

FORTY-SEVENTH ANNUAL REPORT

SEPTEMBER 2018 - AUGUST 2019



DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
92 READ'S WAY, SUITE 208
NEW CASTLE, DELAWARE 19720
www.dape.org

SUBMITTED: NOVEMBER 2019

**FORTY-SEVENTH ANNUAL REPORT
DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**

SEPTEMBER 2018 - AUGUST 2019

The Delaware Association of Professional Engineers (DAPE) was established July 7, 1972 under 24 Del. C., Chapter 28. This report is issued in accordance with the requirement of 24 Del. C., Chapter 28, Paragraph 2827.

MEMBERSHIP

Membership, as of August 31 was as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Members*	1169	1078	1218
Retired Members**	60	55	69
Associate Members	5983	5297	5739
Total	<u>7212</u>	<u>6430</u>	<u>7026</u>

*Members are licensees who live in Delaware or who have a place of business in Delaware. Associate members are all other licensees.

**Retired Status was created in 2013 when continued professional competency (CPC) was enacted.

COUNCIL

The Council is the governing body of the Association. It consists of three members appointed by the Governor, twelve members elected by the voting members of the Association, who serve four-year terms, plus the immediate past president of the Association. The immediate past president shall act in an advisory capacity but shall not be entitled to vote if his term as a Council Member has expired. The terms of the elected members are staggered so that each year three terms expire and must be filled by election.

ELECTION OF COUNCIL MEMBERS

In accordance with 24 Del. C., Chapter 28, paragraphs 2807 and 2808, an election was held in July 2019, with the following results:

<u>Candidate</u>	<u>Council Seat</u>	<u>Votes Received</u>
Charles McAllister, P.E.	Private Consulting	312
Brendan Diener, P.E.	Private Consulting	144
Nicholas Dean, P.E.	Kent County	442
Michael Siwek, P.E.	Electrical Engineering	430

Balloting was conducted electronically in a secure environment following all protocols to ensure a valid election and meeting the requirements as outlined in the Association bylaws for the convenience of the membership.

As of September 1, 2019, the Council members, the seats they occupied, and the expiration dates of their terms were as follows:

Name	Council Seat	Term Expires
Appointed:		
William Gamgort, Esq.	New Castle County	5/14/2023
Ronald D. Smith, Esq.	Kent County	9/1/2022
Robert C. Wheatley	Sussex	9/1/2021
Elected:		
Carmine Balascio, P.E.	Education	8/31/2020
Daniel P. Barbato, P.E.	New Castle Co.	8/31/2022
Michael Clendaniel, P.E.	Government	8/31/2021
Nicholas Dean, P.E.	Kent Co.	8/31/2023
Robert Hayden, P.E.	Mechanical Eng.	8/31/2020
Joseph Jakubowski, P.E.	Civil Eng.	8/31/2022
Jeremy Kalmbacher, P.E.	"Other" Eng.	8/31/2021
Michael A. Lennon, P.E.	Chemical Eng.	8/31/2021
Karen A. Maxson, P.E.	Industry	8/31/2022
Charles L. McAllister, P.E.	Private Consulting	8/31/2023
Erik F. Retzlaff, P.E.	Sussex County	8/31/2020
Michael P. Siwek, P.E.	Electrical Eng.	8/31/2023

OFFICE

The Association Office is located at 92 Read's Way, Suite 208, New Castle, Delaware. A five-year lease was signed in 2009; this lease was extended for a third 5-year term in April 2018.

Office hours are Monday through Friday from 8:00 a.m. to 4:00 p.m. Voice mail is available to accept messages when the office is closed. The office is also accessible via e-mail (office@dape.org).

DAPE maintains a website containing the Delaware Professional Engineers' Act, Association Bylaws, applications and instructions, newsletters, Council and Committee lists, and current announcements. It offers the public instant access to relevant documents, including active membership lists, code of ethics, application forms, newsletters, Council meeting Minutes, pertinent law references. This website is linked to the website of the National Council of Examiners for Engineering and Surveying (NCEES). The website address is www.dape.org.

Jennifer Wootten has served as Executive Director since July 1, 2018. DAPE currently has one other full-time employee (Executive Assistant), and one part-time employee (Administrative Assistant).

COUNSEL

The Attorney General's office assigned Deputy Attorney General Eileen Kelly to advise Council in legal matters related to the enforcement of the Delaware Professional Engineers' Act. Deputy Attorney General Daniel Mulveny, currently serves as prosecutorial counsel for the Law Enforcement/ Ethics Committee.

ACCOUNTANT

Cover & Rossiter conducted the Association's 2018/2019 fiscal year audit. The Association's audited financial statement for the fiscal year ending April 30, 2019 is Attachment No. 2 of this Report.

REGISTRATIONS

Individual registrations as a Professional Engineer were as follows:

	<u>9/1/18- 8/31/19</u>	<u>9/1/17- 8/31/18</u>	<u>9/1/16- 8/31/17</u>
Starting Registrations	6643	7026	6416
New Registrations approved by Council			
Regular	106	84	106
Comity/Initial (unlicensed elsewhere)	430	409	370
Sub-total New Registrations	536	493	476
Previously-Approved Registrations			
Reinstatements	61	347	207
Deceased/Inactive/Retired	(30)	(238)	(30)
Delinquent	(213)	(985)	(103)
Sub-total Old Registrations	31	(876)	74
Ending Total Registrations	7210	6643	7026
Net Change	567	(596)	610

Certificates of Authorization (C/A's) were as follows:

	<u>9/1/18- 9/30/19</u>	<u>9/1/17- 8/31/18</u>	<u>9/1/16- 8/31/17</u>
Starting Authorized Firms	1109	1036	1004
Reinstatements	53	81	73
New C/As approved	139	109	101
Non-renewals & Inactive Requests	(77)	(117)	(142)
Ending Total Authorized Firm Registrations	1224	1109	1036
Net Change	115	73	32

The Certificate of Authorization Renewal period changed beginning in 2019. The above table shows our CA roster through September 30, 2019, to reflect the roster after the renewal period. Many of the new and reinstated Certificates of Authorization were issued as a direct result of law enforcement efforts to bring firms into compliance.

Temporary Permits were approved as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Individuals	1	11	0
Firms	10	5	3
Total	11	16	3

Temporary permits are issued to individuals and firms that are already licensed in another state for 60-days, pending the review and approval of a Delaware Professional Engineer license, and a Certificate of Authorization for firms.

EXAMINATIONS

Fundamentals of Engineering Exam (FE) -- The FE examination is offered in a computer-based format only. The exam is administered year-round. Examinees may arrange to take the exam no more than three times per year. Applicants schedule directly with NCEES for an examination at any Pearson VUE testing center across the country. Exam length is six hours. Exam results are released in 2-3 weeks. Following successful passage of the exam, optional certification as an Engineer Intern requires application and official transcripts.

A total of 239 FE examinations were administered in 2019 (compared to 275 in 2018). Of the total exam takers, 158 (66.1%) passed and 81 (33.9%) failed the exam. DAPE continues to encourage students at the University of Delaware to take the exam with presentations to engineering students and incentives to register with NCEES, as passage of the FE exam is an important first step on the path to PE licensure.

The Principles & Practice of Engineering exam continues to be administered via paper and pencil for most engineering disciplines. During the October 2018 and April 2019 exam administrations 191 exams were given of which 103 (53.9%) passed and 88 (46.1%) failed. Delaware law limits the attempts for those re-taking the Principles & Practices (PE) exam to four times before additional experience, education, or some combination of experience and education is required.

The exam is administered at the Nur Shriners's Hall in New Castle in April and October each year. The well-lit facility provides sufficient space, parking, and a convenient location.

NCEES is phasing all of the PE exam disciplines to computer-based testing, and expects to end the paper and pencil exams in 2023.

LEGISLATION

A revision to Delaware Code Title 24 Chapter 28 was proposed and introduced to the legislature. This revision allowed candidates to "decouple" the required examination in Principles and Practice of Engineering from the experience requirements. Applicants who have met their educational requirements may take the examination prior to completion of their experience. This amendment does not apply to applicants who become licensed solely through experience without an educational component. Decoupling serves to safeguard life, health, and property and promotes the public welfare by encouraging and facilitating engineering students and new engineers to pursue licensure without lowering the requirements for licensure. This revision also specified that, for comity applicants, experience may be accepted even where it is obtained outside of the states, territories or possessions of the United States, the District of Columbia, or provinces or territories of Canada.

This legislation was signed by the Governor on July 17, 2019.

COMMITTEES

Numerous volunteers among the DAPE membership serve countless hours accomplishing the tasks assigned to DAPE. DAPE's Council has continued the tradition of annually recognizing a distinguished Committee member. In 2019 the Distinguished Service Award was presented to Meghan Lester, P.E., a former Council member and longstanding member of the Examining Committee. Committees are encouraged to submit nominations for those exemplary members who have not only provided superior services to DAPE and the Committee on which they serve, but also to the engineering community.

Previous recipients of this recognition include:

2007	Eugene B. Snell, P.E.
2008	Robert A. Chagnon, P.E.
2009	J.G.S. Billingsley, P.E.
2010	Ana E. Diaz, P.E.
2011	Robert W. McClure, P.E.
2012	Daniel Koffler, P.E.
2013	Arkan Say, P.E.
2014	James Davidson, P.E.
2015	(No award)
2016	Keith Kooker, P.E.
2017	Keith A. Rudy, P.E.
2018	Pasquale S. Canzano, P.E.

A list of the membership of the various standing committees is shown on Attachment No. 1. Committee activities are summarized as follows:

I. EXECUTIVE COMMITTEE

This Committee, consisting of the four Council Officers and the Immediate Past President, met each month to formulate policy, prepare recommendations, and propose action on routine matters for Council review and approval consistent with the organization's by-laws. Executive Committee members are elected annually by Council at the September meeting. Executive Committee members that served between September 2018 and August 2019 were:

President	C. Balascio, P.E.
Vice President	J. Jakubowski, P.E.
Secretary	C. McAllister, P.E.
Treasurer	M. Clendaniel, P.E.
Immediate Past President	S. Gharebaghi, P.E.

2. FINANCE COMMITTEE

This Committee accomplished the following:

1. Provided fiscal control of operating funds through monthly budget performance reviews with the Executive Committee and monthly budget performance reviews with Council.
2. Prepared and secured Council approval of the 2019/2020 Operating Budget.

3. Reinvested Reserve Funds with Council approval in accordance with the by-laws.

4. Reviewed internal control systems and implemented process improvements in the Association Office as recommended by our Auditor.

5. Recommended and secured Council approval of Cover & Rossiter as the auditing firm for fiscal year 2018/2019, for its third year.

3. EMPLOYEE COMPENSATION AND BENEFITS COMMITTEE

This Committee is charged with annually reviewing employee job descriptions, compensation and benefits programs. This Committee compiled an Employee Handbook, with the purpose of describing employee expectations, policies, programs and benefits available to eligible employees. This Handbook was approved by DAPE Council August 8, 2019.

Office staff currently consists of two full-time employees, Jennifer Wootten, Executive Director; and Kathy Davis, Executive Assistant, and one part-time employee, Beth Baughman, Administrative Assistant.

4. EXAMINING COMMITTEE

The Examining Committee met 12 times, to process applications for individual Registration, Certificates of Authorization, Temporary Permits and Reinstatements. The proceedings of each meeting were reported in writing for a total of 12 reports that are on file at the DAPE Office. These reports were presented to Council and the Committee recommendations were acted upon by Council, resulting in the new licensure statistics tabulated on page 3.

During the year the committee processed:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Applications for licensure by comity/initial	430	409	370
Applications for regular licensure	106	135	121
Applications for Certificate of Authorization	139	109	101
Requests for Cert. of Auth. Reinstatement	53	81	73
Applications for Temporary Permit	11	16	3

The Examining Committee also administered the Fall and Spring examinations in Principles and Practice of Engineering for PE applicants. These were national examinations that were prepared and scored by the National Council of Examiners for Engineering and Surveying (NCEES) and given on the same schedule in all 50 states. Delaware results were as follows:

<u>Date</u>	<u>Total Examinees</u>	<u>Pass</u>	<u>Fail</u>
October 26, 2018	101	57	44
April 5, 2019	90	46	44

In addition to the pencil/paper examinations listed above, NCEES has begun to transition PE examinations by discipline to computer based testing (CBT). Once this

transition is complete, the majority of the exam disciplines will be administered year-round; several will be administered one day per year. Upon approval by DAPE, applicants will apply directly with NCEES for an examination to be scheduled at a Pearson VUE testing center. CBT results between September 2018 and August 2019 were as follows:

<u>Discipline</u>	<u>Total Examinees</u>	<u>Pass</u>	<u>Fail</u>
Chemical	5	2	3
Environmental	3	1	2

5. FACILITIES, SERVICES & EQUIPMENT COMMITTEE

The Facilities, Services & Equipment Committee is tasked with reviewing the services and equipment of the DAPE office to provide recommendations to improve services. Council continues to improve the existing DAPE website to provide more services to the public and streamline the efforts of the staff. Decisive Data Systems (DDS), Abingdon, Maryland, has been contracted to update, improve and maintain the DAPE website.

The DAPE website provides DAPE applicants and membership the resource to make application, renew licenses, update records, as well as access lists of Council and Committee members; current and archived newsletters; Board meeting minutes; the Delaware Professional Engineers Act (revised July 17, 2019); the Bylaws of the Association (revised August 8, 2018); Administrative Penalty Guidelines; CPC Guidelines; and fee schedules. Efforts are made to keep this information as current as possible and accessible to the public.

6. GOVERNMENT AFFAIRS/BYLAWS COMMITTEE

The Government Affairs and Bylaws Committee has a continuing responsibility to ensure that State, County and Municipal governments are aware of, and comply with, the legal restriction on the use of the title "engineer" to only those persons licensed as professional engineers. The Committee reviews DAPE's Bylaws annually to be sure they are consistent with law changes.

7. LAW ENFORCEMENT/ETHICS COMMITTEE

The Law Enforcement and Ethics Committee met eleven times during the year.

Eighty (80) new cases were opened. With the carryover of cases from the previous year, the Law Enforcement/Ethics Committee was successful in getting ninety-four (94) cases into compliance with the law, either by assisting firms with getting a business license in the appropriate category or cancelling the license if not operating in Delaware; or obtaining a Certificate of Authorization for the practice of engineering.

On average we open about 140 law enforcement files per year. This year after an initial review of business license records and business publications, DAPE staff and the Law Enforcement & Ethics Committee did further research of services offered by firms (using data available on websites/other state licensing boards). This resulted in a lower than average number of cases opened. The majority of these cases are administrative issues; 80 cases were complaints filed regarding unlicensed practice. The remaining complaints are still being investigated by the Law Enforcement/Ethics Committee.

8. PUBLIC INFORMATION

The Association publishes two newsletters per year, each typically consisting of 8 pages. The principal purpose of these newsletters is to keep the membership informed concerning the current status of the Engineering Licensure Law, news affecting professional practice, and activities related to the Association itself, including periodic training offered free of charge to members. Newsletters also report on the activities of Committee. Other sections of the Newsletters typically cover Association personnel and their assignments, budgets, calendar of activities, and announcements of newly licensed PEs after each exam administration.

The newsletter, in addition to being available and archived on the website, is sent via email to members.

9. NOMINATING COMMITTEE

The Nominating Committee is tasked with identifying prospective nominees for each of the Council seat vacancies in the Council election. Voting instructions were electronically sent to the membership, along with instructions for logging in and voting electronically. Results of the election are stated on page 1 of this report. The Nominating Committee also helps to recruit DAPE members from diverse backgrounds to serve on standing committees.

10. EXTERNAL AFFAIRS COMMITTEE

The External Affairs Committee coordinates interaction between DAPE and agencies of the State, its political subdivisions, commissions, etc., and addresses issues that are germane to, but not directly involved with, the regulation process.

The **Joint Advisory Committee (JAC)** consists of two representatives from DAPE (R. Hayden, P.E., J. Kalmbacher, P.E.) and representatives from the Architect's Board (T. Breck, P. Ryan), as well as a public member (A. Wright of Sussex County). The JAC meets two to four times per year in Kent County. Discussions center on the respective laws, disciplinary processes, frequent complaints, cross practice issues, Fire Marshal's review of plans, etc.

DAPE continues its commitment to serve the interests of the public and our membership and looks forward to continuing these efforts in the coming years. We have provided multiple opportunities for the membership to participate in ethics presentations, earning professional development hours to assist in meeting the required continued professional competency mandates. These efforts have served to remind our members of their ethical obligations and have been met with positive feedback.

APPROVED FOR SUBMISSION:

Carmine Balascio, P.E.
2019/2020 President of Council

2019/2020 DAPE COMMITTEES**EXECUTIVE COMMITTEE**

President:	C. Balascio, P.E.	(C)
Vice President:	J. Jakubowski, P.E.	(C)
Secretary:	C.L. McAllister, P.E.	(C)
Treasurer:	M. Clendaniel, P.E.	(C)
Immediate Past Pres.:	S. Gharebaghi, P.E.	(C)

FINANCE/EMPLOYEE BENEFITS AND COMPENSATION/FACILITIES COMMITTEE:

J. Jakubowski, P.E., Chair	(C)
P. Canzano, P.E.	(M)
M. Clendaniel, P.E.	(C)
A. Diaz, P.E.	(M)
S. Gharebaghi, P.E.	(C)
C. McAllister, P.E., Co—Chair	(C)

EXAMINING COMMITTEE:

W. Balascio., P.E., Chair	(C)
C. Balascio, P.E.	(C)
D. Barbato, P.E.	(C)
N. Gallagher Burkhardt, P.E.	(M)
N. Buttorff, P.E.	(M)
M. Clendaniel, P.E.	(C)
J. Davidson, P.E.	(M)
N. Dean, P.E.	(C)
V. Fazio, P.E.	(M)
C. Kraucunas, P.E.	(M)
M. Lester, P.E.	(M)
M. Siwek, P.E.	(M)
B. Song, P.E.	(M)
J. Volk, P.E.,	(M)
A. Weiser, P.E.	(M)

GOVERNMENT AFFAIRS/BYLAWS COMMITTEE:

R. Smith, Esq., Chair	(C)
H. Medlarz, P.E.	(M)
R. Wheatley	(C)

NOTE:**(C) DENOTES COUNCIL MEMBER****(M) DENOTES ASSOCIATION MEMBER WHO IS NOT A COUNCIL MEMBER**

LAW ENFORCEMENT/ETHICS COMMITTEE

C. McAllister, P.E., Chair	(C)
J. Jakubowski, P.E., Co-Chair	(C)
J. Davidson, P.E.	(M)
A. Diaz, P.E.	(M)
T. Kiefer, P.E.	(M)
R. Leitsch, P.E.	(M)
J. Mayan, P.E.	(M)
D. Reinhold, P.E.	(M)
K. Rudy, P.E.	(M)
A. Say, P.E.	(M)
A. Steinle, P.E.	(M)

NOMINATING COMMITTEE

K. Maxson, Chair	(C)
J. Flowers, P.E.	(M)
L. Szabo, P.E.	(M)

PUBLIC INFORMATION COMMITTEE

M. Clendaniel, P.E., Chair	(C)
J. Hastings, P.E.	(M)
J.D. Jakubowski, P.E.	(M)

EXTERNAL AFFAIRS COMMITTEE

R. Hayden, P.E., Chair	(C)
J. Kalmbacher, P.E., Co-Chair	(C)

NOTE:**(C) DENOTES COUNCIL MEMBER****(M) DENOTES ASSOCIATION MEMBER WHO IS NOT A COUNCIL MEMBER**

**DELAWARE ASSOCIATION OF
PROFESSIONAL ENGINEERS**

**FINANCIAL STATEMENTS
APRIL 30, 2019 AND 2018**

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

Council
Delaware Association of Professional Engineers
New Castle, Delaware

We have audited the accompanying financial statements of the Delaware Association of Professional Engineers, which comprise the statement of financial position as of April 30, 2019, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

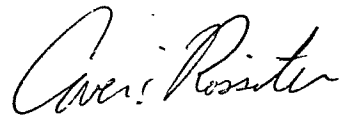
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Association of Professional Engineers, as of April 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Delaware Association of Professional Engineers for the year ended April 30, 2018 and we expressed an unmodified opinion on these audited financial statements in our report dated October 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

September 19, 2019
Wilmington, Delaware

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
STATEMENTS OF FINANCIAL POSITION**

ASSETS	April 30,	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 306,589	\$ 214,465
Investments, current portion	367,000	307,395
Prepaid expenses	2,015	2,015
Total current assets	675,604	523,875
NON-CURRENT ASSETS		
Property and equipment, net	-	-
Investments, long-term	1,611,978	1,458,546
Security deposit	4,650	4,650
Total non-current assets	1,616,628	1,463,196
TOTAL ASSETS	\$ 2,292,232	\$ 1,987,071
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	177	177
Deferred revenue	176,935	120,194
Total current liabilities	177,112	120,371
NET ASSETS		
Designated - Reserve Fund	600,000	600,000
Undesignated	1,515,120	1,266,700
Total net assets	2,115,120	1,866,700
TOTAL LIABILITIES AND NET ASSETS	\$ 2,292,232	\$ 1,987,071

See accompanying notes

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years Ended April 30,	
	2019	2018
REVENUES		
Professional engineer:		
Membership fees	\$ 162,659	\$ 120,494
Application fees	83,787	68,100
Registration fees	15,236	7,828
Fundamentals of engineering:		
Application fees	5,143	5,125
Permits	6,104	2,600
Certification of authorization	217,953	213,347
Interest and dividends	39,372	29,696
Penalties	102,262	105,450
Miscellaneous	1,653	930
	<u>634,169</u>	<u>553,770</u>
Total revenues		
EXPENSES		
Office:		
Maintenance contracts	1,075	897
Rent:		
Office	66,513	63,209
Examination space	6,618	5,413
Salaries and related expenses	148,475	150,331
Employee benefits	45,137	40,336
Payroll taxes	11,595	11,905
Contract services	120	24,313
Exam proctors' stipend	2,000	1,200
Telephone	1,503	1,680
Postage	3,694	4,998
Printing and duplication	4,363	4,236
Office supplies and expenses	74,422	80,039
	<u>365,515</u>	<u>388,557</u>
Total office expenses		
Office management services:		
Professional fees	12,869	13,317
Investigative services	-	503
	<u>12,869</u>	<u>13,820</u>
Total office management expenses		
Council operations:		
Insurance	3,434	3,318
Travel and conferences	21,077	23,139
National Council expenses:		
Dues	6,500	6,500
Examination correction fees	-	26,900
Public information	20	0
	<u>31,031</u>	<u>59,857</u>
Total Council operations expenses		
Total expenses	<u>409,415</u>	<u>462,234</u>
Unrealized gain (loss) on investments	<u>23,666</u>	<u>(22,553)</u>
Change in Net Assets	248,420	68,983
Net Assets, beginning of year	<u>1,866,700</u>	<u>1,797,717</u>
Net Assets, end of year	<u>\$ 2,115,120</u>	<u>\$ 1,866,700</u>

See accompanying notes

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
STATEMENTS OF CASH FLOWS**

	Years Ended April 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members and applicants	\$ 651,538	\$ 469,568
Cash paid to suppliers and employees	(409,415)	(462,186)
Interest and dividends received	39,372	29,696
Net cash provided by operating activities	281,495	37,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	379,000	205,000
Purchases of investments	(568,371)	(434,696)
Net cash used by investing activities	(189,371)	(229,696)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92,124	(192,618)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	214,465	407,083
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 306,589	\$ 214,465
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 248,420	\$ 68,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(23,666)	22,553
Decrease (increase) in liabilities:		
Accounts payable	-	48
Deferred revenue	56,741	(54,506)
	33,075	(31,905)
Net cash provided by operating activities	\$ 281,495	\$ 37,078

See accompanying notes

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2019 AND 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The objectives of the Delaware Association of Professional Engineers (the “Association”) are to regulate the practice of engineering; to provide for the registration of qualified persons as Professional Engineers and the certification of Engineers-in-training; to provide and administer qualifying examinations in order to safeguard life, health and property; and to promote the public welfare within the State of Delaware. The Association was established on July 7, 1972 by Delaware Code Title 24, Chapter 28, and is considered an instrumentality of the State of Delaware.

Use of Estimates in the Preparation of Financial Statements

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 reported period. Actual results could differ from those estimates.

General

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Association as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into the following three classes of net assets: permanently restricted, temporarily restricted, or unrestricted.

New Accounting Pronouncement

The Association has not adopted the new accounting guidance required by generally accepted accounting principles from Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Association is considered an instrumentality of the State of Delaware and thus a quasi-governmental organization.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, except for such instruments held within investment accounts.

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2019 AND 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value and consist of negotiable certificates of deposit. The Association considers these negotiable certificates of deposit as securities, and therefore classifies them as investments. Investments with a maturity date within one year of April 30, 2019 and 2018, respectively, are classified as “Investments, current portion”.

FASB ASC 820-10 establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820-10 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Property and Equipment

Property and equipment are stated at cost. Cost is the purchase price at date of acquisition, if purchased, or the fair value at the date of donation, if acquired by gift. The Association’s policy is to capitalize long-lived assets with costs over \$2,500. Depreciation is computed over the estimated useful lives of property and equipment by the straight-line method.

The annual depreciation rates are based on the following ranges of useful lives:

Furniture and equipment	3 – 10 years
Leasehold improvements	5 – 10 years

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue represents amounts received for licensing fees that have not yet been earned over the two-year renewal period for Professional Engineer licensing fees.

Income Taxes

The Association is exempt from federal income tax as an instrumentality of the State of Delaware. However, income from certain activities not directly related to the Association's tax-exempt purpose may be subject to taxation as unrelated business income. There was no unrelated business income during the years ended April 30, 2019 and 2018. The Association is not a private foundation.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Association to significant concentrations of credit risk, are principally cash and investments.

Cash deposits are maintained in highly-rated financial institutions within the Association's operating area. These financial institutions are monitored by management to minimize its credit risk. Although these deposits exceed the amount insured from time to time, management believes the risk of loss is remote.

Investments are managed by professional advisors subject to the Association's investment policy. The degree and concentration of credit risk vary by type of investment.

Summarized Prior Year Information

The financial statements include summarized comparative information derived from the prior year, which is not presented by net asset class and does not include sufficient detail to conform to generally accepted accounting principles. This information should be read in conjunction with the Association's financial statements for the year ended April 30, 2018 from which the comparative information was extracted.

Subsequent Events

Management has evaluated subsequent events through September 19, 2019, the date the financial statements were dated and available to be issued.

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2019 AND 2018

INVESTMENTS

Investments consisted of the following at April 30:

<u>2019</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Money market accounts	\$ 166,671	\$ 166,671	\$ -
Certificates of deposit	1,802,391	1,812,307	9,916
	<u>\$ 1,969,062</u>	<u>\$ 1,978,978</u>	<u>\$ 9,916</u>

<u>2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Money market accounts	\$ 23,300	\$ 23,300	\$ -
Certificates of deposit	1,756,384	1,742,641	(13,743)
	<u>\$ 1,779,684</u>	<u>\$ 1,765,941</u>	<u>\$ (13,743)</u>

The Association has determined the fair value of certain assets through application of statement FASB ASC 820-10, *Fair Value Measurements*. Fair values of assets measured on a recurring basis at April 30 were as follows:

<u>2019</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market accounts	\$ 166,671	\$ 166,671	\$ -	\$ -
Certificates of deposit	1,812,307	-	1,812,307	-
Total	<u>\$ 1,978,978</u>	<u>\$ 166,671</u>	<u>\$ 1,812,307</u>	<u>\$ -</u>
<u>2018</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market accounts	\$ 23,300	\$ 23,300	\$ -	\$ -
Certificates of deposit	1,742,641	-	1,742,641	-
Total	<u>\$ 1,765,941</u>	<u>\$ 23,300</u>	<u>\$ 1,742,641</u>	<u>\$ -</u>

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2019 AND 2018

INVESTMENTS (CONTINUED)

Certificates of deposit were scheduled to mature according to the following schedule as of April 30:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Within one year	\$ 366,712	\$ 367,000	\$ 307,396	\$ 309,000
Between one and five years	748,327	747,000	1,024,395	1,031,000
Greater than five years	697,268	688,391	410,850	416,384
	<u>\$ 1,812,307</u>	<u>\$ 1,802,391</u>	<u>\$ 1,742,641</u>	<u>\$ 1,756,384</u>

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at April 30:

	2019	2018
Furniture and equipment	\$ 102,742	\$ 102,742
Leasehold improvements	10,000	10,000
	<u>112,742</u>	<u>112,742</u>
Less accumulated depreciation	<u>112,742</u>	<u>112,742</u>
	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was \$0 for the years ended April 30, 2019 and 2018.

COMMITMENTS

The Association had an operating lease for its office space in New Castle, Delaware. The original lease expired on August 31, 2014. In September 2013, the Association entered into an addendum to the lease agreement extending the terms of the lease for five years through August 31, 2019. A second addendum to the lease was entered into on April 23, 2018 extending the lease for an additional five years through August 31, 2024. Rent expense for the years ended April 30, 2019 and 2018 totaled \$66,513 and \$63,209, respectively.

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
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COMMITMENTS (CONTINUED)

Future minimum lease payments on the lease existing at year end are as follows:

<u>Year Ended April 30,</u>	
2020	\$ 64,914
2021	64,481
2022	65,348
2023	66,650
2024	67,973
Thereafter	<u>22,806</u>
	<u><u>\$ 352,172</u></u>

RETIREMENT PLAN

The Association has a contributory Simplified Employee Pension (SEP) plan which covers all employees who elect to participate in the plan. Contributions are made by the Association based on 10% of employees' gross salaries. The total retirement expense for the years ended April 30, 2019 and 2018 was \$14,088 and \$11,252, respectively. The Association's policy is to fund pension costs as incurred.

RESERVE FUND

The Association's by-laws stipulate that a reserve fund be maintained which is not less than the Association's annual operating budget. The reserve fund is intended to be available for emergency, unforeseen, or unusual expenses. The Association's governing Council has designated \$600,000 of the Association's net assets balance as of April 30, 2019 and 2018, as a reserve fund to meet this requirement.

AFFILIATED ORGANIZATION

The Association is a member of the National Council of Examiners for Engineering and Surveying (NCEES). The NCEES provides leadership in professional licensure of engineers through uniform laws, licensing standards, and professional ethics. They also provide services to Member Boards that promote uniform licensing procedures which emphasize quality education, examination, experience, and continuing professional competency. The Association paid the NCEES \$0 and \$26,900 during the years ended April 30, 2019 and 2018, respectively, for exam correction services. The Association paid annual membership dues to the NCEES in the amount of \$6,500 for both years. There were no amounts due the NCEES at April 30, 2019 and 2018.