



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, 2013, 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 December 17, 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:

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, 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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.

2013 Status: We noted certain instances where WEC did not formally document its due diligence in this area as those relationships existed prior to the implementation of WEC's screening guidelines. It should be noted that we did not identify any noncompliance with respect to the screening of potential vendors, suppliers and subcontractors/grantees engaged during the current year. Accordingly, we recommend WEC review all relationships to ensure compliance with WEC's screening guidelines.

Sub-recipient Policies and Procedures

2013 Comment: WEC does not have documented sub-recipient policies and procedures; such procedures should provide guidance with respect to the basic monitoring activities the organization performs in ensuring the appropriate use of funds (at the sub-recipient level) as well as the degree to which those procedures are performed (depending on risk assessments and other considerations). In addition, the policies and procedures should provide guidance on ensuring that any sub-recipient expending more than \$300,000 (foreign) or \$500,000 (domestic) of Federal funds in any given financial year has been subjected to the appropriate compliance examination. Lastly, such policies should include instructions on how to comply with the reporting responsibilities mandated under the Federal Funding Accountability and Transparency Act (FFATA), which require an organization to report transactions in excess of \$25,000. Accordingly, we recommend WEC establish sub-recipient policies and procedures in the upcoming fiscal year.

Procurement

2013 Comment: We noted certain instances where WEC did not formally document a procurement action as those relationships existed prior to the implementation of WEC's procurement policy. It should be noted that we did not identify any noncompliance with respect to contractors engaged during the current year. Accordingly, we recommend WEC review all relationships to ensure compliance with WEC's procurement standards.

Salary Allocations

2013 Comment: We noted certain instances where the monetized value of hours reported in employee timesheets did not agree to the actual allocation of costs in the general ledger. Upon inquiry we learned that such differences existed due to a lack of donor funds to support those charges, therefore, these amounts were reclassified an administrative cost center. In order to ensure the actual value of each employee's level of effort is properly captured (and therefore the actual cost of supporting donor/project), we recommend WEC consistently capture such costs in its general ledger based on the hours reported in its employee's timesheets.

Indirect Rate

2013 Comment: WEC was awarded a provisional indirect rate for the year ended June 30, 2010, and to date the indirect rate calculation has not been revisited or refreshed by management to ensure applicability based on its actual activities. As a general practice, WEC charges its donors for indirect costs up to a maximum amount (based on a rate allowed by each donor), but a review of WEC's overall indirect cost structure (and a related analysis of losses realized on insufficient indirect recoveries) has not been performed. Additionally, we believe a regular analysis of the actual indirect rate allows an organization to better structure its grant proposals, as well as assisting in drawing funds (or requesting reimbursement) from donors based on a real-time application of a current rate. Accordingly, we recommend WEC review its indirect rate structure to ensure its reasonableness with respect to its current (and projected) level of activities.

Credit Card Activity

2013 Comment: We noted several instances where original credit card receipts were not available for inspection; in most cases, the amounts in question were insignificant and/or for recurring monthly charges. We also noted that business purpose was not consistently documented. Accordingly, we recommend WEC formalize a policy requiring the submission of receipts exceeding a specific threshold, and any exceptions should be properly documented in the accounting records. We also recommend business purpose be documented on the face of all credit card receipts.

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

Gelman Rosenberg & Freedman

December 17, 2013