# THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

## FINANCIAL STATEMENTS
December 31, 2010 and 2009

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McKelvey & Russell, LLC
Certified Public Accountants

# INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
The Foundation of The Association of Energy Engineers, Inc.

We have audited the accompanying statements of financial position of The Foundation of The Association of Energy Engineers, Inc. as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 The Foundation of The Association of Energy Engineers, Inc. as of December 31, 2010 and 2009, and the results of the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

McKelvey and Russell, LLC
Certified Public Accountants

February 24, 2011

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# THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

## STATEMENTS OF FINANCIAL POSITION
**December 31, 2010 and 2009**

ASSETS

| | 2010 | 2009 |
|---|---|---|
| CASH AND CASH EQUIVALENTS: | | |
| Cash | $ 25,102 | $ 53,003 |
| Money market account | 23,558 | 23,825 |
| Total Cash and Cash Equivalents | 48,660 | 76,828 |
| CONTRIBUTIONS RECEIVABLE | 29,371 | 4,330 |
| Total Assets | $ 78,031 | $ 81,158 |

LIABILITIES AND NET ASSETS

| | 2010 | 2009 |
|---|---|---|
| LIABILITIES: | | |
| Accounts payable | $ - | $ 1,470 |
| NET ASSETS | | |
| Unrestricted | 60,009 | 58,666 |
| Temporarily restricted | 18,022 | 21,022 |
| Total Net Assets | 78,031 | 79,688 |
| Total Liabilities and Net Assets | $ 78,031 | $ 81,158 |

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

# THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

## STATEMENTS OF ACTIVITIES
**For The Years Ended December 31, 2010 and 2009**

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| REVENUE: | | | | | | |
| Contributions | $ 29,541 | $ - | $ 29,541 | $ 40,309 | $ 5,000 | $ 45,309 |
| Investment income | 73 | - | 73 | 88 | - | 88 |
| Other income | 1,470 | - | 1,470 | 1,375 | - | 1,375 |
| Net assets released from restrictions | 3,000 | (3,000) | - | 3,000 | (3,000) | - |
| Total Revenue | 34,084 | (3,000) | 31,084 | 44,772 | 2,000 | 46,772 |
| EXPENSES: | | | | | | |
| Program Expenses: | | | | | | |
| Scholarship awards | 27,000 | - | 27,000 | 32,560 | - | 32,560 |
| Total Program Expense | 27,000 | - | 27,000 | 32,560 | - | 32,560 |
| Administrative Expenses: | | | | | | |
| Committee meetings | 1,461 | - | 1,461 | - | - | - |
| Printing | 880 | - | 880 | 920 | - | 920 |
| Bank fees | 300 | - | 300 | 489 | - | 489 |
| Accounting | 3,100 | - | 3,100 | 3,100 | - | 3,100 |
| Total Administrative Expense | 5,741 | - | 5,741 | 4,509 | - | 4,509 |
| Total Expenses | 32,741 | - | 32,741 | 37,069 | - | 37,069 |
| CHANGE IN NET ASSETS | 1,343 | (3,000) | (1,657) | 7,703 | 2,000 | 9,703 |
| NET ASSETS, Beginning of Year | 58,666 | 21,022 | 79,688 | 50,963 | 19,022 | 69,985 |
| NET ASSETS, End of Year | $ 60,009 | $ 18,022 | $ 78,031 | $ 58,666 | $ 21,022 | $ 79,688 |

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

# THE FOUNDATION OF THE ASSOCIATION OF ENERGY ENGINEERS, INC.

## STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2010 and 2009

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | 2010 | 2009 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | $ (1,657) | $ 9,703 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Change in: | | |
| Contributions receivable | (25,041) | 23,190 |
| Accounts payable | (1,470) | (25) |
| Net Cash Provided By (Used In) Operating Activities | (28,168) | 32,868 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 76,828 | 43,960 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 48,660 | $ 76,828 |

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

## 1. ORGANIZATION

The Foundation of The Association of Energy Engineers, Inc. is a not-for-profit corporation formed for the purpose of awarding scholarships to further education in the energy engineering field. Scholarships are awarded to undergraduate degree candidates who are enrolled in engineering or management programs at accredited colleges or universities.

The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Some of the members of the Board of Directors of the Foundation are also members of the Board of Directors of The Association of Energy Engineers, Inc.

The Foundation shares office facilities with The Association of Energy Engineers, Inc. and certain common expenses are paid directly by the Association. During 2010 and 2009, the Association did not charge the Foundation for its portion of these expenses since they are considered to be minimal.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared on the accrual basis of accounting under the provisions of accounting principles generally accepted in the United States. 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

For the purposes of the statement of cash flows, the Foundation considers all deposits in banks or money market accounts to be cash equivalents.

The Foundation reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when the restricted purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When temporarily restricted pledges are received and the restrictions are met in the same accounting period, they are reported as unrestricted support. There are no permanently restricted net assets as of December 31, 2010 and 2009.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective January 1, 2009, the Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2010.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to the year ended December 31, 2008.

Subsequent events have been evaluated through February 24, 2011, which is the date the financial statements were issued.

## 3. CONTRIBUTIONS AND RELATED PARTY TRANSACTIONS

Contributions are received on a voluntary basis from members of The Association of Energy Engineers, Inc. and other energy related organizations.

The Foundation had a receivable of $29,371 at December 31, 2010 and $4,330 at December 31, 2009 from the Association related to contributions to the Foundation received by the Association from its members. The Association is a related party to the Foundation as the two organizations share a common board of directors.

## 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are donor-restricted contributions requiring that scholarships be awarded in the name of Victor Ottaviano, Al Thumann or AECOM Energy. At the time the scholarships are awarded, the funds are reclassified from temporarily restricted net assets to unrestricted net assets.