

NCEES





Into the next century of advancing licensure

2021 Annual Report

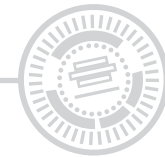
01.

President and
CEO's message



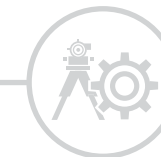
02.

Ensuring licensure's
public protections



10.

Supporting
the professions



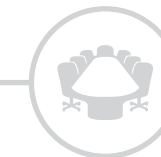
22.

Inspiring future
generations



32.

Leadership and
senior staff



34.

Financial
statements





President and CEO's message

As our centennial celebration concluded at the end of 2020, NCEES officially moved into its second century of advancing licensure for engineers and surveyors. And this first year of a new century brought some exciting successes, including the addition of new exams to the computer-based testing lineup and an expansion of outreach activities. It also brought its share of challenges, with the ongoing COVID-19 pandemic at the top of that list.

What does it take to meet the challenges and opportunities of a new century of licensure? This annual report details our efforts in three broad areas: ensuring licensure's public protections, supporting the professions of engineering and surveying, and inspiring future generations of professional engineers and surveyors. It covers activities and initiatives for 2020–21, which ran from October 2020 through September 2021.

The NCEES staff are critical to advancing licensure in this new century, and their day-to-day work helps protect the health, safety, and welfare of the public.

In 2021, NCEES was named one of the Best Places to Work in South Carolina. We were honored by this recognition because providing staff with the best possible climate for development, health, and wellness ultimately benefits member boards, the professions of engineering and surveying, and our communities across the United States.

Protecting our financial resources is key to ensuring that NCEES can continue to fulfill its mission. The organization enjoyed a better-than-expected financial year as we continued to navigate COVID-19. Our operations were more than \$3.5 million above budget for 2020–21. Revenue was \$3.3 million less than budgeted, primarily due to lower exam volumes for the remaining pencil-and-paper exams. Expenses were almost \$7 million below budget, largely due to COVID-related reductions in travel, in-person meetings, outreach, and personnel training and development, as well as in depreciation. Our financial statements begin on page 34 of this report.

As we finish the first year in our new century, we thank our member boards, volunteers, and staff for their efforts to advance licensure and its public protections. Your contributions have allowed us to promote and support licensure this year and will allow us to continue to do so moving forward.

Christopher P. Knotts, P.E.
2020–21 NCEES President

B. David Cox
NCEES Chief Executive Officer



Ensuring licensure's public protections

Through its leadership in determining best practices for professional licensing and collaborating with other organizations domestically and

internationally, NCEES worked throughout 2020–21 to ensure that the professions of engineering and surveying protect the American public now and in the future.



Charting course for professions

NCEES 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.

The member boards of NCEES meet annually to set Council policy and discuss best practices for the regulation of the engineering and surveying professions. For the second year in a row, the COVID-19 pandemic required a virtual format for the annual meeting.

The Council conducted the preliminary work through virtual committee and task force meetings at the beginning of 2021 and virtual zone interim meetings in the spring.

NCEES held its 100th annual meeting via Zoom on September 15. All 69 NCEES member boards were represented, and each designated a voting delegate for the meeting.

Committees and task forces 2020–21

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

14
Committees and task forces

122
Members

56
Charges



Above: President-Elect Brian Robertson, P.E., (standing, left) and President Christopher Knotts, P.E., prepare to lead delegates through the voting process at the virtual 2021 NCEES annual meeting. Below: NCEES held virtual forums before and after the annual meeting to discuss topical issues. Opposite page: Southern Zone Assistant Vice President Andrew Zoutewelle, P.L.S., calls the roll of member boards during the 2021 Southern Zone annual meeting.

As part of the centennial celebrations, the NCEES Committee on Member Board Administrators developed a resolution of cooperation for member boards to sign to reaffirm their commitment to facilitating mobility and promoting uniformity of the licensure process. This nonbinding agreement is designed to serve as guidance for member boards to find ways to reduce barriers to licensure and expedite comity licensure.

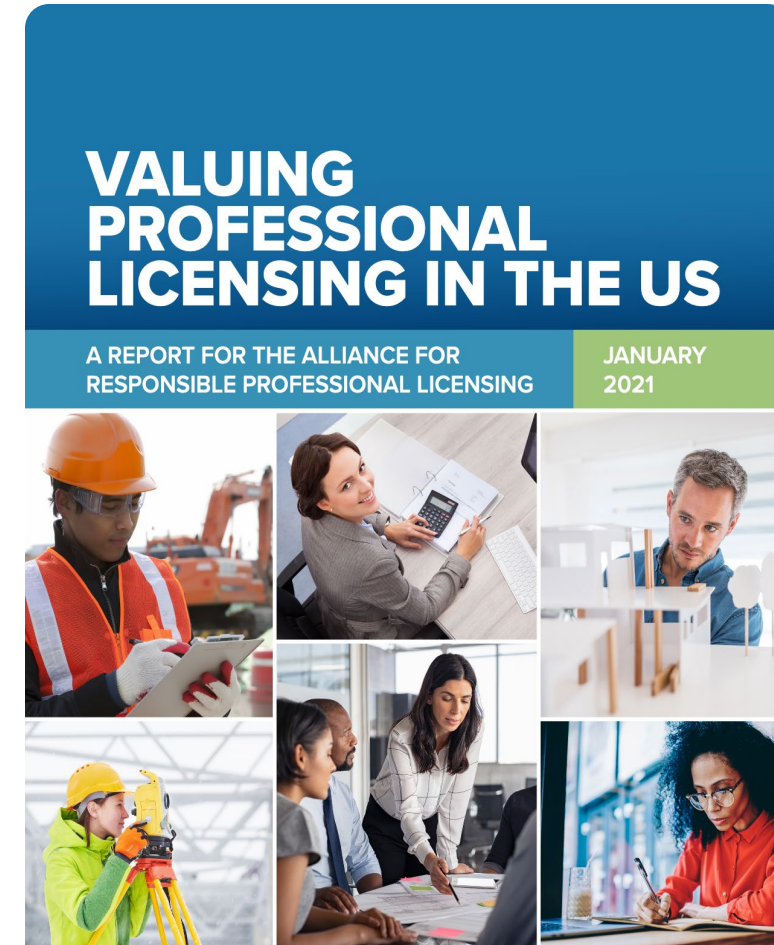
Promoting responsible licensing

Safeguarding the health, safety, and welfare of the public is the ultimate goal of NCEES efforts to advance licensure. As part of its efforts to support and promote licensure's role in public protection, NCEES is a founding member of the Alliance for Responsible Professional Licensing (ARPL). 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 technical professions is heard in the growing debate around the appropriate level of licensure for professions and occupations. NCEES works with organizations representing other advanced technical 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 2020–21 to assist with advocating for responsible licensing. The organization released *Valuing Professional Licensing in the United States* in February 2021. ARPL commissioned Oxford Economics to produce this first-of-its-kind quantitative research study to explore the impacts of professional licensing in highly complex, technical fields.

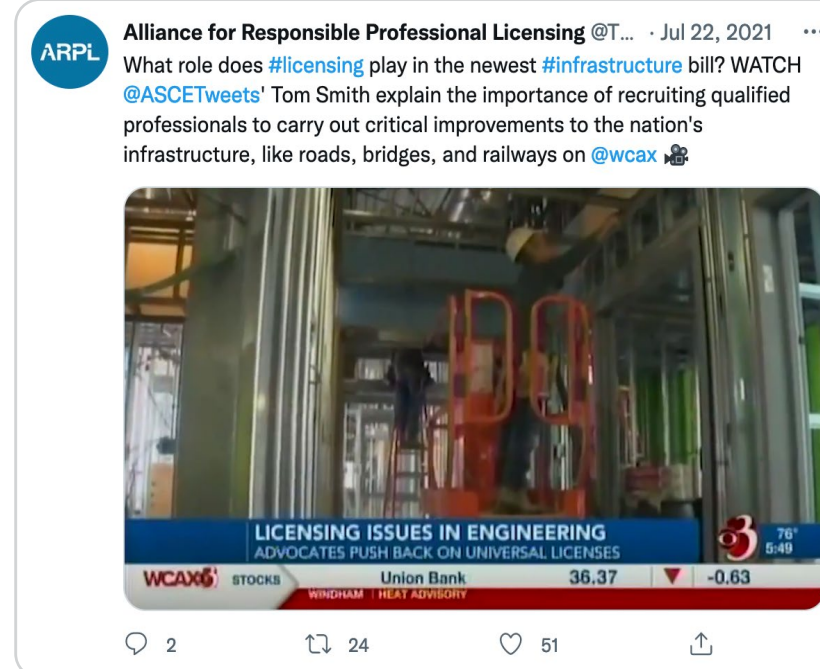


ARPL Alliance for Responsible Professional Licensing

OXFORD ECONOMICS



ARPL released *Valuing Professional Licensing in the U.S.* in February 2021. The report explores the impacts of professional licensing in highly complex, technical fields.



In addition to supporting the work of ARPL, NCEES is directly helping member boards address threats to public protection and providing tools to assist in eliminating barriers and expediting the comity process for licensees.

In 2020–21, staff assisted approximately 20 member boards to address legislative activities, including help with testimony, fact sheets, outreach efforts, and strategy.

In April 2021, NCEES added a new option to the NCEES Records program to assist military families with the comity licensure process. Active-duty military and their spouses can transmit their NCEES Record to a state licensing board at no charge when military orders require them to relocate to that state. Military transmittals include a special designation to alert the receiving licensing board of their priority status. The option helps members of the military and their spouses by simplifying and expediting the comity licensure process in their new state or territory.

Council Record

- Citizenship or permanent resident
- Meet education requirement
- FE and PE exam verification
- Professional license verification
- Hold a record clean of disciplinary action
- Meet CPC requirements
- Four years of qualifying experience

International Registry

- Citizenship or permanent resident
- Meet education requirement
- FE and PE exam verification
- Professional license verification
- Hold a record clean of disciplinary action
- Meet CPC requirements
- Hold a Council Record
- Seven years of qualifying experience, including two years in responsible charge of significant engineering work

international

In presentations to promote the International Registry for Professional Engineers, NCEES compares the requirements to the NCEES Record. The organization maintains the International Registry to help U.S.-based P.E.s with international mobility as part of its commitment as an IEA signatory.

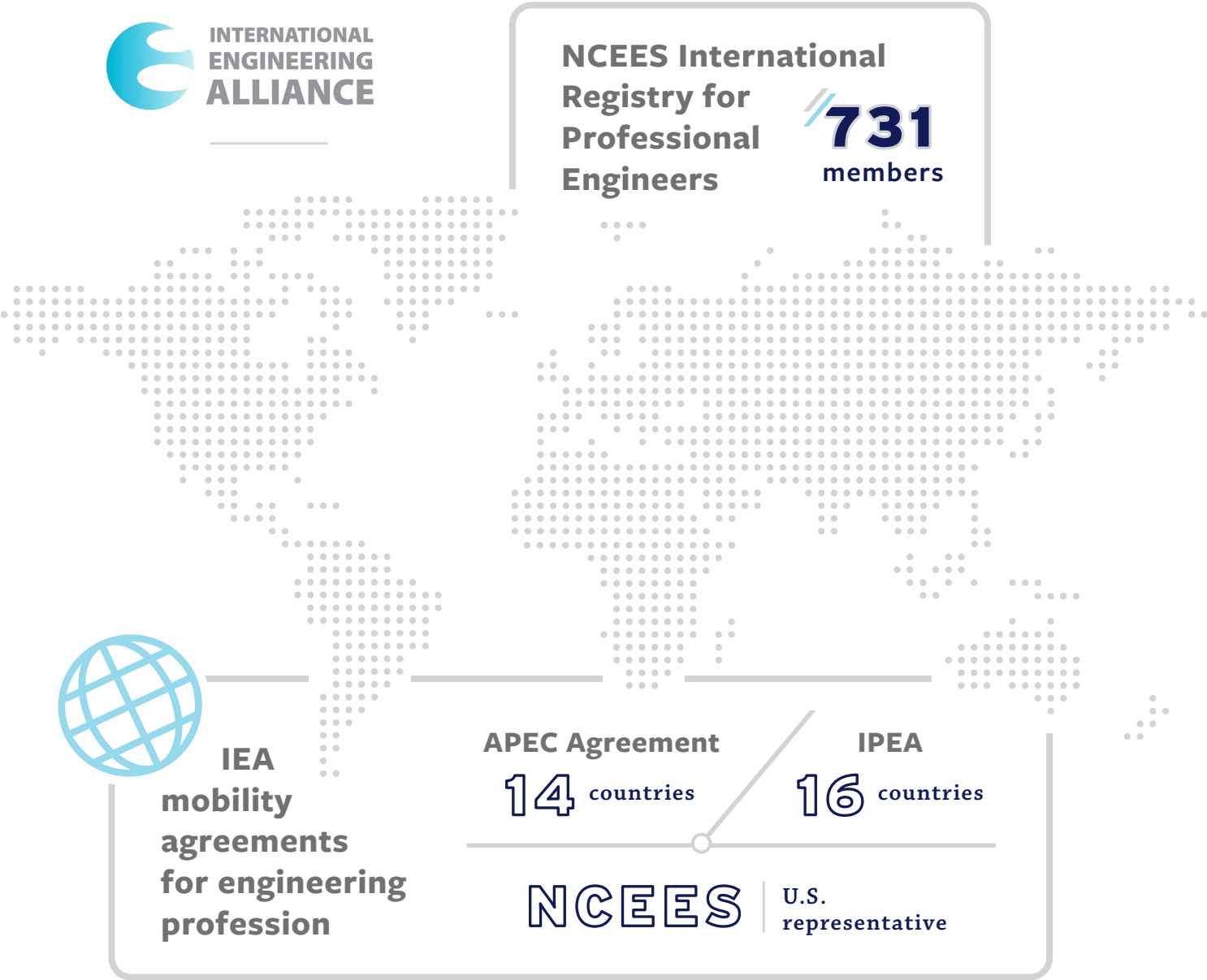
Strengthening international influence

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) Agreement.

In 2020–21, 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 the APEC Agreement. As a mobility accord officer, Past President Mamola served on the Governing Group 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 2020–21, the NCEES International Registry included 731 active professional engineer members, an increase of 11 percent over the previous year.



Supporting the professions

Meeting the demands of the next century of licensure includes ensuring that NCEES is providing exams and services to support

member boards, licensure candidates, and professional engineers and surveyors.



Above and opposite: Subject-matter experts with the PE Structural Engineering exam development committee work together to write new exam items.

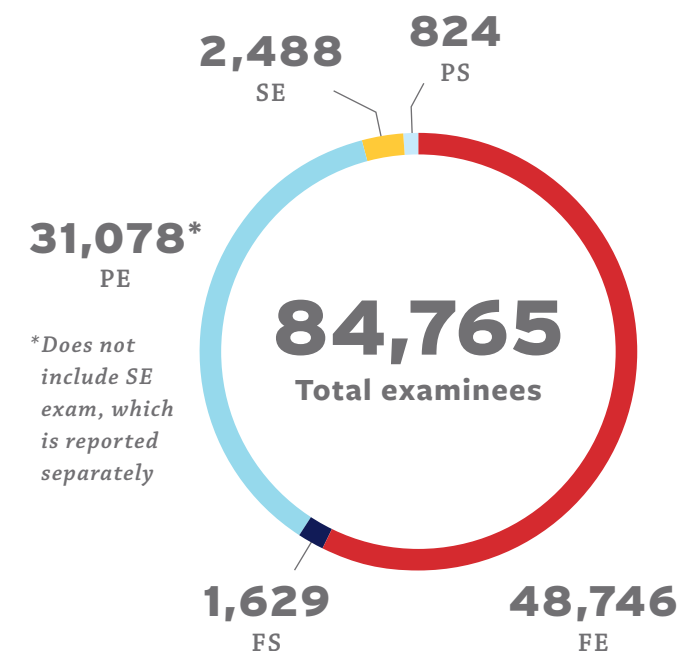
With COVID-19 still limiting testing capacity, NCEES employed a range of measures to lessen the impact on examinees and broaden access to licensing exams in 2020–21.

Exam development committees continued virtual meetings to address travel limitations and ensure staff and volunteer safety. During the year, the organization held 48 virtual exam development meetings with 1,340 active volunteer participants.

NCEES staff developed virtual grading software for the SE exam to score its constructed response, or essay, questions. The grading typically called for an in-person meeting, but with COVID-19 protocols requiring virtual meetings, NCEES staff devised new ways to ensure efficient and secure exam scoring. More than 85 structural engineers across five time zones used the software to grade almost 5,000 solution pamphlets for the October 2020 exam. NCEES used the virtual system again for SE scoring of the April 2021 exam and plans to use it again for future grading sessions.

To address reduced testing capacity at sites for pencil-and-paper exams, NCEES added an extra day to the October 2020 and April 2021 exam administrations. The organization also added a regional testing option for the PE Civil exam in January 2021, providing additional testing opportunities in 14 cities across the United States for its highest volume exam.

Reduced capacity requirements limited the number of examinees who could schedule a seat for the October 20, 2020, single-day computer-based testing (CBT) event at Pearson VUE test centers. NCEES added an additional single-day CBT event in January 2021 to accommodate examinees who were unable to schedule appointments in October. This adaptation increased the capacity for the PE Fire Protection, Industrial and Systems, Nuclear, and Petroleum exams.



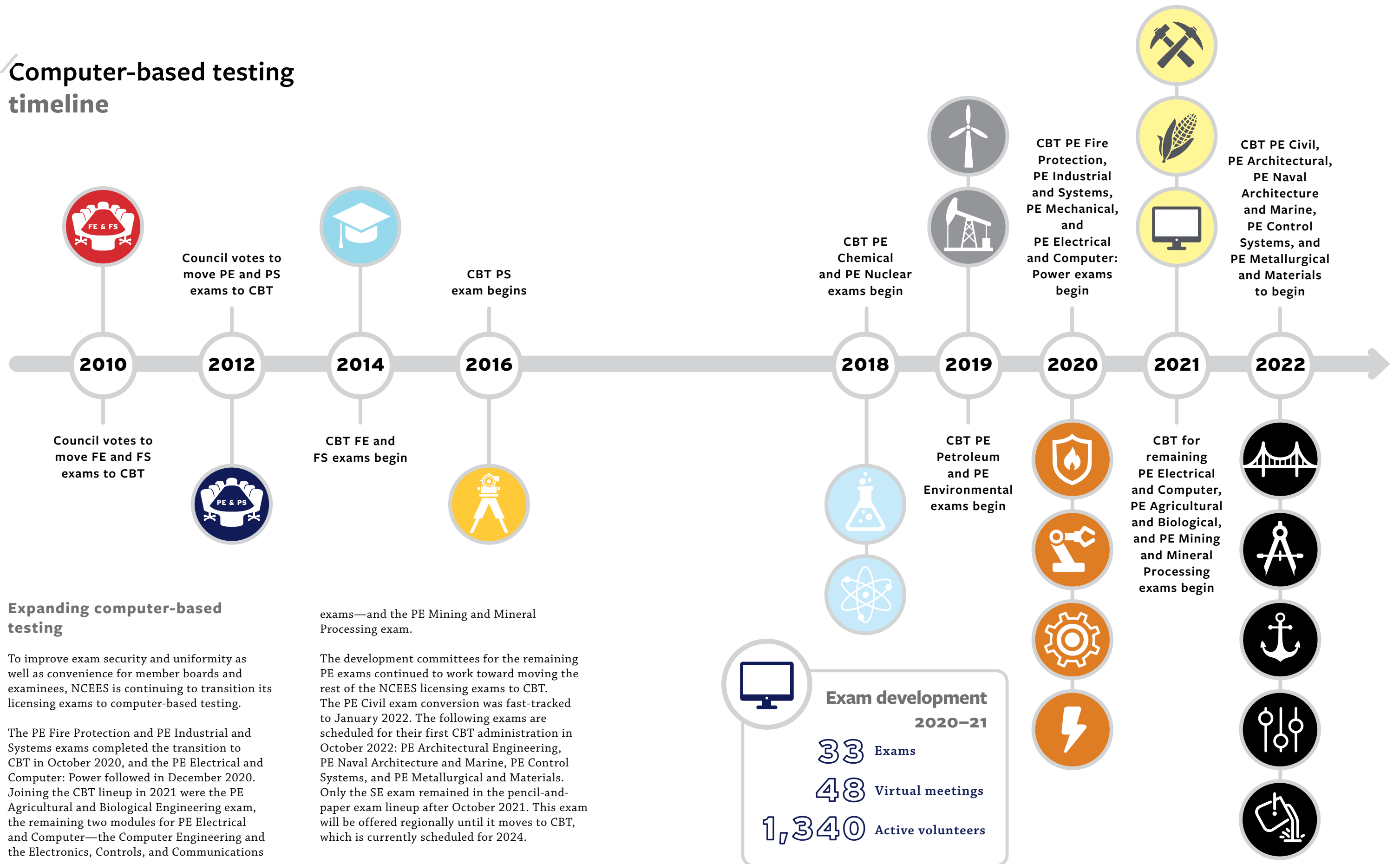
Determining professional competence

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 exams continue to be reliable measures of candidates' competence.

In the past year, 48,746 examinees took the FE exam, 31,078 took the PE exam [excluding the PE Structural Engineering (SE) exam], and 2,488 took the SE exam. During the same period, 1,629 FS and 824 PS examinees took their respective exams. Exam usage numbers for 2020–21 were higher for all exams compared to 2019–20, which were severely impacted by the COVID-19 pandemic:

- FE: up 27 percent from 38,396
- FS: up 43 percent from 1,142
- PE: up 78 percent from 17,476
- SE: up 134 percent from 1,063
- PS: up 38 percent from 596

Computer-based testing timeline



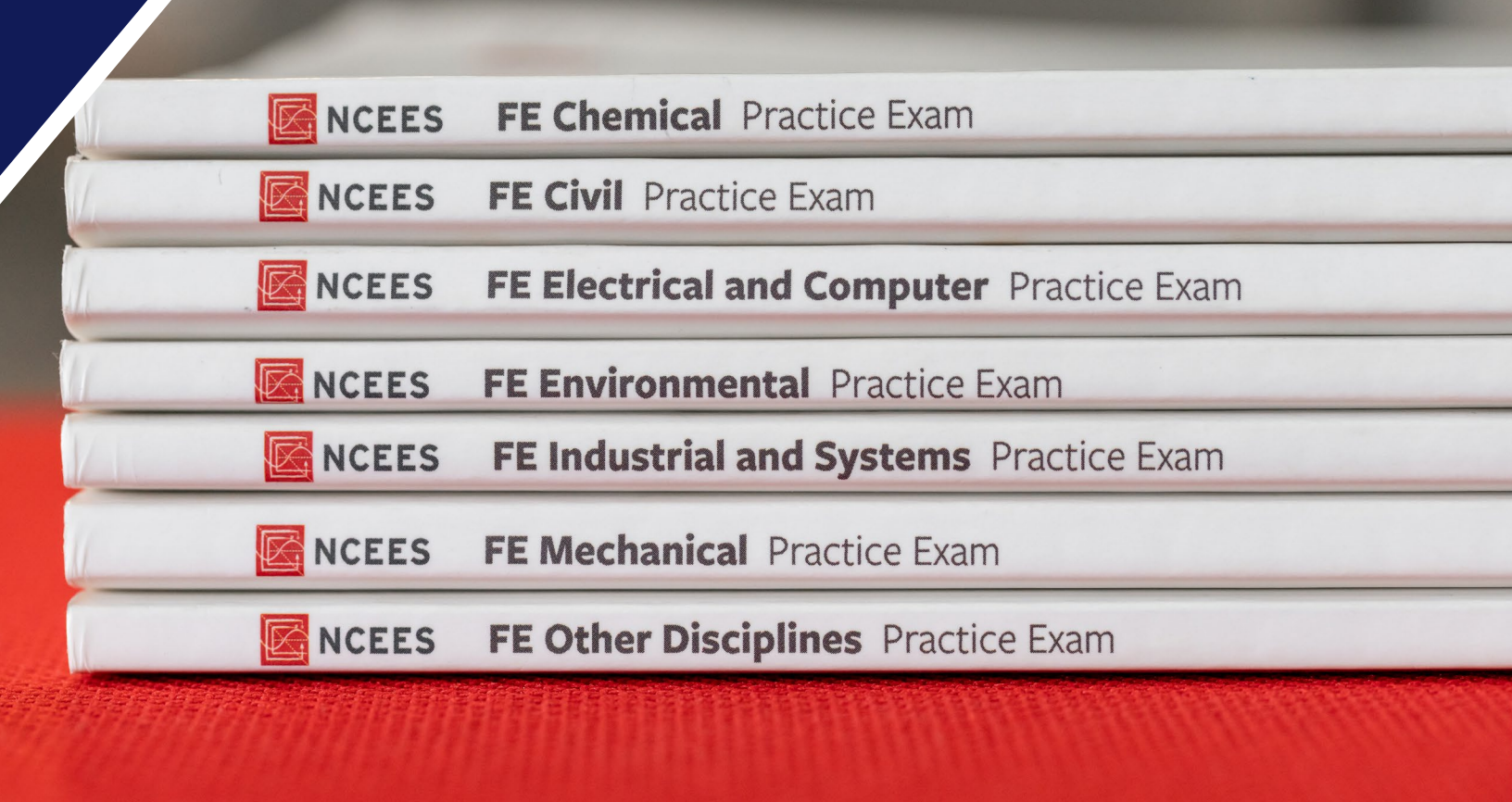
Expanding computer-based testing

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.

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. Joining the CBT lineup in 2021 were the PE Agricultural and Biological Engineering exam, the remaining two modules for PE Electrical and Computer—the Computer Engineering and the Electronics, Controls, and Communications

exams—and the PE Mining and Mineral Processing exam.

The development committees for the remaining PE exams continued to work toward moving the rest of the NCEES licensing exams to CBT. The PE Civil exam conversion was fast-tracked to January 2022. The following exams are scheduled for their first CBT administration in October 2022: PE Architectural Engineering, PE Naval Architecture and Marine, PE Control Systems, and PE Metallurgical and Materials. Only the SE exam remained in the pencil-and-paper exam lineup after October 2021. This exam will be offered regionally until it moves to CBT, which is currently scheduled for 2024.



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 four foreign countries in 2020–21.

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.

Administering exams outside the United States

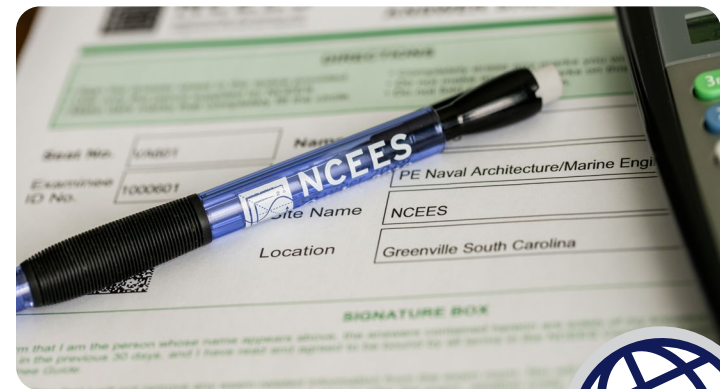
NCEES currently has agreements with 16 foreign entities to administer its licensing exams in 15 countries outside the United States.

Exam Administration Services 2020–21

45
U.S.
jurisdictions

4
Foreign
countries

In 2020–21, the FE exam was administered to 1,557 candidates at international sites. The PE exam was administered to 537 candidates at international sites.



Exams administered internationally 2020–21

1,557
FE exam

537
PE exam

Above: An NCEES staff member reviews exam sites for an upcoming pencil-and-paper exam administration.

International exam administration agreements

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

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

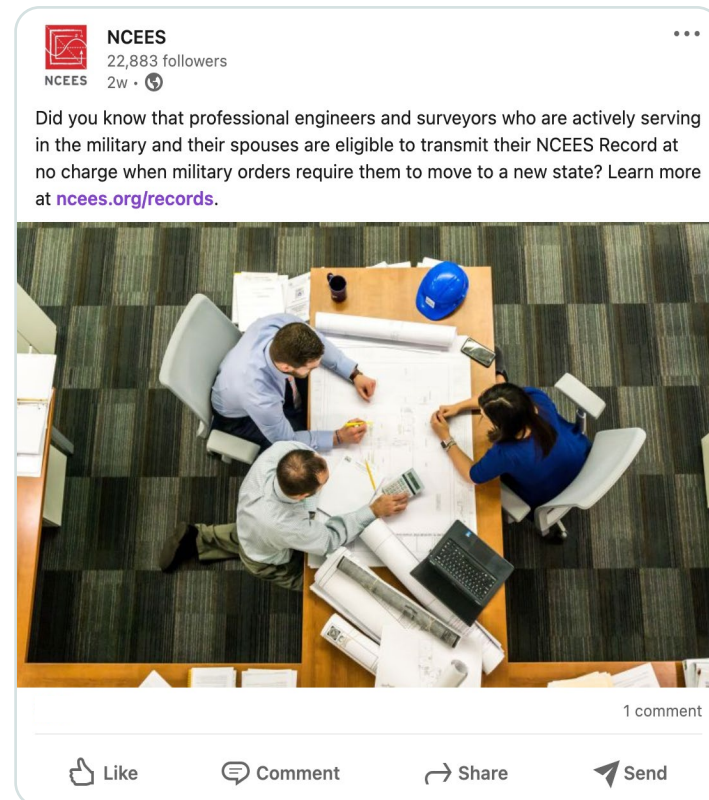
Advancing mobility with Records and CPC

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.

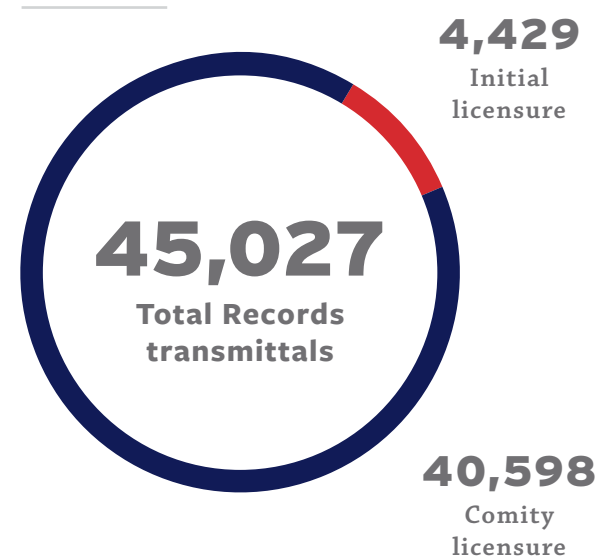
Records transmittals totaled 45,027 for 2020–21, an increase of 16 percent over the previous year.

The Records program also allows member boards to use the service for initial licensure applications. These Records have the same verified information as those used for comity licensure. Fourteen additional member boards began using the system for initial applications in 2020–21, bringing the total to 31 member boards in 29 states.

The Records program is available to assist 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. Seven member boards now use the Record for approval of Principles and Practice exam applications, an increase of three boards since 2019–20: Georgia, Indiana engineering, Maine engineering, Minnesota, New Mexico, New York, and Washington.



Records program 2020–21



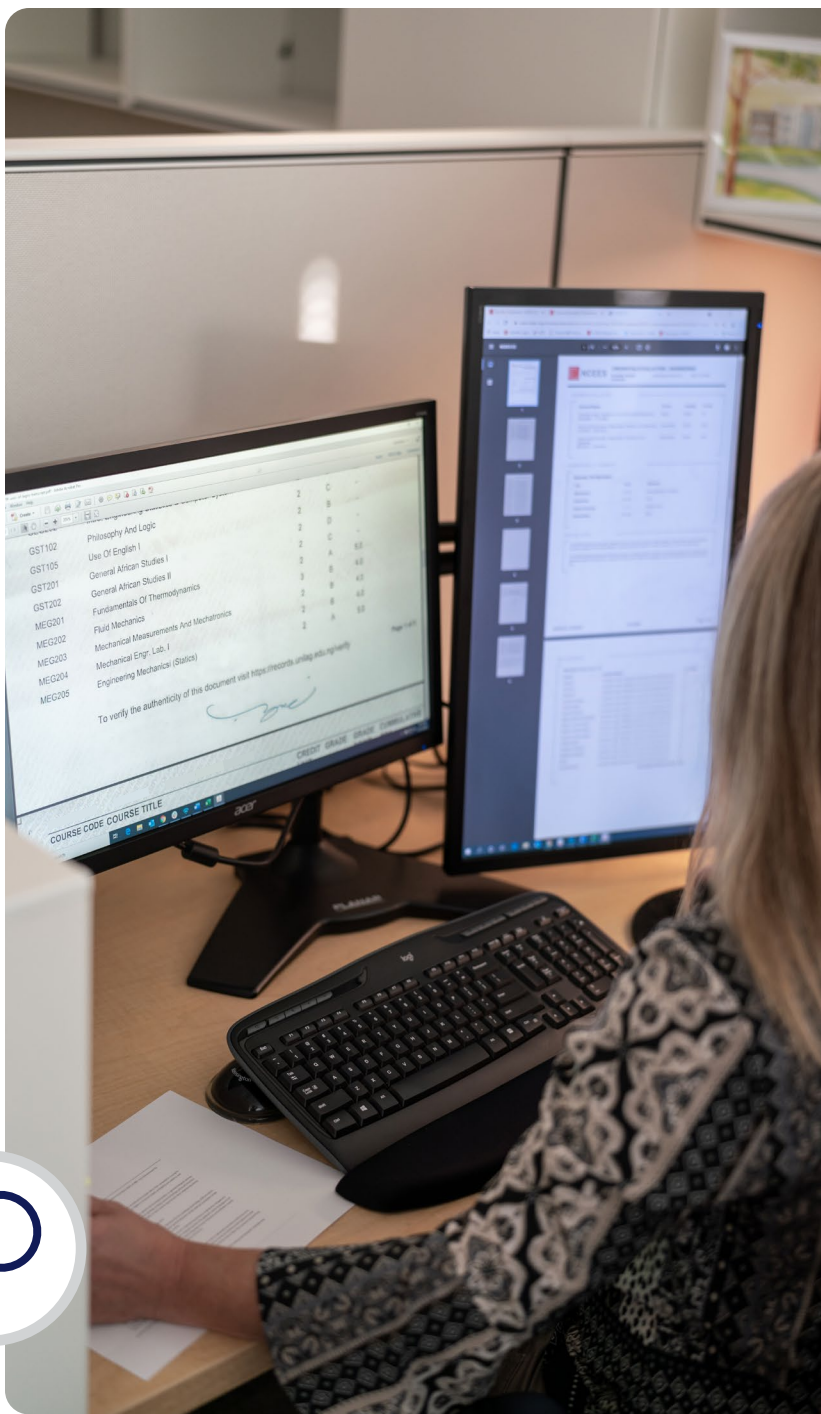
CPC Tracking since June 2016

23,000
Account holders
tracking CPC credits

451,000
Courses entered

A Client Services staff member at NCEES headquarters uses the online chat system to assist a customer.

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. At the close of 2020–21, 23,000 MyNCEES account holders had tracked 451,000 completed CPC courses in the system since the service began in 2016.



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 a program accredited by the relevant ABET commission. These degree programs are typically 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 2,635 evaluations in 2020–21. This total represents a 17 percent increase compared to the previous year.

Credentials Evaluations 2020–21

2,635
Evaluations completed

An NCEES staff member completes a Credentials Evaluation. NCEES provides this service for member boards to review the educational background of applicants against the NCEES Engineering Education Standard and Surveying Education Standard.



Inspiring future generations

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.



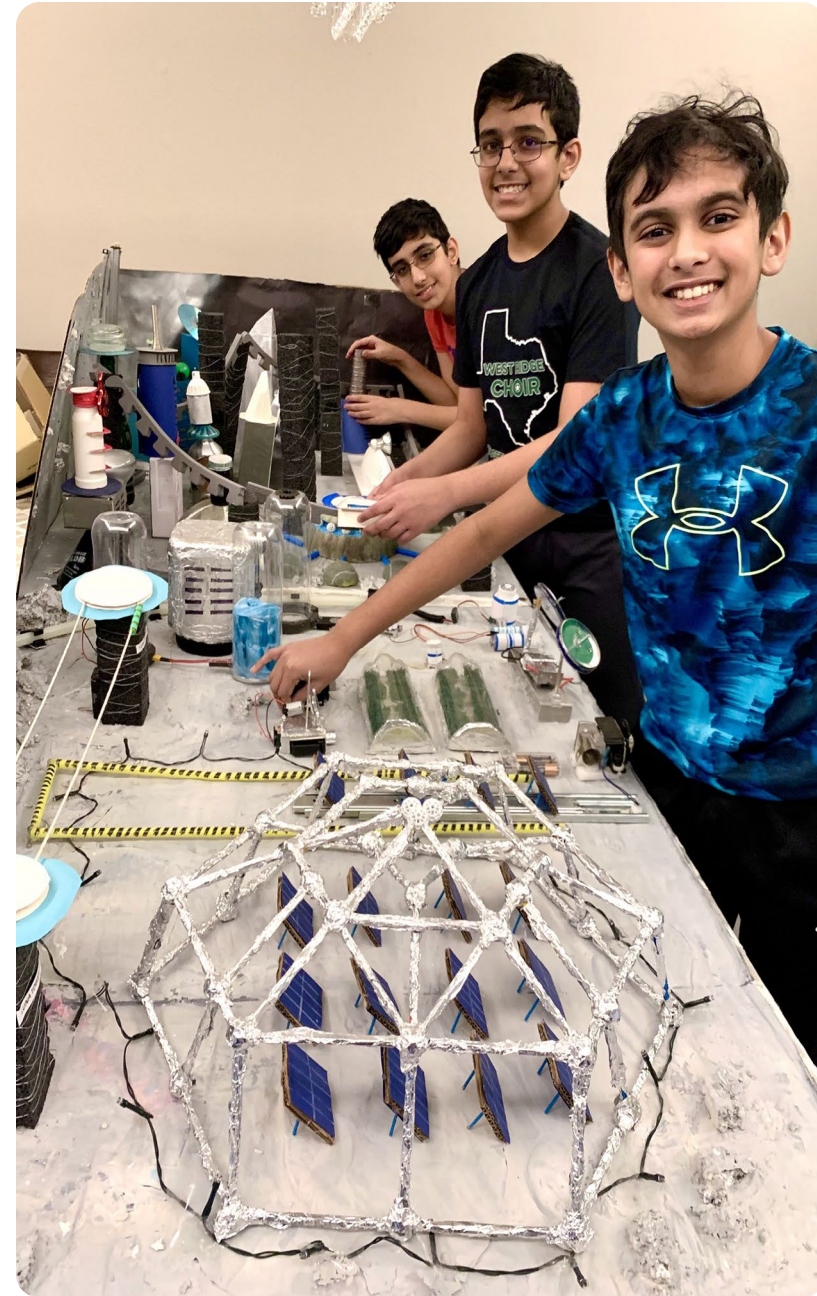
Supporting K–12 initiatives

NCEES celebrated the professions and sponsored hands-on activities to promote careers in engineering and surveying to children, their parents, and teachers in 2020–21. 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

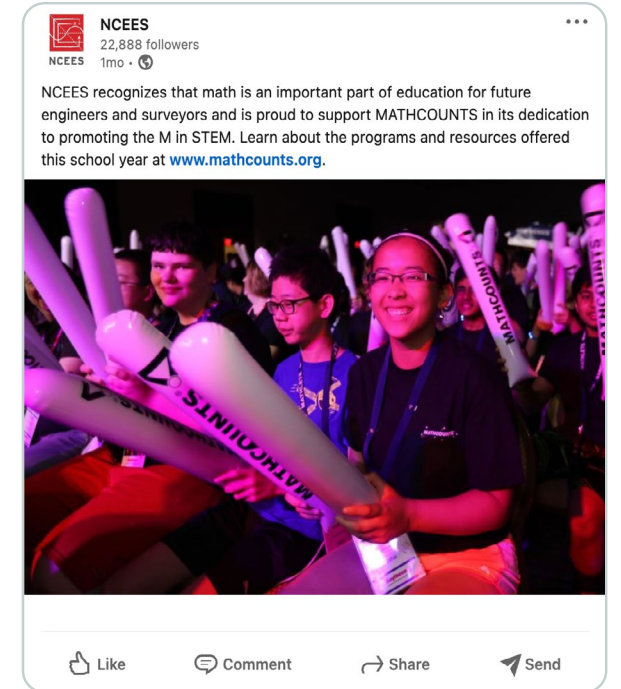
professions and the importance of licensure to a wider audience.

NCEES sponsored the Best Land Surveying Practices special award for the DiscoverE 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 31 regional competitions this year, NCEES helped more than 40,000 students learn how surveying is critical to their communities now and in the future.



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.



Left: West Ridge Middle School in North Texas won the national 2021 DiscoverE Future City Special Award for Best Land Surveying Practices, sponsored by NCEES. Previous spread: Students practice surveying skills at Ferris State University, winner of a \$15,000 NCEES Surveying Education Award in 2021.

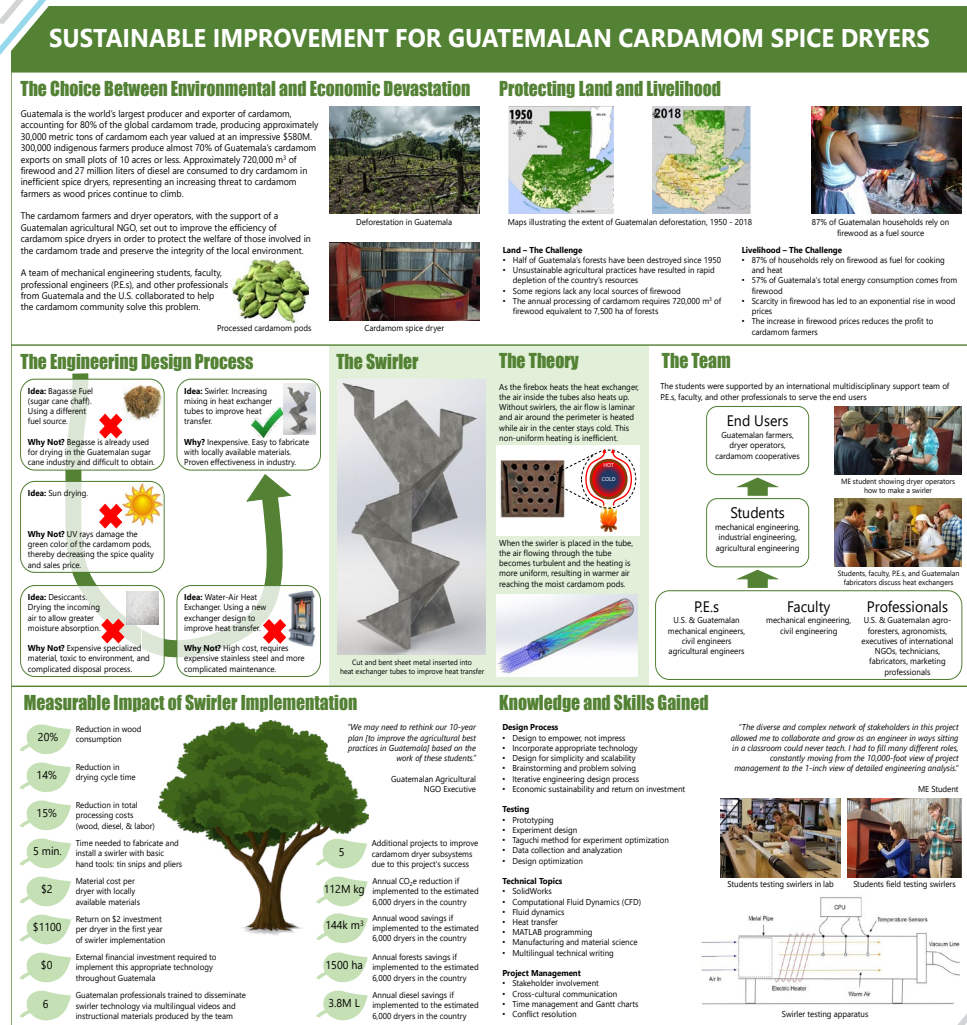
Connecting professional practice and education

NCEES supported outreach initiatives at the college level as well. These initiatives are an important part of NCEES efforts to strengthen acceptance of licensure as a standard for the professions of engineering and surveying focused on protecting the public.

The organization promoted licensure to engineering educators and students through the NCEES Engineering Education Award. The award recognizes engineering programs that encourage collaborations between college students and professional engineers. The Milwaukee School of Engineering Civil and Architectural Engineering and Construction Management Department won the \$25,000 grand prize for 2021, and seven other winners received \$10,000 awards.

NCEES also promoted licensure through the Surveying Education Award. The award recognizes surveying and geomatics programs that best reflect the NCEES mission to advance licensure for surveyors in order to safeguard the health, safety, and welfare of the public. The University of Maine School of Engineering Technology received the \$25,000 grand prize for 2021. Three additional programs received \$15,000 awards, and three received \$10,000 awards to assist with their continued efforts to promote the importance and value of licensure.

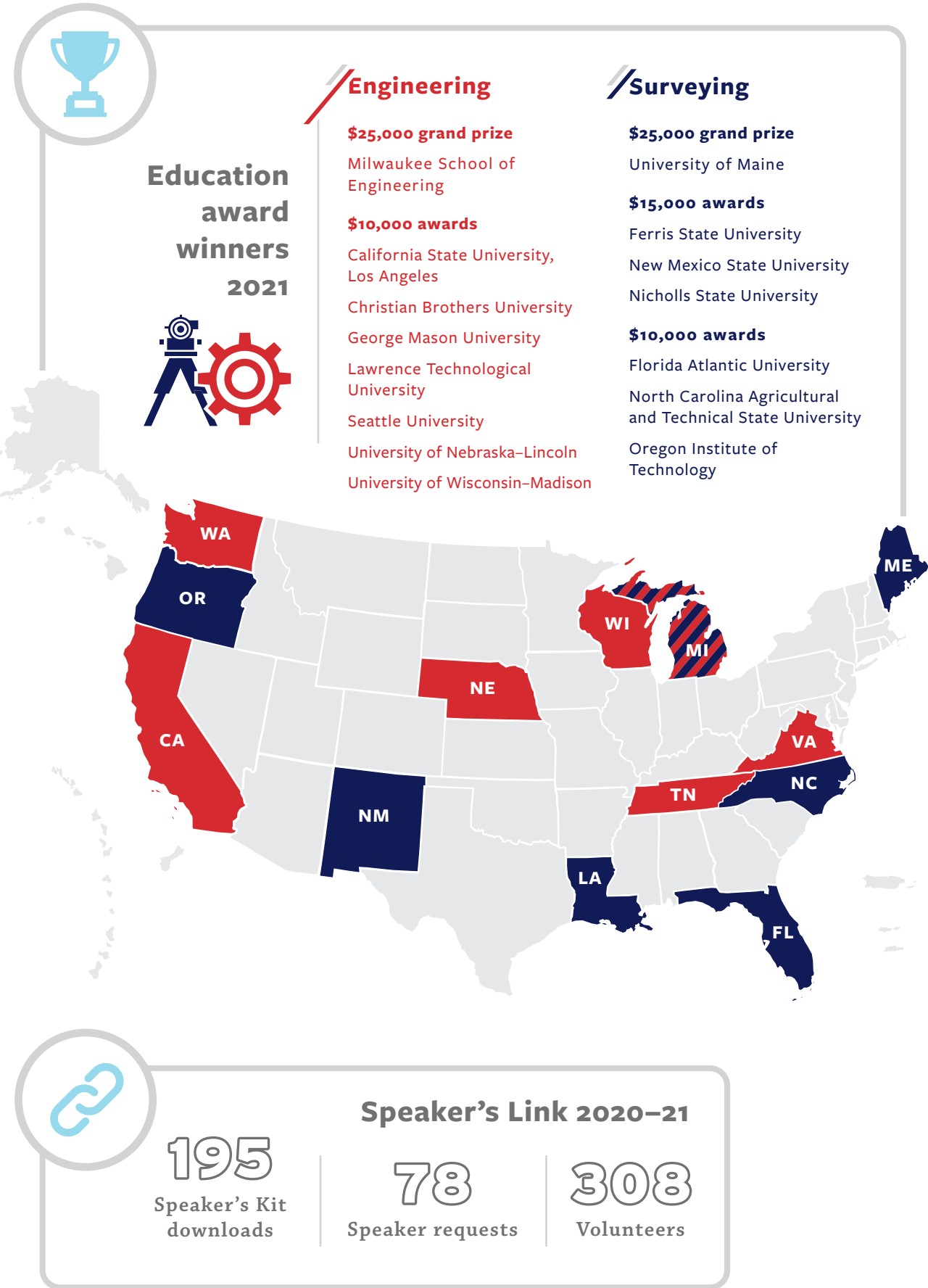
NCEES connected with educators and students through virtual exhibitions and conferences in 2020–21. These outreach initiatives provided opportunities to explain the privileges and responsibilities of licensure and answer questions about the process.



The Milwaukee School of Engineering won the 2021 NCEES Engineering Education Award grand prize for its international design project.

NCEES staff and volunteers reached groups on college campuses through Speaker's Link, a network of professional engineers and surveyors who talk to students about the licensure process and provide first-hand accounts of what it takes to become licensed and how doing so has impacted their careers. In 2020–21, Speaker's Link grew to 308 members, and 195 people downloaded the NCEES Speaker's Kits for engineering and surveying, which NCEES offers to assist with licensure presentations.

As the use of virtual events increased, NCEES created a pre-recorded licensure presentation in 2021 to meet the demand for speakers. Chief Operating Officer Davy McDowell, P.E., leads the presentation, which explains the process and value of licensure. This presentation reached more than 3,300 students and educators throughout the year. It also played at virtual sessions for meetings of the National Society of Black Engineers—with 6,800 attendees—and the Society of Women Engineers—with more than 18,825 attendees.



David Widmer, P.L.S.
President | Widmer Engineering
Past President of NCEES

Advance:
An NCEES Podcast Series | Episode 9
Remembering 9/11—
A Flight 93 Surveyor's Story


NCEES

NCEES @NCEES · Sep 30, 2021

In our latest profile, Ruth L. Trujillo Rodriguez shares her surveying story, including what it's like being the founder, president, and CEO of the only Hispanic woman-owned land surveying and mapping firm in Puerto Rico. bit.ly/3Fgwe35

#hispanicheritagemoth #surveying



NCEES used the *Advance* podcast and P.E. and P.S. Profiles series as part of its virtual outreach initiatives in 2020–21.

Advancing licensure for public protection

NCEES partnered with research and marketing consultants McKinley Advisors to uncover the types of resources, information, and initiatives needed to raise awareness of and boost recruitment in the professions of engineering and surveying.

This objective, third-party qualitative and quantitative research provided evidence-based findings and recommendations to guide the organization and its communication efforts in the future.

The primary focus of the research was to capture the perceptions and needs of elementary and college educators, high school

guidance counselors, engineering and surveying college students, and current practicing engineers and surveyors. These audiences play a critical role in raising awareness of the two professions and fostering interest and excitement among students—all to support a more robust and diverse workforce pipeline for the future.

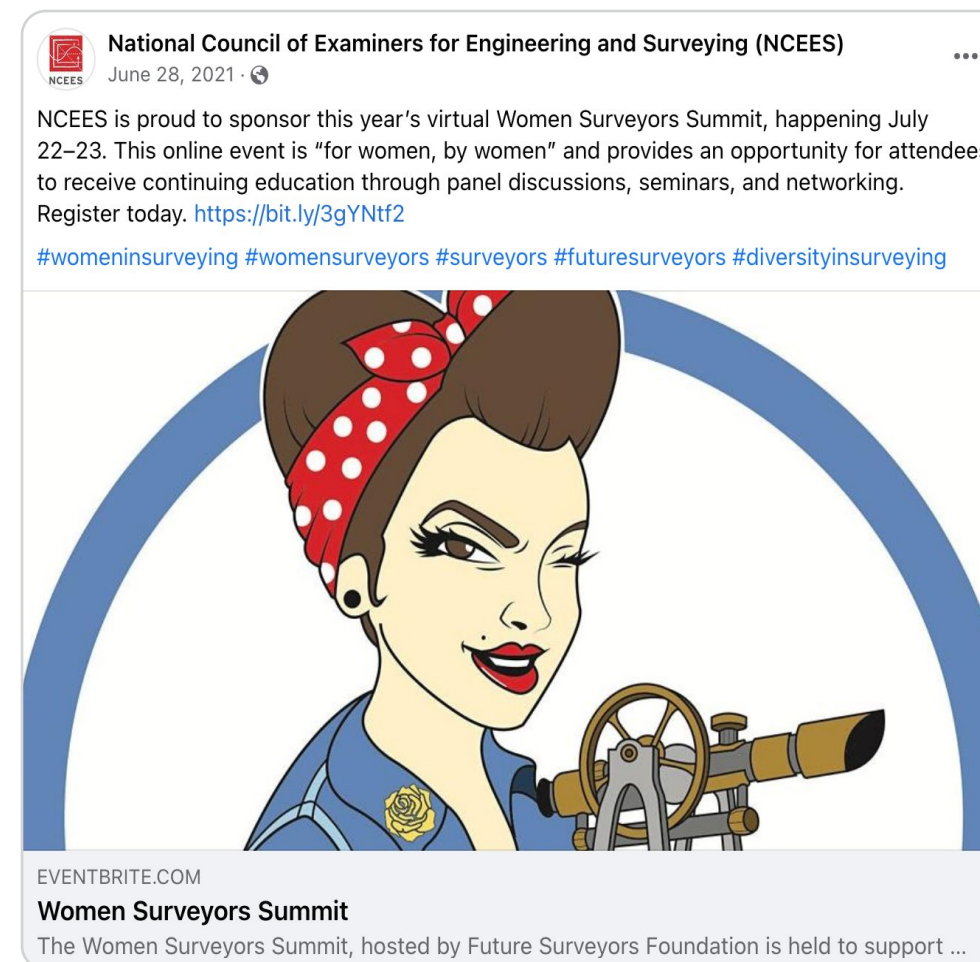
The research identified opportunities for NCEES, including the development of specific resources and initiatives that will help the organization better meet the needs of these audiences in the advancement of professional licensure. A secondary focus of the research was to better understand awareness and perceptions of NCEES and the services the organization provides.

As part of its virtual outreach programming, NCEES completed the first year of its podcast series, launched 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.

Episodes of the monthly podcast focused on current and relevant topics for the professions of engineering and surveying, including

diversifying the engineering workforce, breaking barriers in surveying, and forensic surveying's role in investigating the crash of Flight 93 after the 9/11 attacks.

NCEES also completed its first year of P.E. and P.S. Profiles. In this series, NCEES explores the benefits of licensure and how professional engineers and surveyors are working on a daily basis to protect the public. The profiles are featured on the NCEES website and social media channels.



Expanded surveying outreach opportunities allowed NCEES to collaborate with other organizations to further promote the profession. Opposite: In fall 2021, NCEES completed the final year of its three-year partnership with EWB-USA with a campaign to promote engineering and surveying licensure as well as the FE and FS exams.

Collaborating to meet the professions' future needs

Working with other organizations allows NCEES to further its reach and promote licensure and the professions of engineering and surveying to new audiences.

In 2021, NCEES completed its three-year \$3 million transformational partnership with 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. This partnership included a campaign with EWB-USA to promote the value of licensure as a professional engineer and professional surveyor.

The final year of the partnered campaign ran in fall 2021. It promoted licensure—

and specifically registrations for the FE and FS exams—to students in EWB-USA's student chapters and to EWB-USA's recently graduated professional volunteers.

The "Is Your Career Future Proof?" campaign tested new platforms such as StackAdapt, Reddit, and the Google Ad Grants in addition to using Facebook and Instagram, which were used the previous two years.

The campaign delivered more than 10 million impressions, which is the number of times that social media users were shown this content. These impressions were an increase of almost 4 million from the 2020 campaign. It generated 28,445 clicks to the professional licensure landing page on the EWB-USA website and 764 clicks to register or learn more about the exams.

In conjunction with the paid media campaign, NCEES partnered with EWB-USA to create a four-episode podcast series with content focused on the importance of professional licensure. The podcast campaign was promoted through various social media channels, delivering 232,668 impressions and 2,350 clicks to the podcast landing pages.

In addition to the paid campaign, EWB-USA ran a campaign through its own communications channels, including social media, email marketing, website, and print materials during Engineers Week 2021. This campaign reached almost 500,000 people through EWB-owned channels.

For all three years of the partnership—from 2019 to 2021—NCEES and EWB-USA campaigns generated more than 24 million impressions and 94,000 clicks to the customized professional licensure page on the EWB-USA website.

As part of its expansion of surveying outreach, NCEES hired a dedicated surveying marketing and outreach coordinator in 2020–21. The new hire brought a more targeted focus to the organization's goal of increasing the number of students entering surveying careers and ultimately becoming licensed.

NCEES took part in a range of surveying initiatives—including podcasts, forums, summits, and conferences—this year to promote the surveying profession and the value of licensure. Collaboration with many professionals and organizations allowed NCEES to bring more awareness about the surveying profession to increase the number of people entering the geomatics field.



Leadership and senior staff

2020–21 NCEES board of directors



President
Christopher
Knotts, P.E.



President-Elect
Brian Robertson, P.E.



**Immediate Past
President**
Dean Ringle, P.E., P.S.



Treasurer
Paul Tyrell, P.E., P.L.S.



**Central Zone
Vice President**
Michael
Drewyor, P.E., P.S.



**Northeast Zone
Vice President**
Christopher
Duhamel, P.E., P.L.S.



**Southern Zone
Vice President**
Timothy Lingerfelt, P.L.S.



**Western Zone
Vice President**
Scott Bishop, P.S.

Zone assistant vice presidents

Central Zone: Janice Bostelman, P.E.

Northeast Zone: Ronald Willey, Ph.D., P.E.

Southern Zone: Andrew Zoutewelle, P.L.S.

Western Zone:

Mohammad (Dr.Q) Qureshi, Ph.D., P.E.

Zone secretary-treasurers

Central Zone: Dennis Martenson, P.E.

Northeast Zone: John Mettee III, P.L.S.

Southern Zone: Chris Ramseyer, Ph.D., P.E.

Western Zone: Richard (Ric) Moore, P.L.S.

Executive staff

Chief Executive Officer: David Cox

Chief Operating Officer: Davy McDowell, P.E.

Senior leadership

Chief Communications Officer: Nina Norris

Chief Financial Officer: Joe Scheving, CPA

Chief Human Resources Officer:
Donna Moss, SHRM-CP, PHR

Chief Officer of Examinations:
Tim Miller, P.E.; Jason Gamble, P.E.

Chief Officer of Member Services:
Stef Goodenow

Chief Technology Officer: Steven Matthews



Financial
statements

2020–21
Revenue and
expense summary

Total revenue
\$42,729,188

Revenue from operations
\$32,659,918

- Exam services **\$24,899,671**
- Member services **\$7,330,800**
- Support services **\$429,447**

Revenue from nonoperating items
\$10,069,270

Total expenses
\$28,649,264

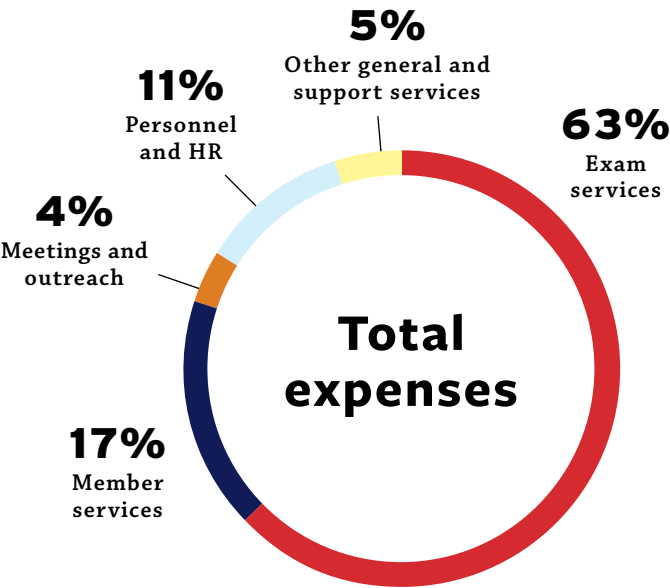
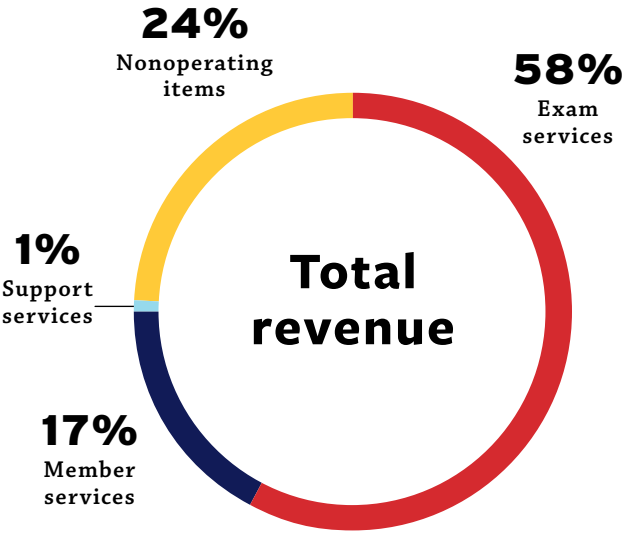
Exam services **\$18,115,710**

Member services **\$5,018,573**

Support services **\$5,514,981**

- Meetings and outreach **\$1,013,138**
- Personnel and human resources **\$3,101,992**
- Other general and support services **\$1,399,851**

Change in net assets
\$14,079,924



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 2020–21 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



Joe Scheving, 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, 2021 and 2020, 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, 2021 and 2020, 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 29, 2021

National Council of Examiners for Engineering and Surveying
Statements of financial position
September 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,921,548	\$ 14,516,939
Certificates of deposit	5,423,347	6,291,652
Accounts receivable, net	129,576	125,162
Prepaid expenses	517,493	585,380
Total current assets	21,991,964	21,519,133
Noncurrent assets:		
Investments	56,842,363	42,382,912
Property and equipment, net	17,237,496	20,863,910
Total noncurrent assets	74,079,859	63,246,822
Total assets	\$ 96,071,823	\$ 84,765,955
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 1,736,659	\$ 1,757,363
Accrued vacation pay	577,069	606,592
Accrued wages and payroll taxes	297,033	199,416
Accrued retirement plan contribution	364,725	328,758
Customer prepayments	9,376,374	10,987,675
Deferred membership fees	102,938	106,673
Current maturities of capital lease obligations	147,682	108,468
Current portion of contributions made to others	-	1,000,000
Total current liabilities	12,602,480	15,094,945
Noncurrent liabilities:		
Capital lease obligations, less current maturities	61,553	142,901
Deferred compensation	91,441	291,684
Total noncurrent liabilities	152,994	434,585
Total liabilities	12,755,474	15,529,530
Net assets without donor restrictions:		
Undesignated	79,916,349	65,836,425
Board designated	3,400,000	3,400,000
Total net assets without donor restrictions	83,316,349	69,236,425
Total liabilities and net assets	\$ 96,071,823	\$ 84,765,955

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

National Council of Examiners for Engineering and Surveying
Statements of activities
Years ended September 30, 2021 and 2020

	2021	2020
Operating revenues without donor restrictions:		
Examination services	\$ 24,899,671	\$ 16,881,149
Member services	7,330,800	5,545,610
Support services	429,447	590,091
Total operating revenues without donor restrictions	32,659,918	23,016,850
Direct expenses without donor restrictions:		
Examination services	18,115,710	15,217,491
Member services	5,018,573	3,730,624
Total direct expenses without donor restrictions	23,134,283	18,948,115
Operating revenues in excess of direct expenses	9,525,635	4,068,735
General and administrative support services expenses without donor restrictions:		
Meetings and outreach	1,013,138	1,047,198
Personnel and human resources	3,101,992	2,957,002
Occupancy expense	258,495	168,507
Administrative expense	113,236	84,524
Technology services	255,412	276,308
Professional services	216,068	506,927
Depreciation and interest	439,132	474,107
Other	117,508	138,927
Total general and administrative support services expenses without donor restrictions	5,514,981	5,653,500
Change in net assets from operations without donor restrictions	4,010,654	(1,584,765)
Nonoperating items without donor restrictions:		
Investment return, net of fees	9,350,603	2,064,156
Gain (loss) on disposal of property and equipment	718,667	(457,286)
Total nonoperating items without donor restrictions	10,069,270	1,606,870
Change in net assets without donor restrictions	14,079,924	22,105
Net assets without donor restrictions, beginning of year	69,236,425	69,214,320
Net assets without donor restrictions, end of year	\$ 83,316,349	\$ 69,236,425

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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 14,079,924	\$ 22,105
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	908,195	924,529
(Gain) loss on disposal of property and equipment	(718,667)	457,286
Unrealized gains on investments	(5,661,418)	(2,305,577)
Realized (gains) losses on investments	(2,319,630)	1,099,084
Net changes in operating assets and liabilities:		
Accounts receivable, net	(4,414)	23,966
Prepaid expenses	67,887	112,450
Accounts payable and accrued expenses	83,357	(383,160)
Customer prepayments	(1,611,301)	2,671,650
Deferred membership fees	(3,735)	(3,177)
Deferred compensation	(200,243)	7,910
Pledges made to others	(1,000,000)	(1,000,000)
Net cash flows from operating activities	3,619,955	1,627,066
Cash flows from investing activities:		
Purchase of property and equipment	(57,090)	(4,706,400)
Proceeds from sale of property	3,600,000	-
Purchase of investments	(21,687,412)	(13,345,960)
Proceeds from sale of investments	15,209,009	13,573,887
Maturities of certificates of deposit, net of purchases	868,305	1,076,143
Net cash flows from investing activities	(2,067,188)	(3,402,330)
Cash flows from financing activities:		
Payments under capital lease obligation	(148,158)	(104,816)
Net cash flows from financing activities	(148,158)	(104,816)
Net change in cash and cash equivalents	1,404,609	(1,880,080)
Cash and cash equivalents, beginning of year	14,516,939	16,397,019
Cash and cash equivalents, end of year	\$ 15,921,548	\$ 14,516,939
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 6,831	\$ 5,746
Additions to property and equipment under capital lease obligation	\$ 106,024	\$ 278,160

National Council of Examiners for Engineering and Surveying
Notes to the financial statements
September 30, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020 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, 2021, 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, 2021 and 2020 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, 2021 and 2020.

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:

■ Buildings	39 years
■ Building improvements	7–15 years
■ Land improvements	5–15 years
■ Furniture and equipment	3–15 years

Depreciation expense for the years ended September 30, 2021 and 2020 totaled \$908,195 and \$924,529, respectively.

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

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 accounts for its revenue in accordance with the provisions of Financial Accounting Standards Board’s (“FASB”) Accounting Standard Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*.

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, 2021.

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 Issued Accounting Pronouncement 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, 2021. 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:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 15,921,548	\$ 14,516,939
Accounts receivable, net	129,576	125,162
Investments and certificates of deposit	62,265,710	48,674,564
	78,316,834	63,316,665
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	\$ 74,916,834	\$ 59,916,665

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, 2021.

Note 3—Investments and certificates of deposit

Investments by category at September 30 are summarized as follows:

	2021	2020
Mutual funds	\$ 31,380,108	\$ 28,113,703
Fixed income	25,462,255	14,051,578
Certificates of deposit with maturities less than a year	5,423,347	6,291,652
Certificates of deposit with maturities greater than a year	-	217,631
	\$ 62,265,710	\$ 48,674,564

Certificates of deposit included above consist primarily of short-term deposits, maturing through July 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, net for the years ended September 30 are summarized as follows:

	2021	2020
Interest and dividend income	\$ 1,614,071	\$ 1,096,467
Net realized and unrealized gains	7,981,048	1,206,493
Investment management fees	(244,516)	(238,804)
Total investment return, net of fees	\$ 9,350,603	\$ 2,064,156

Note 4—Property and equipment

Property and equipment at September 30 are summarized as follows:

	2021	2020
Buildings and building improvements	\$ 14,775,616	\$ 22,045,035
Land and land improvements	1,584,923	1,678,871
Furniture and equipment	2,570,196	2,829,940
Total property and equipment	18,930,735	26,553,846
Less accumulated depreciation	(1,693,239)	(5,689,936)
Property and equipment, net	\$ 17,237,496	\$ 20,863,910

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. 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 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:

	2021	2020
Equipment	\$ 384,185	\$ 357,598
Less accumulated depreciation	(138,069)	(90,064)
Property and equipment, net	\$ 246,116	\$ 267,534

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

At September 30, 2021, 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
2022	\$ 150,796	\$ 54,033
2023	64,067	54,033
2024	–	46,785
2025	–	31,190
Total minimum lease payments	214,863	\$ 186,041
Less amounts representing interest	(5,628)	
Present value of net minimum lease payments	209,235	
Less current installments of obligations under capital leases	(147,682)	
Obligations under capital leases, net of current installments	\$ 61,553	

Rent expense under operating lease was \$98,539 and \$83,832 for the years ended September 30, 2021 and 2020, 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 \$-0- and \$1,000,000 at September 30, 2021 and 2020, respectively.

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 \$669,317 and \$633,131 for the years ended September 30, 2021 and 2020, respectively. As of September 30, 2021 and 2020, \$364,725 and \$328,758, 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:

	2021	2020
Balance, beginning of year	\$ 291,684	\$ 283,774
Amounts deferred	-	132,726
Withdrawals	(203,488)	(128,008)
Interest accrued	3,245	3,192
Balance, end of year	\$ 91,441	\$ 291,684

Expenses related to the Council’s deferred compensation agreements totaled \$3,245 and \$135,918 for the years ended September 30, 2021 and 2020, respectively.

Effective August 19, 2021, the Board of Directors elected to freeze the deferred compensation plan effectively ending further elective deferrals.

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, 2021 and 2020.

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 and 2021, 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, 2021 and 2020:

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, 2021 and 2020:

Investments at fair value at September 30, 2021

	Total	Level 1	Level 2	Level 3
Certificates of deposit (“CD”):				
CDs with maturities greater than a year	\$ —	\$ —	\$ —	\$ —
Fixed income:				
Intermediate-term bonds	19,846,508	19,846,508	—	—
High yield bonds	2,214,545	2,214,545	—	—
World bonds	548,599	548,599	—	—
Emerging markets bonds	538,599	538,599	—	—
Inflation-protected bonds	2,314,004	2,314,004	—	—
Total fixed income	25,462,255	25,462,255	—	—
Mutual funds:				
Large value	5,655,082	5,655,082	—	—
Large growth	5,160,673	5,160,673	—	—
Small value	2,342,082	2,342,082	—	—
Small growth	1,707,519	1,707,519	—	—
Foreign large blend	7,954,560	7,954,560	—	—
Diversified emerging markets	3,306,858	3,306,858	—	—
Real estate	1,681,965	1,681,965	—	—
Global real estate	1,084,981	1,084,981	—	—
Commodities broad basket	2,486,388	2,486,388	—	—
Total mutual funds	31,380,108	31,380,108	—	—
Total investments	\$ 56,842,363	\$ 56,842,363	\$ —	\$ —

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	\$ –	\$ –

Note 12—Functional expenses

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

	2021			
	Program expenses		Administrative support services	Total
	Examination services	Member services		
Meetings and outreach	\$ 190,675	\$ 150,034	\$ 1,013,138	\$ 1,353,847
Personnel and human resources	3,499,927	1,631,069	3,101,992	8,232,988
Occupancy expense	236,306	57,559	258,495	552,360
Administrative expense	2,268,675	233,940	113,236	2,615,851
Technology services	172,206	100,025	255,412	527,643
Professional services	11,396,167	2,707,338	216,068	14,319,573
Depreciation and interest	342,602	133,292	439,132	915,026
Other	9,152	5,316	117,508	131,976
Total expense	\$ 18,115,710	\$ 5,018,573	\$ 5,514,981	\$ 28,649,264

	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

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:

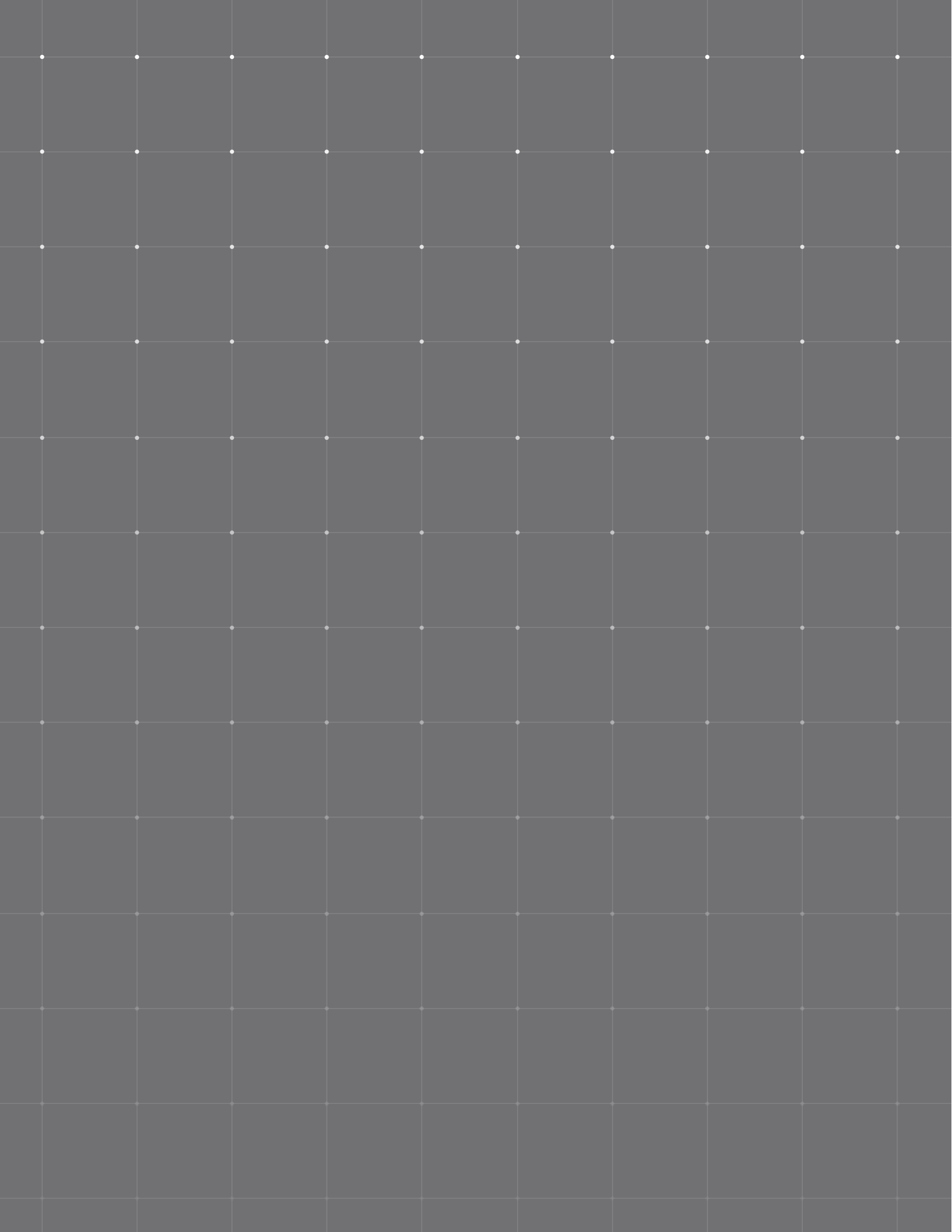
Expense	Method of allocation
Meetings and outreach	Number of meetings, time and effort
Personnel and human resources	Time and effort
Occupancy expense	Full time equivalent
Administrative expense	Full time equivalent
Technology services	Full time equivalent
Professional services	Full time equivalent
Depreciation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

The Council evaluated the effect subsequent events would have on the financial statements through November 29, 2021, which is the date the financial statements were available to be issued.







NCEES
*advancing licensure for
engineers and surveyors*

ncees.org

**200 Verdae Boulevard
Greenville, SC 29607**

