

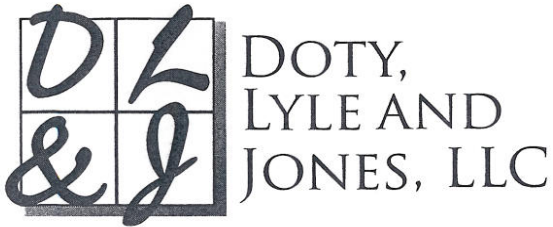
**ENGINEERS WITHOUT BORDERS - USA, INC.
(A COLORADO NOT-FOR-PROFIT CORPORATION)**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008**

**WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

ENGINEERS WITHOUT BORDERS - USA, INC.
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YEAR ENDED SEPTEMBER 30, 2008

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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 September 30, 2008 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 September 30, 2007 financial statements and was audited by another firm. Those auditors expressed an unqualified opinion on those financial statements in their report dated February 19, 2008.

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 September 30, 2008, 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 + Jones, LLC

Doty, Lyle and Jones, LLC

Certified Public Accountants and Professional Advisors

Boulder, Colorado
March 16, 2009

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
AT SEPTEMBER 30, 2007

ASSETS

	2008	2007
Current assets		
Cash and cash equivalents	\$ 1,700,841	\$ 643,444
Promises to give	63,831	51,250
Prepaid expenses	25,030	1,306
Travel advances	47,469	-
Inventory	8,372	11,099
Total current assets	1,845,543	707,099
Property and equipment		
Computers and equipment	71,239	-
Furniture and fixtures	21,633	27,972
Leasehold improvements	6,078	-
Construction in progress	8,000	-
Total property and equipment	106,950	27,972
Less accumulated depreciation	(31,202)	(12,481)
Property and equipment, net	75,748	15,491
Intangible assets		
Website development costs	27,690	27,690
Less accumulated amortization	(8,814)	(3,276)
Intangible asset, net	18,876	24,414
Other assets		
Deposits	7,052	-
Total assets	\$ 1,947,219	\$ 747,004

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
AT SEPTEMBER 30, 2007

LIABILITIES AND NET ASSETS

	2008	2007
Current liabilities		
Accounts payable and accrued expenses	\$ 62,635	\$ 44,827
Accrued wages	-	10,844
Deferred revenue	112,935	77,980
Due to ASCE	249,798	32,550
Total current liabilities	425,368	166,201
Net assets		
Unrestricted	42,626	(22,590)
Temporarily restricted	1,479,225	603,393
Total net assets	1,521,851	580,803
Total liabilities and net assets	\$ 1,947,219	\$ 747,004

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
Support and revenue				
Contributions and grants	\$ 585,323	\$ 2,174,177	\$ 2,759,500	\$ 921,059
Less: costs of direct benefits to donors	(30,352)	-	(30,352)	(32,250)
	554,971	2,174,177	2,729,148	888,809
Membership fees	222,363	65,658	288,021	78,505
Conference revenue	179,640	-	179,640	58,601
Workshops	28,595	-	28,595	19,325
In-kind contributions	4,919,589	-	4,919,589	2,642,312
Interest income	3,149	-	3,149	-
Other income	5,825	-	5,825	4,644
Loss on disposal of equipment	(1,097)	-	(1,097)	-
Net assets released from restrictions	1,364,003	(1,364,003)	-	-
Total support and revenue	7,277,038	875,832	8,152,870	3,692,196
Expenses				
Program services	6,457,700	-	6,457,700	3,176,207
General and administrative	512,705	-	512,705	218,525
Fundraising	241,417	-	241,417	46,780
Total expenses	7,211,822	-	7,211,822	3,441,512
Change in net assets	65,216	875,832	941,048	250,684
Net assets, beginning of year	(22,590)	603,393	580,803	330,119
Net assets, end of year	\$ 42,626	\$ 1,479,225	\$ 1,521,851	\$ 580,803

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ 941,048	\$ 250,684
Adjustments to reconcile change in net assets to net assets provided by operating activities:		
Depreciation and amortization	28,756	8,881
Loss on disposal of equipment	1,097	-
Donated equipment	(61,636)	-
(Increase) decrease in assets:		
Promises to give	(12,581)	(51,250)
Prepaid expenses	(23,724)	(1,306)
Travel advances	(47,469)	-
Inventory	2,727	(2,593)
Deposits	(7,052)	-
Increase (decrease) in liabilities:		
Accounts payable	17,808	5,500
Accrued wages	(10,844)	802
Deferred revenue	34,955	77,980
Net cash provided by operating activities	863,085	288,698
Cash flows used in investing activities:		
Purchase of property and equipment	(22,936)	(25,383)
Cash flows from financing activities:		
Payments of short-term debt	(32,550)	(17,450)
Proceeds from short-term debt	249,798	50,000
Net cash provided by financing activities	217,248	32,550
Net increase in cash and cash equivalents	1,057,397	295,865
Cash and cash equivalents, beginning of year	643,444	347,579
Cash and cash equivalents, end of year	\$ 1,700,841	\$ 643,444

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Program	General & Admin.	Fund- Raising	Total 2008	Total 2007
Salaries	\$ 56,682	\$ 24,938	\$ 19,671	\$ 101,291	\$ 240,607
Employee benefits	102,541	45,113	35,585	183,239	-
Payroll tax expenses	3,447	1,517	1,196	6,160	20,637
Subtotal	162,670	71,568	56,452	290,690	261,244
Accounting fees	-	11,456	-	11,456	8,331
Board expense	-	2,905	-	2,905	551
Bad debt expense	10,653	-	-	10,653	-
Conference expense	140,221	320	112	140,653	97,257
Contract services	37,970	113,034	17,609	168,613	66,624
Depreciation	9,490	14,378	4,888	28,756	8,881
Dues and subscriptions	4,459	809	1,258	6,526	-
Equipment rental and maintenance	1,966	3,071	-	5,037	4,333
Insurance	5,959	10,362	3,070	19,391	3,451
Leased employees	326,494	143,643	113,304	583,441	-
Legal fees	-	-	-	-	5,772
Meetings and conventions	14,974	-	-	14,974	9,737
Merchant bankcard fees	11,216	832	11,120	23,168	9,813
Miscellaneous	40,998	15,442	4,222	60,662	25,962
Occupancy	22,954	34,463	12,949	70,366	28,672
Office expense	3,761	3,506	1,197	8,464	18,417
Postage and delivery	1,134	5,957	293	7,384	6,254
Project expense	63,850	46	-	63,896	8,948
Project managers	4,866,726	-	-	4,866,726	2,547,110
Promotional materials	2,862	26,732	2,524	32,118	11,964
Scholarships	-	500	-	500	10,500
Supplies	199,833	16,225	9,848	225,906	75,510
Travel	511,008	32,831	2,441	546,280	190,166
Website expense	18,502	4,625	130	23,257	22,162
Workshops	-	-	-	-	19,853
Total	\$ 6,457,700	\$ 512,705	\$ 241,417	\$ 7,211,822	\$ 3,441,512

See accompanying notes.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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, some 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 financial statements are prepared on the accrual basis of accounting and are in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, 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.

Contributions—The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Note 1: Summary of Significant Accounting Policies *(continued)*

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

Advertising—Accounting Standards Executive Committee issued Statement of Position 93-7, *Reporting on Advertising Costs*. The statement requires direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. The Organization does not currently use direct response advertising, hence advertising costs are expensed when incurred.

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.

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 fiscal year, the Organization's cash balances exceeded the federally insured limits. As of September 30, 2008 and 2007, the Organization had \$1,648,691 and \$493,783, respectively, on deposit with financial institutions in excess of the federally insured limits.

Reclassifications—Certain reclassifications have been made to the 2007 financial statement presentation to correspond to the current year's format. These reclassifications had no effect on total net assets or changes in total net assets.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

Inventory—Inventory consists of t-shirts and other promotional materials, which are recorded at cost.

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 September 30, 2008.

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 September 30, 2008 and 2007, donated equipment and professional services consisted of the following and are shown as in-kind contributions revenue in the Statement of Activities:

	2008	2007
Project managers for international projects	\$ 4,854,100	\$ 2,546,410
Project travel and equipment	28,970	8,806
Contract services	21,527	19,295
Equipment	10,386	51,250
Accounting and legal services	4,159	8,551
Chapter expenses	447	3,000
Conference facility and supplies	-	5,000
Total	\$ 4,919,589	\$ 2,642,312

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.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Note 1: Summary of Significant Accounting Policies (continued)

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 presentation in conformity with generally accepted accounting principles and consequently has not been reported upon in the current auditors' report. Accordingly such information should be read in conjunction with the Organization's audited financial statements for the year ended September 30, 2007, dated February 19, 2008, from which the summarized information was derived.

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.

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, September 30, 2008. There was no discount calculated and the promise is deemed to be fully collectible during the year ending September 30, 2009.

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 September 31,		
2009	\$	71,045
2010		66,040
2011		66,032
2012		73,404
2013		70,519
Total	\$	347,040

The rent expense from these leases totaled approximately \$32,080 and \$11,294 for the years ended December 31, 2008 and 2007, respectively.

Continued.

ENGINEERS WITHOUT BORDERS - USA, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Note 4: Temporarily Restricted Net Assets—Temporarily restricted net assets at September 30, 2008 and September 30, 2007 are restricted for the following purposes:

	2008	2007
Student and professional chapters and international projects	\$ 1,421,766	\$ 536,552
Education	57,459	15,591
Unconditional promise to give equipment in future years	-	51,250
Total	\$ 1,479,225	\$ 603,393

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 certain services to the Organization as a charitable contribution, pursuant to separate services agreement. The services agreement includes membership renewal, marketing, legal, financial and human resources services. As of January 1, 2008, the Organization began leasing all employees from ASCE. All salaries, payroll taxes and employee benefits are paid by ASCE. ASCE's Board of Directors allocated \$500,000 of in-kind services to support the Organization under this agreement. The amount ASCE expends in excess of the original \$500,000 is the responsibility of the Organization to reimburse ASCE. The loan is unsecured, bears no interest, and is expected to be repaid within one year.

At September 30, 2008 and September 30, 2007 the Organization owed ASCE \$249,798 and \$32,550, respectively.