SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

SOUTH FLORIDA OPERATING ENGINEERS
APPRENTICE AND TRAINING FUND
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
South Florida Operating Engineers Apprentice and Training Fund

Opinion

We have audited the accompanying financial statements of South Florida Operating Engineers Apprentice and Training Fund, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of March 31, 2024 and 2023, and the related statements of changes in net assets available for benefits 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 net assets available for benefits of South Florida Operating Engineers Apprentice and Training Fund as of March 31, 2024 and 2023, and the changes in its net assets available for benefits 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 South Florida Operating Engineers Apprentice and Training Fund 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 South Florida Operating Engineers Apprentice and Training Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

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 South Florida Operating Engineers Apprentice and Training 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 South Florida Operating Engineers Apprentice and Training 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.

Bellows Associates, P.A.
Coral Springs, Florida
November 13, 2024

SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2024 AND 2023

	2024	2023
ASSETS:		
Investments at fair value	$ 1,522,288	$ 1,440,190
Cash - noninterest bearing:		
Checking	262,560	871,259
Contributions escrow	95,225	96,302
Total cash	357,785	967,561
Receivables:		
Employer contributions	110,280	120,762
Accrued investment income	-	3,067
Other receivables	186	62
Total receivables	110,466	123,891
Fixed assets:		
Land and land improvements	1,441,025	1,441,025
Building	3,621,361	21,904
Office and training equipment	1,085,452	1,030,749
	6,147,838	2,493,678
Accumulated depreciation	(741,452)	(558,365)
Total fixed assets, net	5,406,386	1,935,313
Other assets:		
Prepaid expenses	11,048	10,734
Deposit on fixed assets	-	2,207,266
Total other assets	11,048	2,218,000
Total assets	7,407,973	6,684,955
LIABILITIES:		
Accounts payable and other liabilities	43,619	883,541
Payroll taxes payable and withholdings	1,094	1,040
Deferred revenue	49,191	54,411
Accrued interest payable	35,000	-
Loan payable	1,000,000	-
Total liabilities	1,128,904	938,992
NET ASSETS AVAILABLE FOR BENEFITS	$ 6,279,069	$ 5,745,963

The accompanying notes are an integral part of this statement.

SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
ADDITIONS:		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ 21,535	$ (114,415)
Interest and dividends	62,782	72,391
Less: Investment expenses	(5,286)	(3,876)
Net investment gain (loss)	79,031	(45,900)
Contributions:		
Employers	1,160,908	1,099,481
Broward County School Board subsidy	196,445	181,590
Union grant	-	300,000
Other	30,000	-
Total contributions	1,387,353	1,581,071
Other income:		
Gain on sale of equipment	-	34,500
Rent	2,598	-
Total other income	2,598	34,500
Total additions	1,468,982	1,569,671
DEDUCTIONS:		
Interest on loan	35,000	-
Administrative expenses	900,876	782,095
Total deductions	935,876	782,095
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	533,106	787,576
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	5,745,963	4,958,387
End of year	$ 6,279,069	$ 5,745,963

The accompanying notes are an integral part of this statement.

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the South Florida Operating Engineers Apprentice and Training Fund (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement and declaration of trust for more complete information. Copies are available from Associated Administrators, LLC, the administrative manager of the Plan.

General

The Plan operates as a multi-employer, collectively bargained plan providing instruction and training on construction equipment of the type used within the jurisdiction of the International Union of Operating Engineers Local 487 (the Local) to members of the Local and apprentices who reside within the service area, which includes several counties throughout the state of Florida. The Fund has also entered into an agreement to provide similar services through Broward County, Florida area schools.

Funding

The Local, employer associations, and individual employer's signatory to the collective bargaining agreement, established a funding policy and method in order to promote the purpose of the Plan and to ensure compliance with the Employee Retirement Income Security Act of 1974 (ERISA). Each employer contributes to the plan such amounts and at such times as required by the applicable provisions of the collective bargaining agreement, or such other agreements as approved by the board of trustees.

Effective Date	Hourly Rate
July 1, 2022	$ 0.80

Termination

Although there is no intent to do so, the Plan's Trust agreement provides for the termination of the Plan subject to the provisions of the agreement and ERISA.

Records Maintenance

The Plan's records are in the custody of Associated Administrators, LLC. Associated Administrators, LLC performs various administrative functions necessary for the operation of the Plan, including but not limited to, processing employer contributions and payments of administrative expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards

During the year ended March 31, 2024, the Plan adopted the provisions of Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326). This ASU replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The ASU requires the Plan to immediately recognize the estimated expected credit losses over the life of a financial instrument. The estimate of expected credit losses considers not only historical information but also current and future economic conditions and events. The Plan adopted the ASU effective April 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in additional disclosures.

Employer Contributions Receivable

Contributions receivable from employers as of March 31, 2024 and 2023 represent uncollected contributions earned during each year as determined by subsequent collections. All contributions were received after each respective year-end, and as such, an allowance for credit losses was deemed unnecessary.

Investment Valuation

Investments are stated at fair value. Fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, see Note 7.

Income Recognition

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes the Plan’s gains and losses on investments bought and sold as well as held during the year. Investment income is presented net of investment fees.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires the Plan to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties

Financial instruments which potentially expose the plan to concentrations of credit risk, as defined by GAAP, consist primarily of cash. The Plan maintains cash deposits at three financial institutions which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon those daily account balances and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high-quality financial institution. As of March 31, 2024 and 2023, cash balances exceeded the federally insured limit by $22,944 and $635,255, respectively.

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of net assets available for benefits.

Fixed Assets

Fixed assets are carried at cost and depreciated on a straight-line basis over their estimated useful lives. Building assets are depreciated over five to thirty-nine years. Office and training equipment assets are depreciated over five years. Donated property is carried at fair value as of the date of donation. For the years ended March 31, 2024 and 2023, depreciation expense totaled $183,087 and $127,356, respectively.

Date of Plan Management's Review

Plan management has evaluated subsequent events through November 13, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – RELATED PARTIES

The Plan is related through common membership with the Local and the International Union of Operating Engineers Local 487 Health and Welfare Trust Fund (the H&W Fund). For the years ended March 31, 2024 and 2023, the Plan's total contributions to the H&W Fund were $49,169 and $51,149, respectively. As of March 31, 2024 and 2023, the total amount due to the H&W Fund was $4,424 and $4,568, respectively. For the years ended March 31, 2024 and 2023, the Plan's total contributions from the Local were $13,376 and $12,864, respectively. As of March 31, 2024 and 2023, the total amount due from the Local was $1,280 each year. On April 1, 2022, the Local contributed a grant of $300,000 to the Plan for the express purpose of purchasing a crane to be utilized in the training of apprentices. On March 29, 2023, the Plan entered into a promissory note with the Local for $1,000,000. As of March 31, 2024 and 2023, the principal balance outstanding and accumulated depreciation on the loan totaled $1,035,000 and $0, respectively. See note 8.

NOTE 4 – FEDERAL INCOME TAX STATUS

The Plan is exempt from Federal income taxes under Internal Revenue Code (IRC) 501(c)(3) and, therefore, no provisions for federal income taxes have been made. In addition, the Plan is required to operate in conformity with the IRC to maintain their tax-exempt status. The trustees believe the Plan is being operated in compliance with applicable requirements of the IRC and, therefore, believe the Plan is tax-exempt.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions, of which no unfavorable outcomes have resulted. The Plan believes it is no longer subject to income tax examinations for years prior to 2020.

NOTE 5 – DEFERRED REVENUE

As of March 31, 2024 and 2023, the Plan recognized deferred revenue of approximately $49,191 and $54,411, respectively, representing funding received for instruction and training to be provided through June 30, 2024 and 2023, respectively.

NOTE 6 – PARTY-IN-INTEREST TRANSACTIONS

Payments for professional services such as administration, consulting, legal, and auditing are considered reasonable and customary for such services. Certain Plan investments are managed by the custodian or an investment manager. Any purchases or sales of these investments are made at fair value and qualify as party-in-interest transactions. Such transactions, while considered party-in-interest transactions under ERISA regulations, are permitted under the provisions of the Plan and are specifically exempt from the prohibition of party-in-interest transactions under ERISA.

NOTE 7 – FAIR VALUE MEASUREMENTS

Accounting standards provide a framework for measuring fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan 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 active markets; • Inputs other than quoted prices that are observable for the asset or liability; 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.

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

Asset Valuation Techniques

Assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement. Changes in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy. 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 at fair value. There have been no changes in the methodologies used as of March 31, 2024 and 2023.

- *Interest bearing cash*: The carrying amount approximates fair value.
- *Registered investment companies - mutual funds*: Valued at the daily closing price as reported by the fund. These are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV), which is derived by dividing the total value of all the cash and securities in the fund's portfolio, less any liabilities, by the number of shares outstanding. These funds held by the Plan are deemed to be actively traded.

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis as of March 31, 2024 and 2023:

Fair Value Measurements as of March 31, 2024

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Interest bearing cash	$ 11,801	$ -	$ -	$ 11,801
Registered investment companies - mutual funds	1,510,487	-	-	1,510,487
Total	$ 1,522,288	$ -	$ -	$ 1,522,288

Fair Value Measurements as of March 31, 2023

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Registered investment companies - mutual funds	$ 1,440,190	$ -	$ -	$ 1,440,190
Total	$ 1,440,190	$ -	$ -	$ 1,440,190

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

The Plan's policy is to recognize all transfers between levels at the beginning of the reporting period. For the years ended March 31, 2024 and 2023, there were no significant transfers in or out of Level 1, 2 or 3.

NOTE 8 – LOAN PAYABLE

On March 29, 2023, the Plan entered into a promissory note agreement with the Local for the principal sum of $1,000,000. The loan is secured by a construction mortgage with absolute assignment of leases and rents, security agreement and fixture filing. The loan has a maturity date of March 29, 2033 and an annual interest rate of 3.5%.

Maturities of the loan for the Plan in each of the next five years are as follows:

Year Ending March 31,		
2025	$	200,000
2026		100,000
2027		100,000
2028		100,000
2029		100,000
Thereafter		400,000
Total	$	1,000,000

For the years ended March 31, 2024 and 2023, interest expense on the mortgage was $35,000 and $0, respectively.

NOTE 9 – POSTRETIREMENT BENEFIT PLANS

The Plan is a participating employer in two multiemployer defined benefit pension plans. Contributions were charged to pension expense for ongoing participation in this plan and are included in employee benefits on the accompanying schedules of administrative expenses.

The risks of participating in multiemployer pension plans are different from single-employer pension plans, in the following respects:

- Contributions to multiemployer pension plans by one employer may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, some or all of the unfunded obligations pertaining to the departing employer may be allocated to the remaining participating employers; and
- If the Plan chooses to stop participating in the plan, it may be required to pay a withdrawal liability to the plan.

NOTE 9 – POSTRETIREMENT BENEFIT PLANS (CONTINUED)

The following table represents the funded status of the plans and the Plan's participation in the plans for the years ended March 31, 2024 and 2023:

- The "EIN & Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable.
- The most recent Pension Protection Act Zone (PPA) Status column provides an indication of the financial health of the plan. The zone status is based on information provided to the Local and other participating employers by the plan and is certified by the plan's actuary. A plan in the "red" zone has been determined to be in "critical status," based on criteria established under the IRC, and is generally less than 65% funded. A plan in the "yellow" zone has been determined to be in "endangered status" based on criteria established under the IRC, and is generally less than 80% funded. A plan in the "green" zone has been determined to be neither in "critical status" nor in "endangered status" and is generally at least 80% funded.
- The "FIP/RP Status" column indicates whether a Financial Improvement Plan ("FIP"), as required under the IRC to be adopted by plans in the "yellow" zone, or a Rehabilitation Plan ("RP"), as required under the IRC to be adopted by plans in the "red" zone, is pending or has been implemented.
- The "Surcharge Imposed" column indicates whether the Plan's contribution rate included an amount in addition to the contribution rate specified in its applicable agreement, as imposed by a plan in "critical status," in accordance with the requirements of the IRC.

					2024	2023
Plan Name	EIN & Plan Number	PPA Status	FIP/RP Status	Surcharge Imposed	Contributions	
Central Pension Fund of the IUOE	36-6052390 Plan No. 001	Green as of 1/31/23	N/A	No	$ 38,628	$ 34,303
The General Pension Plan of the IUOE	52-6124299 Plan No. 001	Green as of 12/31/23	N/A	No	$ 17,435	$ 17,512
Total contributions to multiemployer pension plans					$ 56,063	$ 51,815

Contributions to the plans for the years ended March 31, 2024 and 2023 were made under the terms of a collective bargaining agreement with the Local. The Plan's contributions do not represent more than 5% of the total contributions to either plan. The Plan has no intention of withdrawing from any of the multiemployer pension plans in which they participate.

NOTE 10 – RECLASSIFICATIONS

Certain items in the March 31, 2023 report have been reclassified to conform to current year classification. Such reclassifications had no effect on previously reported change in net assets available for benefits.

NOTE 11 – ADMINISTRAIVE EXPENSES

For the years ended March 31, 2024 and 2023, expenses reflected in the financial statements are comprised of:

	2024	2023
Auditing and accounting fees	$ 9,462	$ 16,024
Administrative fees	41,433	40,329
Auto	12,510	19,557
Bank charges	797	726
Depreciation	183,087	127,356
Employee benefits	105,232	102,964
Equipment rental	12,743	2,422
Insurance expenses	42,569	23,108
Legal fees	11,120	39,462
Meetings and conferences	6,425	5,787
Miscellaneous	4,286	5,091
Payroll	276,255	254,915
Payroll taxes	21,769	20,790
Repairs and maintenance	89,935	43,145
Supplies	19,321	8,763
Telephone	11,680	6,708
Training	37,087	55,939
Utilities	15,165	9,009
Total administrative expenses	$ 900,876	$ 782,095