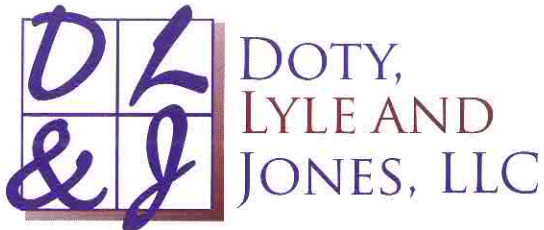


**ENGINEERS WITHOUT BORDERS-USA, INC.
(A COLORADO NOT-FOR-PROFIT CORPORATION)**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009**

ENGINEERS WITHOUT BORDERS - USA, INC.
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YEAR ENDED DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Engineers Without Borders - USA, Inc.
BoulderBoulder, Colorado

We have audited the accompanying statement of financial position of Engineers Without Borders - USA, Inc. (the "Organization"), a Colorado not-for-profit corporation, as of December 31, 2009 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Doty, Lyle and Jones, LLC

Doty, Lyle and Jones, LLC

Certified Public Accountants and Professional Advisors

Boulder, Colorado
February 24, 2010

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,144,078
Investments - stock	2,001
Promises to give	180,000
Due from ASCE	123,516
Prepaid expenses	30,686
Advances	93,617
Inventory	3,615
<hr/>	
Total current assets	2,577,513
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Property and equipment	
Computers and equipment	82,354
Furniture and fixtures	21,633
Leasehold improvements	12,666
<hr/>	
Total property and equipment	116,653
Less accumulated depreciation	(70,584)
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Property and equipment, net	46,069
<hr/>	
Intangible assets	
Website development costs	35,390
Less accumulated amortization	(15,951)
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Intangible asset, net	19,439
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Other assets	
Deposits	14,104
<hr/>	
Total assets	\$ 2,657,125

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2009

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 133,108
Deferred revenue	192,225
<hr/>	
Total current liabilities	325,333
<hr/>	
Net assets	
Unrestricted	173,724
Temporarily restricted	2,158,068
<hr/>	
Total net assets	2,331,792
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Total liabilities and net assets	\$ 2,657,125

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and grants	\$ 1,308,759	\$ 1,586,285	\$ 2,895,044
Less: costs of direct benefits to donors	(41,978)	-	(41,978)
	1,266,781	1,586,285	2,853,066
Membership fees	436,681	63,694	500,375
Conference revenue	106,176	-	106,176
Workshops	81,701	-	81,701
In-kind contributions	4,352,754	9,766	4,362,520
Interest income	13,210	-	13,210
Other income	6,726	-	6,726
Net assets released from restrictions	1,268,884	(1,268,884)	-
Total support and revenue	7,532,913	390,861	7,923,774
Expenses			
Program services	7,175,101	-	7,175,101
General and administrative	437,908	-	437,908
Fundraising	370,686	-	370,686
Total expenses	7,983,695	-	7,983,695
Change in net assets	(450,782)	390,861	(59,921)
Net assets, beginning of period	624,506	1,767,207	2,391,713
Net assets, end of period	\$ 173,724	\$ 2,158,068	\$ 2,331,792

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:	
Change in net assets	\$ (59,921)
Adjustments to reconcile change in net assets to net assets used in operating activities:	
Depreciation and amortization	38,229
(Increase) decrease in assets:	
Promises to give	(152,472)
Due from ASCE	(123,516)
Prepaid expenses	(15,485)
Travel advances	(38,638)
Inventory	4,757
Increase (decrease) in liabilities:	
Accounts payable	(29,842)
Deferred revenue	55,503
Net cash used in operating activities	(321,385)
Cash flows used in investing activities:	
Purchase of property and equipment	(7,700)
Purchase of investments	(1,281)
Net cash used in investing activities	(8,981)
Net decrease in cash and cash equivalents	(330,366)
Cash and cash equivalents, beginning of period	2,474,444
Cash and cash equivalents, end of period	\$ 2,144,078

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Program	General & Admin.	Fund- Raising	Total
Salaries	\$ 460,635	\$ 115,774	\$ 126,958	\$ 703,367
Employee benefits	83,420	20,966	22,992	127,378
Payroll tax expenses	33,039	8,304	9,106	50,449
Subtotal	577,094	145,044	159,056	881,194
Accounting fees	-	11,940	-	11,940
Contract services	247,469	47,816	49,732	345,017
Depreciation	25,038	6,291	6,900	38,229
Dues and subscriptions	2,665	612	1,027	4,304
Insurance	29,461	2,086	2,287	33,834
Leased employees	302,491	76,027	83,371	461,889
Legal fees	-	20,172	-	20,172
Licenses and fees	61,119	15,326	16,918	93,363
Meetings and conventions	107,047	15,693	138	122,878
Merchant bankcard fees	-	31,470	-	31,470
Miscellaneous	-	2,753	16	2,769
Occupancy	98,416	29,034	27,966	155,416
Office expense	1,272	303	538	2,113
Postage and delivery	4,927	784	2,092	7,803
Printing and copying	4,307	308	5,773	10,388
Professional development	16,404	4,122	4,822	25,348
Project expense	450,709	-	-	450,709
Project managers	4,303,600	-	-	4,303,600
Promotional materials	4,473	211	6,427	11,111
Supplies	283,966	1,459	1,715	287,140
Travel	654,643	26,457	1,908	683,008
Total	\$ 7,175,101	\$ 437,908	\$ 370,686	\$ 7,983,695

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies—This summary of significant accounting policies of the 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 2001 to help developing areas worldwide with their civil and environmental engineering needs, by involving and training a new kind of internationally responsible engineering student. The Organization’s projects involve the design and construction of water, sanitation, structural, and energy systems. These projects are conducted by both professional chapters, made up of practicing professionals, and student chapters of which the participants are both university students and university professors, supervised by professional engineers.

In addition, the Organization holds an annual conference which helps educate individuals who are interested in future volunteer opportunities for projects sponsored by the Organization.

The Organization encourages students to organize student chapters at their own universities and it provides technical expertise for this. However, approximately 40% of the 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.

Basis of Presentation— We follow accounting standards set by the Financial Accounting Standards Board, commonly referred to as the “FASB.” The FASB sets generally accepted accounting principles (“GAAP”) that we follow to ensure we consistently report our financial condition, results of operations, and cash flows. 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. The FASB finalized the Codification effective for periods ending on or after September 15, 2009.

The financial statements are prepared on the accrual basis of accounting and are in conformity with FASB 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.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

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

Cash Equivalents—The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

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 restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes—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. Management believes there are no uncertain tax positions at December 31, 2009 that more-likely-than-not would cause the Organization to incur taxes, penalties or interest.

Use of Estimates—The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing financial statements, 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.

Concentration of 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 year ended December 31, 2009, the Organization's cash balances exceeded the federally insured limits. As of December 31, 2009, the Organization had \$1,700,325 on deposit with financial institutions in excess of the federally insured limits.

Inventory—Inventory consists of t-shirts and other promotional materials, which are recorded at cost using the first-in, first-out method.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment—Property, plant 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 market value greater than \$500 are capitalized. Depreciation is computed using the straight-line method over their estimated useful lives, ranging from three to seven years.

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 discounted 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 impairment has occurred as of December 31, 2009.

Donated Materials, Equipment and Services—Donated materials, equipment and services are reflected as contributions at their estimated values at date of receipt. During the three months ended December 31, 2009, donated equipment and professional services consisted of the following:

	Program	General & Admin.	Fund- Raising	Total
Project managers for international projects	\$ 4,303,600	\$ -	\$ -	\$ 4,303,600
Project travel and equipment	9,766	-	-	9,766
Contract services	32,193	8,089	8,872	49,154
Total	\$ 4,345,559	\$ 8,089	\$ 8,872	\$ 4,362,520

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.

Deferred Revenue—Membership dues, which are billed in advance, are 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.

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

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

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—Beginning in 2009, the Organization adopted ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 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).

Investments - stock—Stock is valued at fair market value with quoted market prices.

Note 2: Promises to give—The Organization receives contributions from chapters fundraising events. These amounts were collected by the chapters but had not yet been received by the Organization. The contributions were received shortly after the year ended December 31, 2009. There was no discounts calculated and the promises are deemed to be fully collectible during the year ending December 31, 2010.

Note 3: Operating Lease Commitments—The Organization leases office space under non-cancelable operating lease arrangements that expire between January 2010 and September 2013. The leases require the following future minimum payments:

Year ending December 31,	
2010	\$ 62,826
2011	67,955
2012	74,366
2013	51,287
Total	\$ 256,434

The rent expense from these leases totaled approximately \$114,000 for the year ended December 31, 2009.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

Note 4: Temporarily Restricted Net Assets—Temporarily restricted net assets at December 31, 2009 are restricted for the following purposes:

Student and professional chapters and international projects	\$ 2,122,591
Education	35,477
Total	\$ 2,158,068

Note 5: Affiliation with ASCE—On October 31, 2007, the Organization entered into an affiliation agreement with the American Society of Civil Engineers (ASCE), a non-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. From January 2008 through May 2009 ASCE also provided employee leasing services. All salaries, payroll taxes and employee benefits were paid through ASCE, using ASCE’s cash donation and the funds from memberships received through ASCE. Upon exhaustion of these funds, the Organization reimbursed ASCE for the remainder of amounts due. Subsequent to May 2009 donations from ASCE and memberships received through ACSE have been paid by cash transfers from ASCE to the Organization. As of December 31, 2009, memberships collected by ASCE resulted in a receivable from ASCE in the amount of \$123,216. The receivable was collected shortly after year end.

Note 6: Amortization—The Organization amortizes website development costs over five years. Amortization expense totaled \$5,752 for the year ended December 31, 2009 and is included in depreciation expense on the statement of functional expenses. Estimated amortization expense for the next three years is:

Year Ending December 31	Amount
2010	\$ 8,105
2011	7,779
2012	3,555
Total	\$ 19,439