

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**

**SINGLE AUDIT REPORTS**

**PURSUANT TO OMB CIRCULAR A-133**

**December 31, 2014**

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**

**TABLE OF CONTENTS**

	Page
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 <i>Government Auditing Standards</i> .....	1-2
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	3-5
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards .....	7-8
Schedule of Findings and Questioned Costs.....	9-10
Schedule of Prior Audit Findings .....	11
Corrective Action Plan.....	12

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*

Board of Directors  
Stockholm Environment Institute U.S., Inc.  
Somerville, Massachusetts

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 Stockholm Environment Institute U.S., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stockholm Environment Institute U.S., Inc.'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 Stockholm Environment Institute U.S., Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stockholm Environment Institute U.S., Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Stanton & Co.

Woburn, Massachusetts

August 24, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB  
CIRCULAR A-133

Board of Trustees  
Stockholm Environment Institute U.S., Inc.  
Somerville, Massachusetts

**Report on Compliance for Each Major Federal Program**

We have audited Stockholm Environment Institute U.S., Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Stockholm Environment Institute U.S., Inc.'s major federal programs for the year ended December 31, 2014. Stockholm Environment Institute U.S., Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Stockholm Environment Institute U.S., Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stockholm Environment Institute U.S., Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Stockholm Environment Institute U.S., Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Stockholm Environment Institute U.S., Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

Management of Stockholm Environment Institute U.S., Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Stockholm Environment Institute U.S., Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Stockholm Environment Institute U.S., Inc.'s internal control over compliance.

*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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Stockholm Environment Institute U.S., Inc. as of and for the year ended December 31, 2014, and have issued our report thereon dated August 24, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.



Stanton & Co.

Woburn, Massachusetts

August 24, 2015

Stockholm Environment Institute U.S., Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Federal Grantor/ Pass through grantor	Federal CFDA No.	Contract No.	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Agency for International Development</b>		AID-514-A-12-00002	\$ 603,175	\$ 163,040
Development and Training Services, Inc.		AID-OAA-C-12-00081	1,310	
International Resources Group (Engility Corp.)		AID-492-TO-14-00005	4,320	
ICF International		AID-486-C-11-00002	17,234	
AECOM USA, Inc.		AID-EDH-I-00-08-00024	327,509	81,476
<b>Environmental Protection Agency</b>				
INNOVATE!, Inc.		GS-35F-0005T	244	
<b>National Aeronautics and Space Administration</b>				
Columbia University	43.001	NNX12AR20A	34,762	
<b>Total expenditures of federal awards</b>			<u>\$ 988,554</u>	<u>\$ 244,516</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2014

**A. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) summarizes the federal expenditures of Stockholm Environment Institute U.S., Inc. (“the Organization”) under programs of the federal government for the year ended December 31, 2014. The amounts reported as federal expenditures were obtained from the Organization’s general ledger. Because the schedule presents only a selected portion of the Organization’s operations, it is not intended to and does not present the net assets changes in financial position and cash flows of the Organization. The Organization receives funds from the federal government in the form of grants and contracts either directly from the government or through pass through agencies.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the Organization and agencies and departments of the federal government and all sub awards to the Organization by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The information in the schedule is presented in accordance with OMB Circular A-133, “*Audits of States, Local Governments, and Non-Profit Organizations*”.

Compliance testing of all requirements, as described in the Compliance Supplement, was performed. Compliance testing was performed on the research and development cluster as defined in the Compliance Supplement. The cluster was determined to be a major program using the \$300,000 criteria.

**B. Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stockholm Environment Institute U.S., Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**DECEMBER 31, 2014**

**(Continued)**

**C. Subrecipients**

Certain funds are passed through to subgrantee organizations by the Organization. Expenditures incurred by the subgrantee and reimbursed by the Organization are presented in the Schedule. For the year ended December 31, 2014 the Organization passed through \$244,516 to sub grantee organizations.

The Organization is also the recipient of federal funds that are reported as expenditures and are listed as federal pass through funds. Federal awards other than pass through are considered direct.

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2014**

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Stockholm Environment Institute U.S., Inc.
2. No reportable conditions relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Stockholm Environment Institute U.S., Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Stockholm Environment Institute U.S., Inc. expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs are reported in Part C of this schedule.
7. The programs tested as major programs are comprised of the Research and Development grants and contracts.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Stockholm Environment Institute U.S., Inc. was determined to be a low risk auditee.

**B. Findings - Financial Statements Audit**

None

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2014**

**(Continued)**

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2014**

There were no prior year findings.

**STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.**

**CORRECTIVE ACTION PLAN**

**YEAR ENDED DECEMBER 31, 2014**

No corrective action plan required.