

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

**SINGLE AUDIT REPORTS**

**PURSUANT TO THE UNIFORM GUIDANCE**

**December 31, 2016**

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 Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance. ....	3-5
Schedule of Findings and Questioned Costs.....	6-7
Schedule of Prior Audit Findings .....	8
Corrective Action Plan.....	9

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*

Independent Auditors' Report

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, 2016, and the related statements of activities, statements of 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 September 11, 2017.

**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  
September 11, 2017

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

Independent Auditors' Report

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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). Those standards and the Uniform Guidance 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, 2016.

### **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stanton & Co.  
Woburn, Massachusetts  
September 11, 2017

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2016**

**A. Summary of Audit Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of Stockholm Environment Institute U.S., Inc. that were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies were reported relating to the audit of the financial statements 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 material weaknesses or significant deficiencies were reported relating to the audit of the major federal award programs in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Stockholm Environment Institute U.S., Inc. expresses an unmodified opinion.
6. No audit findings were noted that would require to be reported in accordance with 2 CFR 200.516(a).
7. The programs tested as major programs are comprised of the Research and Development Cluster.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Stockholm Environment Institute U.S., Inc. was determined to be a low risk auditee.

**B. Findings - Financial Statements Audit**

No matters were reported.



STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2016

(Continued)

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

No matters were reported.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2016**

There were no prior year findings.

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

**CORRECTIVE ACTION PLAN**

**YEAR ENDED DECEMBER 31, 2016**

No corrective action plan required.