



## **2025 Annual Report**

02/18/2026

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## **2025 Annual Report Minnesota Climate Innovation Finance Authority**

MnCIFA

85 Seventh Place E. Suite 210

St. Paul, MN 55102

[info.mncifa@state.mn.us](mailto:info.mncifa@state.mn.us)

[mncifa.mn.gov](http://mncifa.mn.gov)

As requested by Minnesota Statute 3.197: This report cost approximately \$2,900 to prepare, including staff time, printing and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille, or audio recording.

## Table of Contents

Submitted to.....	1
Letter to Governor Walz and Legislators.....	2
MnCIFA Board of Directors.....	3
Community Engagement in 2025 .....	4
Milestones .....	5
Project Highlights .....	6
Audited Financials Summary* .....	7
Audited Financials: Statements of Net Position .....	8
Audited Financials: Statements of Revenues, Expenses, and Changes in Net Position .....	9
With gratitude .....	10

## **Submitted on February 18, 2026 to:**

**Governor Tim Walz**

**Senate Energy, Utilities, Environmental and Climate Committee**

Senator Nick Frentz, Chair

Senator Andrew Mathews, Ranking Minority Member

**House Energy Finance and Policy Committee**

Representative Patty Acomb, Co-Chair

Representative Chris Swedzinski, Co-Chair

Minnesota Legislative Reference Library ([lrl.mn.gov](http://lrl.mn.gov))

## Letter to Governor Walz and Legislators

Dear Governor, Legislators, Partners and People of Minnesota,

The year 2025 was one of major transitions for the Minnesota Climate Innovation Finance Authority. We have been in a design-build mode to develop a financially strong structure as we fill a critical gap in financing energy projects in our state. Among our actions in 2025:

**Financing innovative projects in Minnesota:** MnCIFA is acting to fulfill our statutory purpose and mission. Our lending is repeatedly proving that we are filling the gap in financing for small commercial projects in clean energy that, but for MnCIFA, would not move forward. These projects are saving energy, saving money and delivering reliable, renewable energy for nonprofits, small businesses and local governments. As our statute requires, MnCIFA has been consistently investing in communities that have historically faced challenges in accessing capital, that are least able to afford clean energy, and that are most likely to suffer the impacts of Minnesota's changing climate. We are growing Minnesota's clean energy economy and building for the future.

**Attracting public and private capital:** One purpose MnCIFA was created for was to attract federal funding into Minnesota. We've achieved that, drawing in millions of federal dollars by using bridge loans to cover upfront costs on construction of projects until the entities qualified for federal Investment Tax Credits.

- In July 2025, the passage of H.R. 1 into federal law significantly shortened the timeline for wind and solar projects to qualify for investment tax credits (ITCs). MnCIFA responded by providing bridge loans to ITC-eligible projects that lacked the upfront capital to move forward quickly.
- There remain opportunities for MnCIFA bridge loans for geothermal and energy storage projects, which still qualify for federal ITCs.
- MnCIFA is working to expand the capital we have available for loans by expanding financing tools MnCIFA can use and by pursuing private sector and philanthropic investments. Bringing in private capital and fully leveraging clean energy investments by state and local governments, nonprofits and private entities, is a priority for MnCIFA.

### Operations and staffing:

- MnCIFA has established a diversified portfolio, with a range of projects, from solar, energy storage and geothermal, to energy efficiency and innovative clean energy technology.
- With the transition in November 2024 from a temporary to permanent executive director, we have moved forward with hiring 10 staff. They have strengthened MnCIFA operations, as well as community engagement. to maximize impact with our lending.
- We are making continuous improvements to our loan portfolio management to ensure the integrity of our loans, with due diligence that follows banking standards, audited financials and anti-fraud practices.
- Board of Director governance and processes for oversight of MnCIFA operations have also been strengthened. Our board members continue to lend their considerable expertise in financing, clean energy and more, to benefit MnCIFA.

MnCIFA is moving forward with momentum. Already in 2026, we have begun the work to update MnCIFA’s strategic plan. We are engaging with communities across Minnesota, seeking strategic investments, and making critical contributions for Minnesota to transition to a clean energy future.

Sincerely,

Kari Groth Swan, Executive Director

Bali Kumar, Board Chair

Tessa Haagenson, Board Vice Chair

## MnCIFA Board of Directors

As an independent public financing authority, MnCIFA is governed by a Board of Directors. There are 13 members serving on the MnCIFA Board, representing a range of communities and organizations, as designated in MnCIFA statute. The members are appointed by the Governor and serve limited terms. \* *notes designees*.

**Board Chair: Bali Kumar**, Chief Operating Officer, PACE Loan Group – member with expertise in investment fund management, financing, and deploying clean energy technologies

**Board Vice Chair: Tessa Haagenson**, Vice President of Power Supply and Business Development, Connexus Energy – member representing either a municipal electric utility or a cooperative electric association

**Credit Committee Chair: Julia Nelmark**, President and CEO, Midwest Minnesota Community Development Corporation; CEO, White Earth Investment Initiative – member with expertise in financing projects at a community bank, credit union, community development institution or local government

Minnesota Department of Commerce\*: **Pete Wyckoff**, Deputy Commissioner of Energy Resources

Minnesota Department of Employment and Economic Development\*: **Kevin McKinnon**, Deputy Commissioner

Minnesota Department of Labor and Industry\*: **Kate Perushek**, Deputy Commissioner

Minnesota Housing Finance Agency\*: **Katherine Teiken**, Climate Policy Director

Minnesota Indian Affairs Council\*: **Melanie Benjamin**, enrolled member and former Chief Executive, Mille Lacs Band of Ojibwe

Minnesota Pollution Control Agency\*: **Frank Kohlasch**, Assistant Commissioner for Air and Climate Policy

Labor organization member, representing a labor union with experience working on clean energy projects: **Joe Fowler**, Business Manager, Construction & General Laborers Union Local 563, LIUNA MN/ND

Member with expertise in environmental justice: **Marcus Mills**, Consultant; Owner, At Your Finger Tips

Member with expertise in impact of climate change on Minnesota communities, particularly low-income communities: **Jenna Warmuth**, Senior Manager, Midwest Regional Policy, Rewiring America

Member with expertise in sustainable development and energy conservation: **Axaule Sultanova**, Digital Services Account Engineer, Trane Technologies

## Community Engagement in 2025

In 2025, MnCIFA expanded our engagement with communities across Minnesota, leveraging the robust network of clean energy advocates to connect with new people and organizations. We also celebrated ground breakings and grand openings for projects with MnCIFA loans. A few highlights from 2025:

**Green financing for nonprofits** - On September 19, 2025, Celtic Junction Arts Center in St. Paul hosted a gathering to celebrate a portfolio of projects to add rooftop solar to 10 nonprofits based in the Twin Cities. MnCIFA provided the portfolio loan for \$1.84 million to developer Lake Street Solar in partnership with Minnesota Interfaith Light & Power and Apadana Energies.

**Tribal Affairs** In August, MnCIFA Executive Director Kari Groth Swan presented to the Minnesota Indian Affairs Council and the newly formed Tribal Advocacy Council on Energy, as part of MnCIFA's outreach to Minnesota Tribal Nations. Our engagement with Tribes is benefitting from assistance of MnCIFA Board Member Melanie Benjamin, member of the Mille Lacs Band of Ojibwe and former Chief Executive of the Mille Lacs Band, as well as support from Commerce Tribal Liaison Jackie Dionne.

**Clean energy network** – Throughout 2025, MnCIFA staff connected with a wide range of individuals and organizations in Minnesota's robust clean energy ecosystem. Among the events where MnCIFA presented, spoke on a panel or participated:

- Gateway to Solar – MnSEIA 2025 annual conference
- Minnesota Energy Innovation Summit 2025
- Summit on Financing Energy Projects for Schools
- LiUNA Infrastructure Summit
- Minnesota Technical Assistance Collaborative
- Climate Cities Coalition
- Fresh Energy Green Financing webinar

## Milestones

### Total MnCIFA investments

MnCIFA has issued a total of **\$23.1 million** for projects with closed loans as of December 2025. An **additional \$14.3 million** in projects has been approved by the MnCIFA Board of Directors for loans and are pending final closure.

### Total project investments

Projects with MnCIFA loans have **\$107 million invested**, with a ratio of about **\$5** in private and public investment for every **\$1** in MnCIFA loans.

### Projects benefiting EJ Communities

**90%** of MnCIFA loans have direct benefit to environmental justice communities. ([Map of state with EJ communities identified by census tracts](#))

### Jobs supported:

MnCIFA loans advance projects that support a wide range of jobs in construction, as well as development of new jobs for ongoing operational support of the organization. Our borrowers have, to date, reported **975 jobs** as being supported by MnCIFA loans. This does not encompass all jobs involved or created as a result of the projects.

### Energy savings:

In fulfilling our mission and statutory requirements, MnCIFA provides loans for projects that demonstrate energy savings or reduction in carbon emissions. Our borrowers have, to date, reported these data. This does not encompass all energy savings as a result of the projects.

**Annual energy savings:** Btus 5.833 billion; Kwhs 1.824 million; Metric tons reduced greenhouse gases 4,251

## Project Highlights

The year 2025 marked an acceleration of lending for MnCIFA. Following our initial year of lending in 2024, with three loans approved by the Board of Directors, we doubled that volume, with six loans that have subsequently closed. MnCIFA staff conducted due diligence on dozens of other applications, and subsequently advanced six more loans for Board approval by January 2026, which are pending final loan closing.

### **Renewable energy systems: Avenues for Youth**

**\$4.5 million loan:** Financing geothermal energy system for \$12 million new facility serving youth ages 16-24 who are experiencing homelessness, permanently reducing energy costs so more resources can support youth served. Federal Investment Tax Credit via Direct Pay: 30% of loan costs.

### **High-efficiency energy system for historic renovation: Sandstone School Workforce Housing**

**\$3.62 million loan:** Financing for century-old building renovation to have a highly energy efficient boiler, radiators, windows and roofing, which will lower electric use by 65% and natural gas use by 41%. Federal and state historical tax credits for \$2.77 million will help repay the loan.

### **Innovative clean energy technology: Carba, Inc.**

**\$500,000 loan:** Financing first pyrolysis reactor installed by Carba to convert woody biomass into neutral biocarbon (charcoal), which is then used as landfill and subsequently buried for long-term carbon sequestration. MnCIFA's loan has served as catalyst to draw in millions more in private investments.

### **More about MnCIFA projects**

Additional projects and info on MnCIFA loans: [mncifa.mn.gov/projects](https://mncifa.mn.gov/projects).

## **Audited Financials Summary\***

Independent Auditor’s Report for 2025 prepared by BerryDunn, BDMP Assurance, LLP.

\*Full report and presentation to MnCIFA Board of Directors is available online:  
[mncifa.mn.gov](https://mncifa.mn.gov) – search for “Board agenda December 17, 2025”.

### ***Opinion***

We have audited the accompanying financial statements of Minnesota Climate Innovation Finance Authority (the Authority), a component unit of the State of Minnesota, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority 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 U.S. generally accepted accounting principles (U.S. GAAP).

### ***Basis for Opinion***

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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.

SOURCE: Independent Auditor’s Report page 4

## Audited Financials: Statements of Net Position

Table 1: Statements of Net Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 90,995,726	\$ 41,715,209
Noncurrent assets:		
Loans receivable	<u>16,400,000</u>	<u>4,700,000</u>
Total assets	<u>\$ 107,395,726</u>	<u>\$ 46,415,209</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 154,487	\$ 15,646
Accrued payroll and related liabilities	<u>156,243</u>	<u>16,772</u>
Total liabilities	<u>\$ 310,730</u>	<u>\$ 32,418</u>
Net Position		
Unrestricted	<u>\$ 107,084,996</u>	<u>\$ 46,382,791</u>
Total net position	<u>\$ 107,084,996</u>	<u>\$ 46,382,791</u>

SOURCE: Independent Auditor's Report page 11

## Audited Financials: Statements of Revenues, Expenses, and Changes in Net Position

Table 2: Statements of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating expenses		
Salaries and fringe benefits	\$ 577,260	\$ 110,846
Purchased services	654,536	35,000
Supplies and materials	8,547	135
Other expenses	<u>16,768</u>	<u>398</u>
Total operating expenses	<u>1,257,111</u>	<u>146,379</u>
Operating losses	<u>(1,257,111)</u>	<u>(146,379)</u>
Nonoperating revenues		
Interest earnings	<u>1,959,316</u>	<u>1,529,170</u>
Total nonoperating revenues	<u>1,959,316</u>	<u>1,529,170</u>
Net increase in net position	702,205	1,382,791
Net position, beginning of year	46,382,791	
Transfers from State of Minnesota	<u>60,000,000</u>	<u>45,000,000</u>
Net position, ending of year	<u>\$ 107,084,996</u>	<u>\$ 46,382,791</u>

SOURCE: Independent Auditor's Report page 12

## **With gratitude ...**

We extend thanks to all our partners, clients, and supporters. Our milestones and momentum are due to the collaboration and coordination of the many people and communities seeking to protect our state now and for generations to come.

With sincere gratitude, the MnCIFA Team