

***FIFTY-FIRST ANNUAL REPORT***  
***SEPTEMBER 2022 - AUGUST 2023***



**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**  
**92 READ'S WAY, SUITE 208**  
**NEW CASTLE, DELAWARE 19720**  
**[www.dape.org](http://www.dape.org)**

**SUBMITTED: OCTOBER 2023**

**FIFTY-FIRST ANNUAL REPORT  
DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**

**SEPTEMBER 2022 - AUGUST 2023**

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:

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Members*	1250	1234	1204	1152
Associate Members	7130	6500	6577	6028
Total	8380	7734	7781	7180

\*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 2023, with the following results:

<b><u>Candidate</u></b>	<b><u>Council Seat</u></b>	<b><u>Votes Received</u></b>
Vincent Fazio	Electrical Engineering	442
Theodore Thomson	Private Consulting	441
James Puddicombe	Kent County	437
Melanie Smith	Chemical Engineering	429

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, 2023, the Council members, the seats they occupied, and the expiration dates of their terms were as follows:

<b>Name</b>	<b>Council Seat</b>	<b>Term Expires</b>
<b>Appointed:</b>		
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
<b>Elected:</b>		
Daniel P. Barbato, P.E.	New Castle Co.	8/31/2026
Michael Clendaniel, P.E.	Government	8/31/2025
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
James Puddicombe, P.E.	Kent County	8/31/2027
David Reinhold, P.E.	Education	8/31/2024
Melanie A. Smith, P.E.	DNREC	8/31/2027
Kenneth Tadler, P.E.	Mechanical	8/31/2024
Theodore A. Thomson, P.E.	Private Consulting	8/31/2027

## **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. The Building was purchased by Old Town Hall Associates, LLC in August 2023 from Emory Hill.

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](mailto:office@dape.org)).

DAPE maintains a website containing the Delaware Professional Engineers' Act, Association Bylaws, Code of Ethics, applications and instructions, newsletters, Council and Committee lists, and current announcements. It offers the public instant access to relevant documents, including active membership lists, fee schedule, newsletters, Council meeting minutes, pertinent law references, complaint forms, and Freedom of Information Act (FOIA) request forms. The website address is [www.dape.org](http://www.dape.org).

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

## **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 Kemba Lydia-Moore, currently serves as prosecutorial counsel for the Law Enforcement/ Ethics Committee.

## **ACCOUNTANT**

Cover & Rossiter conducted the Association's 2022/2023 fiscal year audit. The Association's audited financial statements for the fiscal year ending April 30, 2023 is Exhibit B of this Report.

These statements include information about DAPE's adoption of the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 842, Leases. The Association elected to adopt this standard effective May 1, 2022 and utilized all available practical expedients. Adoption of the standard did not materially impact the statement of activities and changes in net assets and had little to no impact on the statement of cash flows. The most significant impact was the recognition of a right-of-use (ROU) asset and a lease liability for the operating lease.

## **REGISTRATIONS**

**Individual registrations** as a Professional Engineer were as follows:

	<b><u>9/1/22- 8/31/23</u></b>	<b><u>9/1/21- 8/31/22</u></b>	<b><u>9/1/20- 8/31/21</u></b>	<b><u>9/1/19- 8/31/20</u></b>
Starting Registrations September 1	7734	7679	7233	7210
New Registrations approved by Council				
Regular	48	78	136	67
Comity/Initial (unlicensed elsewhere)	623	491	501	334
Sub-total New Registrations	671	569	637	401
License Status Changes				
Reinstatements	104	227	80	145
Deceased/Inactive/Retired	(129)	(309)	(11)	(114)
Ending Total Registrations August 31	8380	7734	7679	7233
Net Change	646	55	446	23
Delinquent Licensees as of August 31	322	432	260	409

During the last two renewal cycles ending June 30, 2020 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:

	<b><u>10/1/22- 9/30/23</u></b>	<b><u>10/1/21- 9/30/22</u></b>	<b><u>10/1/20- 9/30/21</u></b>	<b><u>10/1/19- 9/30/20</u></b>
Starting Authorized Firms	1385	1305	1298	1224
Reinstatements	10	78	10	41
New COAs approved	147	132	119	97
Non-renewals & Inactive Requests	(70)	(130)	(92)	(64)
Ending Total Authorized Firm Registrations	1472	1385	1305	1298
Net Change	87	80	7	74

The above table shows our CA roster through September 30 (vs. August 31), to reflect the roster after the annual renewal deadline. Some of the new and reinstated Certificates of Authorization were issued as a direct result of law enforcement efforts to bring firms into compliance.

## **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. The FE 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 upon graduation.

A total of 126 FE examinations were administered in 2023 (compared to 120 in 2022). Of the total exam takers, 77 (61%) passed and 49 (39%) 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 University of Delaware has supported DAPE in this outreach, hosting several events in the Fall of 2023 to increase FE exam enrollment among students. Seniors that pass the FE exam prior to graduation receive a special "graduation cord" to mark this achievement.

The Principles & Practice of Engineering (P&PE) -- NCEES completed the transition of all of the PE exam disciplines to computer-based testing in January 2022. The transition from a biannual pencil and paper format to a year-round computer-based format was accelerated to help alleviate the backlog of eligible examinees created by COVID. In the past year, 142 candidates took a computer-based PE exam in Delaware of which 78 (55%) passed and 65 (45%) 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. Candidates must pass the PE exam within 5 years of experience approval before updated application information is required.

## **LEGISLATION**

House Bill 129 with House Amendment 1 was signed by the Governor on August 9, 2023. This Act added definitions for negligence, misconduct and incompetence in order to provide greater clarity and guidance for the Council in determining whether a licensee is subject to discipline. This Act removed the requirement that an applicant who fails the PE four or more times must go through additional steps before taking the examination another time, in an effort to eliminate unnecessary barriers to licensure. An Ad Hoc Committee was appointed by DAPE's Council President to discuss a definition and guidance for "Successor Engineers" in a future amendment.

## **COMMITTEES**

Volunteers drawn from the DAPE membership serve countless hours accomplishing the tasks assigned to DAPE standing and Ad Hoc committees. DAPE's Council has continued the tradition of annually recognizing a distinguished Committee member. In 2023 the Distinguished Service Award was presented to Carmine Balascio, Ph.D., P.E. a

past Council President and a longstanding member of the Examining Committee. Dr. Balascio is an Associate Professor at the University of Delaware, and has been involved nationally with both NCEES and the Accreditation Board for Engineering & Technology (ABET).

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.)
2022	Michael Siwek, P.E.

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 2022 and August 2023 were:

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

New officers were elected in September 2023, 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 2023-2024 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 2022-2023, for its seventh year. A new auditing team was assigned to DAPE in 2022.

### **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 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, 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:

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Applications for licensure by comity/initial	623	491	501	334
Applications for regular licensure	71	78	136	67
Applications for Certificate of Authorization	147	132	119	97
Requests for Cert. of Auth. Reinstatement	8	6	10	7
Total applications	849	767	766	505

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. 76% of the Comity applications approved between 9/1/22-8/31/23 were fast-tracked because they had a Model Law Engineer designation.

The Examining Committee recommended a modification to DAPE's Continuing Professional Competency requirements, which was approved by Council July 12, 2023. This Committee recommended the legislative amendment which removed the requirement for candidates that fail the PE exam four or more times to reapply, after researching and discussing other States' policies.

## **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; the Bylaws of the Association; 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 and contributes to the effort to propose and seek sponsorship of legislative amendments in conjunction with DAPE's lobbyist.

## **7. LAW ENFORCEMENT/ETHICS COMMITTEE**

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

In the past year, 66 new cases were opened. Including some carryover of cases from the previous year, the Law Enforcement/Ethics Committee was successful in getting 53 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. DAPE received one complaint from a member of the public, which is still under preliminary investigation. Six complaints were resolved with a final consent order. Five hearings were held in relation to Continuing Professional Competency (CPC) requirements after a random CPC audit of members.

The Law Enforcement/Ethics Committee planned a virtual ethics training opportunity for licensees in April 2023. This session focused on the most common law enforcement and ethics violations seen by DAPE. DAPE offers free training in order to give our members this opportunity to meet their 2 hour minimum requirement in the area of professional ethics. The training was recorded and is still available for members to watch online for PDH credit. In addition to the 240 members that attended in person, 730 members to date have watched the recording.



## **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 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. The Committee also promoted professional engineering licensure at two K-12 STEM events in Delaware (Math Counts and the DelDot Bridge Design Competition).

## **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  
2023-2024 President of Council

**2023-2024 DAPE COMMITTEES****EXECUTIVE COMMITTEE**

President:	M. Clendaniel, P.E.	Council Member
Vice President:	K. Maxson, P.E.	Council Member
Secretary:	K. Tadler, P.E.	Council Member
Treasurer:	V. Fazio, 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
N. Donlon, P.E.	Associate Member
V. Fazio, P.E.	Associate Member
M. Hite, P.E.	Associate Member
C. Kraucunas, P.E.	Associate Member
R. Leitsch, P.E. (Ret.)	Associate Member
M. McDonough, P.E.	Associate Member
G. Pawlowski, P.E.	Associate Member
D. Seavey, P.E.	Associate Member
B. Song, P.E.	Associate Member
P. Thakral, 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
W. Gamgort, Esq.	Council Member
J. Jakubowski, P.E., LEED AP	Council Member
C. Lingenfelder, Esq.	Council Member
H. Medlarz, P.E.	Associate Member

**LAW ENFORCEMENT/ETHICS COMMITTEE**

D. Reinhold, P.E., 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
C. McAllister, P.E.	Associate Member
K. Rudy, P.E.	Associate Member

**NOMINATING COMMITTEE**

D. Barbato, 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
S. McNatt, 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

**AD HOC SUCCESSOR ENGINEER COMMITTEE**

J. Jakubowski, P.E., LEED AP, Chair	Council Member
J. Hastings, P.E.	Council Member
S. Laws, P.E.	Associate Member
M. Luszcz, P.E.	Associate Member
A. Marteney, P.E.	Associate Member
C. McAllister, P.E.	Associate Member
D. Reinhold, P.E.	Council Member
K. Rudy, P.E.	Associate Member
R. Smith, Esq.	Council Member

**DELAWARE ASSOCIATION OF  
PROFESSIONAL ENGINEERS**

**FINANCIAL STATEMENTS  
APRIL 30, 2023 AND 2022**

**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, 2023 and 2022, 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, 2023 and 2022, 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.

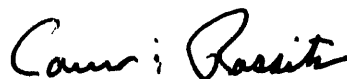
In performing an audit in accordance with generally accepted auditing standards, we:

- 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.

### **Emphasis of Matter**

As discussed in the notes to the financial statements, the Association has adopted the changes represented by Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.



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Certified Public Accountants

September 8, 2023  
Wilmington, Delaware

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

	April 30,	
	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 162,993	\$ 72,262
Investments, current portion	121,437	-
Prepaid expenses	2,015	2,015
Total current assets	<u>286,445</u>	<u>74,277</u>
<b>NON-CURRENT ASSETS</b>		
Property and equipment, net	14,274	-
Right-of-use asset - operating	86,557	-
Investments, long-term	2,191,808	2,297,322
Security deposit	4,650	4,650
Total non-current assets	<u>2,297,289</u>	<u>2,301,972</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,583,734</u></u>	<u><u>\$ 2,376,249</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 319	\$ 334
Lease liability - operating, current portion	67,973	-
Deferred revenue	329,707	137,650
Total current liabilities	<u>397,999</u>	<u>137,984</u>
<b>NON-CURRENT LIABILITIES</b>		
Lease liability - operating, non-current portion	21,297	-
Total non-current liabilities	<u>21,297</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>419,296</u>	<u>137,984</u>
<b>NET ASSETS</b>		
Designated - Reserve Fund	600,000	600,000
Undesignated	1,564,438	1,638,265
Total net assets	<u>2,164,438</u>	<u>2,238,265</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,583,734</u></u>	<u><u>\$ 2,376,249</u></u>

See accompanying notes

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

	<b>Years Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Fundamentals of engineering:		
Application fees	\$ 3,050	\$ 2,850
Professional engineer:		
Application fees	85,950	89,850
Registration fees	19,319	13,056
Renewals	186,217	186,833
Certification of authorization:		
Initial fee	26,200	27,350
Renewals	212,376	190,472
Penalties	31,275	8,050
Miscellaneous	676	3,907
Interest and dividends	37,662	35,589
Unrealized gain (loss) on investments	(120,738)	(183,897)
Total revenues	<u>481,987</u>	<u>374,060</u>
<b>EXPENSES</b>		
Employee benefits	51,618	45,918
Office expenses	32,740	36,154
Payroll taxes	14,515	18,972
Internet service fees	22,611	10,671
Auto expenses	-	267
Travel and conferences	26,115	8,142
Licensure promotion	33,258	1,434
NCEES membership	6,500	6,500
Exam rental space and proctor stipends	-	11,283
Insurance	3,711	3,481
Consulting and accounting	35,613	36,312
Investigative services	-	4,530
Miscellaneous expenses	(104)	547
Depreciation expense	1,020	-
Rent expense	66,157	65,457
Salaries	184,309	171,656
Public information	20,910	1,793
Facilities	551	586
Maintenance contracts	1,329	2,108
Membership services	37,932	32,682
Information technology	13,715	15,893
Total expenses	<u>552,500</u>	<u>474,386</u>
Change in Net Assets	(70,513)	(100,326)
Net Assets, beginning of year	2,238,265	2,338,591
Cumulative adjustment for adoption of accounting principle	<u>(3,314)</u>	<u>-</u>
Net Assets, end of year	<u><u>\$ 2,164,438</u></u>	<u><u>\$ 2,238,265</u></u>

See accompanying notes



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

	<b>Years Ended April 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from members and applicants	\$ 757,120	\$ 360,025
Cash paid to suppliers and employees	(552,096)	(474,229)
Interest and dividends received	37,662	35,589
Net cash provided (used) by operating activities	242,686	(78,615)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(15,294)	-
Proceeds from sales and maturities of investments	162,339	337,000
Purchases of investments	(299,000)	(292,589)
Net cash provided (used) by investing activities	(151,955)	44,411
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	90,731	(34,204)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	72,262	106,466
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 162,993</u></u>	<u><u>\$ 72,262</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (70,513)	\$ (100,326)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	1,020	-
Unrealized loss on investments	120,738	183,897
(Increase) decrease in assets:		
Right-of-use assets - operating	63,973	-
Increase (decrease) in liabilities:		
Accounts payable	(15)	157
Lease liability - operating	(64,574)	-
Deferred revenue	192,057	(162,343)
Net cash provided (used) by operating activities	<u><u>\$ 242,686</u></u>	<u><u>\$ (78,615)</u></u>
<b>SUPPLEMENTAL NON-CASH DISCLOSURE</b>		
Right-of-use asset obtained in exchange for operating lease liabilities	<u><u>\$ 150,528</u></u>	<u><u>\$ -</u></u>

See accompanying notes

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2023 AND 2022**

**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, 2023 and 2022, 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**  
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**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**  
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**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, 2023:

Deferred revenue, beginning of year	\$ 137,650
Previously deferred revenue recognized	(137,649)
Cash received from members and applicants	634,369
Current revenue recognized	<u>(304,663)</u>
Deferred revenue, end of year	<u><u>\$ 329,707</u></u>

**Leases**

The Association determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Association recognizes a lease liability and a right-of-use (ROU) asset at commencement date of the lease. The lease liability is recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or, otherwise, the Association uses the risk-free U.S. Treasury rate based on the term of the lease. The ROU asset is amortized over the lease term using the straight-line method net interest accretion. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that is reasonably certain to be exercised. The Association recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

**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, 2023 and 2022. The Association is not a private foundation.

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 September 8, 2023, the date the financial statements were dated and available to be issued.

**INVESTMENTS**

Investments consisted of the following at April 30:

<b>2023</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Depreciation</b>
Money market accounts	\$ 253,438	\$ 253,438	\$ -
Certificates of deposit	2,322,000	2,059,807	(262,193)
	<u>\$ 2,575,438</u>	<u>\$ 2,313,245</u>	<u>\$ (262,193)</u>
<b>2022</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Unrealized Depreciation</b>
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>

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

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:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2023</b>	<b>Fair Value</b>			
Money market accounts	\$ 253,438	\$ 253,438	\$ -	\$ -
Certificates of deposit	2,059,807	-	2,059,807	-
Total	<u>\$ 2,313,245</u>	<u>\$ 253,438</u>	<u>\$ 2,059,807</u>	<u>\$ -</u>
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2022</b>	<b>Fair Value</b>			
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>

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

	<b>2023</b>		<b>2022</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Within one year	\$ 125,000	\$ 121,437	\$ -	\$ -
Between one and five years	1,393,000	1,256,147	1,158,000	1,077,062
Greater than five years	804,000	682,223	1,046,000	985,483
	<u>\$ 2,322,000</u>	<u>\$ 2,059,807</u>	<u>\$ 2,204,000</u>	<u>\$ 2,062,545</u>

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2023 AND 2022**

**PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at April 30:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 118,036	\$ 102,742
Leasehold improvements	10,000	10,000
	<u>128,036</u>	<u>112,742</u>
Less accumulated depreciation	113,762	112,742
	<u>\$ 14,274</u>	<u>\$ -</u>

Depreciation expense was \$1,020 and \$0 for the years ended April 30, 2023 and 2022, respectively.

**NEW ACCOUNTING PRONOUNCEMENTS - LEASES**

The Association's operating lease is for office space in New Castle, Delaware with a 5-year term and an option for a 3-year renewal. The calculated imputed interest rate based on the United States Treasury rate for 5 years was 1.35% on the lease commencement date of September 1, 2019. The 3-year option to renew was not considered when assessing the value of the right-of-use (ROU) asset because the Association was uncertain that it would exercise its option to renew the lease.

During the year ended April 30, 2023, the Association adopted the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 842, *Leases*. The Association elected to adopt this standard effective May 1, 2022 and utilized all available practical expedients. Adoption of the standard did not materially impact the statement of activities and changes in net assets and had little to no impact on the statement of cash flows. The most significant impact was the recognition of a right-of-use (ROU) asset and a lease liability for the operating lease. Adoption of the standard required the Association to restate amounts as of May 1, 2022, resulting in an increase in an operating ROU asset of \$150,529 and an increase in an operating lease liability of \$153,843 as of that date. The difference between the ROU asset and lease liability was recorded as a \$3,314 reduction to beginning net assets without donor restrictions.

Cash paid for amounts included in measuring the operating lease liability was \$66,650 and interest accretion on the lease liability was \$2,077 which were included in rent expense on the statements of activities and changes in net assets. Rent expense recognized for office space during the years ended April 30, 2023 and 2022 totaled \$66,157 and \$65,457, respectively.

**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2023 AND 2022**

**COMMITMENTS**

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

<u>Year Ended April 30,</u>	
2024	\$ 67,973
2025	22,806
2026	-
2027	-
2028	-
Thereafter	-
Total undiscounted lease payments	90,779
Less: imputed interest	(1,509)
Total lease liability	<u>\$ 89,270</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, 2023 and 2022 was \$17,174 and \$17,692, 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, 2023 and 2022, 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, 2023 and 2022.



**DELAWARE ASSOCIATION OF PROFESSIONAL ENGINEERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2023 AND 2022**

**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.