



January 7, 2013

To the Board of Directors
World Environment Center, Inc.
Washington, D.C.

In planning and performing our audit of the financial statements of the World Environment Center, Inc. (WEC) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered WEC's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WEC's internal control. Accordingly, we do not express an opinion on the effectiveness of WEC's internal control.

Our consideration of WEC's internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in WEC's internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated January 7, 2013 on the financial statements of WEC. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

PRIOR YEAR COMMENTS WITH CURRENT YEAR STATUS

Executive Order (EO) 13224

2011 Comment: The U.S. Department of State's Office of the Coordinator for Counterterrorism issued Executive Order (EO) 13224 during September 2001. In connection with EO 13224,

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recipients of U.S. Government funds must adhere to specific requirements on screening all potential vendors, suppliers and subcontractors/grantees to ensure the organization is not conducting business with any excluded parties (as defined by the US Government); the screening of all potential vendors, suppliers and sub-contractors/grantees should be documented as policy and each action should be supported with evidence of the due diligence process. Accordingly, we recommend WEC establish such policies and communicate them to all employees to ensure full compliance in the upcoming fiscal year.

2012 Status: WEC has updated its accounting manual to include screening guidelines for screening all potential vendors, suppliers and subcontractors/grantees. We recommend in addition to implementing this policy, WEC maintain records to document the occurrence and results of screenings.

Procurement

2011 Comment: The Office of Management and Budget (OMB) sets forth standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds; the standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. During our audit, we noted that WEC does not have documented procurement policies and procedures. We believe WEC should develop policies governing the acquisition of services or significant capital assets; as a part of the procurement process, WEC should also identify any actual or potential conflicts of interest with prospective vendors/contractors. All services and asset acquisitions (in excess of an appropriate procurement threshold) should be properly documented with competitive bidding and documentation of price quotations (and the final decisions based on those procedures) maintained in all appropriate vendor files.

2012 Status: WEC has developed a policy in accordance with Office of Management and Budget (OMB) standards, requiring competitive bidding for goods and services exceeding \$20,000.

Cost Share

2011 Comment: Under its three awards from the U.S. Department of State, WEC is required to contribute a significant amount of “cost share” funds in addition to the assistance provided by the U.S. Government. During our audit, we noted that WEC documented certain donations of executive time and corporate equipment investments which met the cost share requirement. However, we noted that the documentation supporting its cost share consists of Excel schedules prepared and maintained by its local representatives, with little or no additional support available for inspection during the course of the audit. We believe WEC should institute policies and procedures to ensure all cost share is properly captured, supported and retained in its headquarters office. We also suggest management periodically review such reports and backup documents to ensure they meet U.S. Government standards.

2012 Status: WEC has drafted a policy to ensure proper documentation is maintained for all reported cost share. The cost share required under the three awards from the U.S. Department of State was satisfied prior to the current year; we will revisit this area during our upcoming audit.

Gold Medal Event

2011 Comment: The costs associated with the Gold Medal Event are recorded as fundraising expenses despite the fact that a portion of the Event includes measurable programmatic content. In order to ensure such costs are captured in the internal financial statements, we believe WEC should develop policies that specifically define how such costs should be classified in connection with such an event.

2012 Status: Direct programmatic activities incurred in connection with the Gold Medal Colloquium were appropriately segregated and recorded as program costs in the general ledger.

This communication is intended solely for the information and use of management, Audit Committee, others within the World Environment Center, Inc., and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

GELMAN, ROSENBERG & FREEDMAN



Andreas A. Alexandrou
Certified Public Accountant