

FIFTIETH ANNUAL REPORT
SEPTEMBER 2021 - AUGUST 2022



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

SUBMITTED: DECEMBER 2022

**FIFTIETH ANNUAL REPORT
DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**

SEPTEMBER 2021 - AUGUST 2022

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

MEMBERSHIP

Members renew by June 30 in even-numbered years. Membership as of August 31 was as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Members*	1234	1204	1152	1169
Associate Members	6500	6577	6028	5983
Total	7734	7781	7180	7132

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

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 2022, with the following results:

<u>Candidate</u>	<u>Council Seat</u>	<u>Votes Received</u>
Joseph Jakubowski	Civil Engineering	448
Karen Maxson	Industry	440
Daniel Barbato	New Castle County	440
Vincent Fazio	Electrical Engineering	431

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.

Members also voted to approve amendments to the Bylaws, meant to achieve the following:

- Make our Bylaws consistent with the September 17, 2021 amendment to the Delaware Professional Engineers' Act

- Incorporate consistent nomenclature and gender-neutral language (for example, changing “Chairman” to “Chair” throughout the document)
- Remove language that is already included in the Delaware Professional Engineers Act to avoid redundancy and the potential need to modify both documents in the future

As of October 7, 2022, 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	9/1/2023
Chad Lingenfelder, Esq.	Sussex	10/6/2026
Elected:		
Daniel P. Barbato, P.E.	New Castle Co.	8/31/2026
Neeraj K. Batta, P.E.	Chemical	8/31/2025
Michael Clendaniel, P.E.	Government	8/31/2025
Nicholas Dean, P.E.	Kent Co.	8/31/2023
Vincent Fazio, P.E.	Electrical	8/31/2023
Jason Hastings, P.E.	Sussex Co.	8/31/2024
Joseph Jakubowski, P.E.	Civil Eng.	8/31/2026
Jeremy Kalmbacher, P.E.	“Other” Eng.	8/31/2025
Karen A. Maxson, P.E.	Industry	8/31/2026
Charles L. McAllister, P.E.	Private Consulting	8/31/2023
David Reinhold, P.E.	Education	8/31/2024
Kenneth Tadler, P.E.	Mechanical	8/31/2024

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. The current lease runs through August 31, 2024.

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, fee schedule, newsletters, Council meeting minutes, pertinent law references. The website address is www.dape.org.

Jennifer Wootten has served as Executive Director since July 1, 2018. DAPE currently has two other full-time employees: Executive Assistant and 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 2021/2022 fiscal year audit. The Association's audited financial statement for the fiscal year ending April 30, 2022 is Exhibit B of this Report.

REGISTRATIONS

Individual registrations as a Professional Engineer were as follows:

	<u>9/1/21- 8/31/22</u>	<u>9/1/20- 8/31/21</u>	<u>9/1/19- 8/31/20</u>	<u>9/1/18- 8/31/19</u>
Starting Registrations September 1	7679	7233	7210	6643
New Registrations approved by Council				
Regular	78	136	67	106
Comity/Initial (unlicensed elsewhere)	491	501	334	430
Sub-total New Registrations	569	637	401	536
License Status Changes				
Reinstatements	227	80	145	274
Deceased/Inactive/Retired	(309)	(11)	(114)	(30)
Delinquent	(432)	(260)	(409)	(213)
Sub-total Existing Registrations	(514)	(191)	(378)	31
Ending Total Registrations August 31	7734	7679	7233	7210
Net Change	55	446	23	567

During the last two renewal cycles ending June 30, 2022 and June 30, 2022, DAPE has focused on reducing the percentage of delinquent licenses by improving communications to licensees and encouraging those that do not currently meet the requirements for an active license to switch to inactive status provided that they are not currently practicing engineering in Delaware.

Certificates of Authorization (COA's) were as follows:

	<u>10/1/21- 9/30/22</u>	<u>10/1/20- 9/30/21</u>	<u>10/1/19- 9/30/20</u>	<u>9/1/18- 9/30/19</u>
Starting Authorized Firms	1305	1298	1224	1109
Reinstatements	78	10	41	53
New COAs approved	132	119	97	139
Non-renewals & Inactive Requests	(130)	(92)	(64)	(77)
Ending Total Authorized Firm Registrations	1385	1305	1298	1224
Net Change	80	7	74	115

The Certificate of Authorization Renewal period changed beginning in 2019. The above table shows our CA roster through September 30, to reflect the roster after the renewal deadline. Staff follow up with firms that did not complete the Certificate of Authorization renewal process by the September 30, 2022 deadline has resulted in an increase to 1,455 firms on the active roster by the end of November 2022. Some of the new and reinstated Certificates of Authorization were issued as a direct result of law enforcement efforts to bring firms into compliance.

A 2021 amendment to Delaware law eliminated Temporary Permits, in favor of permanent licensure. The new fast-track application processing for individuals with a Model Law Engineer designation effectively serves the same purpose as our temporary permits did. 72% of the Comity applications approved between 9/1/21-8/31/22 were fast-tracked because they had a Model Law Engineer designation.

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 120 FE examinations were administered in 2022 (compared to 147 in 2021). Of the total exam takers, 77 (64%) passed and 43 (36%) failed the exam. DAPE continues to encourage students at the University of Delaware to take the exam with presentations to engineering students, as passage of the FE exam is an important first step on the path to PE licensure.

The Principles & Practice of Engineering (P&PE) exam traditionally has been administered two times per year to eligible candidates. The October 2021 exam was the last pencil and paper exam administration of the P&PE exam, and it was administered over two days to allow testing sites to provide adequate spacing due to the COVID pandemic. During the October 2021 exam administration 80 exams were given of which 44 (55%) passed and 36 (45%) failed. The exam was administered at the University of Delaware's Clayton Hall in Newark Delaware.

NCEES completed the transition of all of the PE exam disciplines to computer-based testing in January 2022. This transition was accelerated to help alleviate the backlog of eligible examinees created by the cancellation of the April 2020 pencil and paper exam administration as well as by capacity restrictions at computer-based testing centers. In the past year, 100 candidates took a computer-based PE exam in Delaware of which 63 (63%) passed and 37 (37%) failed.

A small number of candidates sit for the 2-part 16-hour Structural Engineering (SE) exam in Delaware each year. Some are already licensed PEs, others are attempting to pass the 2-part exam in order to obtain initial PE licensure. This Structural Engineering examination will continue to be administered in pencil and paper format for several years, but beginning in 2022, it was offered regionally (not in Delaware). Delaware candidates will be able to take the exam at the regional site of their choice.

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. Candidates must pass the PE exam within 5 years of experience approval before updated application information is required.

LEGISLATION

No legislative amendments were proposed during this period. DAPE was honored by State Legislators with House Concurrent Resolution 57 in honor of our 50th Anniversary.

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 2022 the Distinguished Service Award was presented to Michael Siwek, P.E. a past Council member and a longstanding member of the Examining Committee. Mr. Siwek also served on an Ad Hoc Committee formed to review our Law & Ethics Questionnaire, which is included on our PE application, and as an Exam Proctor. He served nationally with NCEES to help write exam questions. 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.
2019	Meghan Lester, P.E.
2020	William Balascio, P.E.
2021	Robert Leitsch, P.E. (Ret.)

A list of the membership of the various standing committees is shown on Exhibit A. 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 2021 and August 2022 were:

President	J. Jakubowski, P.E., LEED AP
Vice President	M. Clendaniel, P.E.
Secretary	C. McAllister, P.E.
Treasurer	K. Maxson, P.E.
Immediate Past President	C. Balascio, P.E., Ph.D.

New officers were elected in September 2022, and are listed in Exhibit A.

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 2022-2023 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 2021-2022, for its sixth year.

3. EMPLOYEE COMPENSATION AND BENEFITS COMMITTEE

This Committee is charged with annually reviewing employee job descriptions, compensation and benefits programs.

Office staff currently consists of three full-time employees, Jennifer Wootten, Executive Director, Kathy Davis, Executive Assistant, and Beth Baughman, Administrative Assistant.

4. EXAMINING COMMITTEE

The Examining Committee met 12 times, to process applications for individual Registration, Certificates of Authorization, 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Applications for licensure by comity/initial	491	501	334	430
Applications for regular licensure	78	136	67	106
Applications for Certificate of Authorization	132	119	97	139
Requests for Cert. of Auth. Reinstatement	6	10	7	53
Applications for Temporary Permit	NA	4	11	11

The Examining Committee also administered the October 2021 examination in Principles and Practice of Engineering for PE applicants. This a national examination that is prepared and scored by the National Council of Examiners for Engineering and Surveying (NCEES) and given on the same schedule in all 50 states.

The Examining Committee recommended a slight modification to DAPE's Continuing Professional Competency requirements, which was approved by Council September 8, 2021. The Committee also recommended slight modifications to professional reference forms and employment verification forms, which are included in our license application.

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. DAPE is working with inLumon, Reno, Nevada, to improve the licensing section of the 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 September 17, 2021); the Bylaws of the Association (revised August 10, 2021); Administrative Penalty Guidelines (revised March 10, 2021); CPC Guidelines (revised September 8, 2021); 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.

In the past year, 37 new cases were opened. Including some carryover of cases from the previous year, the Law Enforcement/Ethics Committee was successful in getting 36 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.

The Law Enforcement/Ethics Committee planned a virtual ethics training opportunity for licensees in March 2022. This session focused on ethical challenges for innovation, technology and society (392 total participants). The training was scheduled prior to the PE license renewal deadline, in order to give our members this free opportunity to meet their 2 hour minimum requirement in the area of professional ethics.

8. PUBLIC INFORMATION

The Association publishes 2-4 newsletters per year. 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 Committee activities. Other sections of the Newsletters typically cover Association personnel and their assignments, budgets, calendar of activities, and announcements of newly licensed PEs. The newsletter, in addition to being available and archived on the website, is sent via email to members. Members of the public are now able to subscribe to this newsletter as well.

The Public Information Committee provides outreach to University of Delaware engineering students to promote professional licensure. This Committee also helped with the production of videos designed to inform the public about the importance of Professional Engineer licensure and to encourage students to pursue the path to licensure.

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, two representatives from the Architect's Board, and a public member. 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:

Michael A. Clendaniel
2022-2023 President of Council

2022-2023 DAPE COMMITTEES**EXECUTIVE COMMITTEE**

President:	M. Clendaniel, P.E.	Council Member
Vice President:	K. Maxson, P.E.	Council Member
Secretary:	V. Fazio, P.E.	Council Member
Treasurer:	C. McAllister, P.E.	Council Member
Immediate Past Pres.:	J. Jakubowski, P.E., LEED AP	Council Member

FINANCE/EMPLOYEE BENEFITS AND COMPENSATION/FACILITIES COMMITTEE:

K. Maxson, P.E., Chair	Council Member
V. Fazio, P.E., Vice Chair	Council Member
C. Balascio, P.E., Ph.D.	Associate Member
P. Canzano, P.E. (Ret.)	Associate Member
A. Diaz, P.E.	Associate Member
S. Gharebaghi, P.E.	Associate Member
J. Jakubowski, P.E.	Council Member
M. Lennon, P.E.	Associate Member
C. McAllister, P.E.	Council Member

EXAMINING COMMITTEE:

K. Tadler, P.E., Chair	Council Member
W. Balascio., P.E.	Associate Member
C. Balascio, P.E., Ph.D.	Associate Member
D. Barbato, P.E.	Council Member
N. Gallagher Burkhardt, P.E	Associate Member
N. Buttorff, P.E.	Associate Member
J. Davidson, P.E.	Associate Member
N. Dean, P.E.	Council Member
V. Fazio, P.E.	Associate Member
C. Kraucunas, P.E.	Associate Member
R. Leitsch, P.E. (Ret.)	Associate Member
M. McDonough, P.E.	Associate Member
D. Seavey, P.E.	Associate Member
B. Song, P.E.	Associate Member
J. Zelinski, P.E.	Associate Member

GOVERNMENT AFFAIRS/BYLAWS COMMITTEE:

R. Smith, Esq., Chair	Council Member
C. Balascio, P.E., Ph.D.	Associate Member
H. Medlarz, P.E.	Associate Member

LAW ENFORCEMENT/ETHICS COMMITTEE

C. McAllister, P.E., Chair	Council Member
D. Reinhold, P.E., Co-Chair	Council Member
J. Davidson, P.E.	Associate Member
A. Diaz, P.E.	Associate Member
B. Diener, P.E.	Associate Member
B. Haglid, P.E.	Associate Member
D. Jones, P.E.	Associate Member
T. Kiefer, P.E.	Associate Member
S. Laws, P.E.	Associate Member
R. Leitsch, P.E. (Ret.)	Associate Member
J. Mayan, P.E.	Associate Member
M. Parker, P.E.	Associate Member
K. Rudy, P.E.	Associate Member

NOMINATING COMMITTEE

N. Batta, P.E., Chair	Council Member
J. Flowers, P.E.	Associate Member
J.D. Jakubowski, P.E.	Associate Member
L. Szabo, P.E.	Associate Member

PUBLIC INFORMATION COMMITTEE

J. Hastings, P.E., Chair	Council Member
J.D. Jakubowski, P.E.	Associate Member

EXTERNAL AFFAIRS COMMITTEE

J. Kalmbacher, P.E., Chair	Council Member
R. Hayden, P.E.	Associate Member
R. Plitko, P.E.	Associate Member

**DELAWARE ASSOCIATION OF
PROFESSIONAL ENGINEERS**

**FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**



INDEPENDENT AUDITOR'S REPORT

Council
Delaware Association of Professional Engineers
New Castle, Delaware

Opinion

We have audited the accompanying financial statements of Delaware Association of Professional Engineers (the "Association"), which comprise the statements of financial position as of April 30, 2022 and 2021, and the related statements of activities and changes in net assets, 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 the Association, as of April 30, 2022 and 2021, and the changes in 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 the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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; 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.

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 the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

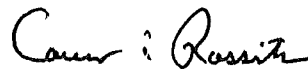
Auditor's Responsibilities for the Audit of the Financial Statements

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

We are required to communicate with 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.



Certified Public Accountants

November 7, 2022
Wilmington, Delaware

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

ASSETS	April 30,	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 72,262	\$ 106,466
Investments, current portion	-	260,343
Prepaid expenses	2,015	2,015
	74,277	368,824
NON-CURRENT ASSETS		
Property and equipment, net	-	-
Investments, long-term	2,297,322	2,265,287
Security deposit	4,650	4,650
	2,301,972	2,269,937
TOTAL ASSETS	\$ 2,376,249	\$ 2,638,761
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 334	\$ 177
Deferred revenue	137,650	299,993
	137,984	300,170
NET ASSETS		
Designated - Reserve Fund	600,000	600,000
Undesignated	1,638,265	1,738,591
	2,238,265	2,338,591
TOTAL LIABILITIES AND NET ASSETS	\$ 2,376,249	\$ 2,638,761

See accompanying notes

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

	Years Ended April 30,	
	2022	2021
REVENUES		
Fundamentals of engineering:		
Application fees	\$ 2,850	\$ 3,150
Professional engineer:		
Application fees	89,850	80,850
Registration fees	13,056	9,988
Renewals	186,833	176,715
Certification of authorization		
Initial fee	27,350	22,844
Renewals	190,472	193,220
Temporary permits	-	2,000
Penalties	8,050	34,950
Miscellaneous	3,907	1,683
Interest and dividends	35,589	43,698
Unrealized gain (loss) on investments	(183,897)	(48,477)
Total revenues	374,060	520,621
EXPENSES		
Employee benefits	45,918	45,876
Office expenses	36,154	28,803
Payroll taxes	18,972	13,143
Internet service fees	10,671	21,305
Auto expenses	267	219
Travel and conferences	8,142	2,116
Licensure promotion	1,434	1,500
NCEES membership	6,500	6,500
Exam rental space and proctor stipends	11,283	19,448
Insurance	3,481	4,252
Consulting and accounting	36,312	14,443
Investigative services	4,530	1,052
Miscellaneous expenses	547	294
Rent expense	65,457	66,481
Salaries	171,656	164,643
Public information	1,793	-
Facilities	586	1,005
Maintenance contracts	2,108	2,211
Membership services	32,682	37,345
Information technology	15,893	9,924
Total expenses	474,386	440,560
Change in Net Assets	(100,326)	80,061
Net Assets, beginning of year	2,338,591	2,258,530
Net Assets, end of year	\$ 2,238,265	\$ 2,338,591

See accompanying notes

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

	Years Ended April 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members and applicants	\$ 360,025	\$ 635,636
Cash paid to suppliers and employees	(474,229)	(440,560)
Interest and dividends received	35,589	43,698
	<u>(78,615)</u>	<u>238,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	337,000	175,000
Purchases of investments	(292,589)	(568,838)
	<u>44,411</u>	<u>(393,838)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,204)	(155,064)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>106,466</u>	<u>261,530</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 72,262</u>	<u>\$ 106,466</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (100,326)	\$ 80,061
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized loss on investments	183,897	48,477
(Increase) decrease in liabilities:		
Accounts payable	157	-
Deferred revenue	(162,343)	110,236
	<u>21,711</u>	<u>158,713</u>
Net cash provided (used) by operating activities	<u>\$ (78,615)</u>	<u>\$ 238,774</u>

See accompanying notes

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

ORGANIZATION

The objectives of 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Association’s policy is to prepare its financial statements on the accrual basis of accounting.

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.

Investments

Investments are stated at fair value and consist of money market funds and negotiable certificates of deposit. The Association considers the negotiable certificates of deposit as securities, and therefore classifies them as investments. Investments with a maturity date within one year of April 30, 2022 and 2021, 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).

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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

Revenue and Revenue Recognition

License fees, which are nonrefundable, are recognized ratably over the licensing period because the benefits to the Association members are consistent throughout the year. License fees for Certificates of Authorization and Professional Engineers are recognized over a one and two year period, respectively. The performance obligation consists of providing licensees continuous access to operate as a qualified person or entity within the State of Delaware.

Amounts that are received in advance are deferred to the applicable period. Revenue from application fees for entrance into the membership, exam fees and penalties levied are earned when received, as these benefits to the Association are transferred at a point in time.

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

The following table provides information about significant changes in deferred revenue for the year ended April 30, 2022:

Deferred revenue, beginning of year	\$ 299,993
Previously deferred revenue recognized	(268,777)
Cash received from members and applicants	255,368
Current revenue recognized	<u>(148,934)</u>
Deferred revenue, end of year	<u>\$ 137,650</u>

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, 2022 and 2021. 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.

Subsequent Events

Management has evaluated subsequent events through November 7, 2022, the date the financial statements were dated and available to be issued.

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

INVESTMENTS

Investments consisted of the following at April 30:

<u>2022</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Money market accounts	\$ 234,777	\$ 234,777	\$ -
Certificates of deposit	2,204,000	2,062,545	(141,455)
	<u>\$ 2,438,777</u>	<u>\$ 2,297,322</u>	<u>\$ (141,455)</u>

<u>2021</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Money market accounts	\$ 231,169	\$ 231,169	\$ -
Certificates of deposit	2,252,021	2,294,461	42,440
	<u>\$ 2,483,190</u>	<u>\$ 2,525,630</u>	<u>\$ 42,440</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>2022</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	\$ 234,777	\$ 234,777	\$ -	\$ -
Certificates of deposit	2,062,545	-	2,062,545	-
Total	<u>\$ 2,297,322</u>	<u>\$ 234,777</u>	<u>\$ 2,062,545</u>	<u>\$ -</u>

<u>2021</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	\$ 231,169	\$ 231,169	\$ -	\$ -
Certificates of deposit	2,294,461	-	2,294,461	-
Total	<u>\$ 2,525,630</u>	<u>\$ 231,169</u>	<u>\$ 2,294,461</u>	<u>\$ -</u>

DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

INVESTMENTS (CONTINUED)

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

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Within one year	\$ -	\$ -	\$ 257,000	\$ 260,343
Between one and five years	1,158,000	1,077,062	653,000	668,529
Greater than five years	<u>1,046,000</u>	<u>985,483</u>	<u>1,342,021</u>	<u>1,365,589</u>
	<u>\$ 2,204,000</u>	<u>\$ 2,062,545</u>	<u>\$ 2,252,021</u>	<u>\$ 2,294,461</u>

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at April 30:

	<u>2022</u>	<u>2021</u>
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, 2022 and 2021.

COMMITMENTS

The Association has an operating lease for its office space in New Castle, Delaware, through August 31, 2024. Rent expense for the years ended April 30, 2022 and 2021 totaled \$65,457 and \$66,481, respectively.

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

COMMITMENTS (CONTINUED)

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

<u>Year Ended April 30,</u>	
2023	\$ 66,650
2024	67,973
2025	22,806
2026	-
2027	-
Thereafter	-
	<u>\$ 157,429</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, 2022 and 2021 was \$17,692 and \$15,500, respectively. The Association's policy is to fund pension costs as incurred.

RESERVE FUND

Article XIII, Section 4.0 of the Association's by-laws require a reserve fund to be established 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, 2022 and 2021, 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 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, 2022 and 2021.

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

RISKS AND UNCERTAINTIES

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and current economic conditions, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Association's investment balances.