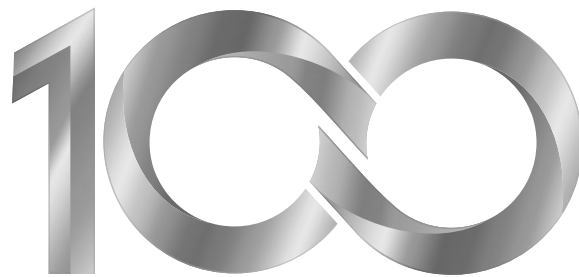
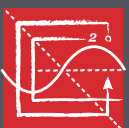


**Build.
Adapt.
Grow.**

Celebrating 100 years of advancing licensure



1920 NCEES 2020



NCEES
*advancing licensure for
engineers and surveyors*

2020 Annual Report

**Build.
Adapt.
Grow.**





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**Build.
Adapt.
Grow.**

Celebrating 100 years of advancing licensure

The 2020 NCEES annual report is a snapshot of the various ways in which NCEES advanced licensure for engineers and surveyors over the past fiscal year, which ran from October 1, 2019, to September 30, 2020. It explores the organization's continuing efforts to build, adapt, and grow to ensure licensure's public protections. It also chronicles the organization's unique efforts to fulfill its

mission in 2020 as it faced the COVID-19 pandemic.

From developing new programs and services to adjusting to new realities of COVID-19 to expanding NCEES resources for member boards, NCEES continued a legacy of excellence in 2020 and met the emerging challenges facing a second century of engineering and surveying licensure.



President and CEO's Message

NCEES intended 2020 to be a celebration of the centennial of its founding—a recognition of the various ways it has built services, adapted to the changing needs of the professions, and grown in its leadership roles throughout its history. But 2020 had other ideas. As we moved into the new year, we realized that this would be a year in which additional building, adaptation, and growth would be necessary to meet the new challenges posed by the COVID-19 pandemic. In 2020, flexibility became the must-have trait, and virtual meetings became the order of the day.

The COVID-19 pandemic disrupted NCEES services and became a significant concern regarding the safety of examinees, volunteers, meeting attendees, and staff. NCEES leadership and staff worked diligently to develop and execute plans that focused on the safety of individuals as well as continuity of service for NCEES programs.

Maintaining fiscal responsibility is essential to protecting our financial resources and ensuring that NCEES can continue to fulfill its mission. This necessity came into sharp focus this year. The COVID-19 pandemic significantly impacted revenues and expenses for fiscal year 2019–20. Revenues for the year were approximately \$9 million less than budgeted, and expenses were almost \$8.5 million below budget. Having a healthy reserve fund allowed NCEES to refund examinees for canceled exam administrations and to continue day-to-day

operations during a period of reduced cash receipts. Our financial statements begin on page 32 of this report.

This has been a challenging year, but it has also been a rewarding one. We faced the uncertainty and disruption of a pandemic. We also made significant progress on many NCEES initiatives and continued to provide essential services during a time of crisis. This annual report is a snapshot of the various challenges we faced in 2019–20 and successes we accomplished in the face of adversity. As we celebrate the centennial of the founding of NCEES and prepare for fresh opportunities, we look forward to moving into our second century of advancing licensure for engineers and surveyors in order to safeguard the health, safety, and welfare of the public.

Dean C. Ringle, P.E., P.S.
2019–20 NCEES President

B. David Cox
NCEES Chief Executive Officer



Lead.
Support.
Inspire.



“No matter the manner in which we meet, we must remain diligent in continuing to further NCEES’ mission.”

2019–20 NCEES President-Elect Christopher Knotts, P.E., discussing the changing format of the annual meeting



Above: An NCEES staff member takes minutes for the virtual 2020 annual meeting. NCEES moved to virtual meetings in 2020 to continue the work of the Council during the COVID-19 pandemic. Opposite: NCEES member boards meet each year to determine Council policy and discuss best practices for regulating the engineering and surveying professions. The *Model Law*, which NCEES first adopted in 1932, is one of the resources that NCEES maintains as guidance for member licensing boards.

In 1920, 7 of the 10 U.S. engineering boards met in Chicago to form the organization now known as NCEES. They were joined by a commitment to advancing licensure in order to safeguard the public. That commitment continues to join the member licensing boards of NCEES today.

The organization is made up of 69 licensing boards that regulate the engineering and surveying professions in the United States. These boards are located in each U.S. state, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Working together to chart course for professions

The member boards of NCEES meet annually to set Council policy and discuss best practices for the regulation of the engineering and surveying professions. The COVID-19 pandemic required a virtual format for 2020. Member boards voted by ballot in July on key Council business, including the election of national and zone

officers as well as the adoption of several revisions to the *Bylaws* and the 2020–21 operating and capital budgets. NCEES held a series of webinars in June and July to provide reports from leadership, updates on finances, and a review of how the ballot process would be conducted and tabulated. The boards then met on August 27 for a virtual business session to review the ballot results.

Committees and task forces 2019–20

Member board members, emeritus members, and associate members serve on NCEES standing committees and task forces.

- 13** Committees and task forces
- 115** Members
- 66** Charges



Ensuring licensure’s public protections

Safeguarding the health, safety, and welfare of the public is the ultimate goal of NCEES efforts to advance licensure. To support and promote licensure’s role in public protection, NCEES became a founding member of the Alliance for Responsible Professional Licensing (ARPL) in 2019. The group is a coalition of national associations that represent highly complex, technical professions and their national licensing boards.

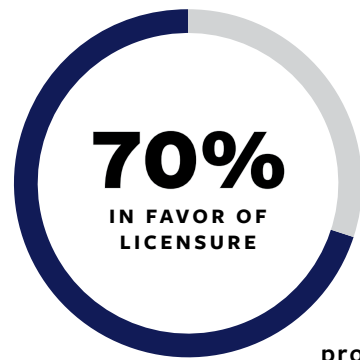
ARPL is dedicated to ensuring that a unified voice for the advanced professions is heard in the growing debate around the appropriate level of licensure for professions and occupations. NCEES works with organizations representing other advanced professions to ensure that the importance of professional licensing to public protection is properly communicated.

The goal of ARPL is to educate policymakers and the public on the importance of—and the

need to maintain—clear, responsible licensing standards within professions such as engineering and surveying.

ARPL developed several resources in 2019–20 to assist with advocating for responsible licensing. In February 2020, ARPL released the results of a survey on public support for licensing. The survey showed that consumers are concerned about the rush to eliminate professional licensing. It also indicated clear support for rigorous professional licensing to protect the public. In September 2020, ARPL released the white paper *Licensed to Move* as a roadmap for successful interstate practice reform. This publication outlines key principles and potential pitfalls of anti-licensing legislation and offers lawmakers tangible alternatives to keep the public safe.

NCEES offers member boards a number of resources to help communicate the importance of licensure in protecting the health, safety, and welfare of the public. The organization added an Advocacy Resources section to its



IN FAVOR OF
LICENSURE

More than 70% of voters believe that regulating professionals in accounting, engineering, architecture, landscape architecture, and related fields with high impact on public safety and welfare is important.

From ARPL's survey on public support for maintaining licensing standards, released February 2020

To learn more about NCEES leadership in the engineering and surveying professions, visit ncees.org/annualreport.



website in January 2020 to house the resources available through ARPL. These resources include sample letters to the editor and social media posts, videos promoting professional licensure and the important role of licensing boards, and summaries of key points for reports and research. One of the latest enhancements to the site is a legislative and regulatory tracking feature. This tool tracks the status of professional engineering and surveying legislation and regulations from proposal through final resolution in all 50 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands.

In addition to supporting the work of ARPL, NCEES is helping member boards combat threats to public protection.

NCEES added a new staff position—advocacy and external engagement strategist—in 2020 to coordinate its work with ARPL, track bills



Top: The Advocacy Resources section of ncees.org houses resources available through ARPL.

Below: ARPL released its *Licensed to Move* report in September 2020 to guide effective public policy for interstate practice.

within state legislatures, and work with member boards seeking assistance on legislative issues. This strategist guides internal and external communication efforts to promote public sector understanding of the importance of professional licensure for engineers and surveyors.

The 2020–21 budget, which was approved by member boards as part of the 2020 annual meeting in August, included \$100,000 to fund lobbying efforts. At its February 2020 meeting, the board of directors developed procedures to guide future NCEES lobbying efforts.

International Registry Requirements

- 1 Citizen or permanent resident currently licensed as a P.E. in U.S.
- 2 Hold a record clean of disciplinary action
- 3 Hold a current NCEES Record
- 4 Meet education requirements
- 5 FE and PE exam verification
- 6 Meet CPC requirements
- 7 At least seven years of qualifying experience

“Making it easier to practice our professions across borders will promote the exchange of ideas and accelerate engineering and surveying advances.”

Patty Mamola, P.E., NCEES past president and Nevada board executive director, discussing the importance of facilitating international mobility



As part of its commitment as an IEA signatory, NCEES maintains the International Registry for Professional Engineers to help U.S.-based P.E.s with international licensure mobility.

Strengthening international influence

In addition to focusing on leadership and collaboration for engineering and surveying within the United States, NCEES is also committed to fulfilling a leadership role in international initiatives.

This year, NCEES continued its work with the International Engineering Alliance (IEA), an umbrella organization that coordinates seven international agreements for engineering education and mobility. NCEES represents the United States in two of these agreements: the International Professional Engineers Agreement (IPEA) and the Asia-Pacific Economic Cooperation (APEC) Engineers Agreement.

In 2019–20, Patty Mamola, P.E., NCEES past president and current executive director of the Nevada State Board of Professional Engineers and Land Surveyors, served as chair of APEC.

NCEES CEO Emeritus Jerry Carter served as deputy chair of IPEA. As officers of the two mobility accords, they served on the Executive Committee of IEA, which comprises 41 jurisdictions in 29 countries.

As a signatory of the APEC agreement and IPEA, NCEES maintains a registry to assist U.S.-based professional engineers who are seeking recognition in any of the countries that are members of these two mobility accords. At the close of 2019–20, the NCEES International Registry included 659 active professional engineer members, an increase of 7 percent over the previous year.

Through its leadership in determining best practices for professional licensing and collaborating with other organizations domestically and internationally, NCEES worked throughout 2019–20 to ensure that the professions of engineering and surveying continue to protect the American public now and in the future.

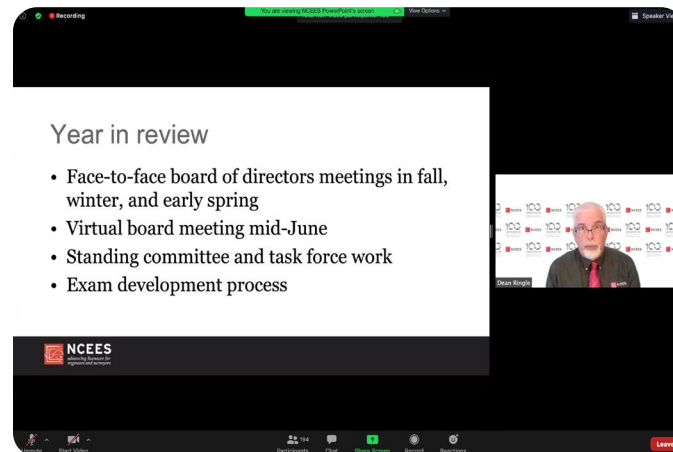
Meeting the challenge: COVID-19

One hundred years ago, the organization now known as NCEES held its first annual meeting in Chicago. Since then—with only the exceptions of 1942 and 1945—its members have met each year at the annual business meeting to conduct Council business. While the structure and content of the meetings have varied over the last century, the focus has remained the same: to decide issues vital to engineering and surveying licensure in order to safeguard the health, safety, and welfare of the public.

In 2020, NCEES still conducted essential Council business—but in a new format. The organization adapted to meet the challenges of the COVID-19 pandemic. At the beginning of the pandemic, NCEES canceled its combined zone interim meeting scheduled for April 23–25 to protect the health of staff and member boards and help slow the spread of the virus. As the pandemic continued, the organization looked for new ways to conduct important Council business and to continue to provide leadership in the professions of engineering and surveying.

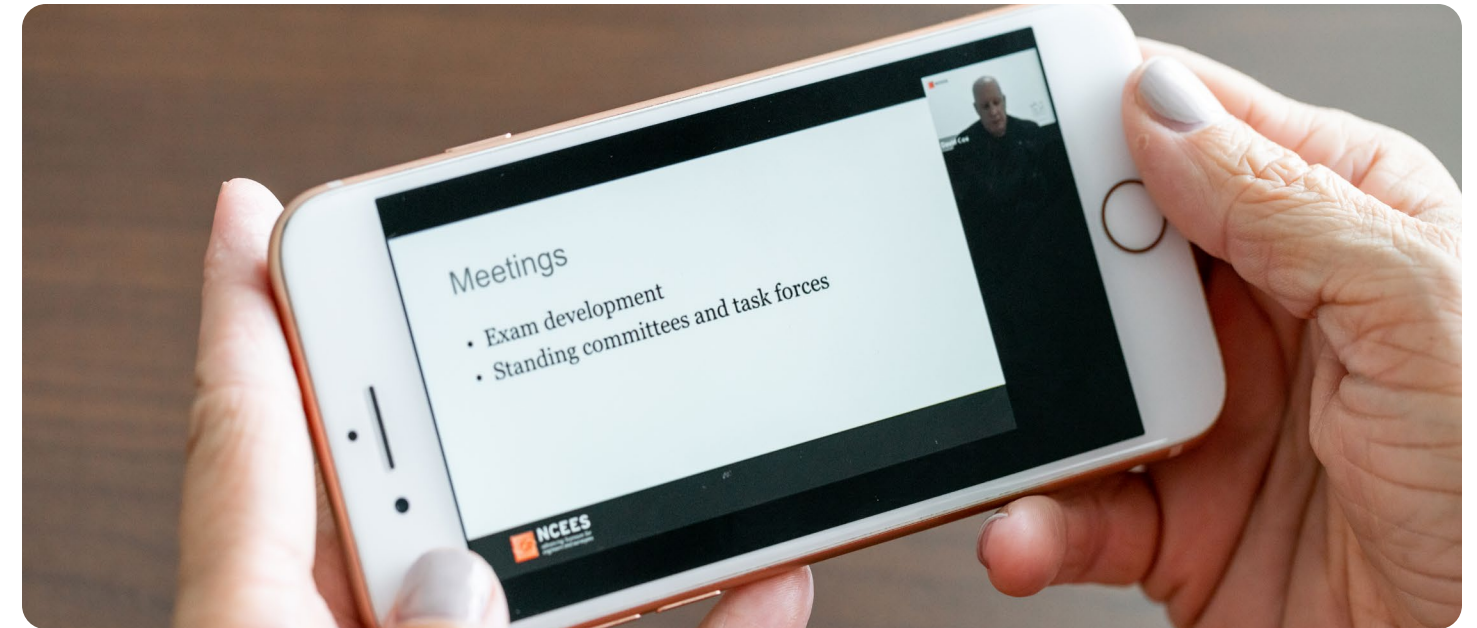
The NCEES board of directors decided to hold a virtual annual meeting on August 27 instead of the face-to-face meeting that had been scheduled for August 26–29 in Chicago. The organization hosted virtual meetups for zones, where zone leadership provided orientations to new member board members. NCEES also used virtual meetings to update member board administrators on NCEES activities and its response to the pandemic. The board of directors, likewise, moved to virtual meetings to continue addressing essential Council business.

The pandemic provided incentives not only to adapt to maintain services but also to grow in leadership within the professions of engineering and surveying. In September 2020, NCEES introduced the MBA Webinar Resource Program. The program supports member boards in their online outreach efforts by providing access to the NCEES webinar platform to host their own virtual programs. This resource allows boards to provide web-based continuing education within their jurisdictions, a service that COVID-related travel restrictions have made all the more necessary.



Top: NCEES Chief Financial Officer Betsy Pearson, CPA, provides a financial update with Treasurer Timothy Rickborn, P.E., during a June 24 webinar as part of the 2020 NCEES annual meeting.

Below: NCEES President Dean Ringle, P.E., P.S., reviews 2019–20 activities during the 2020 annual meeting business session.



“But in the midst of our progress [this year], our worlds changed, with the spread of the COVID-19 pandemic. The true meaning of safeguarding the health, safety, and welfare of the public became a worldwide concern and infiltrated every aspect of our lives. However, the characteristics that make our engineering and surveying professions and that are woven into our innermost being have been the curiosity, the investigative nature, the problem-solving thought process, the desire to make something better—all of these came together to battle this new nemesis.”

2019–20 NCEES President Dean Ringle, P.E., P.S., discussing the response to the COVID-19 pandemic

Top: NCEES leadership and staff used virtual meetings—including an MBA Town Hall—to communicate with member boards during the COVID-19 pandemic. Below: The *Action Items and Conference Reports* includes officer reports as well as committee and task force reports for 2019–20.

EXAM DEVELOPMENT LAB 4

EXAM DEVELOPMENT LAB 4

Lead.
Support.
Inspire.



“As you can probably imagine, everyone at NCEES is extremely proud of our new location in Greenville and our new building. The technology, flexible spaces, exam development labs, and large meeting and collaboration rooms are all going to make for a fantastic and productive work environment.”

NCEES CEO David Cox on the organization's new headquarters

For 100 years, NCEES has focused on supporting the work of its member boards. In its centennial year, NCEES found new ways to help member boards adapt to unprecedented challenges. Through the use of technology, dedication to service, and commitment to safeguarding health, safety, and welfare, NCEES not only delivered the same level of service to its stakeholders—including member boards, examinees, and professional engineers and surveyors across the United States—but also delivered new services to meet the needs of a new century of licensure.

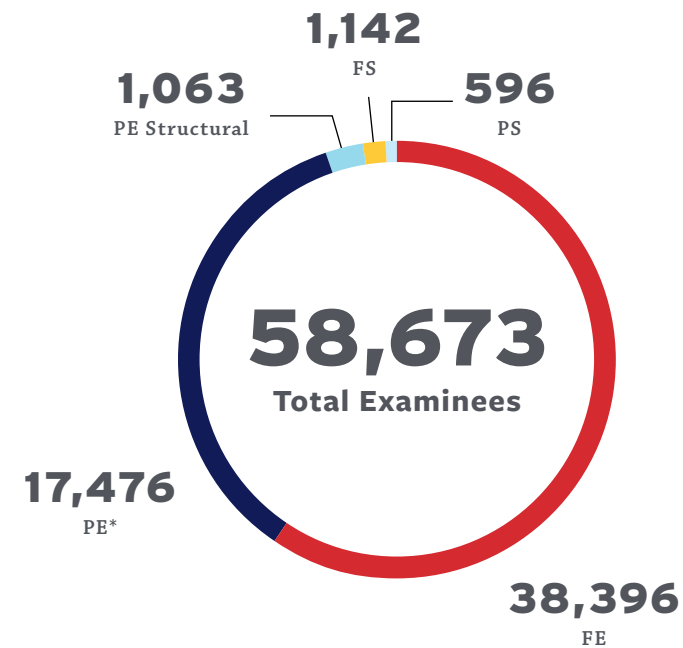
Upgrading facilities to meet future needs

In May 2020, NCEES moved into a new headquarters in Greenville, South Carolina, to better support the work of its member boards. The 70,600-square-foot building offers additional space for NCEES services, including exam development.

Determining professional competence

NCEES member boards rely on the organization's licensing exams to provide a uniform standard for measuring professional competence. These exams include the Fundamentals of Engineering (FE) and Principles and Practice of Engineering (PE) exams for engineering licensure and the Fundamentals of Surveying (FS) and Principles and Practice of Surveying (PS) exams for surveying licensure. Staff, psychometricians, and professional engineering and surveying subject-matter experts work together to ensure that

NCEES examinees 2019–20



*Does not include PE Structural exam, which is reported separately

NCEES exams continue to be reliable measures of candidates' competence.

In the past year, 38,396 examinees took the FE exam, 17,476 took the PE exam (excluding the PE Structural exam), and 1,063 took the PE Structural exam. During the same period, 1,142 FS and 596 PS examinees took their respective exams.

The NCEES exam program faced unprecedented disruptions in spring and summer 2020 due to COVID-19, including the cancellation of the April 2020 pencil-and-paper exam administration and reduced testing capacity for computer-based exams at Pearson VUE test centers. NCEES leadership, staff, and exam development volunteers worked together to introduce a range of measures to lessen the impact on examinees and improve access to NCEES exams.

International exam administration agreements

NCEES has agreements to administer its exams in the following countries (*FE exam only) (+FE and PE exam):

- | | |
|-------------------------|--|
| ■ Canada | ■ Egypt+ |
| □ Alberta (FE, PE, SE) | ■ Emirate of Sharjah+ |
| □ British Columbia* | ■ Japan+ |
| □ Manitoba* | ■ Qatar* |
| □ New Brunswick* | ■ Saudi Arabia (FE, PE, FS, PS) |
| □ Nova Scotia* | ■ South Korea+ |
| □ Prince Edward Island* | ■ Taiwan+ |
| □ Saskatchewan* | ■ Turkey+ |

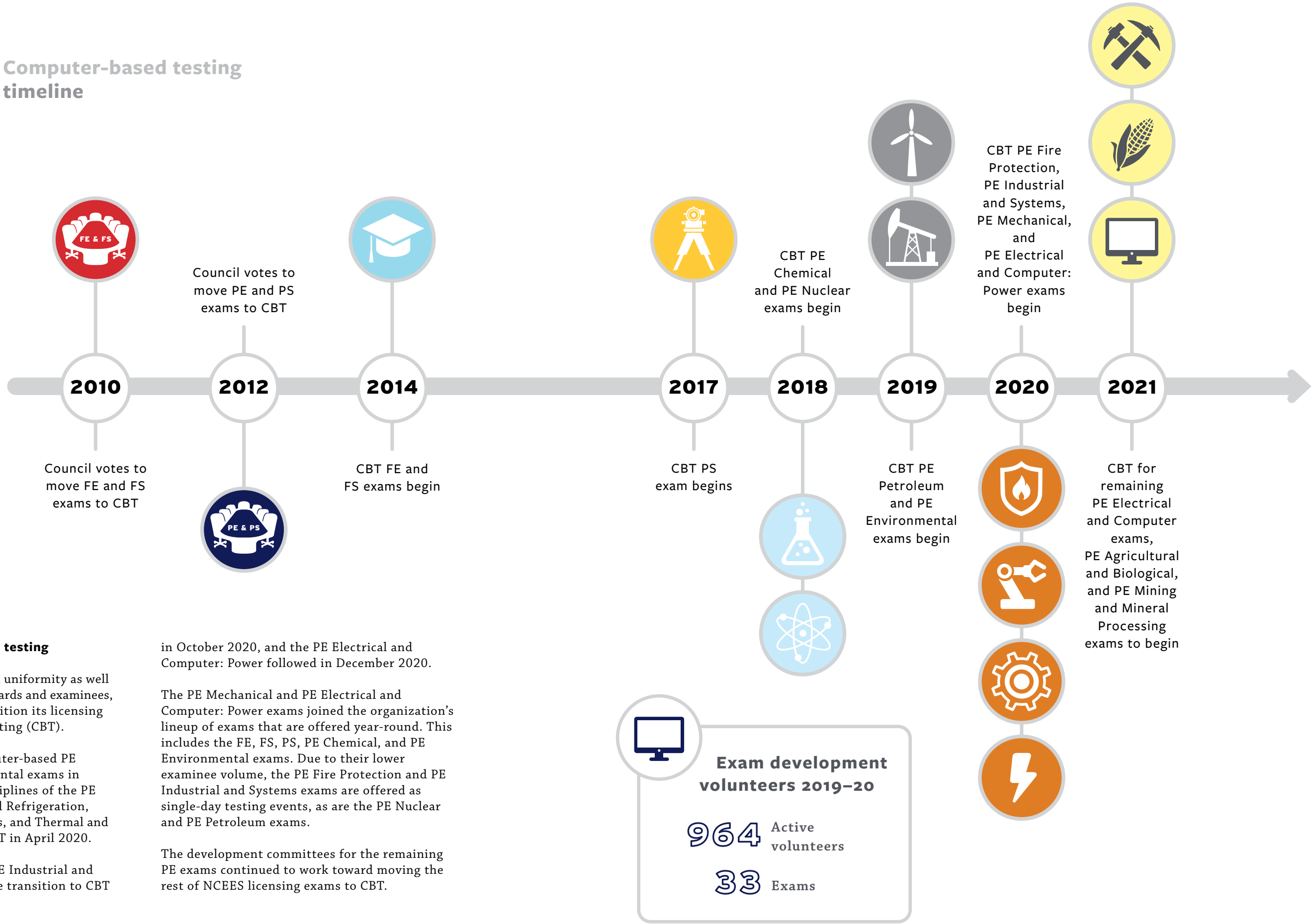
Exams administered internationally 2019–20

1,440 FE exam
446 PE exam

Administering exams outside the United States

NCEES currently has agreements with 16 foreign entities to administer its licensing exams in 15 countries outside the United States. In 2019–20, the FE exam was administered to 1,440 candidates at international sites. The PE exam was administered to 446 candidates at international sites.

Computer-based testing timeline



Expanding computer-based testing

To improve exam security and uniformity as well as convenience for member boards and examinees, NCEES is continuing to transition its licensing exams to computer-based testing (CBT).

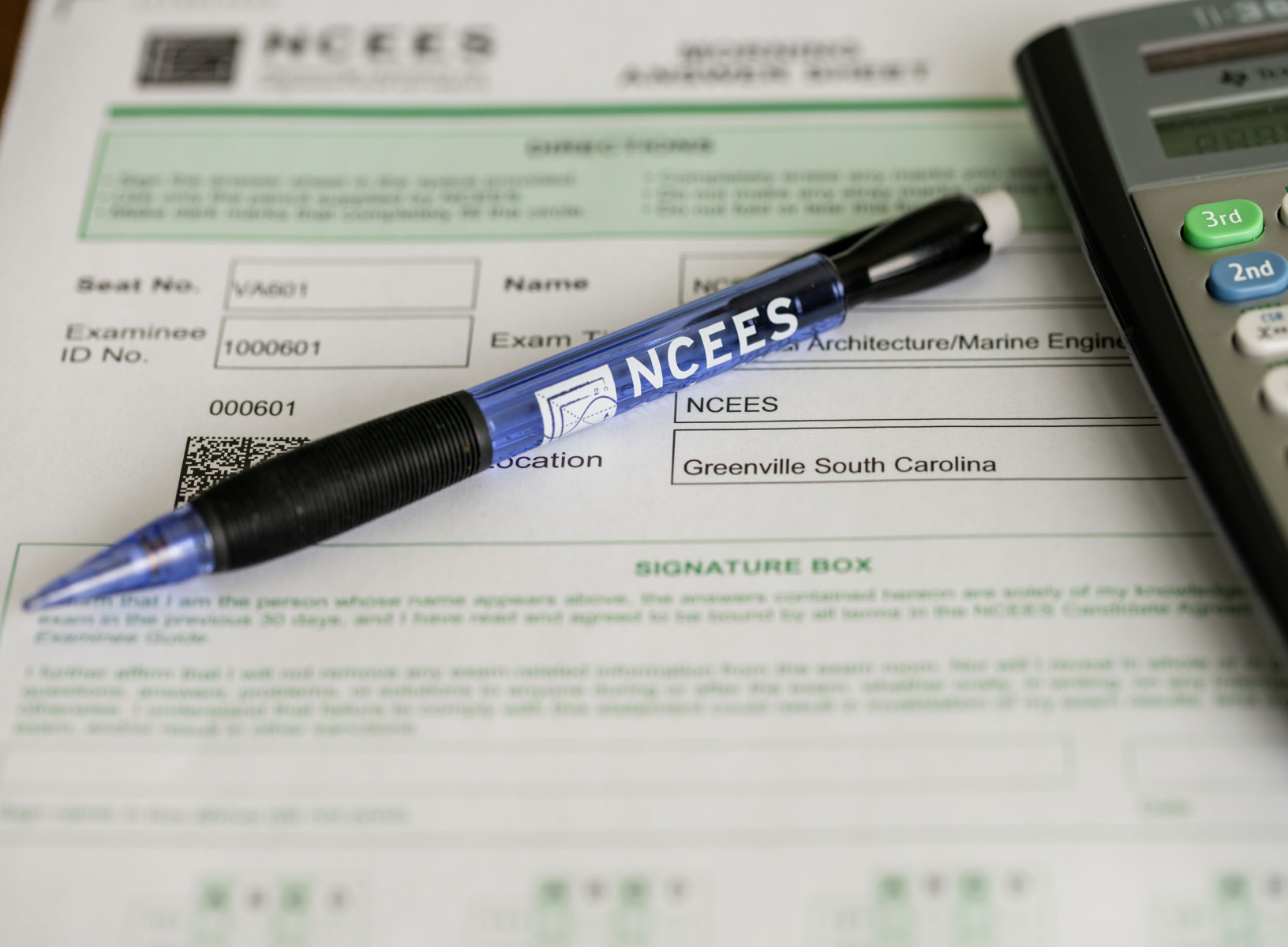
NCEES introduced the computer-based PE Petroleum and PE Environmental exams in October 2019. The three disciplines of the PE Mechanical exam—HVAC and Refrigeration, Machine Design and Materials, and Thermal and Fluid Systems—moved to CBT in April 2020.

The PE Fire Protection and PE Industrial and Systems exams completed the transition to CBT

in October 2020, and the PE Electrical and Computer: Power followed in December 2020.

The PE Mechanical and PE Electrical and Computer: Power exams joined the organization’s lineup of exams that are offered year-round. This includes the FE, FS, PS, PE Chemical, and PE Environmental exams. Due to their lower examinee volume, the PE Fire Protection and PE Industrial and Systems exams are offered as single-day testing events, as are the PE Nuclear and PE Petroleum exams.

The development committees for the remaining PE exams continued to work toward moving the rest of NCEES licensing exams to CBT.



Volunteers with exam development committees for the PE Mechanical exam (left) and the PE Civil exam (right) work together to develop new exam questions at fall 2019 meetings.



Supporting exam administration

NCEES continued to support member board efforts through its Exam Administration Services. While CBT exams are administered at approved Pearson VUE test centers, pencil-and-paper exams are administered twice each year at sites across the country. Exam Administration Services administered exams for 45 U.S. jurisdictions and 6 foreign countries in 2019–20.

Providing these services—including reserving exam sites, registering candidates, and hiring and training proctors—allows the organization to ensure a uniform and secure exam-day process for examinees and licensing boards.

Advancing mobility with Records and CPC Tracking

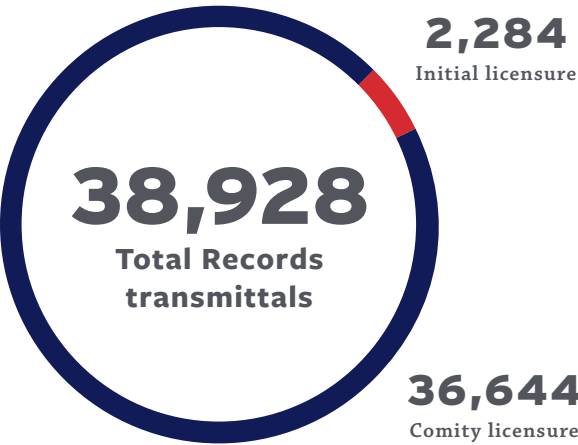
The NCEES Records program—one of the organization’s key services for facilitating interstate mobility—allows licensed professional engineers and surveyors to compile a record of information typically needed for licensure by comity in other states.

NCEES electronically submits these materials to state licensing boards each time the Record holder applies for licensure, saving time and simplifying the application process.

In 2016, NCEES expanded the Records program to allow member boards to use it for initial licensure applications. These Records have the same verified information as those used for comity licensure. In 2019–20, 17 member boards from 15 states used the system for initial applications.

NCEES expanded the Records program again in 2019 to provide Records for individuals applying to take the PE or PS exam in jurisdictions in which candidates must complete experience requirements before taking a Principles and Practice exam. These Records have the verified information on education, references, experience, and the Fundamentals exams needed for boards to approve applications to take the PE or PS exam. Four member boards now use the Record for approval of Principles and Practice exam applications: Indiana engineering, Minnesota, New York, and Washington.

**Records program
2019–20**



Records transmittals totaled 38,928 for 2019–20, an increase of 3 percent over the previous year.

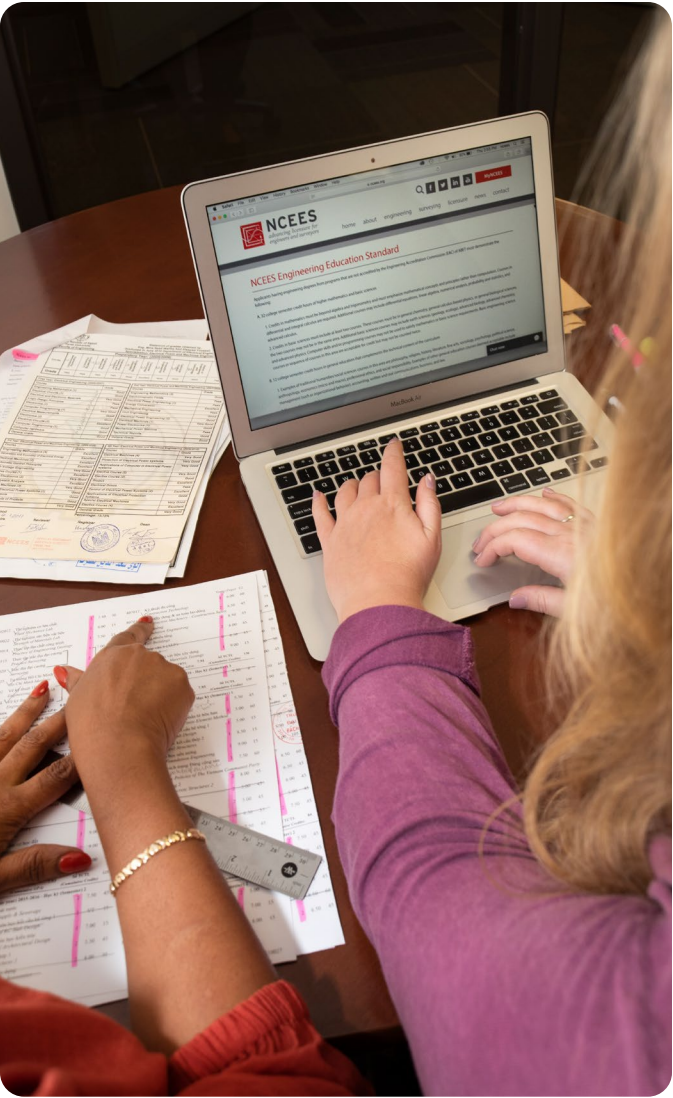
NCEES also facilitates mobility through its free Continuing Professional Competency (CPC) Tracking service. Licensed engineers and surveyors can use CPC Tracking to document their continuing education coursework and track it against member board requirements. Member boards can access the information by simply logging into the online system. At the close of 2019–20, 18,070 MyNCEES account holders had tracked 306,000 completed CPC courses in the system.

CPC Tracking



Account holders tracking CPC credits: **18,070**

Courses entered: **306,000**



Above: NCEES staff review applications for Credentials Evaluations.
Opposite: A Client Services staff member assists a caller at NCEES headquarters.

**Credentials Evaluations
2019–20**

2,259 Evaluations completed



To learn more about NCEES efforts to support the professions, visit ncees.org/annualreport.

**Facilitating licensure with
Credentials Evaluations**

The NCEES Credentials Evaluations service reviews the educational background of applicants against the NCEES *Engineering Education Standard* and *Surveying Education Standard*. Applicants are individuals applying for licensure with a U.S. member licensing board who do not have a degree from an ABET-accredited program—usually one from outside the United States. NCEES submits a

report to member boards, noting any areas of deficiency in education relative to the standard. Boards then use the evaluation to help decide on the applicant's eligibility for licensure.

NCEES completed 2,259 evaluations in 2019–20. This total—representing a 13 percent decrease compared to the previous year—was impacted by the ability of colleges and universities to send documentation during the early stages of the COVID-19 pandemic.



“The COVID-19 pandemic caused major disruption in the spring, but we quickly started looking for ways to mitigate that disruption. Extra exam administrations are helping ease the backlog of examinees, and fast-tracking CBT conversions will give more examinees greater flexibility on where and when they take an exam.”

NCEES Chief Officer of Examinations Tim Miller, P.E., on the impact of COVID-19 on NCEES exams and the organization’s response

Meeting the challenge: COVID-19

NCEES instituted a range of adaptations to its services to address the COVID-19 pandemic in 2020.

In March 2020, all staff at NCEES’ South Carolina-based headquarters began working remotely. Staff continued to serve stakeholders and customers through email and the chat feature of the NCEES website. Client Services staff and senior leadership resumed working at NCEES headquarters in July. Exam Publications staff returned to headquarters full time in October. Other staff members are working at headquarters on an as-needed basis.

NCEES adapted its exam development activities to address travel limitations imposed by the COVID-19 pandemic. While exam development meetings were canceled during the initial months of the crisis, NCEES instituted virtual

meetings for critical exam development tasks in June. These virtual meetings are scheduled through at least June 2021.

COVID-19 had a significant impact on computer-based testing and pencil-and-paper exam administrations in 2020. To help slow the spread of the virus, NCEES canceled the April 2020 pencil-and-paper exam administration in March. PE exams that are administered only once per year were moved to the October 2020 administration. Approximately 16,000 PE examinees were affected by this cancellation. Pearson VUE test centers, which administer NCEES computer-based exams, closed in March. They began opening with social distancing protocols, including reduced capacity, in May.



Above (clockwise): COVID-19 notices remind staff and visitors of safety guidelines at NCEES headquarters. NCEES exam development staff meet virtually with volunteers to develop new questions for the PE Fire Protection exam. COO Davy McDowell, P.E., updates the board of directors on headquarters activities during the COVID-19 pandemic. Opposite: Facilitated by NCEES staff, members of the PE Agricultural and Biological Engineering exam committee meet virtually to continue exam development during the COVID-19 pandemic.

As a result of these cancellations and closings, 2019–20 usage numbers for all exams were less than those of the same period in 2018–19:

- FE: 26 percent decrease
- PE: 43 percent decrease
- PE Structural: 56 percent decrease
- FS: 17 percent decrease
- PS: 13 percent decrease

Adapting exam administrations for COVID-19

To address the impact on examinees in the spring and summer, NCEES introduced a range of adaptations for the fall and winter.

The organization added an extra day to the October 2020 administration, with exams being offered October 22 and 23. NCEES accelerated the transition of the PE Electrical and

Computer: Power exam to CBT from April 2021 to December 2020 to offer more scheduling flexibility. The exam will be offered year-round at Pearson VUE test centers. The organization added regional administrations of the PE Civil exam on January 26, 2021, in a dozen cities across the United States. It also announced the fast-tracking of the PE Civil exam to CBT, moving it from 2023 to April 2022.

Reduced capacity requirements limited the number of examinees who could schedule a seat for the October 22 single-day computer-based testing event at Pearson VUE test centers. NCEES added an additional single-day CBT event for January 12, 2021, to accommodate examinees who were unable to schedule an appointment in October. This adaptation will increase the capacity for the PE Fire Protection, Industrial and Systems, Nuclear, and Petroleum exams.



Lead.
Support.
Inspire.

As part of its commitment to shaping the future of professional licensure, NCEES supports outreach initiatives to promote the unique roles that professional engineers and surveyors play in safeguarding the health, safety, and welfare of the public. The organization’s outreach efforts target K–12 audiences, college students, young professionals, and the public at large. In 2020, NCEES looked for new ways to reach these audiences and expand its promotion of licensure as many traditional face-to-face outreach activities were canceled in response to COVID-19.

Supporting K–12 initiatives

NCEES celebrated the professions and sponsored hands-on activities to promote careers in engineering and surveying to children, their parents, and teachers in 2019–20. Along with exploring career options, NCEES focused on how professional engineers and surveyors protect the public.

The organization’s continued support of DiscoverE was a central part of NCEES efforts to engage with K–12 students. Its collaboration with DiscoverE allows NCEES to promote the professions and the importance of licensure to a wider audience. NCEES sponsored the Best Land Surveying Practices special award for the Future City Competition. Future City challenges middle-school teams to design and build cities of the future. By offering this special award at the finals and 41 regional competitions this year, NCEES helped more than 45,000 students learn how surveying is critical to their communities now and in the future.

As part of its efforts to promote the professions of engineering and surveying—particularly to underserved audiences—during the COVID-19 pandemic, NCEES partnered with mechanical engineer Nate Ball, Design Squad Global, and PBS station KLRN in June to provide its first official virtual outreach event. Ball built a miniature zipline in real time with parents and children across the country. NCEES is now working to refine the process, delivery, and virtual engagement to develop a template that will allow the organization to bring K–12 classrooms virtual outreach programs that meet the latest needs for remote learning environments.



NCEES COO Davy McDowell, P.E., (left) gives a presentation on what engineers do and how it helps shape the future at the 2020 Future City finals in Washington, D.C.

NCEES contributed \$30,000 to support MATHCOUNTS Foundation programs. The foundation provides competitions and clubs to empower middle-school students of all ability levels and backgrounds to reach their full potential in mathematics.

The organization also provided \$5,000 to support Trig-Star, an annual high-school mathematics competition sponsored by the National Society of Professional Surveyors.



Top: An NCEES volunteer judges the NCEES Best Land Surveying Practices Special Award at the Georgia Future City regionals in January 2020.
Below: NCEES judges congratulate the national winners of the NCEES Best Land Surveying Practices Award at the Future City finals in February 2020.



“When the students are designing their city models and planning building placement and green space for specific areas, that’s surveying. Not all students understand that this is surveying, so as a Future City judge for the surveying award, it’s a good opportunity to introduce those students to the profession.”

Bradley Roberts, P.L.S., NCEES outreach volunteer and 2020 Future City special award judge, discussing promoting the surveying profession

Connecting professional practice and education

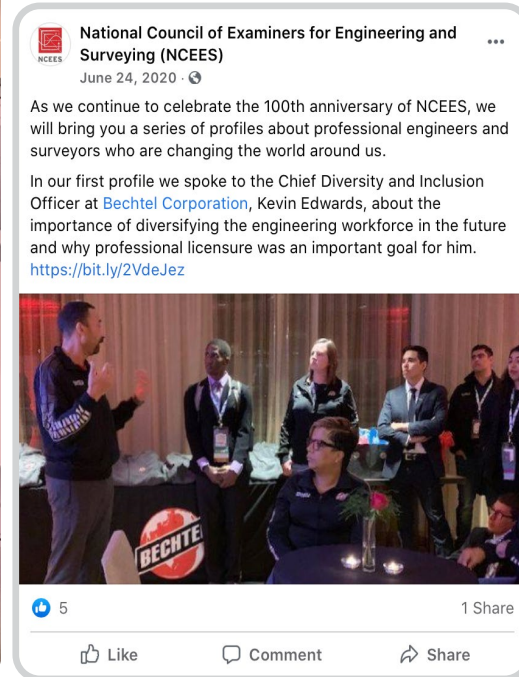
Since 2014, NCEES has steadily increased its support of Engineers Without Borders USA (EWB-USA) to promote licensure to the organization’s diverse volunteer base. EWB-USA’s volunteers include dedicated individuals in more than 200 professional and student chapters across the United States.

In August 2018, delegates at the NCEES annual meeting approved a transformational partnership: a \$3 million contribution to

EWB-USA over three years. This partnership includes a campaign with EWB-USA to promote the value of licensure as a professional engineer and professional surveyor.

The second year of the partnered campaign, which began in fall 2019, focused on promoting licensure to engineering and surveying students in EWB-USA’s student chapters as well as unlicensed professional volunteers of EWB-USA.

NCEES partnered with EWB-USA on social media campaigns to promote the FE and FS exams to college students and recent graduates.



Left: NCEES staff promotes licensure and NCEES services at a November 2019 Society of Women Engineers conference. Right: NCEES introduced a series of engineering and surveying profiles in 2020 to further its virtual outreach.

The partnership's first paid media campaign, "The Limit Does Not Exist," delivered almost 7 million impressions, which is the number of times that social media users were shown this content. These Facebook and Instagram ads also generated almost 34,000 clicks to visit the NCEES website for more information.

In conjunction with the paid media campaign, EWB-USA continuously ran a campaign through its own communications channels, including social media, email marketing, website, and print materials. This owned-channel campaign reached more than 2 million people, including a reach of almost 900,000 people during Engineers Week in February 2020.

A second paid campaign, "Future Proof Your Career," ran on Facebook, Instagram, and LinkedIn from August to October 2020. These targeted ads reached more than 2 million people and received almost 7 million impressions and more than 17,000 clicks.

NCEES staff and volunteers connected with educators and students at exhibitions and conferences in the beginning of 2019–20.

These outreach initiatives provided opportunities to explain the privileges and responsibilities of licensure and answer questions about the process. NCEES also participated in expos of various engineering and surveying societies to promote licensure and NCEES services for professional engineers and surveyors to the societies' membership. In 2020, the focus switched to virtual events because of the COVID-19 pandemic, but the emphasis on the value of licensure and its important role in public protection remained.

Advancing licensure for public protection

To further its virtual outreach, NCEES launched a podcast series in September 2020. Hosted by NCEES Chief Operating Officer Davy McDowell, P.E., "Advance: An NCEES Podcast Series" highlights professional engineers and surveyors across the country and their critical work to help safeguard the health, safety, and welfare of the public.



"Safeguarding the health, safety, and welfare is at the heart of the work of professional engineers and surveyors. For the most part, their role in public protection goes unnoticed in our everyday lives. In our new podcast series, NCEES highlights the work of licensed professionals within engineering and surveying and their contributions to our society."

NCEES COO Davy McDowell, P.E., discussing "Advance: An NCEES Podcast Series"

Early episodes of the monthly podcast focused on diversifying the engineering workforce as well as trends and technologies in surveying, the importance of mentorship in surveying, and diversifying the surveying profession. Future episodes will focus on current and relevant topics for the professions of engineering and surveying.

Collaborating to meet the professions' future needs

Collaborating with and supporting the work of other organizations is an important part of NCEES' strategic efforts to promote the professions of engineering and surveying.

The NCEES board of directors included an additional \$250,000 in the 2019–20 budget to develop a marketing program to increase the number of licensed professionals in the geomatics field.

As part of this commitment to surveying outreach, NCEES added a dedicated surveying outreach staff position in 2020. NCEES staff are now working in conjunction with the National Society of Professional Surveyors and a coalition of state surveying societies in Georgia, Maryland, North Carolina, Tennessee, and Virginia to help meet the future workforce needs for the profession.


National Council of Examiners for Engineering and Surveying (NCEES)
September 17 · 🌐

Tim Miller, P.E., NCEES Chief Officer of Examinations, was recently a guest on the NSPS Surveyor Says! podcast to talk about the variety of services provided by NCEES and the evolution of the exam process.

Listen here: <https://bit.ly/2Hbd98P>





EWB-USA @EWBUSA · Feb 19

Are you considering becoming a Professional Engineer? This #EWeek2020, as we celebrate everyday feats of engineering, we're taking a look at reasons to become a Professional Engineer.

@NCEES




Top 5 Reasons to Become a Professional Engineer ...
At EWB-USA, we're proud to have professional engineers as part of our richly diverse community. ...
ewb-usa.org


Engineers Without Borders USA
April 25 · 🌐

Philip Wolstenholme
Volunteer since 2017
PE and Vice President at Brown and Caldwell

"My favorite moment is when you actually get the water flowing. These facilities have been without water for several years. After we've fixed the pipes, the pumps, and the tanks, and the water finally comes out, people are so excited."




"Being a licensed engineer is a responsibility for ethical and accurate engineering."

— PHILIP WOLSTENHOLME,
PE AND VICE PRESIDENT
BROWN AND CALDWELL


NATIONAL VOLUNTEER WEEK 2020

41 1 Comments 8 Shares

Like Comment Share


NCEES @NCEES · Apr 29, 2020

The American Society for Photogrammetry and Remote Sensing (ASPRS) will host a seminar about career opportunities in land surveying on April 30 for students in grades 8–12. Learn more about the seminar and register here: bit.ly/2YfioGi
#learningfromhome #onlinelearning



1 1 2

Above: NCEES collaborated with other engineering and surveying organizations throughout 2019–20 to promote licensure.



Opposite: As part of its COVID-19 response, NCEES used social media and online activities to continue its outreach initiatives.


National Council of Examiners for Engineering and Surveying (NCEES)
April 5, 2020 · 🌐


Looking for fun, engaging, and educational activities for the kids that you can do at home? Check out the resources below.
#onlinelearning #learningfromhome

Engineering activities: <https://bit.ly/1NMyknj>
Surveying activities: <https://bit.ly/33Ukh0F>
STEM activities: <https://bit.ly/2UtNa0s>

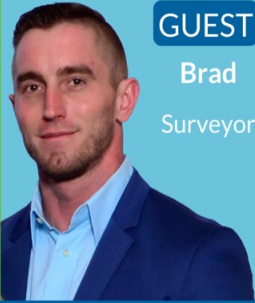



Chats with Change Makers


Calling all elementary & middle school students!
Join us Friday, June 19th at 12pm ET/11am CT for a chat with Brad, a land surveyor who likes to surf in his spare time!



HOST
Tiffany
9th grader



GUEST
Brad
Surveyor



To learn more about NCEES outreach initiatives, visit ncees.org/annualreport.

Meeting the challenge: COVID-19

In response to the impact of COVID-19 on colleges and universities, NCEES canceled the 2020 cycle of its Engineering Education and Surveying Education awards. The NCEES Engineering Education Award recognizes engineering programs that encourage collaboration between students and professional engineers. The NCEES Surveying Education Award recognizes surveying programs that best reflect the organization's mission to advance licensure for surveyors to safeguard the health, safety, and welfare of the public.

NCEES was also unable to participate in its traditional schedule of licensure promotion, as events were canceled throughout the country in 2020.

With in-person activities curtailed due to COVID-19, NCEES turned its focus to virtual outreach events. Through these activities—including the Live Zipline Build-Along with Nate Ball, a new podcast series, and virtual conferences and licensure presentations—the organization found new ways to engage and inspire future generations of professional engineers and surveyors.



The board of directors meets ahead of the virtual 2020 annual meeting business session. NCEES moved to virtual meetings in 2020 to continue the work of the Council during the COVID-19 pandemic.

2019–20 NCEES Leadership and Senior Staff



Board of directors

- 1 President:** Dean Ringle, P.E., P.S.
- 2 President-Elect:** Christopher Knotts, P.E.
- 3 Immediate Past President:** James Purcell, P.E.
- 4 Treasurer:** Timothy Rickborn, P.E.
- 5 Central Zone Vice President:** Marlon Vogt, P.E.
- 6 Northeast Zone Vice President:** Christopher Duhamel, P.E., P.L.S.
- 7 Southern Zone Vice President:** Timothy Lingerfelt, P.L.S.
- 8 Western Zone Vice President:** Brian Robertson, P.E.

Zone assistant vice presidents

- Central Zone:** Abiodun (Abe) Adewale, P.E.
Northeast Zone: Ronald Willey, Ph.D., P.E.
Southern Zone: Andrew Zoutewelle, P.L.S.
Western Zone: Scott Bishop, P.S.

Zone secretary-treasurers

- Central Zone:** Dennis Martenson, P.E.
Northeast Zone: Joseph Flynn, L.S.
Southern Zone: Ivan Hoffman, P.S.
Western Zone: Richard (Ric) Moore, P.L.S.

Executive staff

- Chief Executive Officer:** David Cox
Chief Operating Officer: Davy McDowell, P.E.

Senior staff

- Chief Communications Officer:** Nina Norris
Chief Financial Officer: Betsy Pearson, CPA;
 Joe Scheving, CPA
Chief Human Resources Officer: Donna Moss, SHRM-CP, PHR
Chief Officer of Examinations: Tim Miller, P.E.
Chief Officer of Member Services: Stef Goodenow
Chief Technology Officer: Steven Matthews



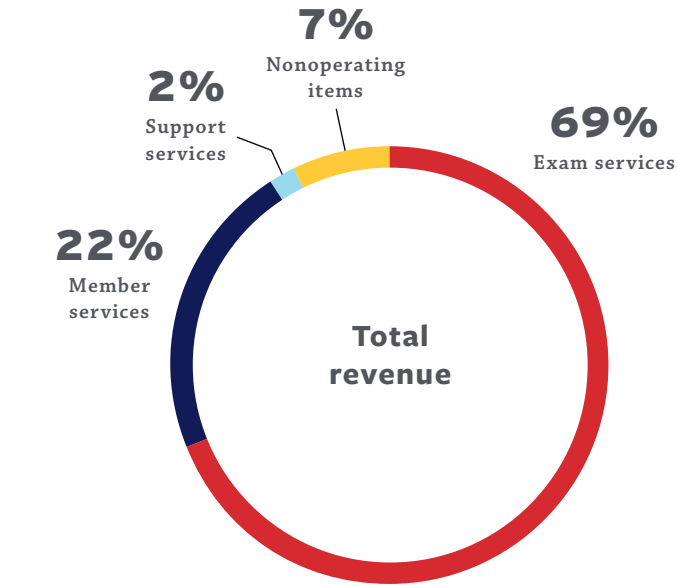
Financial Statements

2019–20 Revenue and expense summary

“While our revenue has been severely impacted this year, our expenses have decreased, and our investment portfolio has continued to perform satisfactorily in the recently turbulent market. Despite the ongoing pandemic, the financial health of NCEES remains strong. The ability to have this strength will continue to be the key to lasting success for this organization to carry out its vision and mission.”



2017–20 NCEES Treasurer Timothy Rickborn, P.E., on the organization’s financial health during the COVID-19 pandemic

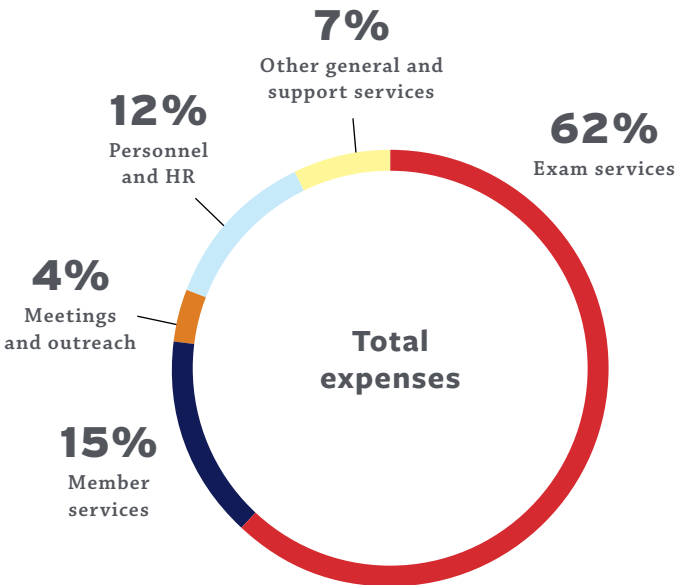


Total revenue
\$24,623,720

Revenue from operations
\$23,016,850

- Exam services **\$16,881,149**
- Member services **\$5,545,610**
- Support services **\$590,091**

Revenue from nonoperating items
\$1,606,870



Total expenses
\$24,601,615

Exam services **\$15,217,491**

Member services **\$3,730,624**

Support services **\$5,653,500**

- Meetings and outreach **\$1,047,198**
- Personnel and human resources **\$2,957,002**
- Other general and support services **\$1,649,300**

Change in net assets
\$22,105

November 23, 2020
Report of management

The management of NCEES is responsible for the preparation, integrity, and objectivity of the financial statements included in this annual report. We have reviewed this report, and the financial statements and other financial information fairly represent, in all material respects, the financial condition and results of operations of NCEES for the 2019–20 fiscal year. They have been prepared in accordance with U.S. generally accepted accounting principles applied on a consistent basis. Based on our knowledge, the report contains no untrue statements of material fact and omits no material facts needed to keep the statements from being misleading.

NCEES management has established and maintains internal controls designed to give reasonable assurance of the integrity and objectivity of financial reporting, to safeguard assets, and to carry out and properly record transactions. These internal controls include the careful selection of employees, proper segregation of duties, and the communication and application of formal policies and procedures that are consistent with high standards of accounting and administrative practices. NCEES has adopted and monitors personnel policies designed to ensure that NCEES employees and directors are free from conflicts of interest.

The board of directors reviews financial and accounting policies, practices, and reports through the NCEES financial Audit Committee and the Committee on Finances. The Audit Committee identifies and employs the auditors, oversees the scope and results of independent audits, and addresses any comments on the adequacy of internal controls and quality of financial reporting.

The Committee on Finances studies the financial needs of the Council, recommends sources of income and ways and means of securing adequate funds for the proper operation of the Council, and assists the board of directors in financial matters. The independent auditors render an objective, impartial opinion on management’s financial statements and have direct access to the Audit Committee with and without the presence of management.



B. David Cox
NCEES Chief Executive Officer



Betsy Pearson, CPA
NCEES Chief Financial Officer



Report of independent auditor

To the Board of Directors
National Council of Examiners for Engineering and Surveying
Greenville, South Carolina

We have audited the accompanying financial statements of National Council of Examiners for Engineering and Surveying (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 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 National Council of Examiners for Engineering and Surveying as of September 30, 2020 and 2019, 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.



Greenville, South Carolina
November 23, 2020

National Council of Examiners for Engineering and Surveying
Statements of financial position
September 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,516,939	\$ 16,397,019
Certificates of deposit	6,291,652	7,367,795
Accounts receivable, net	125,162	149,128
Prepaid expenses	585,380	697,830
Total current assets	21,519,133	24,611,772
Noncurrent assets:		
Investments	42,382,912	41,404,346
Property and equipment, net	20,863,910	17,261,165
Total noncurrent assets	63,246,822	58,665,511
Total assets	\$ 84,765,955	\$ 83,277,283
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,757,363	\$ 2,331,206
Accrued vacation pay	606,592	496,400
Accrued wages and payroll taxes	199,416	109,749
Accrued retirement plan contribution	328,758	337,934
Customer prepayments	10,987,675	8,316,025
Deferred membership fees	106,673	109,850
Current maturities of capital lease obligation	108,468	73,415
Current portion of contributions made to others	1,000,000	1,000,000
Total current liabilities	15,094,945	12,774,579
Noncurrent liabilities:		
Capital lease obligation, less current maturities	142,901	4,610
Deferred compensation	291,684	283,774
Contributions made to others, less current portion	–	1,000,000
Total noncurrent liabilities	434,585	1,288,384
Total liabilities	15,529,530	14,062,963
Net assets without donor restrictions:		
Undesignated	65,836,425	65,814,320
Board designated	3,400,000	3,400,000
Total net assets without donor restrictions	69,236,425	69,214,320
Total liabilities and net assets	\$ 84,765,955	\$ 83,277,283

National Council of Examiners for Engineering and Surveying
Statements of activities
Years ended September 30, 2020 and 2019

	2020	2019
Operating revenues without donor restrictions:		
Examination services	\$ 16,881,149	\$ 23,216,485
Member services	5,545,610	7,430,220
Support services	590,091	528,014
Total operating revenues without donor restrictions	23,016,850	31,174,719
Direct expenses without donor restrictions:		
Examination services	15,217,491	17,503,262
Member services	3,730,624	4,288,142
Total direct expenses without donor restrictions	18,948,115	21,791,404
Operating revenues in excess of direct expenses	4,068,735	9,383,315
General and administrative support services expense without donor restrictions:		
Meetings and outreach	1,047,198	5,980,422
Personnel and human resources	2,957,002	2,811,393
Occupancy expense	168,507	168,554
Administrative expense	84,524	54,012
Technology services	276,308	216,518
Professional services	506,927	177,966
Depreciation and interest	474,107	348,163
Other	138,927	116,152
Total general and administrative support services expense without donor restrictions	5,653,500	9,873,180
Change in net assets from operations without donor restrictions	(1,584,765)	(489,865)
Nonoperating items without donor restrictions:		
Investment return, net of fees	2,064,156	802,163
Loss on disposal of property and equipment	(457,286)	–
Total nonoperating items without donor restrictions	1,606,870	802,163
Change in net assets without donor restrictions	22,105	312,298
Net assets without donor restrictions, beginning of year	69,214,320	68,902,022
Net assets without donor restrictions, end of year	\$ 69,236,425	\$ 69,214,320

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

National Council of Examiners for Engineering and Surveying
Statements of cash flows
Years ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 22,105	\$ 312,298
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	924,529	613,305
Loss on disposal of property and equipment	457,286	–
Unrealized gains on investments	(2,305,577)	(206,605)
Realized losses on investments	1,099,084	645,212
Net changes in operating assets and liabilities:		
Accounts receivable, net	23,966	(5,048)
Prepaid expenses	112,450	(174,799)
Accounts payable and accrued expenses	(383,160)	735,585
Customer prepayments	2,671,650	310,450
Deferred membership fees	(3,177)	3,220
Deferred compensation	7,910	76,067
Pledges made to others	(1,000,000)	2,000,000
Net cash from operating activities	1,627,066	4,309,685
Cash flows from investing activities:		
Purchase of property and equipment	(4,706,400)	(14,116,211)
Purchase of investments	(13,345,960)	(13,350,545)
Proceeds from sale of investments	13,573,887	18,863,476
Maturities (purchases) of certificates of deposit	1,076,143	(336,199)
Net cash from investing activities	(3,402,330)	(8,939,479)
Cash flows from financing activities:		
Payments under capital lease obligation	(104,816)	(97,352)
Net cash from financing activities	(104,816)	(97,352)
Net change in cash and cash equivalents	(1,880,080)	(4,727,146)
Cash and cash equivalents, beginning of year	16,397,019	21,124,165
Cash and cash equivalents, end of year	\$ 14,516,939	\$ 16,397,019
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 5,746	\$ 5,146
Additions to property and equipment under capital lease obligation	\$ 278,160	\$ 56,425

National Council of Examiners for Engineering and Surveying
Notes to the financial statements
September 30, 2020 and 2019

Note 1—Nature of operations and summary of significant accounting policies

Nature of business—National Council of Examiners for Engineering and Surveying (the “Council”) was incorporated under the laws of the state of South Carolina in 1938, being formed for the purpose of promoting enactment and administration of uniform state laws for the licensure of professional engineers and land surveyors, functioning as a clearinghouse for matters pertaining to licensure of engineers, certifying professional records of engineers and surveyors, publishing proceedings, and administering uniform examinations for licensure of engineers and land surveyors.

Financial statement presentation—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Under these standards, the Council groups its net assets into two classifications: net assets without donor restrictions and net assets with donor restrictions.

■ *Net assets without donor restrictions*—Net assets that are not subject to donor-imposed restrictions. Net assets without restrictions may be designated for specific purposes by the Council or may otherwise be limited by contractual agreements with outside parties.

■ *Net assets with donor restrictions*—Net assets whose use by the Council is subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that can be fulfilled by actions of the Council pursuant to those stipulations or that expire by the passage of time. Other donor-imposed restrictions are perpetual in nature, such as those that they may be maintained in perpetuity by the Council.

The Council does not have any net assets with donor restrictions at September 30, 2020 and 2019.

Cash and cash equivalents—The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Council places its cash and cash equivalents on deposit with financial institutions in the United States.

The Federal Deposit Insurance Corporation (“FDIC”) covers \$250,000 for substantially all depository accounts. The Council from time to time may have amounts on deposit in excess of the insured limits.

Certificates of deposit—Certificates of deposit at September 30, 2020 and 2019 have varying interest rates and maturity dates and are carried at cost. At times throughout the year, the Council may have balances in excess of FDIC insured amounts. As of September 30, 2020, the Council did not have any balances which exceed these insured amounts. Certificates of deposit with maturity dates greater than one year at September 30, 2020 and 2019 are included in investments on the statements of financial position.

Accounts receivable—Accounts receivable, consisting of membership fees, are recorded at net realizable value, and the Council grants credit to customers on an unsecured basis. The Council records an allowance for doubtful accounts based on its historical collection experience coupled with a review of its current receivables. The allowance was \$5,000 at September 30, 2020 and 2019.

Investments—Investments are stated at fair value. Changes in fair value during the year are included in the statement of activities as investment return net of fees.

Property and equipment—Property and equipment are stated at cost less accumulated depreciation. Expenditures which substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred. The Council generally capitalizes property and equipment acquisitions which exceed a \$5,000 threshold. Depreciation of property and equipment and amortization of assets recorded as capital leases are computed using the straight-line method, based on estimated useful lives as follows:

■ Building and building improvements	39 years
■ Land improvements	7 years
■ Furniture and equipment	3–7 years

Depreciation expense for the years ended September 30, 2020 and 2019 totaled \$924,529 and \$613,305, respectively.

Customer prepayments—The Council receives prepayments for exams that occur at a future date in the form of registration fees. Registration fees are not earned until the earlier of the exam being administered or the terms and conditions related to the fee have occurred; therefore, those fees are deferred until the exam date or the terms and conditions of the fees are met.

Revenue recognition—The Council has analyzed the provisions of the Financial Accounting Standards Board’s (“FASB”) Accounting Standard Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, and have adopted the new standard using the modified retrospective method. Management has determined that with the adoption of Topic 606, there are no changes required to be presented.

Revenues primarily include performance obligations satisfied by: delivery of professional examination, forfeiture of fees in accordance with terms of registration, shipment of study materials, professional record transmittal, and evaluation of the candidate’s college transcripts with educational standards. With the exception of membership fee revenue (described below), all of the Council’s revenue streams have performance obligations that are satisfied at a point in time and are based on fixed prices.

Deferred membership fee revenue—Collection of annual dues for membership in the Council are based on the calendar year. The Council records deferred membership fees as annual dues are received but not earned. The performance obligations associated with membership dues are considered to be earned ratably over the term of the membership with the Council having a stand-ready obligation to provide the benefits of membership to dues paying members of the Council. Each member of the Council is able to participate in regional and annual Council meetings, can elect to utilize the Council’s centralized records management program, and can participate in access to Council experts on examination standards and licensure processing.

Income taxes—The Council has been granted exemption from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Council has determined there are no material unrecognized tax benefits or obligations as of September 30, 2020.

Use of estimates—The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period.

Recently adopted accounting pronouncements—In June of 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The adoption of this standard allows for contributions to follow guidance in FASB Accounting Standards Codification (“ASC”) 958-605, *Not-for-Profit Entities (Topic 958) – Revenue Recognition*, rather than the guidance provided in Topic 606 as discussed below. The Council has adopted ASU 2018-08 on a prospective basis for all periods presented. No changes to the Council’s financial statements were necessary upon adoption of the new standard.

On May 28, 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Management has determined there are no changes required to be presented with the adoption of Topic 606.

Recently issued accounting pronouncements not yet adopted—In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of revenue recognition in the statement of activities. This standard is effective for fiscal years beginning after December 15, 2022. Management does not expect the adoption of this pronouncement to have a material impact on the Council’s financial statements.

Note 2—Liquidity and availability

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to program and supporting services to be general expenditures. Financial assets available within one year as of September 30, without donor or other restrictions limiting their use, comprise the following:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 14,516,939	\$ 16,397,019
Accounts receivable, net	125,162	149,128
Investments and certificates of deposit	48,674,564	48,772,141
	63,316,665	65,318,288
Less amounts not available to be used for general expenditures within one year:		
Board-designated funds set aside for specific uses	(3,400,000)	(3,400,000)
Financial assets available to meet general expenditures within one year	\$ 59,916,665	\$ 61,918,288

The Council’s funds consist of non-donor restricted funds. The board has designated financial assets of \$3,400,000 be set aside to be available should an engineering or surveying fundamentals exam or professional exam become compromised. The funds would be used to develop new exams to replace the compromised exams. As part of the Council’s liquidity management, it has a policy to structure its financial assets to be available to meet its general expenditures, liabilities, and other obligations as they come due. In addition, the Council invests excess cash in short-term and long-term investments. The Council does not intend to, or anticipate having to, liquidate long-term investment securities to fund its general expenditures within one year of September 30, 2020.

Note 3—Investments and certificates of deposit

Investments by category at September 30 are summarized as follows:

	2020	2019
Mutual funds	\$ 28,113,703	\$ 26,729,891
Fixed income	14,051,578	13,930,455
Certificates of deposit with maturities less than a year	6,291,652	7,367,795
Certificates of deposit with maturities greater than a year	217,631	744,000
	\$ 48,674,564	\$ 48,772,141

Certificates of deposit included above consist primarily of short-term deposits, maturing through May 2022. The Council’s intent is to reinvest the funds in similar deposits upon maturity or to invest in the Council’s investment portfolio as described above.

Investment returns for the years ended September 30 are summarized as follows:

	2020	2019
Interest and dividend income	\$ 1,096,467	\$ 1,477,119
Net realized and unrealized gains (losses)	1,206,493	(438,607)
Investment management fees	(238,804)	(236,349)
Total investment return, net of fees	\$ 2,064,156	\$ 802,163

Note 4—Property and equipment

Property and equipment at September 30 are summarized as follows:

	2020	2019
Buildings and building improvements	\$ 22,045,035	\$ 19,081,872
Land and land improvements	1,678,871	1,669,993
Furniture and equipment	2,829,940	2,598,539
Total property and equipment	26,553,846	23,350,404
Less accumulated depreciation	(5,689,936)	(6,089,239)
Property and equipment, net	\$ 20,863,910	\$ 17,261,165

In April 2019, the Council executed a purchase and sale agreement to purchase land, building, improvements, furniture, and equipment at a location in Greenville, South Carolina, to serve as the Council’s future headquarters and office space. The purchase totaled \$13,525,000 and was allocated as follows: \$1,515,453 to land, \$10,908,327 to buildings, and \$1,101,220 to furniture and equipment.

In October 2019, the Council executed an agreement to sell existing building, land improvements, and certain furniture and equipment in Clemson, South Carolina, to Clemson University Land Stewardship Foundation Inc. (CULSF). This agreement was amended several times between October 2019 and June 2020 extending the closing of the sale to October 30, 2020. The sale closed on October 30, 2020, resulting in proceeds of \$3,600,000 and a gain on sale of property and equipment of \$738,106.

Note 5—Leases

The Council’s Clemson, South Carolina, office building is constructed on land leased from Clemson University. The current annual rental amount is \$1,998. In 2020, and at each 10-year interval until the lease expiration date in 2079, the rental amount will be adjusted to be consistent with changes in the Consumer Price Index. As described in Note 4, the Council sold its office building in Clemson, South Carolina, to CULSF. As part of the sale agreement, the land lease was terminated in October 2020.

The Council has entered into other noncancelable operating leases for equipment that range from two to three years in length of term. The expense and future minimum monthly payments related to these agreements are included in the amounts disclosed below.

The Council leases certain equipment under various capital leases and noncancelable operating leases expiring in various years through 2023. Assets under capital leases consist of the following at September 30:

	2020	2019
Equipment	\$ 357,598	\$ 236,686
Less accumulated depreciation	(90,064)	(153,305)
Property and equipment, net	\$ 267,534	\$ 83,381

This equipment is included in property and equipment in the accompanying statements of financial position.

At September 30, 2020, aggregate future minimum payments under the capital leases and noncancelable operating leases equal to or exceeding one year are as follows:

	Capital leases	Operating leases
2021	\$ 114,395	\$ 57,932
2022	97,176	54,033
2023	48,696	54,033
2024	–	46,785
2025	–	31,190
Total minimum lease payments	260,267	\$ 243,973
Less amounts representing interest	(8,898)	
Present value of net minimum lease payments	251,369	
Less current installments of obligations under capital leases	(108,468)	
Obligations under capital leases, net of current installments	\$ 142,901	

Rent expense under operating lease was \$83,832 and \$84,101 for the years ended September 30, 2020 and 2019, respectively, and is included in general and administrative support services expense on the statements of activities.

Note 6—Contribution made to others

During 2019, the Council made a \$3,000,000 promise to give to the non-profit Engineers Without Borders for the purpose of enhancing access to professional examination and licensure amongst students throughout the world. The Council’s donation was made as a \$3,000,000 pledge with \$1,000,000 cash contributed in fiscal year 2019 and \$1,000,000 to be paid in each of the following two fiscal years. The outstanding balance of the pledge is shown on the statements of financial position as \$1,000,000 at September 30, 2020.

Note 7—Retirement plan

The Council sponsors a qualified profit sharing plan with a 401(k) deferred compensation provision. All employees are eligible to participate in the Council’s profit sharing plan and 401(k) plan upon reaching age 21 and having completed three months of employment. The profit sharing plan and 401(k) plan provide for employer contributions by the Council at the Board of Director’s discretion.

The expense charged to operations for the plans was \$633,131 and \$602,690 for the years ended September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, \$328,758 and \$337,934, respectively, was accrued as accrued retirement plan contribution on the statements of financial position.

Note 8—Deferred compensation

The Council has entered into deferred compensation agreements with several key employees. Under the agreements, a percentage of the employee’s compensation is deferred to be paid at a specified future vesting date. The agreements provide for disability and death benefits, should either event occur, prior to receipt for amounts due under the agreements.

The following is an analysis of the accumulated liability under deferred compensation agreements at September 30:

	2020	2019
Balance, beginning of year	\$ 283,774	\$ 207,707
Amounts deferred	132,726	135,378
Withdrawals	(128,008)	(61,232)
Interest accrued	3,192	1,921
Balance, end of year	\$ 291,684	\$ 283,774

Expenses related to the Council’s deferred compensation agreements totaled \$135,918 and \$137,299 for the years ended September 30, 2020 and 2019, respectively.

Note 9—Designated net assets

As the Council is providing licensure examinations to professionals entering the engineering and land surveying professions, it is essential these exams remain adequately safeguarded to ensure the integrity of the examinations. Although the Council has gone to great measures to

protect the examinations from being compromised either through inadvertent error or deliberate theft, the Council’s board of directors has recognized the potential exists for the safeguards to be breached resulting in the need for the creation of new examination questions to replenish those that have been compromised.

The Council has no appreciable history in this area and, as such, it is difficult to assess what the true cost would be to the Council should they be forced to recreate a bank of questions over a relatively short period of time. As the potential costs are not measurable, no liability has been accrued in the accompanying financial statements to account for such a contingency. Instead, the Council’s board of directors has designated a portion of the Council’s unrestricted net assets to provide for such an event should it occur in the future. The amount designated was \$3,400,000 at September 30, 2020 and 2019.

Note 10—Commitments and contingencies

The Council is not currently involved in litigation related to professional liability claims. Management believes if claims occur in the future, they will be settled within the limits of coverage, which is on a claims-made basis, with insurance limits of \$1,000,000 in the aggregate. The Council’s professional liability insurance is a claims-made policy. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, will be uninsured.

Toward the end of December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. During 2020, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which have negatively impacted the Council’s operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, the outbreak could result in uncertainties that could affect revenues and could result in other material, adverse effects for the Council.

Note 11—Fair value disclosures

FASB issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets

for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

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

Level 2—Inputs to the valuation methodology include:

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

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

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

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

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019:

Fixed Income Bonds—These investments are valued at the closing price reported on the active market on which the individual securities are traded. These are classified within Level 1 of the valuation hierarchy.

Mutual Funds—These investments are readily determinable investment vehicles valued using the unadjusted quoted market prices found on a securities exchange. These are classified within Level 1 of the valuation hierarchy.

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

The following tables set forth by level within the fair value hierarchy of the Council’s investments accounted for at fair value on a recurring basis as of September 30, 2020 and 2019:

Investments at fair value at September 30, 2020

	Total	Level 1	Level 2	Level 3
Certificates of deposit (CD):				
CDs with maturities greater than a year	\$ 217,631	\$ 217,631	\$ –	\$ –
Fixed income:				
Intermediate-term bonds	\$10,544,952	\$10,544,952	–	–
High yield bonds	1,129,665	\$1,129,665	–	–
World bonds	808,620	\$808,620	–	–
Emerging markets bonds	783,691	\$783,691	–	–
Inflation-protected bonds	784,650	\$784,650	–	–
Total fixed income	14,051,578	\$14,051,578	–	–
Mutual funds:				
Large value	5,275,665	5,275,665	–	–
Large growth	4,209,419	4,209,419	–	–
Small value	1,913,493	1,913,493	–	–
Small growth	1,494,374	1,494,374	–	–
Foreign large blend	7,778,627	7,778,627	–	–
Diversified emerging markets	3,565,691	3,565,691	–	–
Real estate	1,263,911	1,263,911	–	–
Global real estate	859,765	859,765	–	–
Commodities broad basket	1,752,758	1,752,758	–	–
Total mutual funds	28,113,703	28,113,703	–	–
Total investments	\$ 42,382,912	\$ 42,382,912	\$ –	\$ –

Investments at fair value at September 30, 2019

	Total	Level 1	Level 2	Level 3
Certificates of deposit (CD):				
CDs with maturities greater than a year	\$ 744,000	\$ 744,000	\$ –	\$ –
Fixed income:				
Intermediate-term bonds	11,117,805	11,117,805	–	–
High yield bonds	790,033	790,033	–	–
World bonds	807,398	807,398	–	–
Emerging markets bonds	815,463	815,463	–	–
Inflation-protected bonds	399,756	399,756	–	–
Total fixed income	13,930,455	13,930,455	–	–
Mutual funds:				
Large value	5,285,207	5,285,207	–	–
Large growth	3,642,031	3,642,031	–	–
Small value	1,729,057	1,729,057	–	–
Small growth	1,142,311	1,142,311	–	–
Foreign large blend	7,696,585	7,696,585	–	–
Diversified emerging markets	3,218,572	3,218,572	–	–
Real estate	1,276,261	1,276,261	–	–
Global real estate	804,968	804,968	–	–
Commodities broad basket	1,934,899	1,934,899	–	–
Total mutual funds	26,729,891	26,729,891	–	–
Total investments	\$ 41,404,346	\$ 41,404,346	\$ –	\$ –

Note 12—Functional expenses

Expenses by function and natural classification consist of the following for the year ended September 30:

	2020			
	Program expenses		Administrative support services	Total
	Examination services	Member services		
Meetings and outreach	\$ 1,305,331	\$ 94,820	\$ 1,047,198	\$ 2,447,349
Personnel and human resources	3,421,060	1,596,090	2,957,002	7,974,152
Occupancy expense	153,362	41,102	168,507	362,971
Administrative expense	2,165,815	180,236	84,524	2,430,575
Technology services	212,139	89,819	276,308	578,266
Professional services	7,607,862	1,602,634	506,927	9,717,423
Depreciation and interest	337,126	119,042	474,107	930,275
Other	14,796	6,881	138,927	160,604
Total expense	\$ 15,217,491	\$ 3,730,624	\$ 5,653,500	\$ 24,601,615

	2019			
	Program expenses		Administrative support services	Total
	Examination services	Member services		
Meetings and outreach	\$ 2,510,861	\$ 145,791	\$ 5,980,422	\$ 8,637,074
Personnel and human resources	3,101,640	1,481,555	2,811,393	7,394,588
Occupancy expense	104,456	64,098	168,554	337,108
Administrative expense	2,284,514	183,114	54,012	2,521,640
Technology services	173,449	82,338	216,518	472,305
Professional services	9,141,554	2,235,982	177,966	11,555,502
Depreciation and interest	179,325	90,963	348,163	618,451
Other	7,463	4,301	116,152	127,916
Total expense	\$ 17,503,262	\$ 4,288,142	\$ 9,873,180	\$ 31,664,584

The costs of providing the various programs have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis that is consistently applied. Management utilized a variety of metrics in order to estimate on an accurate basis how to allocate expenses amongst more than one program or supporting function.

The expenses that are allocated include the following:

Expense	Method of allocation
Meetings and outreach	Number of meetings, time and effort
Personnel and human resources	Time and effort
Occupancy expense	Full time equivalent
Administrative expense	Full time equivalent
Technology services	Full time equivalent
Professional services	Full time equivalent
Depreciation and interest	Square footage, full time equivalent
Other	Full time equivalent, square footage

Metrics used generally include space occupied on a square footage basis, time incurred for employees, number of full time equivalent employees, number of full time equivalent volunteers, or number of meetings held.

Note 13—Subsequent events

As described in Note 4, the Council executed an agreement in October 2019 to sell existing property and equipment to CULSF. This agreement was amended several times between October 2019 and June 2020 extending the closing of the sale to October 30, 2020. The sale closed on October 30, 2020, resulting in proceeds of \$3,600,000.

The Council evaluated the effect subsequent events would have on the financial statements through November 23, 2020, which is the date the financial statements were available to be issued.







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