

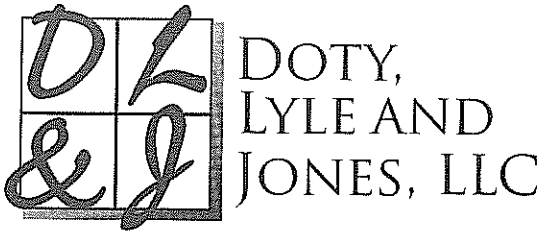
**ENGINEERS WITHOUT BORDERS - USA, INC.
(A COLORADO NOT-FOR-PROFIT CORPORATION)**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010**

**WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009**

ENGINEERS WITHOUT BORDERS - USA, INC.
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WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

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Certified Public Accountants
and Professional Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Engineers Without Borders - USA, Inc.
Boulder, 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, 2010 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. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and in our report dated February 24, 2010, we expressed an unqualified opinion on those financial statements.

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, 2010, 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
March 8, 2011

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2009

ASSETS

	2010	2009
Current assets		
Cash and cash equivalents	\$ 2,174,688	\$ 2,144,078
Investments	847,483	2,001
Promises to give	55,000	180,000
Due from ASCE	40,390	123,516
Prepaid expenses	40,165	30,686
Advances	52,688	93,617
Inventory	903	3,615
Total current assets	3,211,317	2,577,513
Property and equipment		
Computers and equipment	91,954	82,354
Furniture and fixtures	21,633	21,633
Leasehold improvements	12,666	12,666
Total property and equipment	126,253	116,653
Less accumulated depreciation	(99,376)	(70,584)
Property and equipment, net	26,877	46,069
Intangible assets		
Website and software development costs	35,390	35,390
Less accumulated amortization	(24,055)	(15,951)
Intangible assets, net	11,335	19,439
Other assets		
Deposits	14,304	14,104
Total assets	\$ 3,263,833	\$ 2,657,125

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2009

LIABILITIES AND NET ASSETS

	2010	2009
Current liabilities		
Accounts payable and accrued expenses	\$ 136,087	\$ 133,108
Deferred revenue	196,123	192,225
ASCE loan	200,000	-
Total current liabilities	532,210	325,333
Net assets		
Unrestricted	204,154	173,724
Temporarily restricted	2,527,469	2,158,068
Total net assets	2,731,623	2,331,792
Total liabilities and net assets	\$ 3,263,833	\$ 2,657,125

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Total 2010	Total 2009
Support and revenue				
Contributions and grants	\$ 1,785,504	\$ 1,889,225	\$ 3,674,729	\$ 2,895,044
Less: costs of direct benefits to donors	(46,687)	-	(46,687)	(41,978)
	1,738,817	1,889,225	3,628,042	2,853,066
Membership fees	327,542	31,724	359,266	424,504
Chapter fees	47,002	-	47,002	57,188
Conference revenue	183,632	-	183,632	106,176
Workshops	84,038	-	84,038	81,701
In-kind contributions	6,271,375	-	6,271,375	4,362,520
Interest income	3,328	924	4,252	13,210
Gain on investments	319	-	319	-
Other income	-	-	-	25,409
Net assets released from restrictions	1,552,472	(1,552,472)	-	-
Total support and revenue	10,208,525	369,401	10,577,926	7,923,774
Expenses				
Program services	9,468,905	-	9,468,905	7,175,101
General and administrative	345,447	-	345,447	437,908
Fundraising	363,743	-	363,743	370,686
Total expenses	10,178,095	-	10,178,095	7,983,695
Change in net assets	30,430	369,401	399,831	(59,921)
Net assets, beginning of period	173,724	2,158,068	2,331,792	2,391,713
Net assets, end of period	\$ 204,154	\$ 2,527,469	\$ 2,731,623	\$ 2,331,792

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 399,831	\$ (59,921)
Adjustments to reconcile change in net assets to net assets provided by (used in) operating activities:		
Depreciation and amortization	36,896	38,229
(Increase) decrease in assets:		
Promises to give	125,000	(152,472)
Due from ASCE	83,126	(123,516)
Prepaid expenses	(9,479)	(15,485)
Travel advances	40,929	(38,638)
Inventory	2,712	4,757
Deposits	(200)	-
Increase (decrease) in liabilities:		
Accounts payable	2,979	(29,842)
Deferred revenue	3,898	55,503
Net cash provided by (used in) operating activities	685,692	(321,385)
Cash flows used in investing activities:		
Purchase of property and equipment	(9,600)	(7,700)
Proceeds from sale of investments	7,168	-
Purchase of investments	(852,650)	(1,281)
Net cash used in investing activities	(855,082)	(8,981)
Cash flows provided by financing activities:		
Proceeds from short-term debt	200,000	-
Net decrease in cash and cash equivalents	30,610	(330,366)
Cash and cash equivalents, beginning of period	2,144,078	2,474,444
Cash and cash equivalents, end of period	\$ 2,174,688	\$ 2,144,078
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,681	\$ -

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program	General & Admin.	Fund- Raising	Total 2010	Total 2009
Salaries	\$ 836,459	\$ 195,059	\$ 220,572	\$ 1,252,090	\$ 703,367
Employee benefits	135,088	31,502	35,622	202,212	127,378
Payroll tax expenses	70,943	16,544	18,707	106,194	50,449
Subtotal	1,042,490	243,105	274,901	1,560,496	881,194
Accounting fees	-	10,700	-	10,700	11,940
Contract services	142,426	24,296	9,074	175,796	345,017
Depreciation and amortization	24,366	6,105	6,425	36,896	38,229
Dues and subscriptions	1,317	244	1,021	2,582	4,304
Insurance	33,947	2,182	2,296	38,425	33,834
Interest	-	7,098	-	7,098	-
Leased employees	-	-	-	-	461,889
Legal fees	-	13,969	-	13,969	20,172
Licenses and fees	721	164	172	1,057	93,363
Meetings and conventions	332,533	488	2,753	335,774	122,878
Merchant bankcard fees	25,209	6,309	6,640	38,158	31,470
Miscellaneous	21,287	76	81	21,444	2,769
Occupancy	96,030	22,056	23,213	141,299	155,416
Office expense	3,000	569	599	4,168	2,113
Postage and delivery	4,515	643	4,241	9,399	7,803
Printing and copying	11,330	819	3,073	15,222	10,388
Professional development	10,081	2,244	2,362	14,687	25,348
Project expense	207,538	-	-	207,538	450,709
Project managers	6,265,958	-	-	6,265,958	4,303,600
Promotional materials	8,176	-	16,568	24,744	11,111
Supplies	443,894	674	2,397	446,965	287,140
Travel	794,087	3,706	7,927	805,720	683,008
Total	\$ 9,468,905	\$ 345,447	\$ 363,743	\$ 10,178,095	\$ 7,983,695

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE 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—The Organization follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the “FASB.” The FASB sets generally accepted accounting principles (“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. 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.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE 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, 2010 that more-likely-than-not would cause the Organization to incur taxes, penalties or interest. The years open for tax authority examinations are 2007 through 2010.

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, 2010 and 2009, the Organization's cash balances exceeded the federally insured limits. As of December 31, 2010 and 2009, the Organization had \$202,160 and \$1,700,325, respectively, on deposit with financial institutions in excess of the federally insured limits.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies (continued)

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

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, 2010.

Donated Materials, Equipment and Services—Donated materials, equipment and services are reflected as contributions at their estimated values at date of receipt. During the years ended December 31, 2010 and 2009, donated equipment and professional services consisted of the following:

	Program	General & Admin.	Total 2010	Total 2009
Project managers for international projects	\$ 6,265,958	\$ -	\$ 6,265,958	\$ 4,303,600
Interest expense	-	5,417	5,417	-
Project travel and equipment	-	-	-	9,766
Contract services	-	-	-	49,154
Total	\$ 6,265,958	\$ 5,417	\$ 6,271,375	\$ 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 money to its members for travel and in-country expenses that are to take place in the future.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE 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—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).

Investments—Investments are valued at fair market value based on quoted market prices.

Comparative Financial Information—The financial statement 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 accounting principles generally accepted in the United States of America and consequently has not been reported upon in the current auditors' opinion. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2009, dated February 24, 2010 from which the summarized information was derived.

Reclassifications—Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current years' format. These reclassifications had no effect on total net assets or changes in total net assets.

Note 2: 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. 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, 2010 and 2009, the Organization did not have conditional promises to give. No allowance for doubtful accounts is presented due to past collection history.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 3: Investments—Investments as of December 31, 2010 and 2009 are summarized as follows:

	2010	2009
Certificates of deposit	\$ 798,211	\$ -
Mutual funds	49,272	-
Stock	-	2,011
	\$ 847,483	\$ 2,011

Note 4: Operating Lease Commitments—The Organization leases office space under a non-cancelable operating lease arrangement that expires in September 2013. The lease requires the following future minimum payments:

Year ending December 31,	
2011	\$ 67,955
2012	74,366
2013	51,287
Total	\$ 193,607

The rent expense from leases totaled approximately \$99,000 and \$114,000, respectively, for the years ended December 31, 2010 and 2009.

Note 5: Temporarily Restricted Net Assets—Temporarily restricted net assets at December 31, 2010 and 2009 are restricted for the following purposes:

	2010	2009
Student and professional chapters and international projects	\$ 2,361,812	\$ 2,122,591
Undesignated	119,411	-
Tyler Palmer fund	46,246	35,477
Total	\$ 2,527,469	\$ 2,158,068

Undesignated temporarily restricted net assets consist of restricted contributions that the donor has yet to designate a specific restriction.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
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Note 6: Amortization—The Organization amortizes website and software development costs over five years. Amortization expense totaled \$8,104 and \$5,752, respectively, for the years ended December 31, 2010 and 2009, and is included in depreciation and amortization expense on the statement of functional expenses. Estimated amortization expense for the next two years is:

Year Ending		
December 31	Amount	
2011	\$	7,779
2012		3,556
Total	\$	11,335

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 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, 2010 and 2009, memberships collected by ASCE resulted in a receivable from ASCE in the amount of \$40,390 and \$123,516, 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 is due on demand. The Organization has elected to record an in-kind contribution for the interest expense based on an interest rate of 6.50%. During the year ended December 31, 2010, \$5,417 was recorded as an in-kind contribution.

Note 8: Subsequent Events—In accordance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through March 8, 2011, which is the date these financial statements were issued. There are no subsequent events that require disclosure.