Florida West Coast Operating Engineers Apprenticeship Trust Fund

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Financial Statements

March 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Florida West Coast Operating Engineers Apprenticeship Trust Fund

Opinion

We have audited the financial statements of Florida West Coast Operating Engineers Apprenticeship Trust Fund (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Florida West Coast Operating Engineers Apprenticeship Trust Fund as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Florida West Coast Operating Engineers Apprenticeship Trust Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Florida West Coast Operating Engineers Apprenticeship Trust Fund's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Florida West Coast Operating Engineers Apprenticeship Trust Fund'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 Florida West Coast Operating Engineers Apprenticeship Trust Fund'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.

Bates CPA PLLC

Bates CPA PLLC
Tampa, Florida
July 17, 2023

Florida West Coast Operating Engineers Apprenticeship Trust Fund

STATEMENTS OF FINANCIAL POSITION

	March 31, 2023	March 31, 2022
ASSETS:		
Current assets:		
Cash	$ 197,773	$ 119,255
Investments	632,499	708,591
Employers' contributions receivable	114,312	67,139
Prepaid insurance	11,977	11,845
Interest receivable	5,268	3,113
Total current assets	961,829	909,943
Property and equipment:		
Equipment	995,157	1,043,748
Land and improvements	936,425	936,425
Building	190,956	190,956
Vehicles	30,732	30,732
Total property and equipment	2,153,270	2,201,861
Less accumulated depreciation	(703,587)	(595,590)
Property and equipment, net	1,449,683	1,606,271
Total assets	$ 2,411,512	$ 2,516,214
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	$ 23,578	$ 34,488
Wages payable	10,438	9,128
Payroll taxes payable	1,780	2,609
Total current liabilities	35,796	46,225
Net assets without donor restrictions	2,375,716	2,469,989
Total liabilities and net assets	$ 2,411,512	$ 2,516,214

The accompanying notes are an integral part of these financial statements. See independent auditor's report.

Florida West Coast Operating Engineers Apprenticeship Trust Fund

STATEMENTS OF ACTIVITIES

	Year Ended March 31, 2023	2022
Support and revenue:		
Employers' contributions	$ 579,769	$ 407,874
Donations received	109,750	-
Hillsborough County income	97,625	96,627
Interest and dividend income	21,917	22,828
Miscellaneous income	11,465	4,075
Loss on sale of assets	(96,227)	-
Loss on sale of investments	(24,263)	(2,648)
Unrealized loss on investments	(6,536)	(33,112)
Total support and revenue	693,500	495,644
Expenses:		
Program services	690,537	683,102
Management and general	97,236	114,600
Total expenses	787,773	797,702
Increase/(decrease) in net assets	(94,273)	(302,058)
Net assets without donor restrictions, beginning balances	2,469,989	2,772,047
Net assets without donor restrictions, ending balances	$ 2,375,716	$ 2,469,989

The accompanying notes are an integral part of these financial statements. See independent auditor's report.

Florida West Coast Operating Engineers Apprenticeship Trust Fund

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended March 31, 2023		
	Program Services	Management and General	Total Expenses
Expenses:			
Gross salaries	$ 268,024	$ 18,780	$ 286,804
Depreciation expense	175,203	-	175,203
Employee benefits	95,238	-	95,238
Administration fee	-	40,434	40,434
Repairs and maintenance	32,516	-	32,516
Training supplies	27,677	-	27,677
Insurance	20,272	5,897	26,169
Payroll taxes	21,192	1,493	22,685
Accounting and legal fees	-	21,235	21,235
Office supplies and expenses	7,555	8,451	16,006
Exam reimbursements	15,631	-	15,631
Utilities	11,636	612	12,248
Preemployment testing expense	6,972	-	6,972
Automobile expense	6,348	334	6,682
Dues and fees	1,345	-	1,345
Travel and conferences	928	-	928
Total expenses	$ 690,537	$ 97,236	$ 787,773

The accompanying notes are an integral part of these financial statements. See independent auditor's report.

Florida West Coast Operating Engineers Apprenticeship Trust Fund

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended March 31, 2022		
	Program Services	Management and General	Total Expenses
Expenses:			
Gross salaries	$ 275,639	$ 12,880	$ 288,519
Depreciation expense	165,820	306	166,126
Employee benefits	98,372	9,177	107,549
Repairs and maintenance	41,745	-	41,745
Administration fee	-	38,511	38,511
Accounting and legal fees	-	32,461	32,461
Insurance	20,491	6,201	26,692
Training supplies	22,461	-	22,461
Payroll taxes	18,333	1,991	20,324
Office supplies and expenses	6,097	6,649	12,746
Utilities	10,396	547	10,943
Exam reimbursements	7,597	-	7,597
Automobile expense	6,991	367	7,358
Preemployment testing expense	6,239	-	6,239
Investment advisory fee	-	4,466	4,466
Travel and conferences	1,345	1,044	2,389
Dues and fees	1,250	-	1,250
Advertising and promotion	326	-	326
Total expenses	$ 683,102	$ 114,600	$ 797,702

The accompanying notes are an integral part of these financial statements. See independent auditor's report.

Florida West Coast Operating Engineers Apprenticeship Trust Fund

STATEMENTS OF CASH FLOWS

	Year Ended March 31, 2023	2022
Operating activities:		
Increase/(decrease) in net assets	$ (94,273)	$ (302,058)
Adjustments to reconcile net assets to cash from operating activities:		
Depreciation	175,203	166,126
Loss on sale of assets	96,227	-
Loss on sale of investments	20,878	2,648
Unrealized loss on investments	6,536	33,112
Changes in operating assets and liabilities:		
Employers' contributions receivable	(47,173)	(2,709)
Prepaid insurance	(132)	(938)
Interest receivable	(2,155)	(3,113)
Accounts payable	(10,910)	14,510
Wages payable	1,310	9,128
Payroll taxes payable	(829)	(3,612)
Cash provided by/(used in) operating activities	144,682	(86,906)
Investing activities:		
Sale of investments	65,000	100,000
Sale of assets	10,000	-
Reinvested dividends	(16,322)	(19,203)
Purchases of property and equipment	(124,842)	(4,200)
Cash provided by/(used in) investing activities	(66,164)	76,597
Increase/(decrease) in cash	78,518	(10,309)
Cash, beginning balances	119,255	129,564
Cash, ending balances	$ 197,773	$ 119,255

The accompanying notes are an integral part of these financial statements. See independent auditor's report.

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting

The Florida West Coast Operating Engineers Apprenticeship Trust Fund's (the Fund) policy is to prepare its financial statements using the accrual basis of accounting. The result of using this method provides for the recognition of income when it is earned, rather than when it is received, and expenses are recognized when incurred rather than when paid.

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation has been computed using the straight-line method based on the estimated useful lives of the related assets. Depreciation expense was $175,203 for the year ended March 31, 2023 and $166,126 for March 31, 2022.

Income Taxes

In accordance with Internal Revenue Code Section 501(c)(3), the Fund is exempt from paying income taxes, therefore, no provision has been made in the accompanying financial statements.

Uncertain Tax Positions

For the year ended March 31, 2023 and 2022, the Fund has documented its consideration of FASB ASC 740-10, *Income Taxes,* that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Cash and Cash Equivalents

For the purposes of the statement of financial position, the Fund considers all deposits with financial institutions and interest-bearing bank accounts to be cash or cash equivalents.

Investments

The Fund's investments consist of money market funds, mutual funds, corporate bonds, and government and agency bonds. They are reported at their fair values in the statements of financial position. Investment returns are included in the changes in net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions." Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- Net assets with donor restrictions – Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in "net assets with donor restrictions," depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions.

For the years ended March 31, 2023 and 2022, all net assets are designated as net assets without donor restrictions.

Functional allocation of expenses

The cost of providing the programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Expenses directly attributed to a specific function area are reported as direct expenses to the program and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Note 2 – Nature of Activities

The Fund was established for the training and education of apprentices in the trade of heavy equipment operation. The Fund is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and has filed the necessary notice for exemption as an apprenticeship fund with the Department of Labor and is therefore exempt from filing an annual Form 5500-C/R, Return/Report of Employee Benefit Plan.

Concentration of Market Risk: The Fund receives funding from contractors employing members of the operating engineer's union as part of a collective bargaining agreement. The employer remits between $0.25 to $1.00 for each hour to the Fund for all hours worked by covered union members. The employer contributions are used to train apprentices. The Fund relies on the construction industry in West Central Florida for its receipts and is subject to the inherent employment-related risks of the construction industry. Additionally, the Fund relies on the continued success of four employers. Their contributions total approximately 82% of the Fund's contributions received.

Note 3 – Cash and Cash Equivalents

Cash balances as of March 31, 2023 are summarized as follows:

Cash	Amount
Checking	$ 177,226
Money market and savings	20,547
	$ 197,773

Cash balances as of March 31, 2022 are summarized as follows:

Cash	Amount
Checking	$ 98,747
Money market and savings	20,508
	$ 119,255

Note 4 – Fair Value Measurements

FASB ASC Codification 820, *Fair Value Measurements and Disclosures*, 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 lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Codification 820 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 Fund 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;
    - inputs other than quoted prices that are observable for the asset or liability;
    - 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 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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Corporate Bonds: Valued at the estimated prices that may be generated by a matrix system or market driven pricing models. The pricing takes into account the last closing price, as well as, the current bid and offer price.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Fund are intermediate fixed income pooled open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

Money Market Funds: Valued at the closing price reported by the fund sponsor from an actively traded exchange.

Government and Agency Bonds: Valued by a third party that provides independent daily bond valuations through the use of proprietary pricing models.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable or reflective of future fair values. Furthermore, although the Fund 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.

Note 5 – Investments

All investments are part of net assets without donor restrictions. The net investment return in the statements of activities was ($11,092) for the year ended March 31, 2023 and ($16,557) for March 31, 2022.

The cost and fair value of the investments as of March 31, 2023 are as follows:

Investment	Cost	Fair Value
Government bonds	$ 289,687	$ 283,920
Corporate bonds	227,135	222,619
Mutual funds	133,022	124,712
Money market funds	1,248	1,248
	$ 651,092	$ 632,499

The following fair value measurements are used as of March 31, 2023.

Investment	Level 1	Level 2	Level 3	Total
Government bonds	$ -	$ 283,920	$ -	$ 283,920
Corporate bonds	-	222,619	-	222,619
Mutual funds	124,712	-	-	124,712
Money market funds	-	1,248	-	1,248
	$ 124,712	$ 507,787	$ -	$ 632,499

The cost and fair value of the investments as of March 31, 2022 are as follows:

Investment	Cost	Fair Value
Corporate bonds	$ 373,680	$ 378,295
Mutual funds	328,958	312,286
Money market funds	18,010	18,010
	$ 720,648	$ 708,591

The following fair value measurements are used as of March 31, 2022.

Investment	Level 1	Level 2	Level 3	Total
Corporate bonds	$ -	$ 378,295	$ -	$ 378,295
Mutual funds	312,286	-	-	312,286
Money market funds	-	18,010	-	18,010
	$ 312,286	$ 396,305	$ -	$ 708,591

Note 6 – Donations Received

During the year ended March 31, 2023, the Fund received donations of equipment in the amount of $109,750. The International Union of Operating Engineers Local Union 487, a related party, purchased a piece of equipment for $97,000 and transferred the title to the Fund. The Department of Labor Excess Property Program transferred the title of equipment with an estimated fair market value of $12,750. The equipment will be used as an education and training tool for the apprentices or for any purpose consistent with the Fund's mission.

Note 7 – Hillsborough County Income

The Fund maintains a contract with the School Board of Hillsborough County (SDHC). Under the terms of the contract, the SDHC compensates the Fund (1) at a rate of $0.95 per instructional hour for the actual number of classroom training hours as specified by the apprenticeship standards for the fiscal year ended June 30, 2023 and (2) at a rate of $0.95 per hour up to a maximum of 2,000 hours per registered student. The compensation is used for instructors' salaries and benefits; program promotion; instructional materials and supplies; equipment upgrade, replacement, and repair; supervisory and administrative costs including lease expenses for classroom facilities and equipment; travel and mileage expenses, and expenses to attend conferences and professional meetings. Quarterly payments are made to the Fund based on a budgeted number of students' hours. The contract has been renewed for the fiscal year July 1, 2023 through June 30, 2024.

Note 8 – Land and Building

The title to the land and building is held under the name Florida West Coast Operating Engineers Apprenticeship Building Corporation Inc, which was formed on August 12, 2014 by the Fund for that purpose. The Fund is related through common management and membership with Florida West Coast Operating Engineers Apprenticeship Building Corporation Inc. The Fund has a one hundred percent investment interest in the nonprofit corporation.

Note 9 – Pension and Health and Welfare Funds

The Fund contributes to the Central Pension Fund of the International Union of Operating Engineers and Participating Employers. It is a multi-employer defined contribution pension plan established by the International for all full-time employees. The plan is open to office employees and employees in an occupational classification subject to the contributory provisions of the employees benefit agreement and does not allow contributions from participants. Normal retirement benefits are based on the rate of the contributions and the number of years of credited service. Plan contributions were paid at the rate of $8.00 per hour. Total contributions were $44,644 for the year ended March 31, 2023 and $52,324 for March 31, 2022.

The Fund contributes to the General Pension Fund of the International Union of Operating Engineers and Participating Employers. It is a multi-employer defined contribution pension plan established by the International for all full-time local union officers and employees. Participation in the plan is mandatory. Contributions to the plan are made by the employer. Normal retirement benefits are based upon the rate of contributions and the number of years of credited service. Plan contributions were paid at the rate of 17.5% of gross wages. Total contributions were $15,582 for the year ended March 31, 2023 and $14,169 for March 31, 2022.

The Fund contributes to the IUOE & Pipeline Employer's Health and Welfare Fund. It is a multi-employer health and welfare fund established under a collective bargaining agreement and administered by a joint board of trustees with both labor and management representatives. The plan is open to both employees of the union and all other union members who work for a signatory of the collectible bargaining agreement. The Health and Welfare Fund provides health, mental health and accidental death benefits to all covered participants and their dependents. Plan contributions were paid at the rate of $6.25 per hour. Total contributions were $35,012 for the year ended March 31, 2023 and $41,056 for March 31, 2022.

Note 10 – Liquidity and Availability

The Fund does not have any restrictions on the use of assets to meet the needs for general expenditures for the following year.

As of March 31, 2023, the following assets could be readily available within one year to meet general expenditures:

Asset	**Amount**
Cash	$ 197,773
Investments	632,499
Employers' contributions receivable	114,312
	$ 944,584

Note 11 – Subsequent Events

Management has evaluated subsequent events that occurred through July 17, 2023 and determined that no adjustments or disclosures to the financial statements were required.