

WOMEN FOR A HEALTHY ENVIRONMENT

FINANCIAL AND COMPLIANCE AUDIT

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Women for a Healthy Environment
Pittsburgh, Pennsylvania**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Women for a Healthy Environment (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women for a Healthy Environment as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 Women for a Healthy Environment 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Women for a Healthy Environment's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Women for a Healthy Environment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Women for a Healthy Environment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026, on our consideration of Women for a Healthy Environment's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Women for a Healthy Environment'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 Women for a Healthy Environment's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Pittsburgh, Pennsylvania
February 19, 2026

WOMEN FOR A HEALTHY ENVIRONMENT

STATEMENTS OF FINANCIAL POSITION

June 30

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 701,481	\$ 983,116
Receivables:		
Contracts	15,000	8,888
Program service fees	-	1,646
Contributions	196,565	820,256
Other	-	2,333
Prepaid expenses	20,690	4,277
	<u>933,736</u>	<u>1,820,516</u>
TOTAL CURRENT ASSETS	933,736	1,820,516
NONCURRENT ASSETS		
Security deposits	5,000	5,000
Property and equipment:		
Website	38,986	38,986
Computers and equipment	32,937	32,937
	<u>71,923</u>	<u>71,923</u>
Less: accumulated depreciation	(60,383)	(52,462)
Net property and equipment	<u>11,540</u>	<u>19,461</u>
Right-of-use asset - operating lease	180,168	226,268
	<u>196,708</u>	<u>250,729</u>
TOTAL NONCURRENT ASSETS	196,708	250,729
	<u>\$ 1,130,444</u>	<u>\$ 2,071,245</u>
TOTAL ASSETS	\$ 1,130,444	\$ 2,071,245
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 200,511	\$ 40,761
Deferred revenue	14,750	-
Accrued payroll and related benefits	52,153	49,832
Operating lease liability	43,065	43,591
	<u>310,479</u>	<u>134,184</u>
TOTAL CURRENT LIABILITIES	310,479	134,184
NONCURRENT LIABILITIES		
Operating lease liability	137,139	183,987
NET ASSETS		
Without donor restrictions	55,273	242,551
With donor restrictions	627,553	1,510,523
	<u>682,826</u>	<u>1,753,074</u>
TOTAL NET ASSETS	682,826	1,753,074
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,130,444</u>	<u>\$ 2,071,245</u>

See accompanying notes.

WOMEN FOR A HEALTHY ENVIRONMENT

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
	SUPPORT AND REVENUE					
Contribution revenue	\$ 1,315,380	\$ 379,500	\$ 1,694,880	\$ 692,231	\$ 1,543,317	\$ 2,235,548
Program service revenue	26,867	-	26,867	56,799	-	56,799
Contract revenue	69,685	-	69,685	19,888	-	19,888
Interest income	5,424	-	5,424	401	-	401
Miscellaneous income	4,111	-	4,111	1,622	-	1,622
Loss on disposal of fixed assets	-	-	-	(571)	-	(571)
Net assets released from restrictions	1,262,470	(1,262,470)	-	1,029,335	(1,029,335)	-
TOTAL SUPPORT AND REVENUE	2,683,937	(882,970)	1,800,967	1,799,705	513,982	2,313,687
EXPENSES						
Program services	2,548,683	-	2,548,683	1,603,597	-	1,603,597
Management and general	149,447	-	149,447	38,468	-	38,468
Fundraising	173,085	-	173,085	167,726	-	167,726
TOTAL EXPENSES	2,871,215	-	2,871,215	1,809,791	-	1,809,791
CHANGE IN NET ASSETS	(187,278)	(882,970)	(1,070,248)	(10,086)	513,982	503,896
NET ASSETS AT BEGINNING OF YEAR	242,551	1,510,523	1,753,074	252,637	996,541	1,249,178
NET ASSETS AT END OF YEAR	\$ 55,273	\$ 627,553	\$ 682,826	\$ 242,551	\$ 1,510,523	\$ 1,753,074

See accompanying notes.

WOMEN FOR A HEALTHY ENVIRONMENT

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Payroll and related taxes and benefits	\$ 885,430	\$ 134,513	\$ 94,510	\$ 1,114,453
Equipment	5,186	120	422	5,728
Facilities	48,612	2,713	6,538	57,863
Insurance	7,407	250	880	8,537
Office expenses	40,566	638	8,239	49,443
Other expenses	3,708	124	456	4,288
Professional development	6,773	2,498	774	10,045
Professional services	390,948	8,174	58,990	458,112
Program supplies	1,105,990	27	280	1,106,297
Travel	47,190	158	1,180	48,528
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	2,541,810	149,215	172,269	2,863,294
Depreciation	6,873	232	816	7,921
TOTAL FUNCTIONAL EXPENSES	\$ 2,548,683	\$ 149,447	\$ 173,085	\$ 2,871,215

WOMEN FOR A HEALTHY ENVIRONMENT

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Payroll and related taxes and benefits	\$ 787,060	\$ 31,558	\$ 86,478	\$ 905,096
Facilities	36,085	1,045	3,672	40,802
Insurance	7,005	237	832	8,074
Office expenses	34,310	689	9,992	44,991
Other expenses	1,979	52	184	2,215
Professional services	162,558	4,534	62,136	229,228
Program supplies	538,679	82	3,303	542,064
Travel	29,234	45	333	29,612
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	1,596,910	38,242	166,930	1,802,082
Depreciation	6,687	226	796	7,709
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,603,597</u>	<u>\$ 38,468</u>	<u>\$ 167,726</u>	<u>\$ 1,809,791</u>

WOMEN FOR A HEALTHY ENVIRONMENT

STATEMENTS OF CASH FLOWS

Year Ended June 30

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,070,248)	\$ 503,896
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	7,921	7,709
Loss on disposal of fixed assets	-	571
Noncash lease expense	46,099	18,731
Changes in:		
Contract receivables	(6,112)	(8,888)
Program service fees receivable	1,646	10,918
Contributions receivable	623,691	(714,412)
Other receivables	2,333	4,438
Prepaid expenses	(16,413)	1,209
Accounts payable	159,750	(5,575)
Deferred liabilities	14,750	-
Accrued payroll and related benefits	2,321	16,242
Operating lease liability	<u>(47,373)</u>	<u>(17,421)</u>
NET CASH USED BY OPERATING ACTIVITIES	(281,635)	(182,582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Security deposit payment	-	(2,914)
Purchase of property and equipment	-	(5,104)
Proceeds from disposal of fixed asset	<u>-</u>	<u>1,025</u>
NET CASH USED BY INVESTING ACTIVITIES	-	(6,993)
NET DECREASE IN CASH	(281,635)	(189,575)
CASH AT BEGINNING OF YEAR	<u>983,116</u>	<u>1,172,691</u>
CASH AT END OF YEAR	<u><u>\$ 701,481</u></u>	<u><u>\$ 983,116</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Right-of-use asset obtained in exchange for operating lease liability	\$ -	\$ 244,999

See accompanying notes.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

Women for a Healthy Environment (the "Organization") was founded following the Heinz Women's Health and the Environment: New Science, New Solutions conference held in Pittsburgh, Pennsylvania in 2007 and 2008. Following the conference, a number of women were asked to volunteer their expertise to determine how to make the region as strong and healthy as it can be and to educate community members about environmental hazards that impact public health. The goal was for the Organization to become a community resource and catalyst for change throughout the region and to continue the dialogues generated by the conference.

The Organization educates individuals about environmental risks, provides action steps communities can take to mitigate those risks, and advocates for solutions that better protect the health of communities across southwestern Pennsylvania and Philadelphia. The Organization's four main program areas are: Healthy Homes, Healthy Schools, Healthy Early Learning Centers, and Environmental Health Policy/Advocacy. The Organization emphasizes the protection of children from harmful exposures in the environment and creates healthy places for them to live, learn, grow, and play, with an emphasis on supporting environmental justice communities. Since 2010, the Organization has directly educated more than 35,000 individuals through community workshops, speaking engagements, and coalition-building. In addition, the Organization has provided technical assistance to over 1,400 school personnel, worked with over 300 school buildings, certified over 160 early learning centers as Eco-Healthy, and educated over 2,800 students. By translating scientific information for general consumption, the Organization empowers people to make healthy choices and advocate for policy changes at the local, state and federal levels of government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash

For the purposes of reporting cash flows, the Organization considers all highly-liquid investments to be cash on the accompanying statements of financial position.

At various times during the years, the Organization may have cash balances in excess of the federally insured limit in deposit accounts at local banks.

Contracts Receivable

Contracts receivable are recorded at the amount management expects to collect from outstanding balances. The Organization uses the allowance method to provide for any accounts receivable which may be unrecoverable and is based upon an analysis of the Organization's prior collection experience, current economic trends, and supportable future forecasts. At June 30, 2025 and 2024, no allowance was considered to be necessary.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions Receivable

Contributions receivable are stated at unpaid balances. The Organization bases its contributions receivable on the subsequent receipt of funds recognized during the reporting period or at the estimated fair value at the date the pledge is received. All receivables are considered to be collectible and to be received within one year. At June 30, 2025 and 2024, no allowance was considered to be necessary.

Allowance for Credit Losses

The Organization maintains an allowance for credit losses for expected uncollectible accounts receivable, which is recorded as an offset to accounts receivable and provisions for credit losses are recorded in expenses in the statements of functional expenses. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for current expected credit losses is based on a review of customer accounts and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts regarding future events and any other factors deemed relevant by the Organization. The allowance for credit losses is reviewed on an annual basis to assess the adequacy of the allowance. No allowance for credit losses was considered necessary at June 30, 2025 and 2024.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in revenue or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. There were no write offs for the years ending June 30, 2025 and 2024.

Property and Equipment

Purchased property and equipment is stated at cost. Donations of property and equipment are recorded as contributions at their fair market value. The Organization's policy is to capitalize any assets in excess of \$5,000 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related equipment ranging from 3-5 years.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantial substitution rights. This evaluation may require significant judgment. The lease is included in right-of-use ("ROU") asset - operating lease and operating lease liability on the statements of financial position.

The Organization elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate based on information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred. There are no associated variable lease costs with the leases noted above.

The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the Organization's charitable mission are included in this category.

Net Assets with Donor Restrictions - Net assets with donor restrictions includes gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or after specified dates, or to specified purposes.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

The Organization reports gifts of cash and other assets as revenues with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Contribution Revenue

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets is transferred or a right of release of a promisor's obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of volunteers have donated significant hours to the Organization during the year; however, these donated services are not reflected in the financial statements since they don't meet the criteria of recognition. There were no contributed nonfinancial assets for the years ended June 30, 2025 and 2024.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which applies to exchange transactions with customers that are bound by contract or similar arrangement and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities:

Program Revenue

The Organization contracts with educational institutions to provide environmental education workshops. The Organization receives payment based upon the terms of the contract. Revenue is recognized upon completion of the contract. Program service fees receivable totaled \$0, \$1,646, and \$12,564 at June 30, 2025 and 2024 and July 1, 2023, respectively.

Contract Revenue

The Organization contracts with third parties to provide environmental services. The Organization receives payment based upon the terms of the contract. Revenue is recognized upon completion of the contract. Contract receivables totaled \$15,000, \$8,888, and \$0 at June 30, 2025 and 2024 and July 1, 2023, respectively.

Advertising Costs

The Organization expenses advertising costs as professional services for advertising and promotion when incurred. Professional services for advertising and promotion for the years ended June 30, 2025 and 2024 were \$71,208 and \$2,767, respectively.

Functional Allocation of Expenses

As reported in the statements of functional expense, expenses of the Organization have been allocated to the following functional expense reporting categories: program services, management and general, and fundraising.

Expenses directly attributable to a specific functional area are reported as expenses of those functions. The Organization's method for allocating expenses among the functional reporting classifications which cannot be specifically identified as program or supporting services are based on estimates made for time spent by key personnel between functions, space occupied by function, consumption of supplies, and postage by function and other objective bases.

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization annually files federal and state information returns as required. There is no current year provision for federal or state income taxes. In accordance with accounting principles generally accepted in the United States of America, the Organization accounts for uncertain tax positions, if any, as required.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 19, 2026, the date the financial statements were available to be issued.

NOTE 2 - LINE OF CREDIT

In March 2025, the Organization entered into a revolving line of credit borrowing agreement with a maximum amount available of \$150,000. Advances on the line are payable on demand and bear interest at 7.75% as of June 30, 2025. The line is secured by all assets of the organization. At June 30, 2025, there were no amounts outstanding on the line of credit. The line matures in March 2035.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 - OPERATING LEASE

The Organization has an operating lease agreement for office space expiring in 2029.

The Organization included the following amounts related to the operating lease asset and liability within the statements of financial position:

		<u>2025</u>	<u>2024</u>
Assets	Classification		
Right-of-use asset	Operating lease	\$ 180,168	\$ 226,268
Liabilities			
Current portion of operating lease liability	Operating lease liability	\$ 43,065	\$ 43,591
Noncurrent portion of operating lease liability	Operating lease liability	<u>137,139</u>	<u>183,987</u>
Total lease liabilities		<u>\$ 180,204</u>	<u>\$ 227,578</u>

The components of lease expense were as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 46,099	\$ 18,731
Variable lease expense	-	-
Short-term lease expense	-	16,927

Supplemental cash flow information related to the lease was as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ 47,373	\$ 17,421
Right-of-use assets obtained in exchange for lease obligations:		
Operating lease	\$ -	\$ 244,999

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 3 - OPERATING LEASE - CONTINUED

Maturities of the lease liabilities were as follows for the years ending June 30:

2026	\$	48,671
2027		54,628
2028		56,266
2029		<u>33,389</u>
Total lease payments		192,954
Less: present value discount		<u>(12,750)</u>
Total	\$	<u><u>180,204</u></u>

NOTE 4 - NET ASSETS

The Organization's net assets without donor restrictions are comprised of undesignated funds. From time to time the Organization may designate a portion of net assets for specific purposes which would be included with net assets without donor restrictions. The Organization has no designated net assets at June 30, 2025 and 2024.

The Organization receives contributions from various foundations and other donors earmarked to support specific programs. These contributions are classified as net assets with donor restrictions until expenses are incurred for the intended purpose or the time restriction is met.

Net assets with donor restrictions are comprised of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Healthy Homes	\$ 342,883	\$ 654,955
Healthy Schools	74,793	266,241
Lead/Radon	87,701	107,523
Healthy Early Learning Centers	79,632	382,500
Outreach	42,326	71,251
Strategic Planning	<u>218</u>	<u>28,053</u>
	<u>\$ 627,553</u>	<u>\$ 1,510,523</u>

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 4 - NET ASSETS - CONTINUED

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or events specified by donors. Net assets released from donor restrictions for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Healthy Homes	\$ 444,572	\$ 293,704
Healthy Schools	241,448	130,556
Lead/Radon	119,822	336,239
Healthy Early Learning Centers	322,868	182,220
Outreach	105,925	49,669
Strategic Planning	27,835	36,947
	<u>\$ 1,262,470</u>	<u>\$ 1,029,335</u>

NOTE 5 - CONCENTRATIONS

During the year ended June 30, 2025, there were two contributors who provided 53% (\$949,942) of the Organization's total revenue. There were associated receivables from these contributors of \$125,894 at June 30, 2025. During the year ended June 30, 2024, there was one contributor who provided 54% (\$1,260,000) of the Organization's total revenue. There was an associated receivable from this contributor of \$560,000 at June 30, 2024. The concentration for the year ended June 30, 2024 relates primarily to multi-year grants received from a contributor from whom the Organization typically receives funding every other year. As a result of this funding pattern, the Organization may experience significant year-to-year fluctuations in contributions receivable, contribution revenue, and the related changes in net assets.

NOTE 6 - RETIREMENT PLAN

The Organization offers its employees the ability to participate in a Simple IRA plan. Under the plan, eligible employees receive a contribution from Women for a Healthy Environment equal to a percentage of the employee's gross pay. During 2025 and 2024, the Organization made contributions to the plan of \$8,640 and \$4,406, respectively.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 7 - CONTINGENT LIABILITIES AND COMMITMENTS

The Organization receives funding from federal, state, and local agencies. Revenue from these agencies is subject to audit verification by the awarding agency. Any disallowed amounts, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures or claims which may be disallowed cannot be determined at this time. As of the date of this report, management is unaware of any material adjustments that will be required as a result of such audits.

The Organization provides support to local schools and early learning centers in relation to lead and radon remediation. As of June 30, 2025 and 2024, the total open commitments related to this support was \$42,169 and \$14,247, respectively.

NOTE 8 - AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year because of donor-imposed restrictions. The Organization's financial assets include cash and receivables.

	<u>2025</u>	<u>2024</u>
Cash	\$ 701,481	\$ 983,116
Receivables:		
Contracts	15,000	8,888
Program service fees	-	1,646
Contributions	196,565	820,256
Other	-	2,333
Total financial assets	<u>913,046</u>	<u>1,816,239</u>
Less:		
Amounts unavailable for general expenses within one year due to:		
Donor imposed restrictions	<u>(627,553)</u>	<u>(1,510,523)</u>
Total financial assets available to meet cash needs for general expenses within one year	<u>\$ 285,493</u>	<u>\$ 305,716</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenses and other obligations become due.

SUPPLEMENTARY INFORMATION

WOMEN FOR A HEALTHY ENVIRONMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

Federal Grantor/ Program Title	Source Code	Assistance Listing Number (ALN)	Grant Award Number	Grant Period Beginning/ Ending Date	Award Amount	Accrued or (Unearned) Revenue at July 1, 2024	Receipts	Federal Expenditures	Accrued or (Unearned) Revenue at June 30, 2025
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Healthy Homes Production Program	D	14.913	PAHHP0065-22	5/15/2022-11/14/2025	\$ 1,854,450	\$ 56,684	\$ 660,106	\$ 709,811	\$ 106,389
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						56,684	660,106	709,811	106,389
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	D	93.197	NUE2EH001482	9/30/2023-9/29/2026	381,880	72,612	293,238	240,131	19,505
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES						72,612	293,238	240,131	19,505
U.S. ENVIRONMENTAL PROTECTION AGENCY									
Environmental Education Grants Program	D	66.951	95344601	7/1/2024-6/30/2025	100,000	-	65,334	100,000	34,666
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY						-	65,334	100,000	34,666
TOTAL FEDERAL AWARDS						<u>\$ 129,296</u>	<u>\$ 1,018,678</u>	<u>\$ 1,049,942</u>	<u>\$ 160,560</u>

D - Direct Source of Funding

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2025.

WOMEN FOR A HEALTHY ENVIRONMENT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Women for a Healthy Environment (the "Organization") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 2 - DE MINIMIS RATE FOR INDIRECT COSTS

Women for a Healthy Environment did not elect to use the De Minimis rate for indirect costs.

**INDEPENDENT AUDITOR’S 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
Women for a Healthy Environment
Pittsburgh, Pennsylvania**

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 Women for a Healthy Environment (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Women for a Healthy Environment's internal control over financial reporting (internal control) as a basis for designing 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 Women for a Healthy Environment 's internal control. Accordingly, we do not express an opinion on the effectiveness of Women for a Healthy Environment’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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Women for a Healthy Environment'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 financial statements. 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 Women for a Healthy Environment's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Women for a Healthy Environment's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Herbein + Company, Inc.

Pittsburgh, Pennsylvania
February 19, 2026

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors
Women for a Healthy Environment
Pittsburgh, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Women for a Healthy Environment's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Women for a Healthy Environment’s major federal programs for the year ended June 30, 2025. Women for a Healthy Environment’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Women for a Healthy Environment complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Women for a Healthy Environment and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Women for a Healthy Environment’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Women for a Healthy Environment’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Women for a Healthy Environment's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Women for a Healthy Environment's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Women for a Healthy Environment's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Women for a Healthy Environment's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Women for a Healthy Environment's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Women For a Healthy Environment's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Women for a Healthy Environment's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Women for a Healthy Environment's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Herbein + Company, Inc.

Pittsburgh, Pennsylvania

February 19, 2026

WOMEN FOR A HEALTHY ENVIRONMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes <u> X </u> no
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> yes _____ no
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> X </u> yes _____ no

Identification of Major Programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program</u>
14.913	Healthy Homes Production Program
Dollar threshold used to distinguish Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

WOMEN FOR A HEALTHY ENVIRONMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Awards Findings and Questioned Costs

2025-001 ALLOWABLE COSTS, CASH MANAGEMENT AND REPORTING - SIGNIFICANT DEFICIENCY

Federal Program

U.S. Department of Housing and Urban Development - Healthy Homes Production Program - ALN 14.913

Criteria

Under OMB guidance, *Public Law (Pub. L) No. 116-117, Payments Integrity Information Act of 2019*, and Executive Order 13520 on reducing improper payments, federal agencies are required to take actions to prevent improper payments, review federal awards for such payments, and as applicable, recover improper payments, including any duplicate payment.

Condition

While working to provide a population of invoices for audit testing, management identified five invoices that were submitted for reimbursement twice, resulting in an overdraw of federal program money. Additionally, while performing audit procedures over cash management and reporting, we noted that there was no review and approval of reports submitted for reimbursement. The Organization is required to submit quarterly reports for reimbursement. Neither of the two reports selected for testing contained evidence regarding review or approval prior to submission.

Cause

Duplicate invoices were submitted due to a temporary process change at the Organization when there were federal government departmental changes occurring related to federal programs. The Organization's process change resulted in multiple people submitting reimbursement for the same expenses. We also noted that the reports were prepared based on information provided by separate personnel, but there is no review or approval in place over reports once they are combined to check for accuracy prior to submission.

Effect

The Organization overdrew federal program money during the fiscal year due to duplicate invoice submission, resulting in unallowable costs being charged to the program and inaccurate financial reporting.

Questioned Costs

\$16,303

WOMEN FOR A HEALTHY ENVIRONMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2025

Section III - Federal Awards Findings and Questioned Costs - continued

2025-001 ALLOWABLE COSTS, CASH MANAGEMENT AND REPORTING - SIGNIFICANT DEFICIENCY - CONTINUED

Context

With changes in the process for grant funding, the Organization prioritized submission of invoices for reimbursement. During this prioritization, the Organization implemented a temporary process change, resulting in the duplicate submission errors of five invoices and the overdraw related to the federal funds. The lack of appropriate review and approval allowed the duplicate submission to occur.

Repeat Finding

No

Recommendation

We recommend that Women for a Healthy Environment establish and follow a system of internal control related to the costs charged to Federal programs. The process should establish procedures and responsibilities for the documentation and review of costs incurred and charged to Federal awards. Review and approval of this documentation should be performed by a person other than the preparer prior to submission to the Federal agency.

Management Response

See corrective action plan included in this report package.

WOMEN FOR A HEALTHY ENVIRONMENT

STATUS OF PRIOR YEAR FINDINGS

Year Ended June 30, 2025

Section II - Financial Statement Findings

There was no requirement to perform an audit under *Government Auditing Standards* for the year ended June 30, 2024.

Section III - Federal Awards Findings and Questioned Costs

There was no requirement to perform an audit under Uniform Guidance for the year ended June 30, 2024.



CORRECTIVE ACTION PLAN

June 30, 2025

Women for a Healthy Environment submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Herbein + Company, Foster Plaza 10, 680 Andersen Drive, Suite 205, Pittsburgh, PA 15220

Audit period: Year ended June 30, 2025

Contact: Michelle Naccarati-Chapkis, Executive Director

The finding from the June 30, 2025 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Section III - Federal Award Findings and Questioned Costs

2025-001 ALLOWABLE COSTS, CASH MANAGEMENT, AND REPORTING – SIGNIFICANT DEFICIENCY

Federal Program

U.S. Department of Housing and Urban Development - Healthy Homes Production Program - ALN 14.913

Criteria

Under OMB guidance, *Public Law (Pub. L) No. 116-117, Payments Integrity Information Act of 2019*, and Executive Order 13520 on reducing improper payments, federal agencies are required to take actions to prevent improper payments, review federal awards for such payments, and as applicable, recover improper payments, including any duplicate payment.

Condition

While working to provide a population of invoices for audit testing, management identified five invoices that were submitted for reimbursement twice, resulting in an overdraw of federal money. Additionally, while performing audit procedures over cash management and reporting, we noted that there was no review and approval of reports submitted for reimbursement. The Organization is required to submit

quarterly reports for reimbursement. Neither of the two reports selected for testing contained evidence regarding review or approval prior to submission.

Cause

Duplicate invoices were submitted due to a temporary process change at the Organization when there were federal governmental department changes occurring related to federal programs. The Organization's process change resulted in multiple people submitting reimbursement for the same expenses. We also noted that the reports were prepared based on information provided by separate personnel, but there was no review or approval in place over reports once they are combined to check for accuracy prior to submission.

Effect

The Organization overdrew federal program money during the year due to duplicate invoice submission, resulting in unallowable costs being charged to the program and inaccurate financial reporting.

Questioned Costs

\$16,303

Context

With changes in the processes for grant funding, the Organization prioritized submission of invoices for reimbursement. During this prioritization, the Organization implemented a temporary process change, resulting in the duplication submission errors of five invoices and the overdraw of federal funds. The lack of appropriate review and approval allowed the duplicate submission to occur.

Repeat Finding

No

Recommendation

We recommend that Women for a Healthy Environment establish and follow a system of internal control related to the costs charged to Federal programs. The process should establish procedures and responsibilities for the documentation and review of costs incurred and charged to Federal awards. Review and approval of this documentation should be performed by a person other than the preparer prior to submission to the Federal agency.

Management Response

Women for a Healthy Environment has reviewed the recommendation noted above and has put additional internal controls in place related to the reimbursement drawdowns/costs charged to Federal programs. This includes ensuring that only one reimbursement is being completed each month, rather than one done at mid-month. The accounting team will continue to prepare those monthly reimbursement calculations, which will be reviewed by the Program Manager, Director of Operations, and Executive Director.