MIDWEST ENERGY EFFICIENCY ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

MIDWEST ENERGY EFFICIENCY ALLIANCE

CONTENT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midwest Energy Efficiency Alliance

Report on the Financial Statements

We have audited the accompanying financial statements of Midwest Energy Efficiency Alliance (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Energy Efficiency Alliance as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Stan*dards, we have also issued our report dated November 21, 2019, on our consideration of Midwest Energy Efficiency Alliance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, controls and grant agreements and other matters. The purpose of that report is 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 Midwest Energy Efficiency'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 Midwest Energy Efficiency Alliance's internal control over financial reporting and compliance.

Marcum LLP

Deerfield, IL
November 21, 2019

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

Assets		
Current Assets		
Cash and Cash Equivalents:		
Cash and cash equivalents	$ 736,479	
Cash and cash equivalents - operating reserve	775,000	
Cash and cash equivalents - strategic reserve	898,960	
Total Cash and Cash Equivalents	2,410,439	
Accounts receivable, net	719,652	
Certificates of deposit	956,012	
Prepaid expenses	55,260	
Total Current Assets		$ 4,141,363
Property and Equipment, Net		147,565
Total Assets		$ 4,288,928

The accompanying notes are an integral part of these financial statements.

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 220,800	
Accrued expenses	172,211	
Deferred membership	49,000	
Grants/Sponsorships received in advance	90,704	
Current portion of deferred rent	107,741	
Total Current Liabilities		$ 640,456
Long-Term Liabilities		
Deferred rent		123,855
Total Liabilities		764,311
Net Assets		
Without donor restrictions	3,321,100	
With donor restrictions	203,517	
Total Net Assets		3,524,617
Total Liabilities and Net Assets		$ 4,288,928

The accompanying notes are an integral part of these financial statements.

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government grants	$ --	$ 928,977	$ 928,977
Foundation grants	--	333,500	333,500
Municipal utility and nonprofit grants	--	1,628,500	1,628,500
Membership	724,983	--	724,983
Tuition income	479,867	--	479,867
Conference and workshop income	640,491	--	640,491
Miscellaneous	13,501	--	13,501
Interest income	14,365	--	14,365
Program service revenue	3,573	--	3,573
Net assets released from restriction by satisfaction of program requirements	2,913,847	(2,913,847)	--
Total Revenue and Other Support	4,790,627	(22,870)	4,767,757
Expenses			
Program	3,807,985	--	3,807,985
Management and general	731,163	--	731,163
Fundraising and development	3,801	--	3,801
Total Expenses	4,542,949	--	4,542,949
Change in Net Assets	247,678	(22,870)	224,808
Net Assets - Beginning	3,073,422	226,387	3,299,809
Net Assets - Ending	$ 3,321,100	$ 203,517	$ 3,524,617

The accompanying notes are an integral part of these financial statements.

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program	Management and General	Fundraising and Development	Total
Bank service and merchant account fees	$ 14,880	$ 16,994	$ --	$ 31,874
Computer expense	55,648	15,617	--	71,265
Depreciation and amortization	53,017	22,722	--	75,739
Dues, licenses and fees	2,246	5,641	1,965	9,852
Employee costs - retirement plan, recruitment, education, workers' compensation insurance	105,433	20,702	43	126,178
Gifts and grants	--	8,932	--	8,932
Insurance - health, life and disability	128,368	21,510	69	149,947
Insurance - organizational and liability	26,546	8,825	--	35,371
Meeting and conferences	382,521	29,784	--	412,305
Payroll taxes	95,932	9,214	121	105,267
Postage and delivery	6,208	2,951	--	9,159
Printing and reproduction - outsourced	14,783	2,127	--	16,910
Professional fees - accounting	--	25,817	--	25,817
Professional fees - audio/video	62,654	--	--	62,654
Professional fees - consulting	15,761	17,655	--	33,416
Professional fees - legal	14,103	18,022	--	32,125
Professional fees - public relations	3,101	16,997	--	20,098
Program expense - direct, paid to subcontractors - consumer programs	734,630	--	--	734,630
Program expense - direct - training programs	484,773	--	--	484,773
Office expenses	13,662	6,906	--	20,568
Rent	105,820	45,351	--	151,171
Salaries and wages	1,176,266	346,292	1,568	1,524,126
Sponsorship	14,781	--	--	14,781
Supplies and publications	28,449	6,792	--	35,241
Telecommunications	15,737	5,602	--	21,339
Travel, meals and entertainment	178,324	47,554	19	225,897
Unemployment taxes	10,911	6,797	16	17,724
Utilities	44,610	19,118	--	63,728
Website	18,822	3,241	--	22,063
Total Expenses	$ 3,807,985	$ 731,163	$ 3,801	$ 4,542,949

The accompanying notes are an integral part of these financial statements.

MIDWEST ENERGY EFFICIENCY ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows From Operating Activities		
Change in net assets		$ 224,808
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	$ 75,739	
Decrease in deferred rent	(101,356)	
Changes in operating assets and liabilities:		
Accounts receivable	(81,135)	
Prepaid expenses	4,547	
Accounts payable	89,835	
Accrued expenses	26,132	
Deferred membership	(28,550)	
Grants/Sponsorships received in advance	8,000	
Total Adjustments		(6,788)
Net Cash Provided by Operating Activities		218,020
Cash Flows From Investing Activities		
Payments for acquisition of property and equipment	(6,093)	
Purchases of certificates of deposit	(956,012)	
Proceeds from certificates of deposit	979,327	
Net Cash Provided by Investing Activities		17,222
Net Increase in Cash and Cash Equivalents		235,242
Cash and Cash Equivalents - Beginning		2,175,197
Cash and Cash Equivalents - Ending		$ 2,410,439

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Midwest Energy Efficiency Alliance ("MEEA") was incorporated under the laws of Illinois on March 22, 2000, as a not-for-profit corporation. The purpose of the corporation is to develop, design, implement and coordinate energy efficiency and renewable energy resource programs, projects and educational activities in the Midwest.

NEW ACCOUNTING PRONOUNCEMENTS

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information presented about expenses and investment return. MEEA has adjusted the presentation of these statements accordingly. The major changes of the ASU affecting MEEA include (a) requiring representation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions" (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources, and (c) incorporating additional detail regarding reporting expenses by both nature and function. The application of the ASU did not affect the change in net assets for the year ended June 30, 2019.

CASH FLOWS

MEEA considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

CASH BALANCES IN EXCESS OF INSURED AMOUNTS

MEEA maintains its cash in accounts which, at times, may exceed federally insured limits. MEEA has not experienced any losses due to these limits.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSES OF NET ASSETS

The accounts of MEEA are maintained in accordance with the principles of fund accounting, whereby resources are classified for accounting and reporting purposes into net assets established according to their nature and purposes.

Net Assets without Donor Restrictions

Net assets without donor restrictions represents the portion of expendable funds that are available for the daily operations of MEEA, which are not limited by donor restriction as to use.

Net Assets with Donor Restrictions

Net assets with donor restrictions consists of donor-restricted contributions for specified projects as well as contributions received with time restrictions. When a net asset with restrictions expires, net assets are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. At June 30, 2019, net assets with donor restrictions consist of purpose restrictions of $203,517 for education related to savings from building codes, access to programs, and utility program best practices, as well as outreach to cities for interacting with future code development. This amount represents revenue for programs to be implemented in the future, and although the revenue is recognized in the current period, the related expenses will not be recognized until they are incurred.

FUNCTIONAL EXPENSES

The statement of functional expenses presents the expenses by function and natural classification. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain categories of expenses are attributed to one or more supporting function of the Organization, which are allocated based on estimates of time and effort done on a yearly basis or in the case of expenses regarding office and occupancy costs, allocated on an analysis of square footage utilized.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

MEEA receives support and revenue from various funding sources in order to accomplish its energy efficiency programs. Revenue and other support is recognized in the period earned or awarded and is available for unrestricted use unless explicit donor stipulations specify how or when the funds may be used. Grants may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement. Dues from members are recognized in the membership year. Dues received in advance of the membership year are reflected as deferred membership on the statement of financial position.

Accounts receivable represent amounts charged to grants that are not yet received as well as dues owed from members. Accounts receivable are recorded at their net realizable value. MEEA provides an allowance for doubtful accounts based upon historical collection experience, coupled with an annual review of the current status of existing accounts. The allowance for doubtful accounts was $4,500 as of June 30, 2019.

INCOME TAXES

MEEA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, MEEA has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, MEEA has made no provision for income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America (“GAAP”) require management to evaluate tax positions taken by MEEA and recognize a tax liability (or asset) if MEEA has taken uncertain positions that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by MEEA, and has concluded that as of June 30, 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. MEEA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress. If MEEA were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with 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. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements.

DATE OF MANAGEMENT'S REVIEW

MEEA has evaluated subsequent events through November 21, 2019, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

NOTE 2 - PROPERTY AND EQUIPMENT

Equipment, furniture, and leasehold improvements are recorded at cost or fair value if contributed. It is MEEA's policy to capitalize expenditures for long-lived assets if they are over $2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Property and equipment consists of the following at June 30, 2019:

		Estimated Useful Lives
Leasehold improvements	$532,680	10
Furniture and equipment	154,142	5-10
Computer equipment and software	101,660	3-5
Total Cost	788,482	
Less: accumulated depreciation	(640,917)	
Property and Equipment, Net	$147,565	

NOTE 3 - RETIREMENT PLAN

MEEA has a tax deferred savings plan covering eligible employees, as defined by the plan documents. Employees are allowed to make elective deferrals up to the maximum allowed by the Internal Revenue Code. MEEA, at its discretion, may contribute on behalf of each of the employees who are participants of the plan, an amount up to 50% of the first 6% of compensation. The contribution expense under the plan was $97,573 for the year ended June 30, 2019.

NOTE 4 - CERTIFICATES OF DEPOSIT

At June 30, 2019, MEEA held certificates of deposits in the amount of $956,012 with interest rates ranging from 0.25% to 2.50% and maturity dates ranging from July 2019 through April 2020. Subsequent to year end, certificates of deposit that matured were renewed.

NOTE 5 - LINE OF CREDIT

MEEA has a $250,000 line of credit available with Fifth Third Bank which expires on November 30, 2019. The note is secured by corporate assets of MEEA as defined by the agreement. Interest is computed at the bank’s prime interest rate plus 1.00% (prime rate was 5.50% as of June 30, 2019), with a floor of 4.00%. During the year, no advance was taken on the line of credit, and as of June 30, 2019 there was no amount due. Management intends to renew the line of credit with substantially similar terms.

NOTE 6 - LEASE

MEEA has a lease agreement for office space in Chicago, Illinois. The lease, which began March 1, 2011 and expires August 1, 2021, requires monthly rent in the range of $17,941 to $22,406 as the lease progresses. The lessor provided various incentives to MEEA upon the signing of the lease. First, the lessor contributed $532,680 towards improvements made to the leased space. In addition, the lessor provided furniture in the amount of $62,401. The lessor also provided full rent abatement for the period from March 2011 through May 2012 totaling $179,410 and partial rent abatement for the period from June 2012 through January 2013 totaling $32,943. These incentives have been included as part of the deferred rent payable. As part of the lease agreement, MEEA was required to keep a letter of credit in the amount of $210,000 for the first four years of the lease. On August 1, 2015, the required letter of credit amount reduced to $175,000 and has been further reduced to $100,000 at June 30, 2019. Cash and cash equivalents of $210,000 serve as collateral for the letter of credit.

In accordance with accounting principles generally accepted in the United States of America, rent expense is recorded on a straight-line basis over the life of the lease. Rent expense for the year ended June 30, 2019 is $151,171. The deferred rent payable balance is $231,596 at June 30, 2019.

Future minimum rental payments due under the lease are as follows:

For the Years Ending June 30,	Amount
2020	$261,779
2021	268,323
2022	22,406
Total	$552,508

NOTE 7 - SUPPORT AND REVENUE

MEEA's various programs and amounts received including the outstanding accounts receivable as of and for the year ended June 30, 2019 are as follows:

Program Name	Description	Revenue 2019	Accounts Receivable at June 30, 2019
Building Operator Certification	An educational program targeted to building operators to inform them about low to no cost methods of improving the energy efficiency of their facilities.	$ 961,491	$ 114,755
Membership	Membership Dues from MEEA members to support the Energy Efficiency mission of the organization.	724,983	14,500
Midwest Energy Solutions Conference	A regional conference to promote energy efficiency and educate stakeholders throughout the Midwest.	640,491	13,991
Illinois Codes Collaborative	Illinois IOU funded commercial and residential baseline study.	600,002	151,705
Illinois Home Performance EEPS Grant Year 2019	Residential retrofit program funded through the Illinois IOUs.	489,271	68,887
PNNL	DOE funded work through Pacific Northwest National Laboratory for Building Energy Codes Program and Residential Building Integration to provide best practices and provide technical assistance.	305,164	82,734
Joyce Foundation	Joyce Foundation funded project to educate public utilities commissions, legislators, governors and advocates on energy efficiency.	140,000	--

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue 2019	Accounts Receivable at June 30, 2019
MT-RI	Support of the Midwest Market Transformation Collaborative under contract to Resource Innovations.	$ 121,468	$ 59,233
K12 Outreach	School Program (K-12) Outreach Assistance in ComEd service territory.	111,386	35,011
Ameren MO Codes 19-21	Manage 3 year residential energy code compliance support program in Ameren MO.	102,230	66,824
HVAC Save	Quality installation and quality maintenance program for residential HVAC systems based on performance.	80,497	--
EF Building Codes - Midwest Program	Energy Foundation funded to support increased energy efficiency savings from building codes across MEEA footprint and to fund Midwest Energy Codes Conference.	78,000	--
Multi Family	Energy Foundation funded program to educate policymakers and stakeholders to improve access to energy efficiency programs in the affordable multifamily sector.	70,000	--
LBNL AMO	DOE funded through Lawrence Berkeley national lab to promote DOE’s 50001 Ready resources and perform outreach training and pilot set up for utilities.	63,210	23,648
IL SAG	Meeting Facilitation & Facility Support for the Illinois Stakeholder Advisory Group.	60,663	14,607

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue 2019	Accounts Receivable at June 30, 2019
ISEIF	Illinois Science and Energy Innovation Foundation/Smart Grid training for Real Estate Professionals.	$ 44,500	$ --
NREL	DOE funded work through National Renewal Energy Laboratory for understanding Regional best practices and providing technical assistance.	42,910	9,890
Interest and Miscellaneous Income	Travel Reimbursement for Executive Director Speaking at Conferences; Health Insurance Reimbursements; Partial refund for Educational Program Registration, Rental of office space; Bank account interest revenue, certificate of deposit interest revenue, travel reimbursements, and other miscellaneous income.	22,168	11,829
IMT	Institute for Market Transformation. Commercial Base Line Study for DOE.	21,750	1,250
NSPM	E4 the Future funding to coordinate and provide outreach to support educating states on National Standards Practice Manual.	20,188	1,690
HEA-Homebuyer Energy Access	Realtor Outreach/Score Card Pilot	16,634	16,634
GTI T05 15-19	MEEA is a member of a research team studying building science topics and has a grant from DOE in partnership with GTI (Gas Technology Institute) and the University of Illinois. Funding flows from DOE through GTI to MEEA.	13,068	9,221

NOTE 7 - SUPPORT AND REVENUE (CONTINUED)

Program Name	Description	Revenue 2019	Accounts Receivable at June 30, 2019
EPA Industrial	US EPA funded program to educate large energy users on energy efficiency resources in Illinois and/or Indiana.	$ 12,727	$ 6,917
MI Codes Support	Create and implement a Michigan Energy Codes 101.	11,390	11,390
MI Appraiser	Create and implement a Michigan Energy Codes 101 Education Campaign.	4,229	4,229
General Policy	Miscellaneous income	3,772	--
STEP	Provides specific energy efficiency measures to public sector facilities.	2,800	--
Re-Amp EBE	Grant for Rural Electric Cooperatives Action on Equitable Beneficial Electrification.	1,000	--
MN Card Grant	Subcontractor to 2050 Partners to develop a roadmap for the development and implementation of a codes and standards utility program in Minnesota.	705	705
MW LUMEN	Midwest Lumen is a regional lighting collaborative.	560	--
Building Policy		500	--
Total		$4,767,757	$ 719,652

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects certain of MEEA's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or are classified as assets held in perpetual trust.

	Amount
Cash	$2,410,439
Investments	956,012
Accounts receivable	719,652
	4,086,103
Less: amounts designated as collateral for the letter of credit	(100,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$3,986,103

MEEA has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, MEEA has a $250,000 line of credit that matures November 30, 2019 of which no funds have been drawn down as of June 30, 2019 (see note 5).

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*

To the Board of Directors
Midwest Energy Efficiency Alliance

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 Midwest Energy Efficiency Alliance, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended June 30, 2019, and have issued our report thereon dated November 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Midwest Energy Efficiency Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Midwest Energy Efficiency Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Midwest Energy Efficiency Alliance'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Midwest Energy Efficiency Alliance'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 determination of financial statement amounts. 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.

Marcum LLP

Deerfield, IL
November 21, 2019