

EVOLVE

Innovation for a
continuing mission



NCEES
*advancing licensure for
engineers and surveyors*

2022 Annual Report





EVOLVE

Innovation for a
continuing mission

2022

ANNUAL REPORT

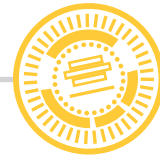
01.

President and
CEO's message



03.

Protecting
the public



11.

Supporting
the professions



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Since its founding in 1920, NCEES has evolved in its leadership and service to advance licensure for engineers and surveyors. Our willingness and ability to adapt allow us to provide innovative solutions to meet our continuing mission.

This annual report details our efforts to progress and improve 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 2021–22, which ran from October 2021 through September 2022.

The dedication and ingenuity of NCEES staff are critical to the organization's efforts to protect the health, safety, and welfare of the public. We were honored for NCEES to be recognized again this year as one of the Best Places to Work in South Carolina. Providing the best environment for staff development and overall well-being 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. Our operations were \$2.3 million above budget for 2021–22.



PRESIDENT AND CEO'S MESSAGE

Revenue was \$1.6 million less than budgeted, primarily due to lower exam volumes. Expenses were \$3.9 million below budget, partly due to continued impacts of COVID-19, including reduced seat fees from lower exam volumes as well as reductions in travel, in-person meetings and outreach, and delayed professional activities and knowledge studies. Additionally, printing and shipping costs for NCEES study materials were nearly eliminated as staff completed the transition to electronic publications. Our financial statements begin on page 33 of this report.

We thank our member boards, volunteers, and staff for their continued efforts to advance

licensure. Your contributions allow us to take advantage of new and better ways to fulfill our mission now and in the future.

Brian G. Robertson, P.E.
2021–22 NCEES President

B. David Cox
NCEES Chief Executive Officer





PROTECTING THE PUBLIC

Leadership in determining best practices for professional licensing and collaborating to ensure licensure's public protections are key to NCEES efforts to ensure that the professions of engineering and surveying safeguard the American public now and in the future.



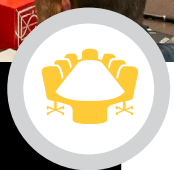
Setting the standard

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 maintain best practices for the regulation of the engineering and surveying professions.

The Council conducted the preliminary work through committee and task force meetings at the beginning of 2022 and zone interim meetings in the spring. The committee and task force charges this year included a thorough review of NCEES policies, positions, and white papers to identify changes necessary to ensure they meet the needs of the organization in its second century of advancing licensure.

NCEES held its 101st annual meeting August 23–26 in Carlsbad, California. Sixty-seven NCEES member boards were represented, and each designated a voting delegate for the meeting.



2021–22

Committees and task forces

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

13 COMMITTEES AND TASK FORCES

69 CHARGES

117 MEMBERS

9 CONSULTANTS



The 2022 NCEES annual meeting in Carlsbad, California, provided opportunities for member boards to debate the issues as a Council at business sessions (opposite page and above left), examine current issues affecting structural engineers at the Structural Engineering Caucus (above right), and discuss the future of the PS exam at the Surveying Forum (left).

Promoting responsible licensing

As NCEES initiatives to advance licensure evolve, safeguarding the health, safety, and welfare of the public remains the organization's ultimate goal. 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 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 2021–22 to assist with advocating for responsible licensing. In response to proposed legislation to significantly weaken licensing standards for professionals working in Louisiana, ARPL commissioned an independent survey of 600 of the state's voters to better understand the public's attitudes toward professional licensing—and proposed efforts to weaken it. The results, released in April 2022, showed strong bipartisan

ARPL

Alliance for Responsible Professional Lic... @TheA... · Aug 16, 2022 ...

Overly broad licensing "reform" jeopardizes the public and disadvantages professionals. In a new [@Governing](#) op-ed, Illinois Reps. Elik and Manley make the case for "balanced, rational, and methodical" licensing policy.



[governing.com](#)

The Case for Responsible Professional Licensing

Overly broad "reform" jeopardizes the public and disadvantages hardworking professionals. There is a better path toward balanced, ...



ARPL

Alliance for Responsible Professional Lic... @TheA... · Feb 10, 2022 ...

The [#IJA](#) brings opportunities for licensed professionals whose expertise is needed to design new infrastructure. State legislatures must support licensing boards that ensure the qualifications of those professionals.



[thehill.com](#)

Downgrading licensing will weaken consumer protections

In many states, lawmakers are proposing to downgrade licensing for professions with high public impact such as architects, engineers, and...



Licensing burdens military spouses who contend with red tape and new costs when they move.

MYTH

Well-designed licensing systems already include interstate practice and mobility and provisions for military spouses.

FACT

ARPL Alliance for Responsible Professional Licensing

ARPL

Alliance for Responsible Professional Lic... @The... · Dec 28, 2021 ...

Considering licensing reform? Here are five facts all state legislators should know about responsible licensing policy that supports jobs, creates opportunity, and protects consumers. [@GOVERNING](#):



[governing.com](#)

A Note to State Legislators: Five Facts You Need to Know (Yet Haven'...
Considering licensing reform? Here are five facts you should know as
you work to develop responsible licensing policy that supports jobs, ...



support for maintaining rigorous professional licensing standards for technical professions.

The organization released *Fact Check: The Myths of Anti-Licensing* in March 2022 to succinctly refute persistent myths commonly used in anti-licensing rhetoric. Additionally, ARPL representatives wrote op-eds on the dangers of downgrading professional licensure and licensure's public protections. NCEES CEO David Cox penned one of these: "Downgrading licensing will weaken consumer protections" was published on *The Hill's* online edition in January 2022.

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

In 2021–22, staff assisted 39 member boards to address legislative activities, including help with testimony, fact sheets, outreach efforts, and strategy.

ARPL social media in 2021–22 promoted op-eds to make the case for responsible professional licensure as well as publications such as *Fact Check: The Myths of Anti-Licensing*, which ARPL released in March 2022.



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

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 remains 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) Engineer Agreement.

In 2021–22, 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



NCEES

International Registry for Professional Engineers

779
Members



APEC AGREEMENT

14 Countries

IPEA

16 Countries

**IEA mobility
agreements for
engineering
profession**

NCEES

U.S. representative



Group of IEA, which comprises 41 jurisdictions in 29 countries across its seven international agreements.

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 2021-22, the NCEES International Registry included 779 active professional engineer members, an increase of 7 percent over the previous year.

EXAM DEVELOPMENT LAB 4

Lab 4

MDM



SUPPORTING THE PROFESSIONS

Evaluation and adaptation of NCEES services ensure that the organization continues to support member boards, examinees, and professional engineers and surveyors.



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.



2021–22

Exam development

33 EXAMS

40 IN-PERSON MEETINGS

45 VIRTUAL MEETINGS

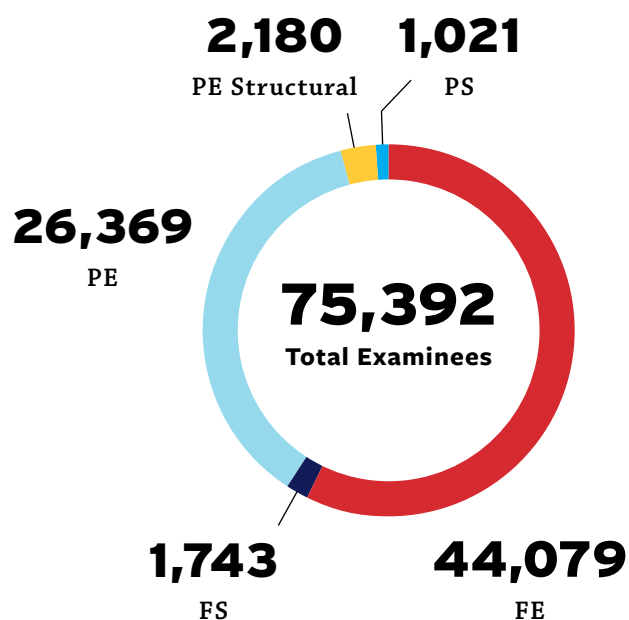
603 SUBJECT-MATTER EXPERTS



Exam development volunteers work together at NCEES headquarters in Greenville, South Carolina, to write new exam items.

2021–22

NCEES exams



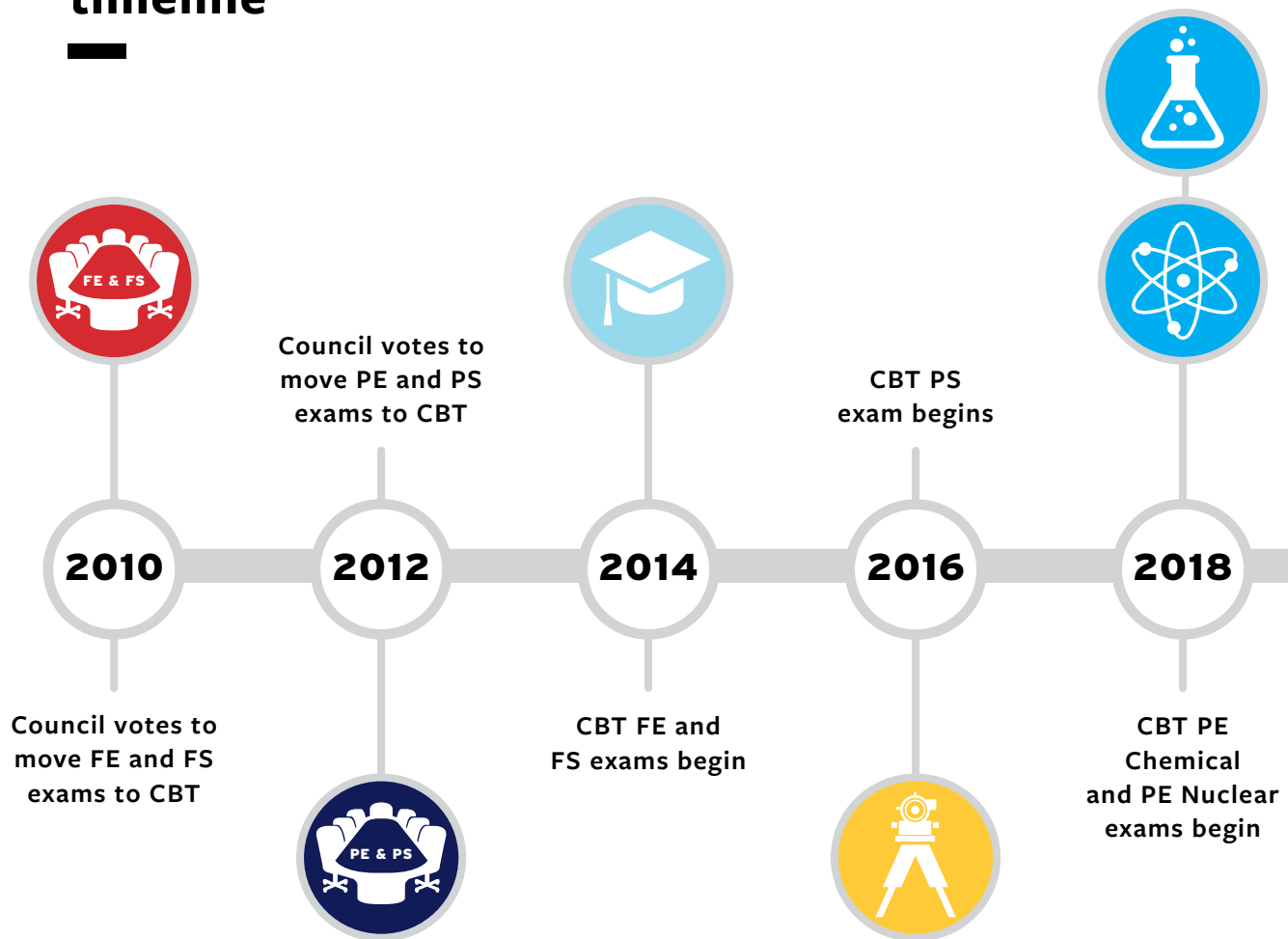
Staff, psychometricians, and professional engineering and surveying subject-matter experts work together to ensure that NCEES exams continue to be reliable measures of candidates' competence now and in the future.

In the past year, 44,079 examinees took the FE exam, 26,369 took the PE exam (excluding the PE Structural exam), and 2,180 took the PE Structural exam. During the same period, 1,743 FS and 1,021 PS examinees took their respective exams. Compared to 2020–21, exam usage numbers for 2021–22 were lower for all engineering exams and higher for all surveying exams:

- FE: down 10 percent from 48,746
- PE: down 15 percent from 31,078
- PE Structural: down 12 percent from 2,488
- FS: up 7 percent from 1,629
- PS: up 24 percent from 824

NCEES is employing various outreach initiatives to address the decline in engineering examinees—a continuing impact of the COVID-19 pandemic—and to sustain the growth in surveying examinees.

Computer-based testing timeline



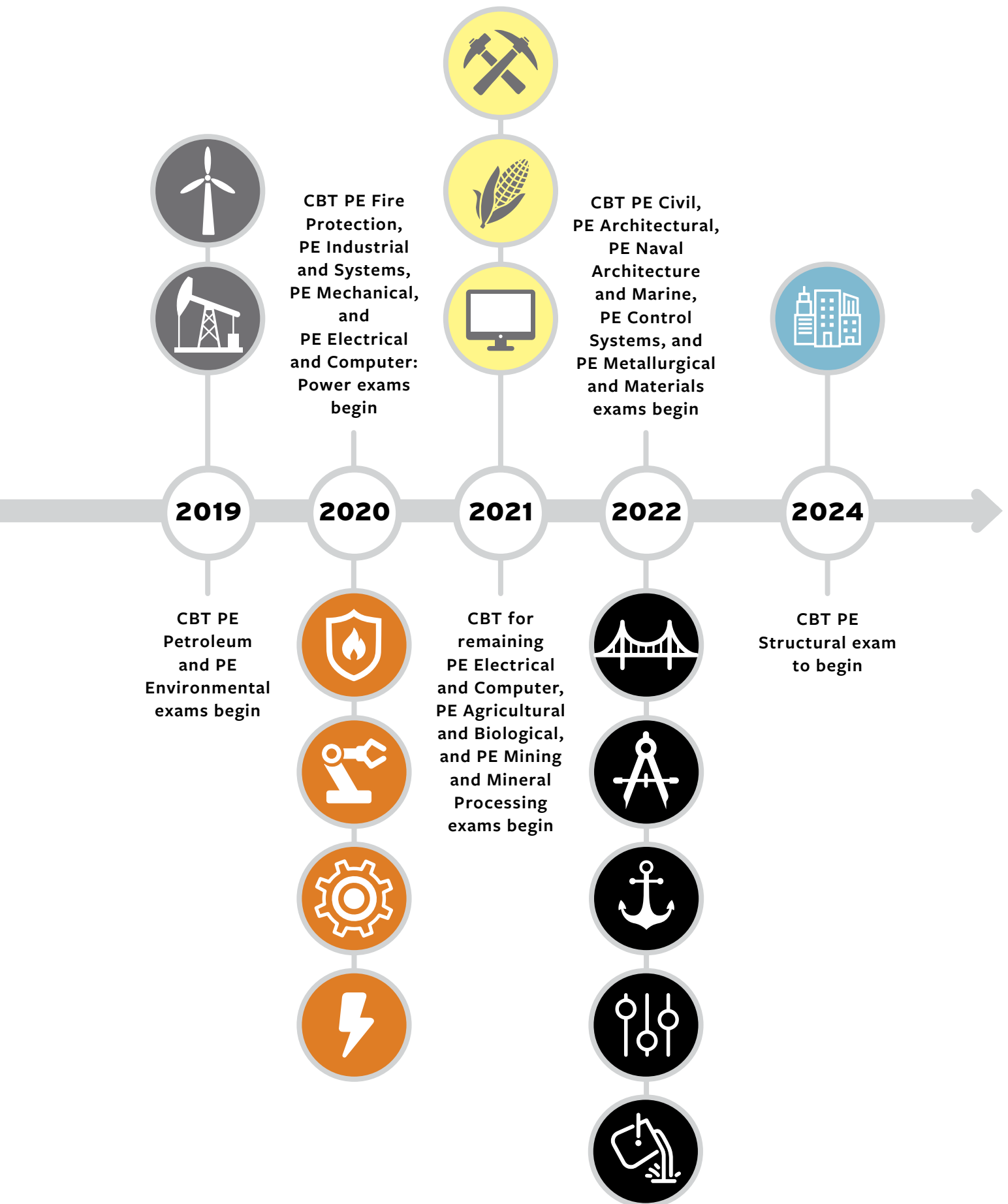
Expanding computer-based testing

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).

The PE Civil exam began administration as a computer-based exam in January 2022. The largest-volume PE exam, the PE Civil completed its transition to CBT 16 months ahead of schedule to increase testing opportunities for examinees, part of the NCEES COVID-19 response.

The following exams also joined the CBT lineup in October 2022: PE Architectural Engineering, PE Naval Architecture and Marine Engineering, PE Control Systems, and PE Metallurgical and Materials.

The only exam remaining in the pencil-and-paper format in 2021–22 is the PE Structural exam. This exam is being offered regionally across the United States until it moves to CBT, which is currently scheduled for 2024.





NCEES publishes practice exams, reference handbooks, and an examinee guide to familiarize examinees with the format and policies for its licensing exams. Opposite page: An NCEES staff member reviews sites for an upcoming PE Structural exam administration.

Supporting exam administration

NCEES support for member boards through its Exam Administration Services has evolved as more exams complete the transition to CBT. Computer-based exams are administered at Pearson VUE test centers, but pencil-and-paper exams are administered twice each year at sites around the country. With all but one exam successfully converted to CBT after October 2021, Exam Administration Services turned its attention to providing regional administrations for the PE Structural exam as it completes its remaining pencil-and-paper administrations (currently scheduled to transition to CBT in 2024).

Exams administered INTERNATIONALLY

2021–22

1,321
FE exams

392
PE exams





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+



In April and October 2022, NCEES administered the PE Structural exam at 17 regional sites across the United States. Sites were chosen based on the number of structural examinees that previously tested near these locations.

Administering exams outside the United States

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

In 2021–22, the FE exam was administered to 1,321 candidates at international sites. The PE exam was administered to 392 candidates at international sites.

Aiding exam preparation

As part of its support for the NCEES exam program, NCEES publishes practice exams for its various licensing exams. These publications provide sample questions and solutions on each major topic area to demonstrate exam structure, scope, and difficulty.

In June 2022, NCEES transitioned the practice exams from printed to electronic publications. The downloadable ebooks are instantly available, portable, printable, and searchable, providing greater convenience and eliminating shipping costs for examinees.

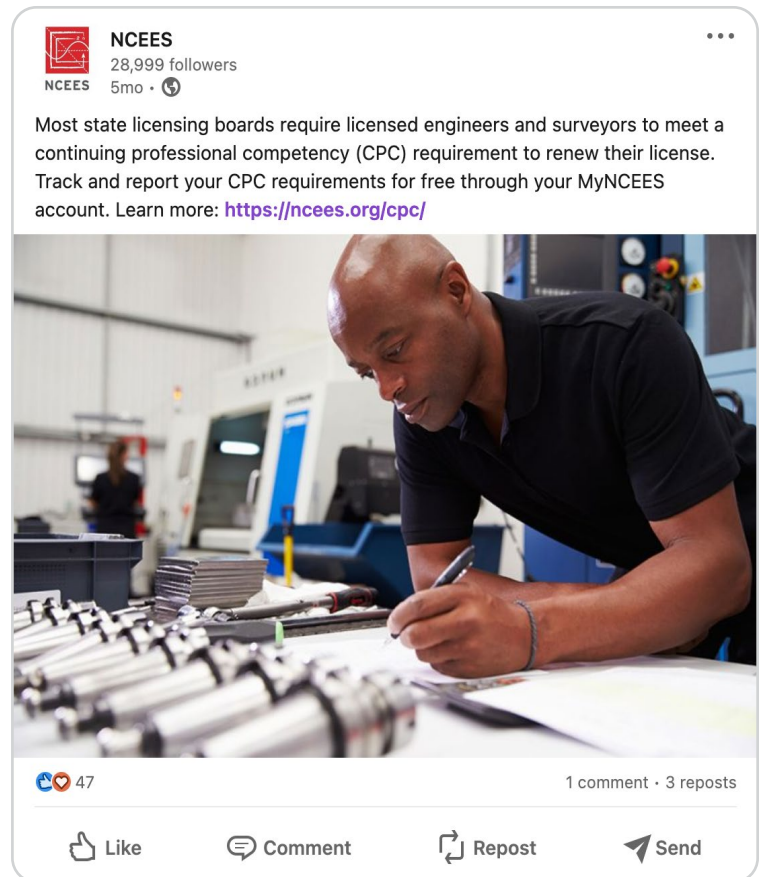
Advancing mobility with Records and CPC Tracking

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.

Records transmittals totaled 49,163 for 2021–22, an increase of 9 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. Thirty-one member boards in 29 states used the system for initial applications in 2021–22.

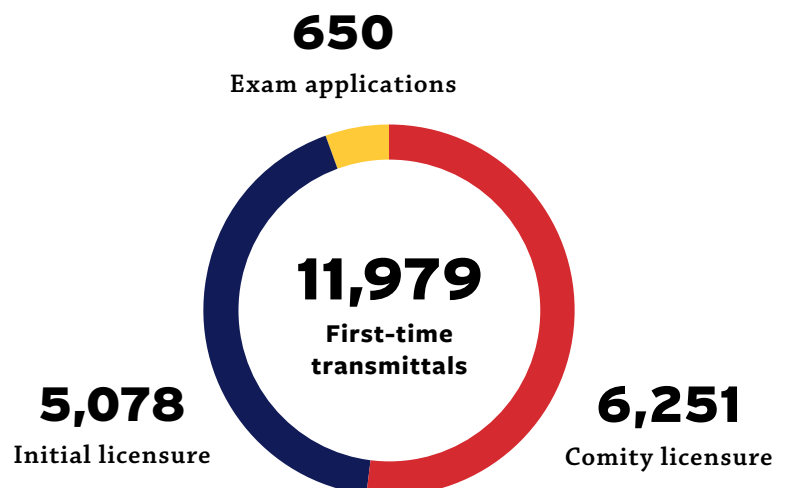
The Records program is available to assist individuals applying to take the PE or PS exam in jurisdictions in which candidates must complete experience requirements before taking a Principles and Practice exam. These Records have the verified information on education, references, experience, and the Fundamentals exams needed for boards to approve applications to take the PE or PS exam. In 2021–22, the number of member boards using the Record for approval of Principles and Practice exam applications increased by two, bringing the total to nine: Georgia, Indiana engineering, Minnesota, Montana, New Mexico, New York, South Carolina, Texas, and Washington.



Records program

2021–22

49,163 Total Records transmittals





RECORDS

Eliminate the hassle of resubmitting your

- College transcripts
- Exams results
- Employment verifications
- Professional references

each time you apply for licensure in an additional state.



NCEES

*advancing licensure for
engineers and surveyors*

Build your NCEES Record today.

ncees.org/records



CPC Tracking

27,300

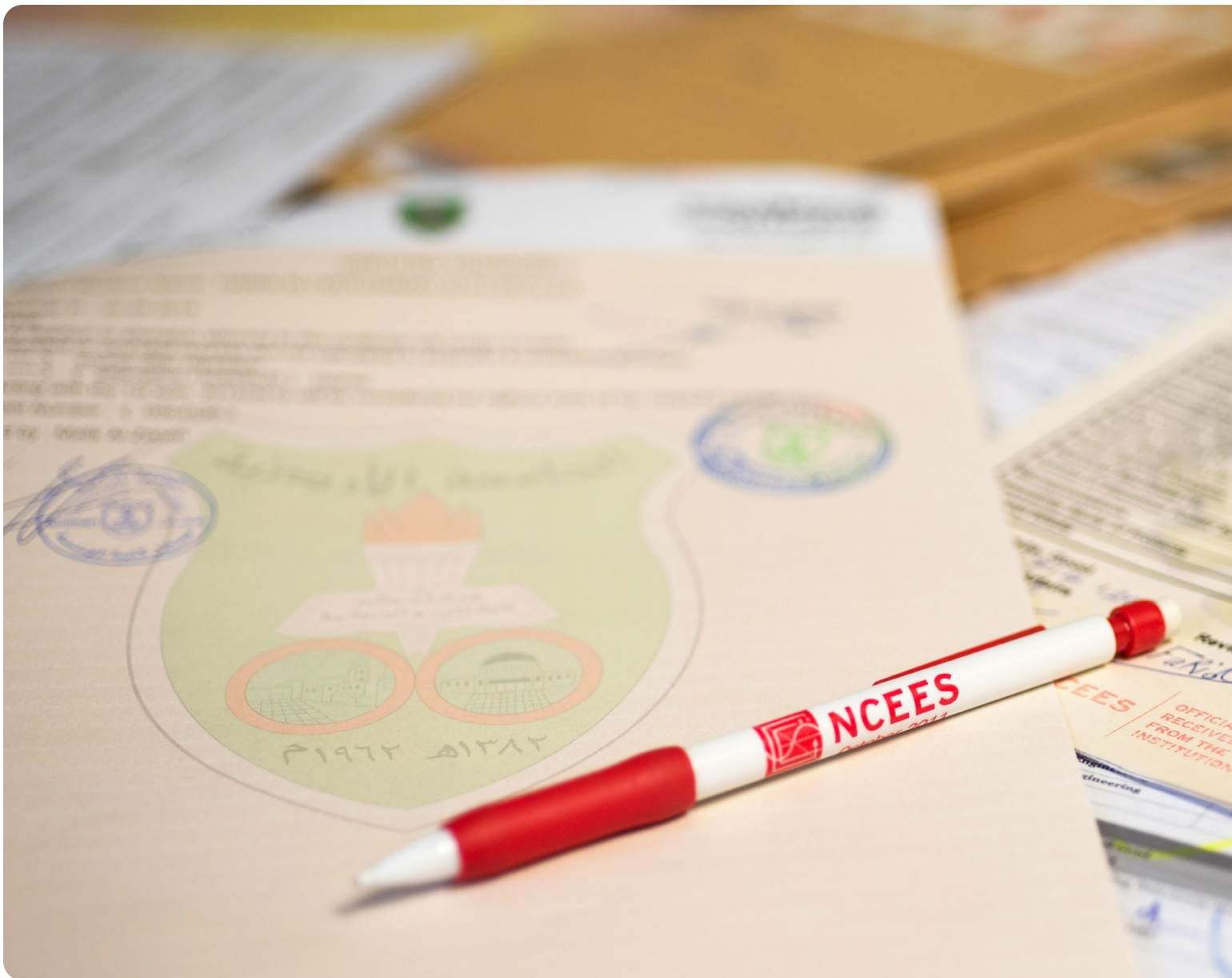
**ACCOUNT HOLDERS
TRACKING CPC CREDITS**

600,000+

**COURSES ENTERED
SINCE JUNE 2016**

Print as well as digital advertising promoted NCEES Member Services, including the Records program, in 2021–22.

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 the 2021–22 fiscal year, 27,300 MyNCEES account holders had tracked more than 600,000 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 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 2,790 evaluations in 2021–22. This total represents a 6 percent increase compared to the previous year.



Credentials Evaluations

2021-22

2,790
EVALUATIONS
COMPLETED

An NCEES staff member reviews documents for 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

Support of longstanding outreach initiatives as well as new, innovative efforts allow NCEES to promote the professions of engineering and surveying and help the organization fulfill its commitment to shape the future of professional licensure.



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 2021–22. Along with exploring career options, NCEES focused on how professional engineers and surveyors protect the public.

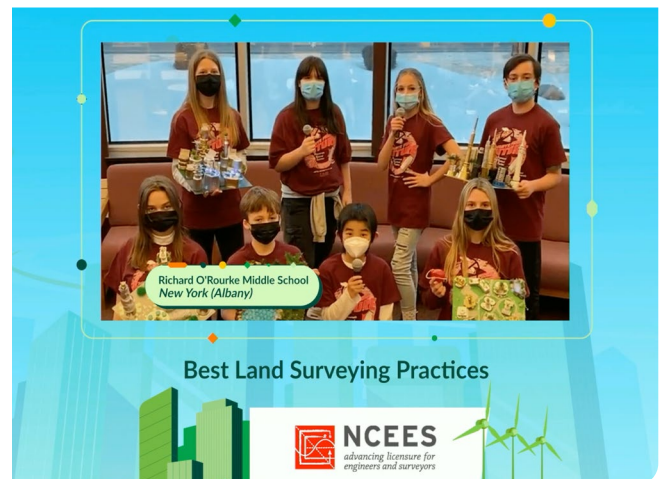
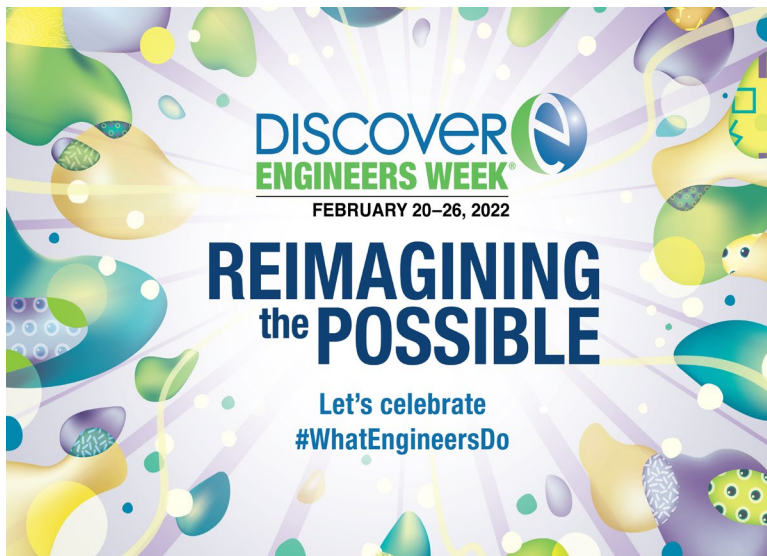
The organization's continued support of DiscoverE was a central part of NCEES efforts to engage with K–12 students. Its collaboration with DiscoverE allows NCEES to promote the professions and the importance of licensure to a wider audience.

NCEES sponsored the Best Practices in Land Surveying special award for DiscoverE's 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 30 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.



Above right: Richard H. O'Rourke Middle School in New York won the national 2022 Future City Best Practices in Land Surveying special award, sponsored by NCEES. Opposite page: An NCEES staff member leads an expedition for the organization's X Marks the Spot activity at the April 2022 iMAGINE Upstate STEAM Festival in Greenville, South Carolina.



Connecting professional practice and education

NCEES promoted outreach initiatives at the college level as well. These initiatives are an important part of NCEES efforts to promote 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 University of Nebraska–Lincoln Charles W. Durham School of Architectural Engineering and Construction won the \$25,000 grand prize, 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 New Mexico State University Department of Engineering Technology and Surveying Engineering received the \$25,000 grand prize. 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 exhibitions and conferences in 2021–22. These outreach initiatives provided opportunities to explain the benefits and responsibilities of licensure and answer questions about the process.

NCEES staff and volunteers reached groups on college campuses through Speaker's Link, a network of professional engineers

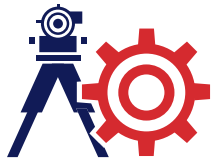


and surveyors who talk to students about the licensure process and provide first-hand accounts of what it takes to become licensed and how doing so has impacted their careers.



2022

Education award winners



Engineering

\$25,000 grand prize

University of Nebraska–Lincoln

\$10,000 prize winners

Florida Atlantic University

Oklahoma State University

Olivet Nazarene University

Seattle University (2 awards)

The Citadel

University of Wisconsin–Madison

Surveying

\$25,000 grand prize

New Mexico State University

\$15,000 prize winners

Florida Atlantic University

Idaho State University

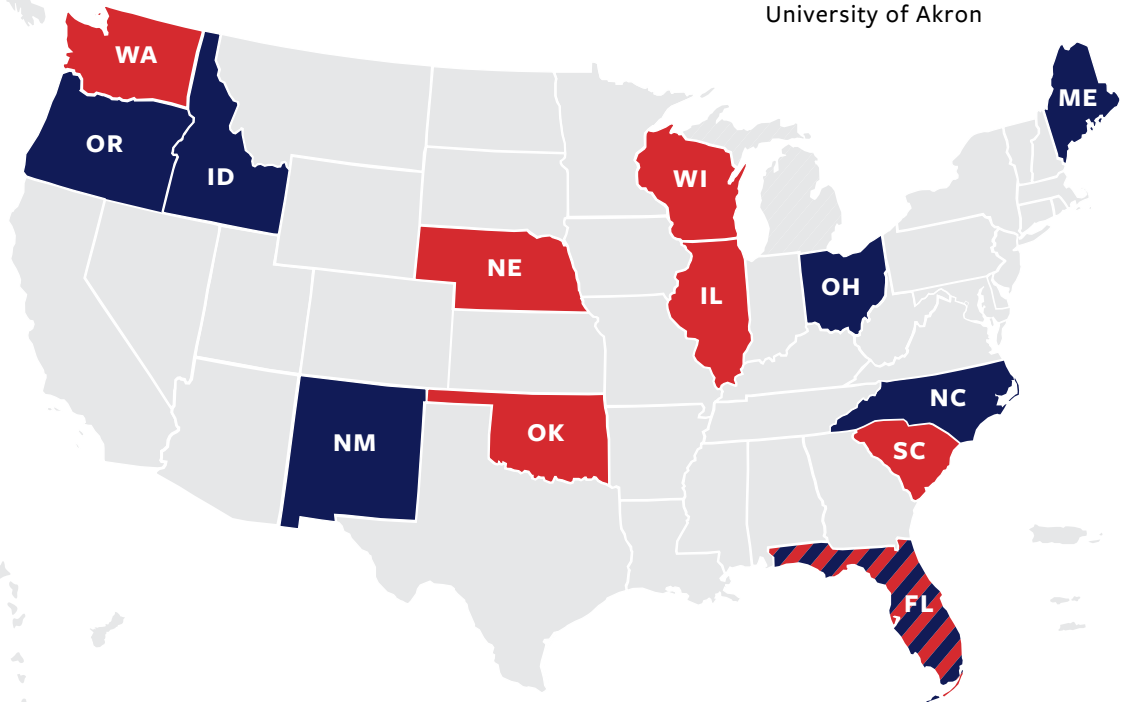
University of Maine

\$10,000 prize winners

North Carolina Agricultural
and Technical State University

Oregon Institute of Technology

University of Akron



Education
award
impact

ENGINEERING
(since 2009)

\$942,500

PRIZE MONEY

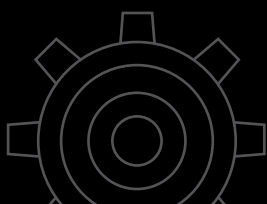
76 AWARDS

SURVEYING
(since 2016)

\$600,000

PRIZE MONEY

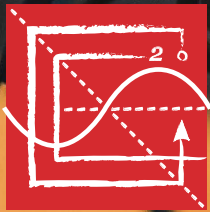
45 AWARDS





Devan Tracy, P.E.

Smart Buildings Team Leader



NCEES

Advance: An NCEES Podcast Series

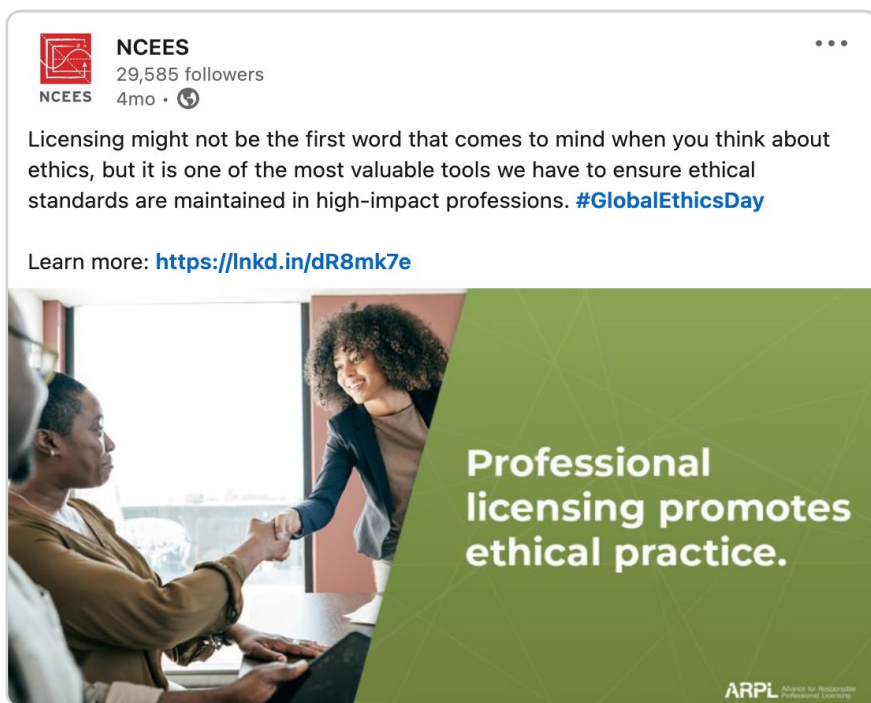
Advancing licensure for public protection

As part of its virtual outreach programming, NCEES completed the second 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

energy conservation in aerospace and national defense, engineering in sports, and humanitarian engineering.

NCEES also completed the second 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 safeguard the health, safety, and welfare of the public. The profiles were featured on the NCEES website and social media channels.



Right: NCEES has partnered with Credly to provide digital badges for individuals who pass the FE and FS exams. The initiative launched in July 2022.



Broadening reach with social campaigns

Social media campaigns as well as digital and print advertisements promoted NCEES services and licensure's public protections in 2021–22.

Paid social media campaigns throughout the year on LinkedIn, Instagram, Facebook, and YouTube focused on the FE exam, the Engineering and Surveying Education awards, and the value of licensure.

These campaigns delivered 8 million impressions, which is the number of times that social media users were shown this content. They generated 41,000 clicks to the campaigns' respective landing pages on the NCEES website. Geofencing allowed NCEES to target specific states with value of licensure messaging to support its advocacy efforts.

In addition to the paid campaigns, NCEES promoted licensure through its social media pages. The messages focused on ethics, NCEES services, and the role of licensure in public protection.

Promoting licensure with mission initiatives

NCEES continues to look for new avenues to support its mission to advance licensure.

NCEES introduced digital badges in July 2022 to promote the FE and FS exams. Through a partnership with Credly, individuals who pass the FE or FS exam can display a corresponding digital badge through their social media accounts and other electronic platforms to signify that they have passed the exam. The badge is a clickable link to information on the significance of passing that exam and the value of licensure. Almost 12,000 individuals requested a badge in the programs' first three months.

In response to the growing population of mechanical engineering students, NCEES began working closely with SAE International in 2021–22 to promote the value of licensure to SAE members. The partnership, which will continue in 2022–23, will provide outreach opportunities with the organization's student and professional events, publications, and digital marketing.



LEADERSHIP AND SENIOR STAFF

2021–22 NCEES board of directors



President
Brian Robertson, P.E.



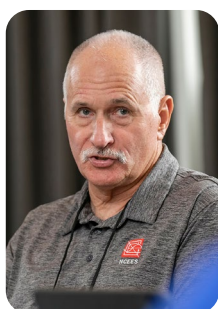
President-Elect
Christopher
Duhamel, P.E., P.L.S.



**Immediate
Past President**
Christopher Knotts, P.E.



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



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



**Northeast Zone
Vice President**
Thomas Orisich, P.L.S.



**Southern Zone
Vice President**
Andrew Zoutewelle, P.L.S.



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

Zone assistant vice presidents

Central Zone: Janice Bostelman, P.E.
Northeast Zone: Samuel Wilson, P.E.
Southern Zone: Lamberto (Bobby) Ballí, P.E.
Western Zone:
Mohammad (Dr.Q) Qureshi, Ph.D., P.E.

Zone secretary-treasurers

Central Zone: Sam Reed, P.E.
Northeast Zone: John Mettee III, P.L.S.
Southern Zone: Chris Ramseyer, Ph.D., P.E.
Western Zone: Karl Tonander, P.E.

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:
Jason Gamble, P.E.
Chief Officer of Member Services:
Stef Goodenow
Chief Technology Officer: Steven Matthews



APPENDIX B: 2020-21 PROPOSED OPERATING BUDGET

Promotion and Outreach	146,390
Engineering Education Award	120,684
Surveying Education Award	500,000
Discretionary Outreach	468,500
Licensure Outreach	737,500
Marketing	35,400
Newsletter	2,008,474
Total Meetings and Outreach	4,522,486
GENERAL AND ADMINISTRATIVE	
Personnel and Human Resources	
Salaries	
Payroll Taxes (FICA)	
Travel Insurance (State)	

1,339,095
25,000
791,787
363,598
991,760
3,511,240

2,500
88,000
101,200
39,702
411,996
643,398

220,741
550
42,925
25,872
290,088

109,540
575
45,413
32,340
187,868

13,490
8,000
16,055
25,856
48,571
20,100
196,897

160,500
65,000
145,781
5,948
378,229
285,502
98,245
383,747
14,263,598

APPENDIX A: OPERATING BUDGET SUMMARY

4,052,619
274,666
2,500
407,582
404,987
21,473
161,810
5,325,637

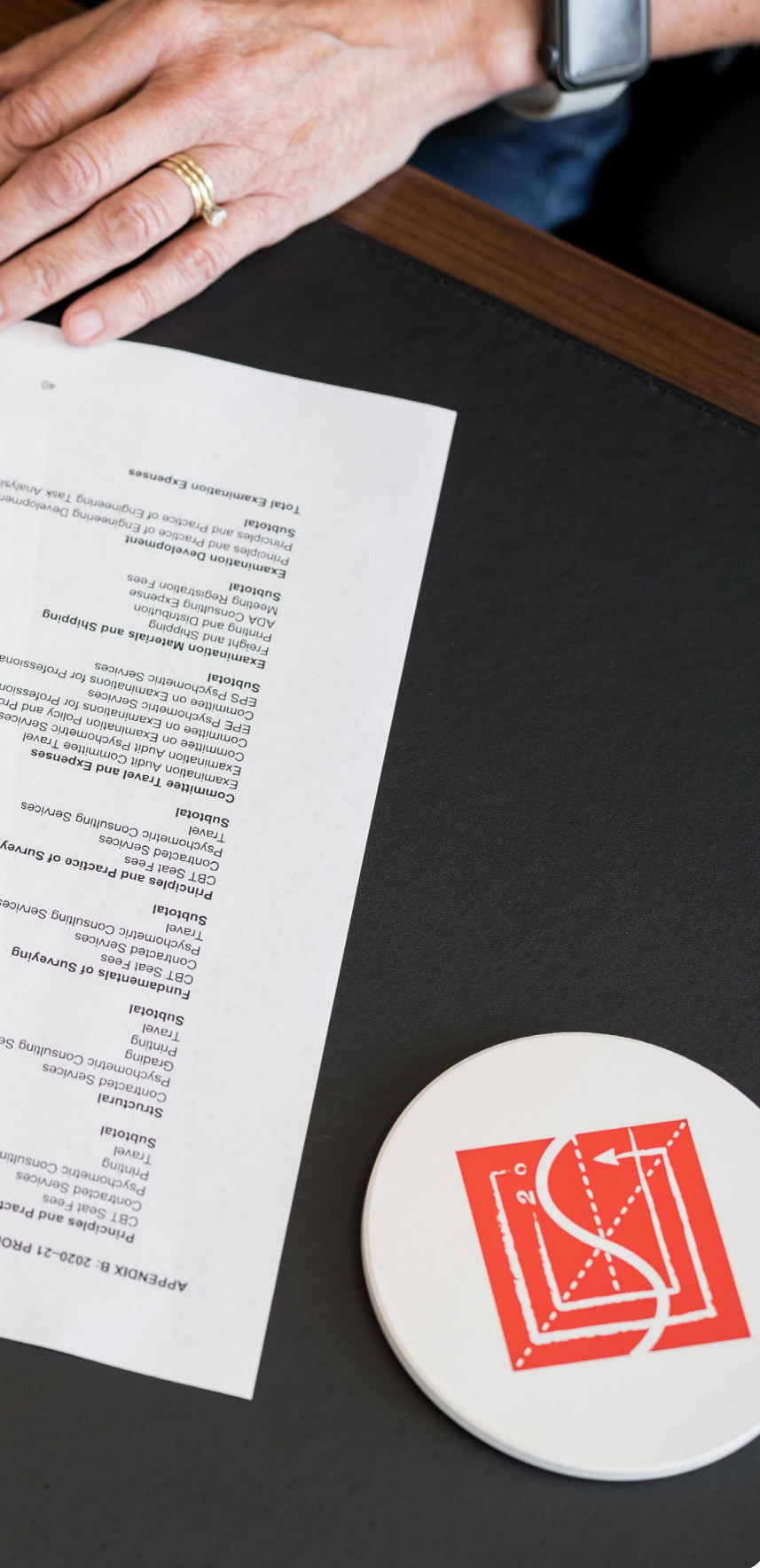
146,390
120,684
500,000
468,500
737,500
35,400
2,008,474
4,522,486

INCOME
Support Services Revenue
Examination Services Revenue
Member Services Revenue

EXPENSES
General and Administrative
Meetings and Outreach Services
Member Services

NET OPERATING INCOME
NONOPERATING ITEMS
Interest and Investment Income





FINANCIAL STATEMENTS

2021–22

Revenue and expense summary

TOTAL REVENUE

\$21,860,646

Revenue from operations

\$30,706,578

- **\$24,532,888** | Exam services
- **\$5,654,280** | Member services
- **\$519,410** | Support services

Revenue from nonoperating
items (loss)

(\$8,845,932)

CHANGE IN NET ASSETS

(\$8,651,910)

TOTAL EXPENSES

\$30,512,556

\$20,552,397 | Exam services

\$2,533,816 | Member services

\$7,426,343 | Support services

■ MEETINGS AND OUTREACH
\$3,077,055

■ PERSONNEL AND
HUMAN RESOURCES
\$3,043,749

■ OTHER GENERAL
AND SUPPORT SERVICES
\$1,305,539

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 2021–22 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

Opinion

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, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Council of Examiners for Engineering and Surveying as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of National Council of Examiners for Engineering and Surveying and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Council of Examiners for Engineering and Surveying's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Council of Examiners for Engineering and Surveying's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Council of Examiners for Engineering and Surveying's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in National Council of Examiners for Engineering and Surveying's Annual Report

Management is responsible for the other information included in the Council's annual report. The other information comprises statistical information regarding operations, revenue and expense summary, and management's report, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Greenville, South Carolina

November 30, 2022, except for our report on the other information included in National Council of Examiners for Engineering and Surveying's Annual Report for which the date is February 13, 2023.

National Council of Examiners for Engineering and Surveying
Statements of financial position
September 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,187,604	\$ 15,921,548
Certificates of deposit	4,472,337	5,423,347
Accounts receivable, net	170,252	129,576
Current portion of other receivable	100,000	-
Prepaid expenses	504,569	517,493
Total current assets	19,434,762	21,991,964
Noncurrent assets:		
Other receivable, net of current portion	300,000	-
Investments	50,085,213	56,842,363
Property and equipment, net	16,380,498	17,237,496
Total noncurrent assets	66,765,711	74,079,859
Total assets	\$ 86,200,473	\$ 96,071,823
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 1,440,018	\$ 1,736,659
Accrued vacation pay	-	577,069
Accrued wages and payroll taxes	112,989	297,033
Accrued retirement plan contribution	379,315	364,725
Customer prepayments	9,376,116	9,376,374
Deferred membership fees	104,838	102,938
Current maturities of capital lease obligations	82,756	147,682
Total current liabilities	11,496,032	12,602,480
Noncurrent liabilities:		
Capital lease obligations, less current maturities	9,213	61,553
Deferred compensation	30,789	91,441
Total noncurrent liabilities	40,002	152,994
Total liabilities	11,536,034	12,755,474
Net assets without donor restrictions:		
Undesignated	70,064,439	79,916,349
Board designated	4,600,000	3,400,000
Total net assets without donor restrictions	74,664,439	83,316,349
Total liabilities and net assets	\$ 86,200,473	\$ 96,071,823

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, 2022 and 2021

	2022	2021
Operating revenues without donor restrictions:		
Examination services	\$ 24,532,888	\$ 24,899,671
Member services	5,654,280	7,330,800
Support services	519,410	429,447
Total operating revenues without donor restrictions	30,706,578	32,659,918
Direct expenses without donor restrictions:		
Examination services	20,552,397	18,115,710
Member services	2,533,816	5,018,573
Total direct expenses without donor restrictions	23,086,213	23,134,283
Operating revenues in excess of direct expenses	7,620,365	9,525,635
General and administrative support services expenses without donor restrictions:		
Meetings and outreach	3,077,055	1,013,138
Personnel and human resources	3,043,749	3,101,992
Occupancy expense	167,267	258,495
Administrative expense	54,780	113,236
Technology services	299,283	255,412
Professional services	224,533	216,068
Depreciation and interest	431,651	439,132
Other	128,025	117,508
Total general and administrative support services expenses without donor restrictions	7,426,343	5,514,981
Change in net assets from operations without donor restrictions	194,022	4,010,654
Nonoperating items without donor restrictions:		
Investment return, net of fees	(9,725,932)	9,350,603
Gain on disposal of property and equipment	-	718,667
Other income	880,000	-
Total nonoperating items without donor restrictions	(8,845,932)	10,069,270
Change in net assets without donor restrictions	(8,651,910)	14,079,924
Net assets without donor restrictions, beginning of year	83,316,349	69,236,425
Net assets without donor restrictions, end of year	\$ 74,664,439	\$ 83,316,349

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, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (8,651,910)	\$ 14,079,924
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	896,380	908,195
Gain on disposal of property and equipment	-	(718,667)
Unrealized losses (gains) on investments	11,748,124	(5,661,418)
Realized gains on investments	(97,036)	(2,319,630)
Net changes in operating assets and liabilities:		
Accounts receivable, net	(40,676)	(4,414)
Other receivable	(400,000)	-
Prepaid expenses	12,924	67,887
Accounts payable and accrued expenses	(1,043,164)	83,357
Customer prepayments	(258)	(1,611,301)
Deferred membership fees	1,900	(3,735)
Deferred compensation	(60,652)	(200,243)
Pledges made to others	-	(1,000,000)
Net cash flows from operating activities	2,365,632	3,619,955
Cash flows from investing activities:		
Purchase of property and equipment	-	(57,090)
Proceeds from sale of property	-	3,600,000
Purchase of investments	(15,988,213)	(21,687,412)
Proceeds from sale of investments	11,094,275	15,209,009
Maturities of certificates of deposit, net of purchases	951,010	868,305
Net cash flows from investing activities	(3,942,928)	(2,067,188)
Cash flows from financing activities:		
Payments under capital lease obligation	(156,648)	(148,158)
Net cash flows from financing activities	(156,648)	(148,158)
Net change in cash and cash equivalents	(1,733,944)	1,404,609
Cash and cash equivalents, beginning of year	15,921,548	14,516,939
Cash and cash equivalents, end of year	\$ 14,187,604	\$ 15,921,548
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 5,289	\$ 6,831
Additions to property and equipment under capital lease obligation	\$ 39,382	\$ 106,024

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

National Council of Examiners for Engineering and Surveying
Notes to the financial statements
September 30, 2022 and 2021

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, 2022 and 2021.

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, 2022 and 2021 have varying interest rates and maturity dates and are carried at cost plus accrued interest. At times throughout the year, the Council may have balances in excess of FDIC insured amounts. Certificates of deposit with maturity dates greater than one year at September 30, 2022 and 2021 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, 2022 and 2021.

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 is 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, 2022 and 2021 totaled \$896,380 and \$908,195, respectively.

National Council of Examiners for Engineering and Surveying
Notes to the financial statements
September 30, 2022 and 2021

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.

Paid Time Off Policy—During the year ended September 30, 2022, the Council adjusted its vacation accrual policy to a Flexible Paid Time Off Policy. Under the new policy, eligible employees would have access to as much paid leave as needed for illness, vacation or to care for family members with the expectation that employees take a minimum of 15 days off per year. During 2022, the Council paid out all accrued paid time off to eligible employees.

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, 2022.

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.

National Council of Examiners for Engineering and Surveying
Notes to the financial statements
September 30, 2022 and 2021

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:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 14,187,604	\$ 15,921,548
Accounts receivable, net	170,252	129,576
Other receivable	100,000	-
Investments and certificates of deposit	54,557,550	62,265,710
	<u>69,015,406</u>	<u>78,316,834</u>
Less amounts not available to be used for general expenditures within one year:		
Board-designated funds set aside for specific uses	(4,600,000)	(3,400,000)
Financial assets available to meet general expenditures within one year	<u>\$ 64,415,406</u>	<u>\$ 74,916,834</u>

The Council's funds consist of board-designated funds. The board has designated financial assets of \$4,600,000 and \$3,400,000 at September 30, 2022 and 2021, respectively, be set aside to be available should an engineering or surveying fundamentals exam or professional exam become compromised. These board designated funds were increased by \$1,200,000 during 2022 at the board's discretion. The funds are designated 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, 2022.

Note 3—Investments and certificates of deposit

Investments by category at September 30 are summarized as follows:

	2022	2021
Mutual funds	\$ 22,256,043	\$ 31,380,108
Fixed income	27,829,170	25,462,255
Certificates of deposit with maturities less than a year	4,472,337	5,423,347
	<u>\$ 54,557,550</u>	<u>\$ 62,265,710</u>

Certificates of deposit included above consist primarily of short-term deposits, maturing through July 2023. 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.

Notes to the financial statements**September 30, 2022 and 2021**

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

	2022	2021
Interest and dividend income	\$ 2,184,598	\$ 1,614,071
Net realized and unrealized (losses) gains	(11,651,088)	7,981,048
Investment management fees	(259,442)	(244,516)
Total investment return, net of fees	<u>\$ (9,725,932)</u>	<u>\$ 9,350,603</u>

Note 4—Property and equipment

Property and equipment at September 30 are summarized as follows:

	2022	2021
Buildings and building improvements	\$ 14,775,616	\$ 14,775,616
Land and land improvements	1,584,923	1,584,923
Furniture and equipment	<u>2,560,399</u>	<u>2,570,196</u>
Total property and equipment	18,920,938	18,930,735
Less accumulated depreciation	<u>(2,540,440)</u>	<u>(1,693,239)</u>
Property and equipment, net	<u>\$ 16,380,498</u>	<u>\$ 17,237,496</u>

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 2024. Assets under capital leases consist of the following at September 30:

	2022	2021
Equipment	\$ 423,567	\$ 384,185
Less accumulated depreciation	<u>(290,365)</u>	<u>(138,069)</u>
Property and equipment, net	<u>\$ 133,202</u>	<u>\$ 246,116</u>

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

Notes to the financial statements**September 30, 2022 and 2021**

At September 30, 2022, 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
2023	\$ 83,581	\$ 54,033
2024	10,415	46,785
2025	-	31,190
2026	-	31,190
Total minimum lease payments	93,996	\$ 163,198
Less amounts representing interest	(2,027)	
Present value of net minimum lease payments	91,969	
Less current installments of obligations under capital leases	(82,756)	
Obligations under capital leases, net of current installments	\$ 9,213	

Rent expense under operating lease was \$98,858 and \$98,539 for the years ended September 30, 2022 and 2021, respectively, and is included in general and administrative support services expense on the statements of activities.

Note 6—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 \$745,110 and \$669,317 for the years ended September 30, 2022 and 2021, respectively. As of September 30, 2022 and 2021, \$379,315 and \$364,725, respectively, was accrued as accrued retirement plan contribution on the statements of financial position.

Note 7—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:

	2022	2021
Balance, beginning of year	\$ 91,441	\$ 291,684
Withdrawals	(61,624)	(203,488)
Interest accrued	972	3,245
Balance, end of year	\$ 30,789	\$ 91,441

Expenses related to the Council's interest on deferred compensation agreements totaled \$972 and \$3,245 for the years ended September 30, 2022 and 2021, respectively. Withdrawals in a given fiscal year are accrued as a short-term liability on the statements of financial position and paid in cash in October of the following fiscal year.

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

Note 8—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 \$4,600,000 and \$3,400,000 at September 30, 2022 and 2021, respectively.

Note 9—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.

Note 10—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, 2022 and 2021:

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.

Notes to the financial statements**September 30, 2022 and 2021**

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 table sets 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, 2022:

Investments at fair value at September 30, 2022

	Total	Level 1	Level 2	Level 3
Fixed income:				
Intermediate-term bonds	\$ 19,119,033	\$ 19,119,033	–	–
High yield bonds	3,057,795	3,057,795	–	–
World bonds	2,642,692	2,642,692	–	–
Emerging markets bonds	1,108,745	1,108,745	–	–
Inflation-protected bonds	1,900,905	1,900,905	–	–
Total fixed income	27,829,170	27,829,170	–	–
Mutual funds:				
Large value	4,818,855	4,818,855	–	–
Large growth	4,743,507	4,743,507	–	–
Small value	1,832,998	1,832,998	–	–
Small growth	1,945,094	1,945,094	–	–
Foreign large blend	2,987,594	2,987,594	–	–
Diversified emerging markets	1,220,205	1,220,205	–	–
Real estate	2,514,922	2,514,922	–	–
Global real estate	911,029	911,029	–	–
Commodities broad basket	1,281,839	1,281,839	–	–
Total mutual funds	22,256,043	22,256,043	–	–
Total investments	\$ 50,085,213	\$ 50,085,213	\$ –	\$ –

National Council of Examiners for Engineering and Surveying
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The following table sets 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:

Investments at fair value at September 30, 2021

	Total	Level 1	Level 2	Level 3
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	\$ —	\$ —

National Council of Examiners for Engineering and Surveying
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Note 11—Functional expenses

Expenses by function and natural classification consist of the following for the years ended September 30, 2022 and 2021:

	2022			
	Program expenses			
	Examination services	Member services	Administrative support services	Total
Meetings and outreach	\$ 1,298,185	\$ 72,397	\$ 3,077,055	\$ 4,447,637
Personnel and human resources	3,936,337	1,607,608	3,043,749	8,587,694
Occupancy expense	152,908	37,245	167,267	357,420
Administrative expense	1,800,105	150,599	54,780	2,005,484
Technology services	273,593	66,641	299,283	639,517
Professional services	12,735,129	470,604	224,533	13,430,266
Depreciation and interest	345,703	124,315	431,651	901,669
Other	10,437	4,407	128,025	142,869
Total expense	<u>\$ 20,552,397</u>	<u>\$ 2,533,816</u>	<u>\$ 7,426,343</u>	<u>\$ 30,512,556</u>

	2021			
	Program expenses			
	Examination services	Member services	Administrative support services	Total
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	<u>\$ 18,115,710</u>	<u>\$ 5,018,573</u>	<u>\$ 5,514,981</u>	<u>\$ 28,649,264</u>

National Council of Examiners for Engineering and Surveying
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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 12—Subsequent events

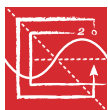
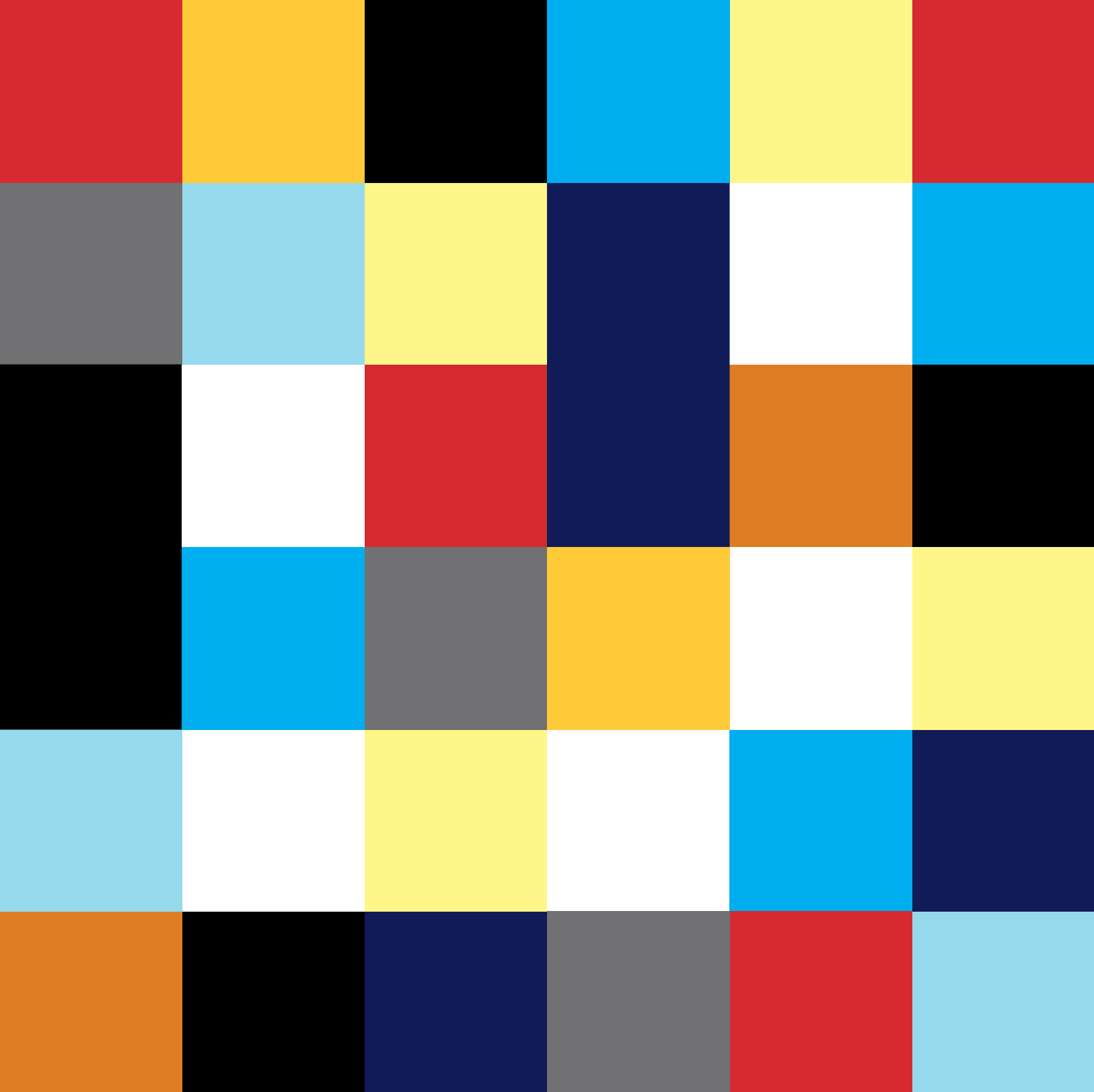
The Council evaluated the effect subsequent events would have on the financial statements through November 30, 2022, which is the date the financial statements were available to be issued.





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2022 Annual Report



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