscal 2025 to $6,000,000 at the end of fiscal year 2026. The increase primarily resulted from MCE's acquisition of land and an office building during fiscal year 2026.

Currently Known Facts, Decisions, or Conditions (continued)

Other noncurrent assets include investments of $175,000,000 and $166,000,000 at the end of fiscal years 2026 and 2025, respectively. MCE manages its investment portfolio in accordance with its adopted investment policy, with consideration given to safety, liquidity, maturity, diversification, and anticipated cash-flow requirements.

Current liabilities decreased from $192,000,000 at the end of fiscal year 2025 to $92,000,000 at the end of fiscal year 2026. The largest component of current liabilities is the cost of electricity delivered to customers that was not yet paid by MCE at the end of the fiscal year. Accrued cost of electricity was approximately $59,000,000 and $158,000,000 at the end of fiscal years 2026 and 2025, respectively. The fiscal 2025 balance was comparatively high because it included substantial uninvoiced deliveries under a renewable energy contract executed during a period of elevated renewable energy prices. The fiscal 2026 balance included a lower amount of delivered energy for which invoices had not yet been received at year-end. Accordingly, the decrease primarily reflects differences in the amount and cost of delivered, but uninvoiced energy included in the accrual at each fiscal year-end. Accrued cost of electricity may fluctuate from year to year based on the timing and volume of energy deliveries, supplier invoicing and settlement activity, contractual payment terms, and the prices applicable to the products delivered.

Significant Capital Asset and Long-Term Financing Activity

MCE does not own assets used for electric generation or distribution. Included in capital assets are office equipment, such as computers, furniture, leasehold improvements and real estate. In July 2025, MCE purchased an office building and land for $5,400,000.

MCE does not have any outstanding financing debt. MCE has a revolving credit agreement with Royal Bank of Canada with a credit line of $60 million that was effective until May 2026 and subsequently amended as described in Currently Known Facts, Decisions, or Conditions.

MCE signs renewable energy agreements, procures electricity and electrical capacity and signs other power purchase agreements to comply with state law and elevated voluntary targets for renewable and greenhouse gas-free products as described in its Integrated Resource Plan. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities ("LSEs"), such as MCE, to gradually increase the amount of renewable energy they procure for their customers.

Currently Known Facts, Decisions, or Conditions (continued)

As of March 31, 2026, MCE had executed RPS contracts of ten years or more in duration that are projected to meet MCE's Senate Bill 350 long-term contracting requirements. Additionally, MCE is planning to continue its long-term RPS procurement as opportunities arise. Expected obligations under power purchase agreements totaled approximately $6.0 billion as of March 31, 2026 and $5.9 billion as of March 31, 2025. Actual future costs under these agreements may vary based on the timing and volume of energy deliveries, contract performance, and curtailment. MCE manages these risks by aligning procurement with forecast customer demand, diversifying its portfolio by technology, project location, contract term, delivery profile, and supplier. MCE also maintains counterparty credit, collateral, liquidity, and energy-risk-management practices.

Effective April 1, 2026, MCE implemented a 14% reduction in customer generation rates. MCE also implemented a temporary bill credit of $0.0062 per kilowatt-hour through December 2026 and approved an additional $10.0 million for the MCE Cares Credit program, which provides bill assistance to qualifying residential and small-business customers. These rate actions were adopted in consideration of declining forecasted energy costs, MCE's revenue requirements, rate competitiveness, and increases in the Power Charge Indifference Adjustment, or PCIA, charged by PG&E to MCE customers. The rate reduction, temporary bill credit, and expanded customer assistance are expected to reduce fiscal year 2027 operating revenues compared with the amounts that would have been generated under the prior rates schedule. To partially offset this reduction, MCE's Board approved the recognition of $62.0 million of previously deferred Operating Reserve Fund revenue during fiscal year 2027. Actual operating results may vary based on customer electricity usage, weather, market conditions, and future rate actions.

The PCIA is a state-authorized charge assessed and collected by PG&E from customers receiving generation service from community choice aggregators, including MCE. Changes in the PCIA do not directly affect MCE's reported revenues or expenses; however, they affect customers' total electricity bills and may influence MCE's rate competitiveness, customer participation, and future rate-setting decisions. The 2026 increase in the PCIA was one of the factors considered by MCE when approving the generation-rate reduction, temporary bill credit, and expansion of customer bill assistance. MCE will continue to monitor regulatory proceedings and changes in PG&E charges when evaluating future rates and customer programs.

In May 2026, S&P Global Ratings affirmed MCE's A issuer credit rating with a stable outlook. The rating assessment cited MCE's liquidity, diversified renewable energy portfolio, broad customer base, customer retention, and absence of outstanding debt. Fitch Ratings also maintained MCE's A- issuer default rating following its December 2025 review. MCE's investment-grade ratings support its ability to negotiate energy supply agreements and access financing and liquidity facilities on favorable terms.

Currently Known Facts, Decisions, or Conditions (continued)

In July 2026, following a 45-day extension, MCE finalized an amendment to its revolving credit agreement with Royal Bank of Canada. The amendment extended the facility through May 2027 and increased the available commitment from $60 million to $80 million. As of the date of this report, MCE had no outstanding borrowings or standby letters of credit under the facility. The facility provides an additional source of liquidity for operating and energy procurement requirements.

MCE continues to evaluate a Remedial Action Scheme, or RAS, in coordination with CAISO and PG&E to reduce curtailment affecting a contracted solar project in California's Central Valley. If implemented, the software-based solution may improve project deliverability and reduce curtailment-related energy costs. MCE budgeted approximately $10.2 million of capital outlay for the project in fiscal year 2027. The project's timing, ownership structure, implementation costs, regulatory approvals, and ultimate financial effects remain subject to technical evaluation and negotiations.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

MARCH 31, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	$ 242,125,512	$ 189,331,563
Cash equivalents - restricted for grant purposes	16,270,080	22,294,426
Cash equivalents - restricted for security reserve	17,581,784	15,000,000
Accounts receivable, net of allowance	67,953,267	63,716,419
Accrued revenue	29,032,067	32,246,942
Other receivables	18,803,237	22,849,094
Prepaid expenses	1,071,840	2,372,584
Investments	78,048,161	138,291,067
Deposits	8,118,905	26,066,621
Total current assets	479,004,853	512,168,716
Noncurrent assets		
Investments	174,622,647	166,170,227
Capital assets, net of depreciation and amortization	6,189,785	555,816
Deposits	197,175	158,622
Total noncurrent assets	181,009,607	166,884,665
Total assets	660,014,460	679,053,381
LIABILITIES		
Current liabilities		
Accrued cost of electricity	58,642,896	158,422,801
Accounts payable	4,433,294	3,980,165
Other accrued liabilities	10,160,357	5,353,759
User taxes and energy surcharges due to other governments	1,341,808	1,282,378
Security deposits - energy suppliers	856,800	856,800
Advances from grantors	16,270,080	22,294,426
Total current liabilities	91,705,235	192,190,329
DEFERRED INFLOWS OF RESOURCES		
Operating Reserve Fund	150,000,000	70,000,000
NET POSITION		
Net position		
Net investment in capital assets	6,189,785	555,816
Restricted	17,581,784	15,000,000
Unrestricted	394,537,656	401,307,236
Total net position	$ 418,309,225	$ 416,863,052

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
OPERATING REVENUES		
Electricity sales, net	$ 768,857,882	$ 801,542,634
Rate stabilization	(80,000,000)	-
Grant revenue	11,829,585	14,393,254
Other revenue	734,728	288,911
Total operating revenues	701,422,195	816,224,799
OPERATING EXPENSES		
Cost of electricity	652,516,462	768,519,084
Contract services	23,707,524	22,184,759
Staff compensation	28,475,316	24,719,274
Other operating expenses	16,417,632	12,336,595
Depreciation and amortization	228,436	632,602
Total operating expenses	721,345,370	828,392,314
Operating loss	(19,923,175)	(12,167,515)
NONOPERATING REVENUES (EXPENSES)		
Investment income	21,369,348	25,354,208
Finance costs	-	(9,156)
Nonoperating revenues (expenses), net	21,369,348	25,345,052
CHANGE IN NET POSITION	1,446,173	13,177,537
Net position at beginning of year	416,863,052	403,685,515
Net position at end of year	$ 418,309,225	$ 416,863,052

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 782,441,917	$ 811,751,482
Receipts from grantors	6,228,908	12,584,238
Receipts of security deposits	18,988,991	4,118,400
Receipts from wholesale sales and other operating activities	23,803,994	61,191
Payments to suppliers for electricity and collateral	(769,518,931)	(705,397,207)
Payments for other goods and services	(39,785,558)	(35,595,730)
Payments for deposits and collateral	(449,563)	(21,226,265)
Payments for staff compensation	(27,094,705)	(22,614,450)
Payments of taxes and surcharges to other governments	(13,249,249)	(12,818,095)
Net cash provided (used) by operating activities	(18,634,196)	30,863,564
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of lease liabilities	-	(545,801)
Payments to acquire capital assets	(5,612,405)	(324,986)
Net cash used by capital and related financing activities	(5,612,405)	(870,787)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	23,355,477	16,641,296
Proceeds from sales and maturities of investments	115,447,674	47,017,973
Purchase of investments	(65,205,163)	(78,375,562)
Net cash provided (used) by investing activities	73,597,988	(14,716,293)
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,351,387	15,276,484
Cash and cash equivalents at beginning of year	226,625,989	211,349,505
Cash and cash equivalents at end of year	$ 275,977,376	$ 226,625,989
Reconciliation to the Statement of Net Position		
Cash and cash equivalents - unrestricted	$ 242,125,512	$ 189,331,563
Cash equivalents - restricted for grant purposes	16,270,080	22,294,426
Cash equivalents - restricted for security reserve	17,581,784	15,000,000
Cash and cash equivalents	$ 275,977,376	$ 226,625,989
NONCASH INVESTING ACTIVITIES:		
Change in fair value of investments	$ (667,708)	$ 8,712,912
Change in interest receivable	$ (1,318,421)	$ 81,606

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2026 AND 2025
(Continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	2026	2025
Operating loss	$ (19,923,175)	$ (12,167,515)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization expense	228,436	632,602
(Increase) decrease in:		
Accounts receivable, net	(4,236,848)	(2,268,779)
Accrued revenue	3,214,875	(334,474)
Other receivables	2,727,436	(16,944,778)
Prepaid expenses	1,300,744	(1,400,381)
Deposits	18,539,430	(11,033,423)
Increase (decrease) in:		
Accrued cost of electricity	(99,779,905)	90,472,512
Accounts payable	453,129	(572,277)
Other accrued liabilities	4,806,598	2,640,346
User taxes and energy surcharges due to other governments	59,430	(5,994)
Security deposits - energy suppliers	-	(126,600)
Operating Reserve Fund contribution	80,000,000	-
Advances from grantors	(6,024,346)	(18,027,675)
Net cash provided (used) by operating activities	$ (18,634,196)	$ 30,863,564

The accompanying notes are an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008. As of March 31, 2026, the parties to its Joint Powers Agreement consist of the following local governments:

Contra Costa	Marin	Napa	Solano
Concord	Belvedere	American Canyon	Benicia
Danville	Corte Madera	Calistoga	Fairfield
El Cerrito	Fairfax	Napa	Vallejo
Hercules	Larkspur	St. Helena	Unincorporated area
Lafayette	Mill Valley	Yountville	
Martinez	Novato	Unincorporated area	
Moraga	Ross		
Oakley	San Anselmo		
Pinole	San Rafael		
Pittsburg	Sausalito		
Pleasant Hill	Tiburon		
Richmond	Unincorporated area		
San Pablo			
San Ramon			
Walnut Creek			
Unincorporated area			

MCE is separate from and derives no financial support from its members. MCE is governed by a Board of Directors whose membership is composed of elected officials representing one or more of the parties.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY (Continued)

MCE's mission is to confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating an equitable community. MCE provides electricity to retail customers as a Community Choice Aggregation Program (CCA) under the California Public Utilities Code Section 366.2.

Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company. MCE administers energy efficiency programs that support the development, coordination, and implementation of energy efficiency projects in and around MCE's service area. The funding for energy efficiency programs is provided by ratepayers and regulated by the California Public Utilities Commission.

BASIS OF ACCOUNTING

MCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

MCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

When both restricted and unrestricted resources are available for use, it is MCE's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, MCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. The Statement of Net Position presents restricted cash balances separately. Restricted cash reported on the Statements of Net Position includes funding advanced from grantors and reserves required by MCE's line of credit agreement.

INVESTMENTS

Investments are stated at fair value based on prices listed on a national exchange for debt securities except for certificates of deposit which are stated at cost. MCE intends to hold its securities to maturity. Investments with a maturity of less than one year are shown as current assets in the Statement of Net Position. Investments with a maturity of one year or more are shown as noncurrent assets in the Statement of Net Position.

MCE's Investment Policy permits the following types of investments:

Local Agency Investment Fund (LAIF)
United States Treasury obligations
Federal agency securities
Commercial paper
Certificates of deposits
Money market funds
Municipal securities
Corporate bonds
Collateralized mortgage obligations
Supranationals

OTHER RECEIVABLES

At March 31, 2026 and 2025, the balance of other receivables totaled approximately $18,803,000 and $22,849,000, respectively. These amounts primarily consist of receivables related to the resale of excess energy purchased, anticipated refunds from suppliers due to overpayments, and accrued investment income. These receivables are expected to be collected within the next fiscal year and are considered fully collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require MCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding.

LEASE ASSETS AND LEASE LIABILITIES

MCE recognizes an asset and liability when it enters into certain leasing arrangements. The cost of the leased asset is amortized over the term of the leases. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. MCE's leased asset and liability are related to its office lease that expired in March 2025.

CAPITAL ASSETS AND DEPRECIATION

MCE's policy is to capitalize furniture and equipment costing over $5,000 that are expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, seven years for furniture, ten years for leasehold improvements, and 30 years for buildings. MCE does not own any electric generation, transmission, or distribution assets.

SECURITY DEPOSITS FROM ENERGY SUPPLIERS

Various energy contracts require the supplier to provide MCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent, depending on the length of the time the deposits will be held.

ADVANCES FROM GRANTORS

MCE received grant funding from various grantors. The amount in this category represents funds received by MCE but not yet expended to carry out specific goals. See Note 7 for additional information related to grants administered by MCE.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING RESERVE FUND

In March 2020, MCE created an Operating Reserve Fund (ORF) to allow MCE to defer revenue in years when financial results are strong for use in future years when financial results may decline. MCE's ORF Policy allows a deferral of revenues into the ORF when the increase in net position is projected to exceed 5% of total revenues in a fiscal year. The ORF Policy has a targeted maximum balance of 10% of the total revenues in the current fiscal year. In accordance with GASB Statement No. 62, the amount deposited into the fund is shown as a reduction in operating revenues and reported on the statements of net position as a deferred inflow of resources. Although the ORF Policy establishes a targeted maximum balance of 10% of current-year revenues, the Board approved a one-time waiver of the policy in fiscal year 2026 to permit a balance beyond this limit. Transfers to this fund were $80,000,000 and $0 in fiscal years 2026 and 2025, respectively.

NET POSITION

Net position is presented in the following components:

Net Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of restraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definitions of "net investment in capital assets" or "restricted."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING AND NONOPERATING REVENUE

Operating revenues include energy sales to retail and wholesale customers, grant revenue earned from the delivery of program activities, and liquidated damages from suppliers that fail to meet delivery commitments. Operating revenues also include contributions to and distributions from the Operating Reserve Fund.

Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenues.”

REVENUE RECOGNITION

MCE recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded. Revenue is presented net of estimated uncollectible amounts.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity, services, administrative expenses, and amortization and depreciation of capital assets. Nonoperating expenses include expenses relating to financing.

COST OF ELECTRICITY

During the normal course of business MCE purchases electrical power from numerous suppliers. Electricity costs include the cost of electricity and generation capacity arising from bilateral contracts with energy suppliers and for generation credits, load and other charges arising from MCE’s participation in the California Independent System Operator’s (CAISO) centralized market. The cost of electricity and capacity is recognized as “Cost of Electricity” in the Statements of Revenues, Expenses and Changes in Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COST OF ELECTRICITY (Continued)

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, MCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. MCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier. MCE purchases capacity commitments from qualifying generators to comply with the California Energy Commission's Resource Adequacy Program.

MCE purchases capacity commitments from qualifying electricity generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the electricity grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

MCE pays employees semi-monthly and fully satisfies its obligation for health benefits and contributions to its defined contribution retirement plan. MCE does not provide post-employment healthcare or other fringe benefits and accordingly, no related liability is recorded in these financial statements.

MCE provides compensated absences, including paid time off, which are accrued when earned and recorded as part of accrued liabilities. The liability includes leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. The liability is measured using the employee's pay rate as of the financial statement date.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts reported in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements. These reclassifications did not result in any changes to previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest-bearing and non-interest-bearing accounts. MCE's deposits are subject to California Government Code Section 16521 which requires banks to provide 110% collateralization on public funds in excess of the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. Certain short-term investments with original maturities of less than three months are classified as cash and cash equivalents, which are not subject to the collateral requirement or FDIC coverage previously mentioned. Accordingly, the amount of risk is not disclosed. MCE monitors its risk on an ongoing basis.

3. ACCOUNTS RECEIVABLE

The balances of accounts receivable were as follows as of March 31:

	2026	2025
Accounts receivable from customers	$ 112,934,268	$ 98,746,419
Allowance for uncollectible accounts	(44,981,001)	(35,030,000)
Net accounts receivable	$ 67,953,267	$ 63,716,419

The majority of accounts receivable are collected within a few months after billing. MCE records and allowance for uncollectible accounts based on historical collection experience, customer aging, and other relevant factors. MCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, MCE continues to be successful in collecting older accounts.

4. INVESTMENTS

During the years ended March 31, 2026 and 2025, MCE held investments with original maturities of three months or more. As of March 31, the fair value of investments, except for certificates of deposit which are stated at cost, was as follows:

	2026	2025	Level
Current Investments:			
U.S. Treasury securities	$ 16,481,262	$ 11,423,887	1
U.S. agency obligations	5,517,068	1,509,316	2
Asset backed securities	-	1,720,609	2
Collateralized mortgage obligations	-	743,359	2
Mutual Funds 457(f) plan	1,046,879	-	2
Certificates of deposit	55,002,952	122,893,896	NA
Total current investments	$ 78,048,161	$ 138,291,067	

	2026	2025	Level
Noncurrent Investments:			
U.S. Treasury securities	$ 59,903,669	$ 52,915,296	1
U.S. agency obligations	6,555,936	13,082,124	2
Asset backed securities	17,685,499	19,432,656	2
Collateralized mortgage obligations	24,256,597	21,333,952	2
Corporate bonds	55,666,130	48,919,999	2
Municipal bonds	1,785,935	1,771,864	2
Supranational	8,768,881	8,714,336	2
Total noncurrent investments	$ 174,622,647	$ 166,170,227	

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

U.S. Treasury securities are classified as Level 1 inputs because they rely on unadjusted, quoted prices in active markets for identical assets.

Other investments, other than certificates of deposits, are classified as Level 2 inputs as they were valued using institutional bond quotes or valuations based on various market inputs.

4. INVESTMENTS (Continued)

FAIR VALUE MEASUREMENT (CONTINUED

Certificates of deposits are based on nominal value which is materially consistent with fair value.

In instances where inputs used to measure fair value fall into more than one level in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Certain investments, such as obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. As of March 31, 2026 and 2025, MCE's investments were rated as follows:

	Standard & Poor's	
	2026	2025
Asset backed securities	NR- to AAA	NR- to AAA
Corporate bonds	BBB+ to AA+	A- to AAA
Municipal bonds	AA-	AA
Supranational	AAA	AAA
Certificates of deposit	NR	NR

MCE's investment policy addresses this risk. MCE's investment policy limits investments to those allowed by Section 53601 of the California Government Code that addresses the risk allowable for each investment.

CUSTODIAL CREDIT RISK

Cash and cash equivalents

Custodial credit risk is the risk that in the event of a financial institution failure, MCE's deposits may not be returned to MCE. MCE's deposits are subject to California Government Code Section 16521, which requires banks to collateralize public funds in excess of the FDIC limit of $250,000 by 110%.

4. INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (CONTINUED)

As of March 31, 2026 and 2025, none of MCE's bank balances are known to be individually exposed to credit risk.

CUSTODIAL CREDIT RISK – INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, MCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All of MCE's investments are exposed to custodial credit risk.

MCE's investment policy addresses this risk. All investments owned by MCE are to be held in safekeeping by a third-party custodian, acting as an agent for MCE under the terms of a custody agreement.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. MCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

Following is a summary of investment maturities as of March 31, 2026:

		Investment Maturities	
Investment Type	**Fair Value**	**Under 1 Year**	**1-5 Years**
U.S. Treasury securities	$ 76,384,931	$ 16,481,262	$ 59,903,669
U.S. agency obligations	12,073,004	5,517,068	6,555,936
Asset backed securities	17,685,499	-	17,685,499
Collateralized mortgage obligations	24,256,597	-	24,256,597
Corporate bonds	55,666,130	-	55,666,130
Municipal bonds	1,785,935	-	1,785,935
Supranational	8,768,881	-	8,768,881
Mutual Funds 457f deposits	1,046,879	1,046,879	-
Certificates of deposit	55,002,952	55,002,952	-
	$252,670,808	$ 78,048,161	$ 174,622,647

4. INVESTMENTS (Continued)

INTEREST RATE RISK (Continued)

Following is a summary of investment maturities as of March 31, 2025:

		Investment Maturities	
Investment Type	**Fair Value**	**Under 1 Year**	**1-5 Years**
U.S. Treasury securities	$ 64,339,183	$ 11,423,887	$ 52,915,296
U.S. agency obligations	14,591,440	1,509,316	13,082,124
Asset backed securities	21,153,265	1,720,609	19,432,656
Collateralized mortgage obligations	22,077,311	743,359	21,333,952
Corporate bonds	48,919,999	-	48,919,999
Municipal bonds	1,771,864	-	1,771,864
Supranational	8,714,336	-	8,714,336
Certificates of deposit	122,893,896	122,893,896	-
	$304,461,294	$138,291,067	$ 166,170,227

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss to the magnitude of MCE's investment in a single issuer. MCE manages the concentration of credit risk by diversifying its portfolio so that reliance on any one issuer will not place an undue burden on MCE.

As of March 31, 2026 and 2025, MCE's investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	**Investment Type**	**2026**	**2025**
Federal Home Loan Mortgage Corporation (Freddie Mac)	U.S. agency implicitly guaranteed	9.6%	7.3%

5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Land	$ -	$ 2,025,000	$ -	$ 2,025,000
Capital assets being depreciated and amortized:				
Furniture and equipment	783,928	80,239	(184,982)	679,185
Leasehold improvements	1,089,769	202,221	(1,072,028)	219,962
Software	307,245	180,000	-	487,245
Building	-	3,591,751	-	3,591,751
Total capital assets being depreciated and amortized:	2,180,942	4,054,211	(1,257,010)	4,978,143
Less accumulated depreciation and amortization	(1,625,126)	(228,436)	1,040,204	(813,358)
Total capital assets, net of depreciation and amortization	$ 555,816	$ 5,850,775	$ (216,806)	$ 6,189,785

Capital asset activity for the year ended March 31 2025, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	$ 799,573	$ -	$ (15,645)	$ 783,928
Leasehold improvements	1,072,028	17,741	-	1,089,769
Software	-	307,245	-	307,245
Intangible assets-buildings	2,878,560	-	(2,878,560)	-
Total capital assets being depreciated and amortized:	4,750,161	324,986	(2,894,205)	2,180,942
Less accumulated depreciation and amortization	(3,886,729)	(632,602)	2,894,205	(1,625,126)
Total capital assets, net of depreciation and amortization	$ 863,432	$ (307,616)	$ -	$ 555,816

6. DEBT

LINE OF CREDIT AND LETTERS OF CREDIT

MCE has a $60 million revolving credit agreement with Royal Bank of Canada (RBC) that matures in May 2026. The agreement enhances MCE's overall liquidity for potential working capital needs, collateral requirements, and enhances MCE's investment credit rating. The agreement requires MCE to hold $15 million in an operating reserve account. See the subsequent event note for further details.

MCE had no standby Letters of Credit or amounts outstanding under its lines of credit agreement as of March 31, 2026, and 2025. Any unused balance is subject to a 0.33% fee per annum.

7. GRANTS

MCE administers various grants from the California Public Utilities Commission (CPUC), California Energy Commission, and other sources. MCE's primary source of grant funding is through its CPUC-funded Energy Efficiency (EE) programs. MCE administers several programs under this funding source. Grant revenues are recognized when corresponding eligible expenses are incurred.

The following is a summary of grant revenue for the years ended March 31:

	2026	2025
Operating grants:		
EE	$ 11,009,121	$ 10,160,223
Other	820,464	4,233,031
	$ 11,829,585	$ 14,393,254

8. DEFINED CONTRIBUTION RETIREMENT PLAN

The Marin Clean Energy Plan (Plan) is a defined contribution retirement plan established by MCE to provide benefits at retirement to its employees. The Plan is administered by Nationwide Retirement Solutions. On March 31, 2026 and 2025, MCE had 108 and 102 plan participants, respectively. MCE is required to contribute 10% of covered payroll to the Plan and contributed approximately $2,035,000 and $1,679,000 during the years ended March 31, 2026 and 2025, respectively. The Plan includes vesting provisions intended to encourage employee retention. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

9. NONQUALIFIED DEFERRED COMPENSATION PLAN

Marin Clean Energy sponsors a nonqualified deferred compensation plan under Section 457(f) of the Internal Revenue Code for certain eligible employees. The plan is structured as a retention incentive to qualified personnel still employed and is not subject to the contribution limits applicable to qualified plans.

Under the terms of the plan, eligible employees may receive deferred compensation benefits upon meeting specified vesting conditions. The benefits are subject to a substantial risk of forfeiture until the vesting date, at which point the deferred amounts become taxable to the employee.

As of March 31, 2026 and 2025, the total liability recognized in the statement of net position for the 457(f) plan was $1,157,000 and $498,000, respectively.

10. RISK MANAGEMENT

MCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MCE purchased insurance policies from commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. There were no significant reductions in coverage compared to the prior year. There were no settled claims that exceeded coverage in any of the last three years.

From time to time, MCE may be a party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and MCE's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on MCE's financial position or results of operations.

10. RISK MANAGEMENT (Continued)

MCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transacting with highly rated counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, MCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties. Further information about MCE's energy risk management policy can be found online at MCE's website.

11. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, MCE enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydroelectric facilities.

MCE enters into power purchase agreements to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table details the obligations to purchase existing energy, renewable, and RA contracts as of March 31, 2026:

Year ended March 31,	
2027	$ 520,000,000
2028	460,000,000
2029	380,000,000
2030	370,000,000
2031	370,000,000
2032-51	3,900,000,000
Total	$ 6,000,000,000

12. LEASES

PROPERTY LEASE

On March 9, 2015, MCE entered into a ten-year non-cancelable lease for its San Rafael, California office premise. The rental agreement includes an option to renew the lease for five additional years. On December 12, 2017, MCE entered into a 68-month non-cancelable lease for its Concord, California office location. This lease was amended with a new expiration date of December 31, 2024. The leases have expired and there are no future minimum lease payments as of March 31,2025.

STORAGE CONTRACT ARRANGEMENTS

Related to providing electricity to its customers, MCE entered into energy storage agreements. Through these agreements, MCE obtains the right to control certain aspects of the nature and manner and use of the underlying facilities. The monthly payments made by MCE are variable and based on the performance of the underlying assets including the plant's available capacity, operating charging efficiency, and the seller's responsiveness to MCE's charging and discharge instructions. The variable payments under energy storage agreements are recognized as part of the cost of electricity on the Statement of Revenues, Expenses, and Changes in Net Position. Variable payments for the energy storage agreements totaled approximately $12,986,000 and $4,260,000 in fiscal years 2026 and 2025, respectively.

13. JOINT VENTURE

MCE participates in a joint powers agreement (JPA) through the California Community Choice Financing Authority (CCCFA). CCCFA was formed to assist its members by undertaking the financing or refinancing of energy prepayments through tax-advantaged bonds on behalf of one or more of the members by issuing or incurring bonds and entering into related contracts with its members. Any debt or liability incurred by CCCFA on behalf of a member to prepay for renewable energy is not a debt or liability of that member. Furthermore, the assets of CCCFA in the form of prepaid energy or reserves held by the respective bond trustees for any prepayment transaction undertaken on behalf of a member do not constitute an asset or reserve of that member.

13. JOINT VENTURE (Continued)

CCCFA issued the following bonds, excluding original issue premiums, which are to be used to finance energy purchases that will be delivered to MCE. No debt, liability, obligation of CCCFA is a debt, liability, or obligation of MCE.

Deal	Date issued	Amount Issued	Outstanding as of March 31, 2026	Outstanding as of March 31, 2025
2021A	November 2021	$ 602,655,000	$ 596,830,000	$ 598,715,000
2023G	December 2023	1,038,285,000	1,038,285,000	1,038,285,000
2025B	June 2025	1,062,605,000	1,062,605,000	-
		$ 2,703,545,000	$ 2,697,720,000	$ 1,637,000,000

MCE purchases energy from CCCFA in the same manner as it purchases energy from other suppliers. MCE purchased approximately $99,800,000 and $69,680,000 from CCCFA during the fiscal years ended March 31, 2026 and 2025, respectively. The outstanding commitments to purchase from CCCFA are included in Note 11. This amount represents executed energy contracts assigned to CCCFA as of March 31, 2026. Additional contracts may be assigned while the bond is outstanding.

The financial statements of CCCFA are available online at http://www.cccfa.org/key-documents.html.

14. CONTINGENCY

MCE is involved in pending contract related litigation. The complaint seeks damages of approximately $35 million, including attorney fees. MCE, after consultation with legal counsel, believes it has meritorious and complete defenses to the claims asserted. However, no assurance can be given as to the ultimate outcome of the litigation. Accordingly, no liability has been recorded in the accompanying financial statements.

15. SUBSEQUENT EVENT

In July 2026, MCE extended their revolving credit agreement with Royal Bank of Canada. The credit line is $80 million until May 2027.

16. RECENTLY ADOPTED AND FUTURE ACCOUNTING PRONOUNCEMENTS

MCE implemented GASB Statement No. 102, *Certain Risk Disclosures*, which requires additional disclosures regarding concentrations and constraints that could impact MCE's financial position or results of operations. Implementation of this statement did not have a material effect on the financial statements.

GASB Statements No. 103, *Financial Reporting Model Improvements* and No .104, *Disclosure of Certain Capital Assets* are effective for fiscal years beginning after June 15, 2025. Management is evaluating the effect of implementation of this statement.

GASB Statements No. 105, *Subsequent Events*, is effective for fiscal years beginning after June 15, 2026. Management is evaluating the effect of implementation of this statement.