

ECOLAB INC
Form 11-K/A
August 25, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K/A

(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-09328

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

ECOLAB PUERTO RICO SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

ECOLAB INC.

370 Wabasha Street North

Saint Paul, Minnesota 55102-1390

Table of Contents

Ecolab Puerto Rico Savings Plan

FINANCIAL STATEMENTS

as of December 31, 2014 and 2013

and

for the year ended December 31, 2014

AND SUPPLEMENTAL SCHEDULES

as of and for the year ended December 31, 2014

Table of Contents

INDEX

	Page(s)
<u>Explanatory Note</u>	2
Financial Statements:	
<u>Statements of Net Assets Available for Benefits (Unaudited)</u>	3
<u>Statement of Changes in Net Assets Available for Benefits (Unaudited)</u>	4
<u>Notes to Financial Statements (Unaudited)</u>	5 - 13
<u>Supplemental Schedules:</u>	
<u>Schedule H, Line 4a - Schedule of Delinquent Participant Contributions (Unaudited)</u>	14
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year) (Unaudited)</u>	15 - 16

Table of Contents

Explanatory Note

This Amendment No. 1 on Form 11-K/A (Amendment No. 1) to the Annual Report on Form 11-K for the fiscal year ended December 31, 2014 filed by the Ecolab Puerto Rico Savings Plan (the Registrant) with the Securities and Exchange Commission (the SEC) on June 24, 2015 (the Original Filing) is being filed by the Registrant to amend the Original Filing to remove the audit report (the Audit Report) of McGladrey LLP (McGladrey), the Registrant s former independent accounting firm, on the financial statements in the Original Filing, which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, the related statement of changes in net assets available for benefits for the year ended December 31, 2014 and the notes to the financial statements, and to mark such financial statements as being unaudited. As a result, the Audit Report should not be relied upon.

The Registrant is filing this Amendment No. 1 in response to McGladrey s notice dated August 5, 2015 of its determination that an associated entity of McGladrey provided certain prohibited non-audit services to an international affiliate of the Registrant s sponsor, Ecolab Inc., during the fiscal years ended December 31, 2013 and 2014. Despite its belief that the services at issue did not impact its integrity and objectivity, McGladrey has concluded that its independence has been impaired with respect to the Registrant in accordance with the rules of the SEC and the Public Company Accounting Oversight Board, has withdrawn the Audit Report and has resigned as the Registrant s independent accounting firm.

Unless expressly noted otherwise, the disclosures in this Amendment No. 1 continue to speak as of the date of the Original Filing, and do not reflect events occurring after the filing of the Original Filing.

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2014 and 2013

(Unaudited)

(in thousands)	2014	2013
ASSETS		
Investments, at fair value:		
Ecolab Inc. common stock	\$ 4,781	\$ 5,011
Registered investment companies	3,081	2,717
Total investments	7,862	7,728
Receivables:		
Notes receivable from participants	356	395
Dividends and interest receivable	15	13
Employer contributions receivable	6	7
Employee contributions receivable		5
Total receivables	377	420
Total assets	8,239	8,148
LIABILITIES		
Excess contributions payable	(3)	(5)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 8,236	\$ 8,143

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

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
for the year ended December 31, 2014
(Unaudited)

(in thousands)

Investment results:	
Net appreciation in fair value of investments	\$ 104
Dividends and interest	138
	242
Interest income on notes receivable from participants	14
Contributions:	
Participants	289
Employer	151
	440
Deductions:	
Distributions to participants	(601)
Plan expenses	(2)
	(603)
Net increase	93
Net assets available for benefits:	
Beginning of year	8,143
End of year	\$ 8,236

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

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. Description of Plan:

The following brief description of the Ecolab Puerto Rico Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information regarding the Plan s definitions, benefits, eligibility and other matters.

The Plan is sponsored by Ecolab Inc. (Ecolab) for the benefit of certain individuals employed by Ecolab s wholly owned subsidiary, Ecolab Manufacturing Inc. (the Company), and is subject to income taxation under Puerto Rico laws.

GENERAL AND ELIGIBILITY:

The Plan is a contributory qualified defined contribution plan available to certain employees of the Company in Puerto Rico. Employees who are employed by the Company and who are subject to income taxation under the laws of Puerto Rico may participate in the Plan as of the first day of the month on or after their date of hire, provided they are not subject to a collective bargaining agreement which does not provide for their participation in the Plan. Employee participation in the Plan is voluntary.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Puerto Rico tax code (the Code). The Plan and trust are located and qualified only in Puerto Rico.

CONTRIBUTIONS:

Contributions are made to the Plan as pre-tax savings contributions and employer matching contributions.

Pre-tax savings contributions are contributions made by the Company on behalf of participants who have agreed to have their taxable compensation reduced. Participants may reduce their compensation (subject to a Puerto Rico statutory annual maximum of \$15,000 for 2014) for the purpose of making pre-tax savings contributions to the Plan.

Edgar Filing: ECOLAB INC - Form 11-K/A

Participants who have attained age 50 or above are allowed to make additional catch-up contributions in accordance with Puerto Rico laws (up to \$1,500 in 2014).

Participant contributions of up to 3% of eligible compensation are matched 100% by the Company and participant contributions over 3% and up to 5% of eligible compensation are matched 50% by the Company. The Plan also allows additional employer matching contributions to true-up the employer match. This true-up ensures all participants receive their full annualized employer match.

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. Description of Plan (continued):

The levels of contributions made by or on behalf of participants who are highly compensated, as defined in the Code, are subject to limitations under the Code.

VESTING:

Participants are fully vested in their accounts at all times.

PLAN BENEFITS:

As participants are fully vested at all times, benefits to participants are equal to their account balances. Upon retirement, death, disability or separation from service, a distribution may be made to the participant or beneficiary equal to the participant's account balance. Employees may be eligible to withdraw part or all of their account balance upon attainment of age 59 1/2. Loans and in-service withdrawals for hardships are also available. A participant distribution or withdrawal from the Plan generally is subject to taxation under the tax rules applicable to Puerto Rico residents.

NOTES RECEIVABLE FROM PARTICIPANTS:

Active participants (and beneficiaries who are parties in interest as defined by ERISA) are permitted to borrow from their accounts. The total amount of a participant's note may not exceed the lesser of (a) \$50,000 minus the participant's highest outstanding note balance for the previous twelve-month period, or (b) 50% of the participant's interest in his or her account. When a note is granted, the appropriate account balances are reduced and a separate note account is created. Note payments, together with interest at a market rate determined by the Plan Administrator, are repaid generally over 5 years unless the note is for the purchase of a principal residence, in which case the term can be up to 10 years. Notes receivable from participants at December 31, 2014 had interest rates ranging from 3.25% to 4.25% and are due at various dates through April 2020. A participant can have no more than two notes outstanding at any time. Notes receivable from participants are collateralized by the borrower's account balance and are repaid through ratable payroll deductions.

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. Description of Plan (continued):

PARTICIPANT ACCOUNTS AND ALLOCATION:

Banco Popular de Puerto Rico (Banco Popular or trustee) provides investment management, recordkeeping and trustee services for the Plan directly or indirectly through one or more of its subsidiaries. The trust agreement authorizes services to be performed by the trustee, its agents or affiliates.

Each participant's account is credited with the participant's contributions, the employer matching contributions and investment income thereon, net of Plan expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

All participant contributions made under the Plan are paid to and invested by Banco Popular in one or more of the available investment options as directed by the participants.

Participants are allowed to allocate their entire account balance in any combination of the available investment options.

PLAN TERMINATION:

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

2. Summary of Significant Accounting Policies:

BASIS OF PRESENTATION:

The accompanying financial statements have been prepared on the accrual basis of accounting.

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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

2. Summary of Significant Accounting Policies (continued):

VALUATION OF INVESTMENTS AND INCOME RECOGNITION:

Banco Popular holds the Plan's assets and executes transactions therein based upon instructions received from the Plan Administrator, Ecolab and the participants of the Plan. The Plan's investments are stated at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Interest income is recorded as earned on an accrual basis and dividend income is recorded on the ex-dividend date. Purchases and sales of securities and realized gains and losses related to sales of investments are recorded on a trade-date basis. Unrealized gains and losses are recorded based on the fair values as of the reporting date.

NOTES RECEIVABLE FROM PARTICIPANTS:

Notes receivable from participants are measured at their unpaid principal balances plus any accrued interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 or 2013. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Notes receivable from participants have been classified as an investment asset for Form 5500 reporting purposes and, accordingly, have been included as an investment in supplemental schedule, Schedule H, line 4i - Schedule of Assets (Held at End of Year).

CONTRIBUTIONS:

Participant pre-tax contributions are recorded in the period the employer makes the payroll deductions. Employer matching contributions are recorded based on participant contributions in the same period.

RISKS AND UNCERTAINTIES:

The Plan provides for various investment options in various combinations of investment funds. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, including Ecolab Inc. common stock, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the 2014 statement of net assets available for benefits.

Table of Contents

ECOLAB PUERTO RICO SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

2. Summary of Significant Accounting Policies (continued):

CONCENTRATION OF MARKET RISK:

At December 31, 2014 and 2013, approximately 58% and 62%, respectively, of the Plan's net assets were invested in the common stock of Ecolab. The underlying value of Ecolab Inc. common stock is dependent on the performance of Ecolab and the market's evaluation of such performance.

DISTRIBUTIONS TO PARTICIPANTS:

Distributions to participants are recorded when paid.

PLAN EXPENSES:

The Company pays a portion of the administrative expenses of the Plan, which are excluded from these financial statements, and a portion is paid by Plan participants within the Plan. Certain asset management and administrative fees of the Plan are charged against the Plan's investment results.

SUBSEQUENT EVENTS:

The Plan Administrator has evaluated subsequent events through the date and time the financial statements were issued.

3. Investments:

Edgar Filing: ECOLAB INC - Form 11-K/A

Investments that represent 5 percent or more of the Plan's net assets available for benefits at December 31, 2014 and 2013 are summarized as follows:

(in thousands)	2014	2013
Ecolab Inc. common stock	\$ 4,781	