

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

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-16
Schedule of Expenditures of Federal Awards	18
Notes to Schedule of Expenditures of Federal Awards	19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stockholm Environment Institute U.S., Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Stockholm Environment Institute U.S., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stockholm Environment Institute U.S., Inc. as of December 31, 2018 and 2017, 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.

Other Matters

Supplementary Information

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, 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 information 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 September 23, 2019, on our consideration of Stockholm Environment Institute U.S., Inc.'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 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 Stockholm Environment Institute U.S., Inc.'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 Stockholm Environment Institute U.S., Inc.'s internal control over financial reporting and compliance.



Stanton & Co.
Woburn, Massachusetts
September 23, 2019

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

CURRENT ASSETS:	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,857,203	\$ 1,644,664
Short-term investments	249,942	255,953
Contracts receivable	983,006	1,011,924
Grants receivable	74,919	67,450
Unbilled work in progress	257,105	356,716
Prepaid expenses	39,005	39,235
TOTAL CURRENT ASSETS	<u>3,461,180</u>	<u>3,375,942</u>
PROPERTY & EQUIPMENT:		
Property & equipment, net	<u>44,421</u>	<u>35,593</u>
TOTAL ASSETS	<u><u>\$ 3,505,601</u></u>	<u><u>\$ 3,411,535</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 201,845	\$ 237,634
Accrued expenses	242,152	241,895
Unearned revenue	205,053	232,878
TOTAL LIABILITIES	<u>649,050</u>	<u>712,407</u>
NET ASSETS:		
Without donor restrictions	2,476,303	2,429,659
With donor restrictions	380,248	269,469
TOTAL NET ASSETS	<u>2,856,551</u>	<u>2,699,128</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,505,601</u></u>	<u><u>\$ 3,411,535</u></u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:			
Contract revenue	\$ 4,252,051		\$ 4,252,051
Grant revenue	937,137	\$ 275,612	1,212,749
License revenue	245,390		245,390
Interest income	9,778		9,778
Sub lease income	14,592		14,592
Miscellaneous income	9,510		9,510
Support provided by expiring time and purpose restrictions	164,833	(164,833)	-
TOTAL REVENUE	<u>5,633,291</u>	<u>110,779</u>	<u>5,744,070</u>
EXPENSES AND LOSSES:			
Program services	4,748,435		4,748,435
Management and general	838,212		838,212
TOTAL EXPENSES	<u>5,586,647</u>		<u>5,586,647</u>
Change in net assets	46,644	110,779	157,423
Net assets, beginning of period	2,429,659	269,469	2,699,128
Net assets, end of period	<u>\$ 2,476,303</u>	<u>\$ 380,248</u>	<u>\$ 2,856,551</u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE:			
Contract revenue	\$ 4,124,515		\$ 4,124,515
Grant revenue	1,189,236	\$ 174,777	1,364,013
License revenue	179,357		179,357
Currency conversion income	58,359		58,359
Interest income	5,490		5,490
Sub lease income	14,410		14,410
Miscellaneous income	3,472		3,472
Support provided by expiring time and purpose restrictions	<u>318,127</u>	<u>(318,127)</u>	<u>-</u>
TOTAL REVENUE	<u>5,892,966</u>	<u>(143,350)</u>	<u>5,749,616</u>
EXPENSES AND LOSSES:			
Program services	4,992,569		4,992,569
Management and general	<u>765,343</u>		<u>765,343</u>
TOTAL EXPENSES	<u>5,757,912</u>	<u>-</u>	<u>5,757,912</u>
Change in net assets	135,054	(143,350)	(8,296)
Net assets, beginning of period	2,294,605	412,819	2,707,424
Net assets, end of period	<u><u>\$ 2,429,659</u></u>	<u><u>\$ 269,469</u></u>	<u><u>\$ 2,699,128</u></u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Programs	Management and General	Total
Payroll	\$ 2,437,273	\$ 301,263	\$ 2,738,536
Payroll taxes	179,111	23,488	202,599
Employee benefits	326,845	49,806	376,651
Professional and consulting fees	1,113,217	136,142	1,249,359
Travel	488,696	9,500	498,196
Occupancy		205,280	205,280
Depreciation		18,139	18,139
Professional development	21,788	4,150	25,938
Foreign currency loss	113,635		113,635
Insurance		32,013	32,013
Internet services	9,648	12,276	21,924
Office supplies and costs	12,400	12,914	25,314
Printing and publication costs	9,365	491	9,856
Postage	76	874	950
Banking charges		9,435	9,435
Telephone	3,189	4,173	7,362
Loss on sale of fixed assets		600	600
Miscellaneous	33,192	17,668	50,860
TOTAL	<u>\$ 4,748,435</u>	<u>\$ 838,212</u>	<u>\$ 5,586,647</u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLM ENVIRONMENT INSTITUTE U.S, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Programs	Management and General	Total
Payroll	\$ 2,612,048	\$ 281,803	\$ 2,893,851
Payroll taxes	194,145	22,241	216,386
Employee benefits	298,603	38,864	337,467
Professional and consulting fees	1,383,965	69,080	1,453,045
Travel	392,952	8,403	401,355
Occupancy		206,893	206,893
Depreciation		19,403	19,403
Professional development	21,175	213	21,388
Foreign taxes	7,350		7,350
Insurance		31,590	31,590
Internet services	11,683	31,221	42,904
Office supplies and costs	10,791	12,261	23,052
Printing and publication costs	2,754	603	3,357
Postage	60	1,739	1,799
Banking charges	65	8,041	8,106
Telephone		8,014	8,014
Bad debts		7,602	7,602
Miscellaneous	56,978	17,372	74,350
TOTAL	<u>\$ 4,992,569</u>	<u>\$ 765,343</u>	<u>\$ 5,757,912</u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLM ENVIRONMENT INSTITUTE , INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 157,423	\$ (8,296)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,139	19,403
Loss on sale of equipment	600	143
Decrease (Increase) in operating assets:		
Contracts receivable	28,918	168,331
Grants receivable	(7,469)	333,661
Unbilled work in progress	99,611	(245,721)
Prepaid expenses	230	5,443
(Decrease) Increase in operating liabilities:		
Accounts payable	(35,789)	(239,502)
Accrued expenses	257	(637)
Unearned revenue	(27,825)	20,084
	<u>234,095</u>	<u>52,909</u>
Cash flows from investing activities:		
Purchase of short-term investments	6,011	(126)
Sale of equipment	250	600
Purchase of equipment	(27,817)	(8,063)
	<u>(21,556)</u>	<u>(7,589)</u>
Net increase in cash	212,539	45,320
Cash and cash equivalents:		
Beginning of Year	<u>1,644,664</u>	<u>1,599,344</u>
End of Year	<u>\$ 1,857,203</u>	<u>\$ 1,644,664</u>

The accompanying notes are an integral part of these financial statements.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE A – NATURE OF ACTIVITIES

Nature of Activities

Stockholm Environment Institute U.S., Inc. (SEI) supports decision-making and inducing change toward sustainable development around the world by providing knowledge that bridges science and policy in the fields of environment and development, and by conducting innovative, integrated applied systems research, which forms the basis for policy advice, capacity building, decision support, and policy implementation.

Stockholm Environment Institute U.S., Inc. is an independent research affiliate of Tufts University. The Organization does not provide services or conduct activities other than those directly related to its stated purpose.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principles

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial statements of Not-for-Profit Entities*. The ASU modified the current guidance over various areas related to financial statement reporting to require the following:

- Net assets are to be reported in two classes: “with donor restrictions” and “without donor restrictions”, as opposed to the previous requirement of three classes of net assets.
- Disclosure of the management of liquidity and availability of financial assets to meet cash needs for general expenditures within one year of the Statement of Financial Position date.
- Enhanced disclosure of the methods used to allocate costs among program and supporting functions.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Change in Accounting Principle - continued

This ASU is effective for years beginning after December 15, 2017 and although the changes have been retrospectively applied, the adoption of this ASU did not impact the Organization's net asset balance, change in net assets or cash flows for the year ended December 31, 2017.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions – Consist of resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

Net Assets with Donor Restrictions – Consist of resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions. The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contributions of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions – All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less.

Investments:

Short-term investments consist of certificates of deposits with terms longer than ninety days but less than one year. Short-term investments are reported at fair value.

Contract and Grant Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization deemed no allowance for doubtful accounts necessary at December 31, 2018 and 2017.

Property and equipment

Property and equipment purchased in excess of \$1,000 are recorded at cost at the date of acquisition. Contributed assets are capitalized at their fair values at the date of contribution. Proceeds from the sale of assets, if unrestricted, are transferred to unrestricted net assets or, if restricted, restricted for future acquisitions. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Revenue Recognition

Revenue from contracted services is recognized as the services are performed and specific benchmarks are achieved. Unbilled work in progress represents revenue that has been earned but will be billed at a future date. Funds received in advance of work performed are recorded as unearned revenue until the work is complete or specific benchmarks are achieved.

Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Functional Allocation of Expenses

The cost of providing the organization's programs and other activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Payroll, payroll taxes and employee benefits are allocated based on activity reports and timesheets prepared by key personnel.
- Internet services, telephone, supplies and miscellaneous expenses are allocated to management and general unless booked to staff program overheads.

Management and general expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Income Taxes

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income in 2018 or 2017. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended December 31, 2016, 2017 and 2018.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE C – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Cash and cash equivalents	\$1,857,203
Short-term investments	249,942
Contracts receivable	983,473
Grants receivable	74,919
Unbilled work in progress	<u>288,105</u>
Total financial assets	\$3,453,642
Less: purpose-restricted net assets	<u>(380,248)</u>
Amount available for general expenditures within one year	<u>\$3,073,394</u>

Stockholm Environment Institute U.S., Inc. has a policy to structure its financial assets to be available and liquid as its obligations come due. As of December 31, 2018, the Organization had financial assets equal to approximately seven and a half months of operating expenses. As part of our liquidity management plan, we invest excess cash in short-term investments.

NOTE D – RECEIVABLES

As of December 31, 2018, Stockholm Environment Institute U.S., Inc. has contracts receivable totaling \$983,473, grants receivable totaling \$74,919 and unbilled work in progress totaling \$288,105. All are scheduled to be collected within one year.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 180,776	\$ 156,580
Office furniture & equipment	48,218	48,218
Software	15,869	13,948
Less accumulated depreciation	<u>(200,442)</u>	<u>(183,153)</u>
Net	<u>\$ 44,421</u>	<u>\$ 35,593</u>

NOTE F – COMMITMENTS

The Organization leases three of its facilities under three rental agreements that expire August 2020, September 2021 and October 2021, respectively. The agreements require monthly minimum lease payments.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE F – COMMITMENTS (continued)

Future minimum rental payments for the next three years are as follows:

Year Ending December 31,	
2019	\$200,784
2020	185,315
2021	<u>114,211</u>
Total	<u>\$500,310</u>

The Organization has two subleases at its Seattle office from 2017 to June 2019. Rent expense for the years ending December 31, 2018 and 2017 was \$200,585 and \$202,315, respectively. Rental income for the years ending December 31, 2018 and 2017 was \$14,592 and \$17,880, respectively.

Minimum rental income for the year ended December 31, 2019 will be \$7,296.

Total occupancy expense, including rent and utilities, for the years ended December 31, 2018 and 2017 was \$205,280 and \$206,893, respectively.

NOTE G – CONCENTRATIONS

Cash

The Organization maintains several bank accounts at Cambridge Savings Bank and an account at Fidelity Investments. Cambridge Savings Bank is insured by the FDIC up to the federally insured limit of \$250,000 and is also a member of the Depositors Insurance Fund (DIF). The DIF is a private, industry-sponsored excess deposit insurance company. It insures all deposits above the FDIC limit in fifty-two Massachusetts chartered savings banks. All banks that are members of the DIF are also members of the FDIC. DIF deposit insurance is backed solely by its own assets. Fidelity Investments is insured by the SIPC up to \$500,000, including cash claims limited to \$250,000. At December 31, 2018 all of the Organization's cash is insured. In 2017, \$5,953 of the Organization's cash is uninsured.

Grants and Contracts

Major grants and contracts are those \$50,000 or more. Nine grantors in both 2018 and 2017 accounted for 92% and 89% of grant income, respectively. One grantor accounted for 25% of total grant income in 2017. Twenty-nine clients in 2018 and twenty-three clients in 2017 accounted for 70% and 69% of contract income, respectively. Four clients comprise 62% and 81% of contracts receivable at December 31, 2018 and 2017, respectively.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE H – RELATED-PARTY TRANSACTIONS

SEI is a U.S. based 501(c)3 affiliate of the family of international research centers on the Stockholm Environment Institute, a non-profit organization headquartered in Stockholm, Sweden. All Centers of SEI are dedicated to providing scientifically-based policy analysis, decision support, and capacity development on issues related to environmental sustainability.

The Executive Director of SEI-International is also on the Board of Directors of SEI-US. The Executive Director is an employee of SEI-International but has not ownership interest in the Swedish non profit entity.

Due to its research affiliation and shared mission with SEI-International, SEI-US often collaborates on projects administered contractually by SEI-International. In the year ended December 31, 2018 the support received from SEI-International is \$140,246 in grant revenue and \$1,417,722 in contract revenue. For the year ended December 31, 2017 support received was \$121,356 in grant revenue and \$1,281,845 in contract revenue.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2018 and 2017:

Purpose restrictions, available for spending –

	<u>2018</u>	<u>2017</u>
SEI-Core	\$ -	\$ 3,425
KR Policy Conference	-	55,012
NVF Canada Oil	-	19,531
SMF Fossil Fuels in CA	-	6,732
GACC Facilitating Clean Cook stoves	15,226	33,307
RLF Yolo Sustainable GW Plan	18,784	7,188
Overlook Foundation Honduras	89,410	144,274
KR Fossil Fuels Gap Report	44,088	-
ACLS Koski Fellowship	50,410	-
NVF Fossil Fuel Reduction Project	73,549	-
GACC Haiti	<u>88,781</u>	<u>-</u>
Total Purpose -Restricted Net Assets	<u>\$380,248</u>	<u>\$269,469</u>

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE J – FOREIGN CURRENCY TRANSACTIONS

The Organization has grants and contracts with foreign agencies that pay the Organization in currencies other than the entity's functional currency (foreign currencies). Exchange differences arising on the settlement of receivables are included in the Statement of Activities for the period. Foreign currency loss totaled \$113,635 for the year ended December 31, 2018. Foreign currency gain for the year ended December 31, 2017 totaled \$58,359.

NOTE K – EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution profit sharing plan under Internal Revenue Code Section 403(b) and substantially all eligible employees of the Organization may participate in this plan. The Organization provides a maximum matching contribution of up to 4% of gross salary invested in the plan by a participant, less special payouts like accrued vacation or bonuses. The Organization made contributions of \$108,409 and \$110,397 for the years ended December 31, 2018 and 2017, respectively.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 23, 2019 the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ Pass through grantor	Federal CFDA No.	Contract No.	Federal Expenditures	Passed Through to Subrecipients
<i>Research and Development - Cluster</i>				
U.S. Agency for International Development	98.001			
Winrock International		AID-OAA-L-16-00006	\$ 343,214	\$ -
Research Triangle Institute		AID-492-TO-14-00005	14,586	-
Abt Associates Inc.		AID-486-C-16-00001	276,111	-
AECOM USA, Inc.		AID-306-C-17-00001	52,138	-
Total U.S. Agency for International Development			\$ 686,049	\$ -
U.S. Environmental Protection Agency	66.509	83542102	\$ 186,766	\$ 119,212
Total U.S. Environmental Protection Agency			\$ 186,766	\$ 119,212
U.S. Department of Agriculture	10.310	20166702625045	\$ 110,658	\$ 61,418
Total U.S. Department of Agriculture			\$ 110,658	\$ 61,418
U.S. Department of Energy				
University of California Berkeley	81.087	DE-IA0000018	\$ 179,194	\$ 11,774
Total U.S. Department of Energy			\$ 179,194	\$ 11,774
National Science Foundation				
University of North Carolina at Chapel Hill	47.050	1617359	\$ 47,172	\$ -
Total National Science Foundation			\$ 47,172	\$ -
Department of Defense				
U.S. Army Corps of Engineers	UNKNOWN	IPA000-18-0-0003	\$ 26,930	\$ -
Total Department of Defense			\$ 26,930	\$ -
Total Research and Development Cluster and Expenditures of Federal Awards			<u>\$ 1,236,769</u>	<u>\$ 192,404</u>

The accompanying notes are an integral part of this schedule.

STOCKHOLM ENVIRONMENT INSTITUTE U.S., INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018

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, 2018. 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 financial position, changes in net assets or 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 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).

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C. INDIRECT COST RATE

Stockholm Environment Institute U.S., Inc. has a federally negotiated indirect cost rate that is being used for federal awards and has elected not to use the 10-percent de minimis indirect cost rate.