

ENGINEERS WITHOUT BORDERS - USA, INC.

Financial Statements As Of
December 31, 2023 and 2022

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Engineers Without Borders - USA, Inc.:

Opinion

We have audited the accompanying financial statements of Engineers Without Borders - USA, Inc. ("EWB-USA"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EWB-USA as of December 31, 2023 and 2022, and the results of its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EWB-USA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

Independent Auditors' Report (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EWB - USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 EWB - USA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Independent Auditors' Report (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EWB - USA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JDS Professional Group

October 22, 2023

ENGINEERS WITHOUT BORDERS - USA, INC.

Statements Of Financial Position
As Of December 31, 2023 and 2022

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ASSETS	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,513,415	\$ 6,872,191
Investments	3,942,265	3,032,889
Contributions and grants receivable, net of discount	1,318,867	729,850
Prepaid expenses and other assets	37,042	24,304
Project advances	142,389	70,254
Furniture and equipment, net of accumulated depreciation	40,310	47,542
Cash and cash equivalents - endowment	103,112	372,053
Grants receivable - endowment	150,000	200,000
Investments - endowment	<u>392,148</u>	
TOTAL ASSETS	<u><u>\$ 11,639,548</u></u>	<u><u>\$ 11,349,083</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 93,817	\$ 68,010
Payable to EWB-EA		128,654
Accrued personnel costs	77,677	67,903
Refundable advance	<u>10,000</u>	<u>6,536</u>
Total Liabilities	<u>181,494</u>	<u>271,103</u>
Net Assets:		
Without donor restrictions	3,442,789	3,705,925
With donor restrictions	<u>8,015,265</u>	<u>7,372,055</u>
Total Net Assets	<u>11,458,054</u>	<u>11,077,980</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 11,639,548</u></u>	<u><u>\$ 11,349,083</u></u>

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

ENGINEERS WITHOUT BORDERS - USA, INC.Statement Of Activities
For the Year Ended December 31, 2023

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	Without Donor Restrictions	With Donor Restrictions	2023 Total
Support and Revenue:			
Contributions and grants	\$ 3,322,173	\$ 3,738,069	\$ 7,060,242
Contributions of nonfinancial assets	1,373,375		1,373,375
Conferences registration revenue	109,107		109,107
Other income	1,724		1,724
Loss on uncollectible contribution receivables		(28,803)	(28,803)
Investment return	228,272	20,095	248,367
Net assets released from restriction - Satisfaction of program and time restrictions	3,086,151	(3,086,151)	
Total Support and Revenue	<u>8,120,802</u>	<u>643,210</u>	<u>8,764,012</u>
Expenses:			
Program services	<u>6,677,437</u>		<u>6,677,437</u>
Supporting services - General and administrative	1,176,037		1,176,037
Fundraising	530,464		530,464
Total Supporting Services	<u>1,706,501</u>		<u>1,706,501</u>
Total Expenses	<u>8,383,938</u>		<u>8,383,938</u>
CHANGES IN NET ASSETS FROM OPERATIONS	<u>(263,136)</u>	<u>643,210</u>	<u>380,074</u>
Net Assets, Beginning Of Year	<u>3,705,925</u>	<u>7,372,055</u>	<u>11,077,980</u>
NET ASSETS, END OF YEAR	<u>\$ 3,442,789</u>	<u>\$ 8,015,265</u>	<u>\$ 11,458,054</u>

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

ENGINEERS WITHOUT BORDERS - USA, INC.

Statement Of Activities

For the Year Ended December 31, 2022

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	Without Donor Restrictions	With Donor Restrictions	2022 Total
Support and Revenue:			
Contributions and grants	\$ 3,530,616	\$ 3,728,469	\$ 7,259,085
Contributions of nonfinancial assets	1,175,063		1,175,063
Other income	61,325		61,325
Investment return	(228,264)		(228,264)
Net assets released from restriction - Satisfaction of program and time restrictions	3,468,580	(3,468,580)	
Total Support and Revenue	<u>8,007,320</u>	<u>259,889</u>	<u>8,267,209</u>
Expenses:			
Program Services	<u>6,264,920</u>		<u>6,264,920</u>
Supporting services -			
General and administrative	742,945		742,945
Fundraising	433,081		433,081
Total Supporting Services	<u>1,176,026</u>		<u>1,176,026</u>
Total Expenses	<u>7,440,946</u>		<u>7,440,946</u>
CHANGES IN NET ASSETS FROM OPERATIONS	<u>566,374</u>	<u>259,889</u>	<u>826,263</u>
Net Assets, Beginning Of Year	<u>3,139,551</u>	<u>7,112,166</u>	<u>10,251,717</u>
NET ASSETS, END OF YEAR	<u>\$ 3,705,925</u>	<u>\$ 7,372,055</u>	<u>\$ 11,077,980</u>

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

ENGINEERS WITHOUT BORDERS - USA, INC.Statement Of Functional Expenses
For The Year Ended December 31, 2023

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	Program	Management		Total	2023
	Services	and General	Fundraising	Supporting	Total
				Services	
Salaries	\$ 1,224,414	\$ 669,337	\$ 299,696	\$ 969,033	\$ 2,193,447
Payroll taxes	99,642	60,202	26,467	86,669	186,311
Benefits	164,764	46,672	42,589	89,261	254,025
Total salaries and related expenses	1,488,820	776,211	368,752	1,144,963	2,633,783
Project mentors	1,373,375	-	-	-	1,373,375
Travel	713,449	49,812	11,504	61,316	774,765
Contract services	372,103	9,352	84,225	93,577	465,680
Project materials and logistic support	1,405,389	-	-	-	1,405,389
Office expense	236,567	174,647	4,352	178,999	415,566
Grants	678,282	-	-	-	678,282
Meetings and conventions	181,844	3,066	3,448	6,514	188,358
Insurance	120,678	326	38,118	38,444	159,122
Depreciation and amortization	9,572	3,899	-	3,899	13,471
Occupancy	17,531	6,981	3,867	10,848	28,379
License and fees	10,961	224	-	224	11,185
Bank fees	16,648	29,332	4,708	34,040	50,688
Professional fees	9,510	104,692	-	104,692	114,202
Printing and copying	4,239	265	4,044	4,309	8,548
Dues and subscriptions	13,412	10,009	3,466	13,475	26,887
Postage and delivery	1,392	730	694	1,424	2,816
Promotional materials	15,580	-	594	594	16,174
Miscellaneous expenses	8,085	6,491	2,692	9,183	17,268
Total	\$ 6,677,437	\$ 1,176,037	\$ 530,464	\$ 1,706,501	\$ 8,383,938

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

ENGINEERS WITHOUT BORDERS - USA, INC.Statement Of Functional Expenses
For The Year Ended December 31, 2022

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	Program Services	Management and General	Fundraising	Total Supporting Services	2022 Total
Salaries	\$ 1,142,216	\$ 407,742	\$ 237,957	\$ 645,699	\$ 1,787,915
Payroll taxes	98,035	34,996	20,424	55,420	153,455
Benefits	124,494	44,441	25,935	70,376	194,870
Total salaries and related expenses	1,364,745	487,179	284,316	771,495	2,136,240
Project mentors	1,173,000			-	1,173,000
Travel	372,628	12,870	20,256	33,126	405,754
Contract services	360,134	82,758	73,228	155,986	516,120
Project materials and logistic support	979,536			-	979,536
Office expense	1,102,198	3,058	10,960	14,018	1,116,216
Grants	532,589		5,000	5,000	537,589
Meetings and conventions	191,523	1,433	2,407	3,840	195,363
Insurance	59,621	18,093	8,443	26,536	86,157
Depreciation and amortization	5,237	4,908	742	5,650	10,887
Occupancy	35,636	10,814	5,047	15,861	51,497
License and fees	14,173	(388)	4,200	3,812	17,985
Bank fees	28,278	8,641	4,004	12,645	40,923
Professional fees	4,095	109,397		109,397	113,492
Printing and copying	2,614		4,063	4,063	6,677
Dues and subscriptions	1,321	15	1,804	1,819	3,140
Postage and delivery	2,517	150	605	755	3,272
Promotional materials	18,976		4,535	4,535	23,511
Miscellaneous expenses	16,099	4,017	3,471	7,488	23,587
Total	\$ 6,264,920	\$ 742,945	\$ 433,081	\$ 1,176,026	\$ 7,440,946

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

ENGINEERS WITHOUT BORDERS – USA, INC.Statement Of Cash Flows
For The Years Ended December 31, 2023 and 2022

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	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 380,074	\$ 826,263
Adjustments to reconcile changes in net assets from operations to net cash (used in) provided by operating activities:		
Loss on disposal of property and equipment	36,503	
Loss on uncollectible contribution receivables	28,803	
Forgiveness of PPP		(601,434)
Depreciation and amortization	13,472	10,887
Donation of stock	(30,571)	(24,940)
Contributions restricted for long-term purposes	(53,112)	(250,000)
Net realized and unrealized (gain) losses on investments	(87,856)	270,825
Changes in current assets and liabilities:		
(Increase) in contributions and grants receivable	(617,820)	(204,511)
Decrease in grants receivable - endowment	50,000	
(Increase) decrease in prepaid expenses and other assets	(12,738)	36,804
(Increase) in project advances	(72,135)	(43,284)
Increase (decrease) in accounts payable and accrued expenses	25,807	(24,443)
(Decrease) increase in payable to EWB-EA	(128,654)	128,654
Increase (decrease) in accrued personnel costs	9,774	(2,440)
Increase (decrease) in refundable advance	<u>3,464</u>	<u>(48,006)</u>
Net cash provided by (used in) operating activities	<u>(454,989)</u>	<u>74,375</u>
Cash flows from investing activities:		
Purchases of investments	(2,110,004)	(2,582,943)
Sale of investments	926,907	2,530,338
Purchase of property and equipment	(42,743)	
Net cash (used in) investing activities	<u>(1,225,840)</u>	<u>(52,605)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for investment in perpetuity	<u>53,112</u>	<u>250,000</u>
Net cash provided by financing activities	<u>53,112</u>	<u>250,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,627,717)	271,770
Cash And Cash Equivalents, Beginning Of Year	<u>7,244,244</u>	<u>6,972,474</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,616,527</u>	<u>\$ 7,244,244</u>

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

(1) **Nature Of The Organization**

The Engineers Without Borders - USA, Inc. (EWB-USA) was established in 2002 to utilize professional and student volunteers to address critical infrastructure needs to underserved regions globally. EWB-USA coordinates projects at home and through affiliates abroad to address some of the most prevalent challenges facing developing communities, including water purification, sanitation, transportation, renewable energy, and other essential infrastructure projects.

In addition, EWB-USA provides training and education for its volunteers to ensure that its designs are appropriate and sustainable for the environment in which they are constructed.

EWB-USA has an office in Nicaragua. During the years ending December 31, 2023 and 2022, EWB-USA had approximately 10,000 and 13,000 volunteers within the USA, respectively. Volunteers are organized in 228 professional and student chapters. While the financial activities of the Uganda and Nicaragua offices are included in EWB-USA's financial statements, some student chapters utilize the not-for-profit status of their respective University to raise funds for their projects and therefore, the financial activities related to those funds are not reflected in EWB-USA's financial statements.

(2) **Summary Of Significant Accounting Policies**

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis Of Presentation

EWB-USA reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

EWB-USA considers all highly liquid investments with an original maturity of three months or less and not held for long-term purposes to be cash equivalents.

Reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts in the statement of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,513,415	\$ 6,872,191
Cash and cash equivalents - endowment	103,112	372,053
	<u>\$ 5,616,527</u>	<u>\$ 7,244,244</u>

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment gain or loss (including realized and unrealized gains and losses) are included in the change in net assets in the statement of activities.

Fair Value Measurements

EWB-USA follows *Fair Value Measurements*, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that EWB-USA has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

Equities and Exchange Traded Products: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the published net asset value (NAV) of the shares held at the reporting date.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while EWB-USA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Project Advances

EWB-USA advances money to its members for travel and in-country project expenses that are to take place in the future.

Furniture and Equipment

Furniture and equipment are stated at cost or, if donated, at fair value at date of donation. Expenditures for and contributions of equipment with a fair value greater than \$1,000 are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, ranging from three to ten years.

Leases

EWB-USA determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. EWB-USA does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

EWB-USA incurred \$28,379 and \$51,497 of short-term lease expense during the years ended December 31, 2023 and 2022, respectively.

Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to EWB-USA's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. All donor restricted support, including promises to give, is reported as an increase in net assets with donor restrictions, depending on the existence and/or nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets

without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of EWB-USA's revenue is derived from cost-reimbursable federal contracts and grants. These are treated as contributions that are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when EWB-USA has incurred expenditures in compliance with specific contract or grant provisions.

Conditional contributions with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of December 31, 2023 and 2022, EWB-USA had refundable advances of \$0 and \$6,536, respectively.

Management expects that all promises to give will be fully collectible; accordingly, there is no allowance for uncollectible promises to give.

Conference revenue consists of registrations fees collected to attend the annual conference held in November put on by EWB-USA. Revenue is recognized when the conference is held.

Functional Expense Allocation

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. EWB-USA incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. EWB-USA also conducts a number of activities which benefit both its programs objectives as well as supporting services (i.e. fundraising and general and administrative activities). Such expenses included are contract services, professional fees, office expense, postage and delivery, dues and subscriptions, insurance, travel, bank fees, and depreciation. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefitted, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

Reclassifications

Certain amounts have been reclassified in the prior year for comparative purposes.

Subsequent Events

EWB-USA has performed an evaluation of subsequent events through October 22, 2024, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

EWB-USA is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and qualifies for the charitable contribution deduction. Income from activities not directly related to EWB-USA's tax exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income tax incurred during 2023. Additionally, EWB-USA is subject to tax regulations in the countries they operate and any potential liability has been recognized in the financial statements. Management is required to evaluate tax positions taken by EWB-USA, and to recognize a tax liability if EWB-USA has taken an uncertain position that probably would not be sustained upon examination by taxing authorities. EWB-USA believes it has appropriate support for any tax positions taken relative to its USA operations and that none would require recognition of a liability or disclosure in the financial statements. EWB-USA is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes EWB-USA is no longer subject to income tax examinations on its IRS Form 990s filed for years prior to December 31, 2020.

(4) Concentration Of Credit Risk

Financial instruments which potentially subject EWB-USA to concentrations of credit risk consist primarily of cash and cash equivalents, investments, contributions and grants receivable. EWB-USA places its cash and cash equivalents with creditworthy, high-qualified financial institutions. At times during the year, a portion of EWB-USA's cash deposits may not be insured by the FDIC or related entity. As of December 31, 2023, EWB-USA's cash demand deposits exceeded the FDIC limit by \$4,548,955.

EWB-USA has significant investments in debt and equity securities and temporary cash investments and is therefore subject to concentrations of credit risk. Investments are made and monitored by the management of EWB-USA pursuant to an investment policy established by the Board of Directors. Though the market values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of EWB-USA.

(5) Investments

The following table summarizes EWB-USA's investments by the fair value hierarchy levels as of December 31, 2023:

	Fair Value	Level 1	Level 2	Level 3
Fixed income bond ETF	\$ 1,461,218	\$ 1,461,218		
Mutual funds	2,349,002	2,349,002		
Equity securities	393,234	393,234		
Total	<u>\$ 4,203,454</u>	<u>\$ 4,203,454</u>	<u>\$ 0</u>	<u>\$ 0</u>
Money market	130,959			
Total investments	<u>\$ 4,334,413</u>			

The following table summarizes EWB-USA's investments by the fair value hierarchy levels as of December 31, 2022:

	Fair Value	Level 1	Level 2	Level 3
Fixed income bond ETF	\$ 1,427,245	\$ 1,427,245		
Certificates of deposit	1,453,252	1,453,252		
Mutual funds	94,795	94,795		
Equity securities	32,019	32,019		
Total	<u>\$ 3,007,311</u>	<u>\$ 3,007,311</u>	<u>\$ 0</u>	<u>\$ 0</u>
Money market	25,578			
Total investments	<u>\$ 3,032,889</u>			

Investment return is summarized below for the years ended December 31, 2023, and 2022

	2023	2022
Interest and dividends	\$ 160,511	\$ 42,561
Realized and unrealized net investment gains (losses)	87,856	(270,825)
Net investment return	<u>\$ 248,367</u>	<u>\$ (228,264)</u>

(6) Contributions and Grants Receivable

The following table provides information about unconditional contributions and grants receivable for the years ended December 31, 2023 and 2022:

Amounts due in:	2023	2022
Less than one year	\$ 1,091,972	\$ 375,463
One to five years	400,000	600,000
Less: discount	(23,105)	(45,613)
Total contributions and grants receivable	<u>\$ 1,468,867</u>	<u>\$ 929,850</u>

During the year ended December 31, 2023, the discount rate utilized was 4.06%.

(7) Furniture And Equipment

Furniture and equipment as of December 31, 2023 and 2022, consisted of the following:

	2023	2022
Furniture and equipment	\$ 63,297	\$ 64,773
Leasehold improvements	99,547	99,547
	162,844	164,320
Less: accumulated depreciation and amortization	(122,534)	(116,778)
	<u>\$ 40,310</u>	<u>\$ 47,542</u>

(8) Asset Transfer Agreement

As of December 21, 2022, EWB-USA entered into an Asset Transfer Agreement (the “Agreement”) with its Uganda office, Engineers Without Borders East Africa (“EWB-EA”). As part of the Agreement, EWB-USA agreed to transfer to EWB-EA all of EWB-USA’s right, title, and interest in specific assets including the cash held relating to Uganda activities. Additionally, EWB-EA assumed certain EWB-USA’s liabilities and obligations relating to Uganda activities. As of December 31, 2022, EWB-USA owed \$128,654 under the Agreement and is reflected as a payable to EWB-EA on the statements of financial position.

(9) Net Assets

Net assets with donor restrictions for the years ended December 31, 2023 and 2022 are for the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to specific purposes:		
Student and professional chapters	\$ 5,078,555	\$ 4,930,432
International projects	1,756,555	955,683
General operating support for specific chapters	8,000	104,500
Total subject to purpose restrictions	<u>6,843,110</u>	<u>5,990,615</u>
Subject to spending policy and appropriation:		
Endowment earnings, amounts above original gift	20,095	
Investment in perpetuity	625,165	572,053
Total subject to spending policy and appropriation	<u>645,260</u>	<u>572,053</u>
Subject to time restrictions:		
Contributions and grants receivable for future operations	526,895	809,387
	<u>\$ 8,015,265</u>	<u>\$ 7,372,055</u>

Net assets were released from restrictions for the years ended December 31, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions and/or passage of time:		
Student and professional chapters and international projects	\$ 1,952,272	\$ 1,957,917
General operating support	1,133,879	1,510,663
	<u>\$ 3,086,151</u>	<u>\$ 3,468,580</u>

(10) Endowment

EWB-USA maintains one donor-restricted endowment fund which is the Endowment Fund. The Endowment Fund was established in accordance with general instructions from the initial donor, and is to be maintained in perpetuity. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

EWB-USA is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted Endowment Fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of EWB-USA has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, EWB-USA would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. EWB-USA has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, EWB-USA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of EWB-USA and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of EWB-USA, and (7) investment policies of EWB-USA.

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2023, are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, December 31, 2021	\$ 322,053
Contributions	<u>250,000</u>
Endowment net assets, December 31, 2022	572,053
Contributions	53,112
Investment return, net	<u>20,095</u>
Endowment net assets, December 31, 2023	<u><u>\$ 645,260</u></u>

Underwater Funds

As of December 31, 2023 and 2022, no funds were underwater.

Return Objectives and Risk Parameters

An Investment Policy was adopted in July of 2022, in which the Endowment Fund is invested with a long-term strategy with a balanced portfolio of mutual funds, certificates of deposit, equities, and exchange traded products. The Endowment Fund shall be well diversified to avoid undue exposure to any single economic sector, industry group or individual security.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, EWB-USA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Typically, subject to fluctuating economic conditions and market trends, EWB-USA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

EWB-USA can receive an annual distribution of up to 4% of the average market value of this endowment fund based on the previous three year's value. During the years ended December 31, 2023 and 2022, the spending policy was followed.

(11) Liquidity And Availability Of Financial Assets

As of December 31, 2023 and 2022, liquidity and availability of financial assets consisted of the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 5,513,415	\$ 6,872,191
Investments	3,942,265	3,032,889
Contributions and grants receivable, net of discount	1,318,867	729,850
Total financial assets	<u>10,774,547</u>	<u>10,634,930</u>
Less amounts not available to be used within one year:		
Non-endowment contributions receivable not expected to be collected within one year	(300,000)	(450,000)
Net assets with purposes restrictions not expected to be met in one year	<u>(4,447,790)</u>	<u>(5,853,642)</u>
Total amounts not available to be used within one year	<u>(4,747,790)</u>	<u>(6,303,642)</u>
Financial assets available to meet expenditures over the next twelve months	<u>\$ 6,026,757</u>	<u>\$ 4,331,288</u>

As part of EWB-USA’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and short-term investments.

(12) **Contributed Nonfinancial Assets**

Gifts-In-Kind

EWB-USA received gifts-in-kind for the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
International & domestic professional services	\$ 1,373,375	\$ 1,173,000
International project field supplies		2,063
	<u>\$ 1,373,375</u>	<u>\$ 1,175,063</u>

During the year ended December 31, 2023 and 2022, all gifts-in-kind were utilized to carry out the mission of EWB-USA. The professional services were valued and reported at the estimated fair value in the financial statements based on current rates for similar services. Field supplies were valued using U.S. wholesale prices (principal market) of identical items.

All gifts-in-kind received by EWB-USA for the year ended December 31, 2023 and 2022, were considered without donor restrictions and able to be used by EWB-USA as determined by the board of directors and management.

Donated service hours are tracked in a volunteer tracking platform, and the in-kind contributions for these donated services are based on the actual hours reported by volunteers.

In addition, numerous volunteers have donated significant amounts of time to EWB-USA’s program services. These services did not meet the requirement for recognition in the financial statement and have not been recorded.

(13) **Pension Plan**

EWB-USA sponsors an employee 401(k) retirement plan which covers all employees. EWB-USA makes a discretionary contribution each year equal to a percentage of each eligible participant’s contributions totaling \$72,687 and \$54,148, respectively, for the years ended December 31, 2023 and 2022.

(14) **Subsequent Event**

Subsequent to year end, EWB-USA entered into a merger agreement with Engineering World Health with a set merger date of September 1, 2024. EWB-USA will continue as the surviving corporation in the merger.