

**ENGINEERS WITHOUT
BORDERS - USA, INC.**
(A COLORADO NOT-FOR-PROFIT CORPORATION)

Financial Statements

For the year ended December 31, 2012
With summarized financial information for
the year ended December 31, 2011



ENGINEERS WITHOUT BORDERS - USA, INC.

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INDEPENDENT AUDITOR'S REPORT

Engineers Without Borders - USA, Inc.
Boulder, Colorado

We have audited the accompanying financial statements of Engineers Without Borders - USA, Inc. (the "Organization"), a Colorado not-for-profit corporation, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2011 financial statements and, in our report dated March 12, 2012, we expressed an unqualified opinion on those 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 Engineers Without Borders - USA, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Boulder, Colorado
April 10, 2013

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2011

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,322,441	\$ 2,305,395
Investments	1,061,848	1,053,096
Promises to give	82,742	31,154
Due from ASCE	48,335	60,679
Prepaid expenses	22,885	58,538
Project advances	46,980	77,997
Total current assets	<u>4,585,231</u>	<u>3,586,859</u>
PROPERTY AND EQUIPMENT:		
Computers and equipment	108,824	101,420
Furniture and fixtures	21,633	21,633
Leasehold improvements	12,666	12,666
Construction in progress	53,426	-
Total property and equipment	<u>196,549</u>	<u>135,719</u>
Less accumulated depreciation	<u>(128,040)</u>	<u>(116,708)</u>
Property and equipment, net	<u>68,509</u>	<u>19,011</u>
INTANGIBLE ASSETS:		
Website and software costs	127,134	97,633
Less accumulated amortization	<u>(77,332)</u>	<u>(43,196)</u>
Intangible assets, net	<u>49,802</u>	<u>54,437</u>
OTHER ASSETS:		
Deposits	<u>14,304</u>	<u>14,304</u>
TOTAL ASSETS	<u><u>\$ 4,717,846</u></u>	<u><u>\$ 3,674,611</u></u>

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2011

	2012	2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 125,830	\$ 196,999
Accrued personnel costs	72,102	71,996
Deferred revenue	148,870	243,305
Agency liability	295,644	190,000
Total current liabilities	642,446	702,300
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted (deficit)	33,021	(12,078)
Temporarily restricted	4,042,379	2,984,389
Total net assets	4,075,400	2,972,311
TOTAL LIABILITIES AND NET ASSETS	\$ 4,717,846	\$ 3,674,611

See accompanying notes to financial statements.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
SUPPORT AND REVENUE:				
Contributions and grants	\$ 1,796,853	\$ 2,942,175	\$ 4,739,028	\$ 3,530,806
Less costs of direct benefits to donors	(59,404)	-	(59,404)	(50,611)
	<u>1,737,449</u>	<u>2,942,175</u>	<u>4,679,624</u>	<u>3,480,195</u>
Membership fees	254,630	35,931	290,561	314,078
Chapter fees	81,644	-	81,644	53,700
Conference revenue	133,630	-	133,630	198,329
Workshops	75,392	-	75,392	66,943
In-kind contributions	3,981,450	-	3,981,450	3,792,000
Interest income	8,028	1,425	9,453	7,348
Gain (loss) on investments	3,123	3,798	6,921	(885)
Other income	10,434	-	10,434	10,009
Net assets released from restrictions	<u>1,925,339</u>	<u>(1,925,339)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,211,119</u>	<u>1,057,990</u>	<u>9,269,109</u>	<u>7,921,717</u>
EXPENSES:				
Program services	7,410,756	-	7,410,756	6,932,156
General and administrative	344,527	-	344,527	336,465
Fundraising	410,737	-	410,737	412,408
Total expenses	<u>8,166,020</u>	<u>-</u>	<u>8,166,020</u>	<u>7,681,029</u>
CHANGE IN NET ASSETS	45,099	1,057,990	1,103,089	240,688
NET ASSETS, beginning of period	<u>(12,078)</u>	<u>2,984,389</u>	<u>2,972,311</u>	<u>2,731,623</u>
NET ASSETS, end of period	<u>\$ 33,021</u>	<u>\$ 4,042,379</u>	<u>\$ 4,075,400</u>	<u>\$ 2,972,311</u>

See accompanying notes to financial statements.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,103,089	\$ 240,688
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	11,332	17,332
Amortization	34,136	19,140
(Gain) loss on investments	(6,921)	885
(Increase) decrease in assets:		
Promises to give	(51,588)	23,846
Due from ASCE	12,344	(20,289)
Prepaid expenses	35,653	(18,373)
Project advances	31,017	(25,309)
Inventory	-	903
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(71,169)	115,581
Accrued personnel costs	106	17,327
Deferred revenue	(94,435)	47,182
Agency liability	105,644	190,000
Net cash provided by operating activities	<u>1,109,208</u>	<u>608,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(60,830)	(9,465)
Proceeds from sale of investments	400,000	-
Purchase of investments	(401,831)	(206,498)
Software costs	(29,501)	(62,243)
Net cash used in investing activities	<u>(92,162)</u>	<u>(278,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on short-term debt	<u>-</u>	<u>(200,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,017,046	130,707
CASH AND CASH EQUIVALENTS, beginning of period	<u>2,305,395</u>	<u>2,174,688</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 3,322,441</u>	<u>\$ 2,305,395</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 30</u>	<u>\$ 4,989</u>

See accompanying notes to financial statements.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Services</u>			<u>General & Admin.</u>	<u>Fund-Raising</u>	<u>2012 Total</u>	<u>2011 Total</u>
	<u>Project</u>	<u>Education</u>	<u>Total</u>				
Salaries	\$ 642,964	\$ 58,523	\$ 701,487	\$ 200,356	\$ 237,560	\$ 1,139,403	\$ 1,192,066
Employee benefits	98,749	8,988	107,737	30,772	36,437	174,946	194,917
Payroll tax expenses	45,688	4,159	49,847	14,237	16,857	80,941	95,402
Subtotal	<u>787,401</u>	<u>71,670</u>	<u>859,071</u>	<u>245,365</u>	<u>290,854</u>	<u>1,395,290</u>	<u>1,482,385</u>
Accounting fees	-	-	-	10,750	-	10,750	5,275
Contract services	116,456	108,181	224,637	34,660	46,128	305,425	306,908
Depreciation and amortization	25,665	2,336	28,001	7,997	9,470	45,468	36,472
Dues and subscriptions	3,653	311	3,964	1,065	1,511	6,540	4,868
Insurance	58,121	396	58,517	1,356	1,607	61,480	45,314
Interest	17	2	19	5	6	30	4,989
Legal fees	-	-	-	-	-	-	44
Licenses and fees	894	64	958	219	259	1,436	2,411
Meetings and conventions	44,761	244,162	288,923	2,211	3,730	294,864	275,881
Merchant bankcard fees	21,171	1,892	23,063	6,479	7,672	37,214	31,784
Miscellaneous	563	3,242	3,805	97	253	4,155	3,016
Occupancy	86,574	7,511	94,085	25,715	30,451	150,251	136,117
Office expense	19,755	8,576	28,331	4,971	3,239	36,541	10,242
Postage and delivery	4,244	323	4,567	609	4,816	9,992	11,522
Printing and copying	4,639	5,882	10,521	1,012	7,031	18,564	22,632
Professional development	-	-	-	-	-	-	310
Project materials and logistical support	809,175	-	809,175	-	-	809,175	644,972
Project mentors	3,981,450	-	3,981,450	-	-	3,981,450	3,792,000
Promotional materials	6,476	24,823	31,299	98	116	31,513	14,658
Travel	926,991	33,379	960,370	1,918	3,594	965,882	849,229
Total expenses	<u>\$ 6,898,006</u>	<u>\$ 512,750</u>	<u>\$ 7,410,756</u>	<u>\$ 344,527</u>	<u>\$ 410,737</u>	<u>\$ 8,166,020</u>	<u>\$ 7,681,029</u>

See accompanying notes to financial statements.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

This summary of significant accounting policies of Engineers Without Borders - USA, Inc. (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of financial statements.

Nature of Operations – Engineers Without Borders USA, Inc. was established in 2002 to help developing areas worldwide with their civil and environmental engineering needs, by involving and training a new kind of internationally responsible engineer. The Organization's projects seek to address some of the most prevalent challenges facing the developing world, including water purification, sanitation, transportation and infrastructure projects and renewable energy systems.

In addition the Organization holds workshops, webinars and conferences which help educate individuals who are interested in future volunteer opportunities for projects sponsored by the Organization.

The Organization encourages students to organize chapters at their own universities and provides technical expertise for this. However, some student chapters are independent of the Organization's financial activities, and therefore the activities of those student chapters are not reflected in the Organization's financial statements. These chapters use the not-for-profit status of their respective university.

Basis of Presentation—The Organization follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Organization follows to ensure the financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*, sometimes referred to as the Codification or ASC.

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ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

The financial statements are prepared on the accrual basis of accounting and are in conformity with ASC 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates—In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues, and expenses during the reporting period. Actual results could differ from those estimates, and such differences could be material.

Contributions—In accordance with ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents—The Organization considers all highly liquid investments with an original maturity of three months or less not held for long term purposes to be cash equivalents.

Promises to Give—Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decrease in liabilities, or expenses depending on the form of the benefits received. Management believes an allowance for doubtful accounts is not necessary due to past collection history.

Conditional promises to give are not recognized as revenue until such time as the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2012 and 2011, the Organization did not have conditional promises to give.

Project Advances—The Organization advances money to its members for travel and in-country project expenses that are to take place in the future.

Investments—Under ASC 958-320, *Not-for-Profit Entities - Investments-Debt and Equity Securities*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Interest, dividends, and realized and unrealized gains and losses are included in the change in net assets in the statement of activities.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Property and Equipment—Property and equipment are recorded at cost or at fair market value in the case of donated items. Expenditures for and contributions of equipment with a fair value greater than \$500 are capitalized. Construction in progress consists of amounts used for tenant improvements on office space the Organization anticipates moving into during 2013.

Depreciation is computed using the straight-line method over the assets' estimated useful lives, ranging from three to seven years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Repairs and maintenance costs are charged to expense when incurred.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds its fair value. Management does not believe that any indicators of impairment occurred, and therefore no impairment losses were recorded during the years ended December 31, 2012 and 2011.

Deferred Revenue—Membership dues, which are billed in advance, are deferred and recognized as revenue ratably over the membership period. Workshop fees received in advance of the workshop date are recorded as deferred revenue until the workshop occurs.

Recognition of Donor Restrictions—Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the donor restriction expires or the restricted activity performed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. A portion of the memberships received are restricted based on the members request to designate a specific chapter. There were no permanently restricted net assets during the years ended December 31, 2012 and 2011.

Income Taxes and Tax Status—The Organization is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization other than a private foundation under Section 509(a)(1). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

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ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

The Organization believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. Years before 2009 are no longer open for tax authority examinations.

Concentration of Credit Risk—Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with high credit quality financial institutions and attempts to limit its amount of credit exposure to any one financial institution. However, at various times during the years ended December 31, 2012 and 2011, the Organization's cash balances exceeded the federally insured limits. All of the Organization's non-interest bearing cash balances were fully insured at December 31, 2012 due to a temporary federal program in effect through December 31, 2012. Under the program, there is no limit to the amount of insurance for certain eligible accounts. On January 1, 2013, insurance coverage reverted to \$250,000 per depositor at each financial institution, and the Organization's non-interest bearing cash balances may again exceed federally insured limits. As of December 31, 2012 the Organization did not have any interest-bearing amounts on deposit in excess of the federally insured limits.

Functional Expense Allocation—Whenever possible, the Organization charges directly identifiable expenses to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Fair Value Measurements—ASC 820, *Fair Value Measurements and Disclosures* requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3). In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize, the use of unobservable inputs to the greatest extent possible.

Comparative Financial Information—The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP and consequently has not been reported upon in the current auditor's opinion. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2011, from which the summarized information was derived.

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ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Reclassifications—Certain reclassifications have been made to the 2011 summarized financial information to conform to the current year’s format. These reclassifications had no effect on total net assets or changes in total net assets.

In-kind Contributions—Donated materials, equipment and services are reflected as contributions at their estimated values at the date of receipt. Donated services are recognized as contributions in accordance with ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise need to be purchased. During the years ended December 31, 2012 and 2011, in-kind contributions consisted of international project mentoring services valued at \$3,981,450 and \$3,792,000, respectively.

In addition, numerous volunteers have donated significant amounts of time to the Organization’s program services. These services did not meet the requirements for recognition in the financial statements and have not been recorded.

Note 2 - Investments

Investments are valued on a recurring basis at the using quoted market prices in active markets or redemption values (level 1 inputs under ASC 820) are summarized below by type of investment as of December 31:

	2012	2011
Certificates of deposit	\$ 804,739	\$ 801,639
Mutual funds	255,694	250,165
Stock	1,415	1,292
Total	<u>\$ 1,061,848</u>	<u>\$ 1,053,096</u>

Note 3 - Operating Lease Commitments

The Organization leases office space under a non-cancelable operating lease arrangement which requires minimum payments of \$51,287 through September 2013. The Organization anticipates entering into a new lease for office space during 2013, and has already provided funds to begin building out the space.

Rent expense on this lease totaled approximately \$119,000 and \$103,000, respectively, for the years ended December 31, 2012 and 2011.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2012 and 2011 are restricted for the following purposes:

	2012	2011
Student and professional chapters and international projects	\$ 3,870,893	\$ 2,708,088
Undesignated	106,334	224,463
Tyler Palmer fund	65,152	51,838
Total	\$ 4,042,379	\$ 2,984,389

Undesignated temporarily restricted net assets consist of contributions restricted by the donor for future activities.

Note 5 - Agency Transactions

In accordance with ASC 958-605-25, *Not-for-Profit Entities - Revenue Recognition* amounts received from donors that must be disbursed to a specified beneficiary are recorded as liabilities until paid by the Organization. During the years ended December 31, 2012 and 2011, the Organization received \$229,500 and \$190,000, respectively, through agency transactions. During the year ended December 31, 2012, \$123,856 was paid out and the remainder is reported as agency liability on the statement of financial position.

Note 6 - Intangible Assets

The Organization amortizes website and software costs with a cost over \$500 over three years. Amortization expense is included in depreciation and amortization expense on the statement of functional expenses. Estimated amortization expense over the remaining useful life of the intangible assets are as follows for the years ending:

December 31,	Amount
2013	\$ 30,582
2014	19,220
Total	\$ 49,802

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7 - Affiliation with ASCE

On October 31, 2007, the Organization entered into an affiliation agreement with the American Society of Civil Engineers (ASCE), a not-for-profit organization with a mission similar to that of the Organization. The agreement provides that ASCE will provide, in addition to cash donations, certain services to the Organization as a charitable contribution, pursuant to a separate services agreement. The services agreement includes membership renewal, marketing, legal, financial, and human resources services. Donations from ASCE and memberships received through ACSE have been paid by cash transfers from ASCE to the Organization. As of December 31, 2012 and 2011, memberships collected by ASCE resulted in a receivable from ASCE in the amount of \$48,335 and \$60,679, respectively. The receivable was collected shortly after year end.

The Organization also received a non-interest bearing loan from ASCE in the amount of \$200,000 during the year ended December 31, 2010 that was due on demand. The loan was paid in full during the year ended December 31, 2011.

Note 8 - Related Parties

Contributions of approximately \$446,000 were received from board members or their respective employers during 2012. This makes up approximately 10% of all contributions received during the year ended December 31, 2012.

Note 9 - Line of Credit

The Organization has a \$250,000 unsecured revolving line of credit with a bank. Borrowings bear interest at the one month London Interbank Offered Rate ("LIBOR") plus 3.50%, which resulted in an effective rate of 3.71% at December 31, 2012. The interest rate change will not occur more often than each month. The Organization is required to make monthly interest payments and the principal is due at expiration on August 24, 2014. At December 31, 2012, there was no outstanding balance.

Note 10 - Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through April 10, 2013, which is the date these financial statements were available to be issued. There are no subsequent events that require recognition or additional disclosure in these financial statements.