

May 3, 2019

Crowe LLP

400 Capital Mall, Suite 1400

Sacramento, CA 95814

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of Western Climate Initiative, Inc. as December 31, 2018 and 2017 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$19,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 5, 2019 for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States, and we believe the financial statements are fairly presented.
2. We are responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
3. All transactions have been recorded in the accounting records and reflected in the financial statements.

4. We have provided you --
  - a. Access to all financial records, documentation and other information that is relevant to the preparation and fair presentation of the financial statements.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - e. All sales agreement terms and conditions, including right of return or price adjustment.
  - f. All regulatory examination reports and correspondence to and from regulatory agencies, including communications concerning compliance with laws and regulations or supervisory actions.
  - g. Results of the assessment of risk that the financial statements may be materially misstated as a result of fraud.
5. We have no plans or intentions that might materially affect the carrying value or classification of assets and liabilities.
6. We have identified all accounting estimates that materially affect recorded amounts and disclosures in the financial statements, and the key factors and significant assumptions underlying those estimates. We believe the estimates are reasonable in the circumstances. These estimates include:
  - a. Allowance for doubtful accounts.
7. Adequate consideration and provision has been made, when necessary, for any material losses likely to be sustained from:
  - a. Impairment of long-lived assets when the carrying amount may not be recoverable.
  - b. Collection of receivables.
  - c. Environmental remediation liabilities.
8. Except as disclosed in the financial statements, or directly to you, there are or have been no material:
  - a. Arrangements, either written or oral, with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

- b. Oral or written guarantees or warranties, agreements to repurchase items sold, or inventory shipped on approval or consignment.
  - c. Other financial instruments with significant “off-balance-sheet” risk of accounting loss to which the Organization is a party.
  - d. Concentrations that make the Organization vulnerable to the risk of a severe impact within one year from the balance sheet date (including, for example, individual or group concentrations of customers, suppliers, lenders, products, services, sources of labor or materials, licenses or other rights, operating areas or markets).
  - e. Significant accounting estimates that are susceptible to changing materially as a result of an event or change in conditions that is reasonably possible of occurrence within one year from the balance sheet date.
  - f. Liens, encumbrances or other title impairments, such as pledges as collateral, on Organization assets at the balance sheet date.
  - g. Restrictions under borrowing agreements.
  - h. Unrecorded transactions.
  - i. Significant events that have occurred subsequent to the balance sheet date through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
  - j. Expenditures deferred to future periods that are not recoverable.
9. We have disclosed to you all known actual or possible litigation, claims and assessments whose effects should be considered by management when preparing the financial statements. These matters have been accounted for and disclosed in conformity with accounting principles generally accepted in the United States. We have not consulted with or been represented by legal counsel during the period audited to the date of this letter regarding any litigation, claims, or assessments, asserted or unasserted.
10. Related parties and all related party relationships and transactions, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees, have been disclosed to you, and have been appropriately accounted for and disclosed in the financial statements in accordance with the requirements of accounting principles generally accepted in the United States.
11. Except as disclosed to you, we have no knowledge of any fraud or suspected fraud affecting the Organization involving:
- a. Management, whether material or not.
  - b. Employees who have significant roles in internal control, whether material or not.
  - c. Others when the fraud could have a material effect on the financial statements.

12. Except as disclosed to you, we have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, analysts, regulators, or others.
13. Except as disclosed to you, there have been no:
  - a. Instances of non-compliance or suspected non-compliance with laws or regulations whose effects should be considered when preparing the financial statements.
  - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450.
  - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
14. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
15. During the course of your audit, we have provided to you physical or electronic copies of various original documents. We understand that you are relying on such copies as audit evidence in your audit and represent that copies provided are an accurate and completed representation of the original documentation and that the copies have not been modified from their original version.
16. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under IRC Sec. 501(a), as evidenced by a determination letter. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise tax, have been disclosed to you. All required filings with tax authorities have been filed on a timely basis and are up to date.
17. Net assets are appropriately classified between net assets with donor restrictions and net assets without donor restrictions.

*{Signature on file}*

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Greg Tamblyn, Executive Director

*{Signature on file}*

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Bill Simi, CPA Corporation