SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

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CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of South Florida Operating Engineers Apprentice and Training Fund (the Plan), which comprise the statements of net assets available for benefits as of March 31, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of March 31, 2021 and 2020, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of administrative expenses on page 13 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bellows Associates, P.A.
Coral Springs, Florida
November 4, 2021

SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2021 AND 2020

	2021	2020
ASSETS:		
Investments at fair value	$ 2,191,561	$ 1,992,931
Cash:		
Cash	698,998	560,636
Contributions escrow	59,474	61,249
Total cash	758,472	621,885
Receivables:		
Employer contributions	54,868	85,007
Accrued investment income	1,308	2,463
Total receivables	56,176	87,470
Fixed assets, net:		
Land and building improvements	262,929	253,825
Office and training equipment	526,057	486,944
	788,986	740,769
Accumulated depreciation	(426,844)	(395,652)
	362,142	345,117
Land	1,200,000	1,200,000
Total fixed assets, net	1,562,142	1,545,117
Other assets:		
Prepaid expenses	11,868	11,116
Deposit on fixed assets	115,834	56,682
Total other assets	127,702	67,798
Total assets	4,696,053	4,315,201
LIABILITIES:		
Accounts payable and other liabilities	26,583	45,247
Payroll taxes payable and withholdings	799	5,863
Deferred revenue	23,174	34,528
Total liabilities	50,556	85,638
NET ASSETS AVAILABLE FOR BENEFITS	$ 4,645,497	$ 4,229,563

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, 2021 AND 2020

	2021	2020
ADDITIONS:		
Contributions:		
Employers	$ 672,043	$ 849,996
Broward County School Board subsidy	102,472	118,816
Union	-	60,000
Total contributions	774,515	1,028,812
Investment income:		
Net appreciation (depreciation) in fair value of investments	172,914	(30,482)
Interest and dividends	28,580	56,959
Less: Investment expenses	(1,145)	(4,337)
Net investment income	200,349	22,140
Total additions	974,864	1,050,952
DEDUCTIONS:		
Administrative expenses	558,930	521,965
Total deductions	558,930	521,965
CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	415,934	528,987
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	4,229,563	3,700,576
End of year	$ 4,645,497	$ 4,229,563

The accompanying notes are an integral part of this statement.

SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

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. Contribution rates are as follows:

Effective Date	Hourly Rate
July 1, 2018	$ 0.60
July 1, 2019	$ 0.60
July 1, 2020	$ 0.60

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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)

Employer Contributions Receivable

Contributions receivable from employers as of March 31, 2021 and 2020 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 doubtful accounts 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.

Use of Estimates

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

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 a financial institution 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, 2021 and 2020, cash balances exceeded the federally insured limit by $449,892 and $315,927, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties (Continued)

In December 2019, a novel strain of coronavirus (COVID-19) was reported in China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." Though the Plan experienced furloughs by apprentices as a result of the pandemic, operations continued through online classes that afforded the apprentices to maintain classroom hours without impacting their potential to earn salary increases. As a result of furloughs at participating employers, the Plan's contributions were temporarily negatively impacted. The Plan continues to take preventive measures by strictly adhering to and monitoring the Centers for Disease Control updated guidelines and regulations to safeguard its employees.

Fixed Assets

Purchased fixed assets are carried at cost and depreciated on a straight-line basis over their estimated useful lives. Land and building improvements have been depreciated over thirty-nine years. Office and training equipment have been depreciated over five years. Donated property is carried at fair value as of the date of donation.

Date of Plan Management's Review

Plan management has evaluated subsequent events through November 4, 2021, 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, 2021 and 2020, the Plan's total contributions to the H&W Fund were $48,960 and $32,847, respectively. As of March 31, 2021 and 2020, the total amount due to the H&W Fund was $4,476 and $3,334, respectively. For the years ended March 31, 2021 and 2020, the Plan received contributions from the Local to purchase equipment totaling $0 and $60,000, respectively.

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 statutes. 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 2017.

NOTE 5 – DEFERRED REVENUE

As of March 31, 2021 and 2020, the Plan recognized deferred revenue of approximately $23,174 and $34,528, respectively, representing funding received for instruction and training to be provided through June 2021 and 2020, 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.

Assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement.

Asset Valuation Techniques

Changes in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy.

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021 and 2020.

- *Cash management accounts:* Valued at the closing price reported by the fund sponsor from an actively traded exchange.

- *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, 2021 and 2020:

Fair Value Measurements as of March 31, 2021

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash Management Accounts	$ 700,723	$ -	$ -	$ 700,723
Registered Investment Companies - Mutual funds	1,490,838	-	-	1,490,838
Total	$ 2,191,561	$ -	$ -	$ 2,191,561

Fair Value Measurements as of March 31, 2020

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash Management Accounts	$ 700,000	$ -	$ -	$ 700,000
Registered Investment Companies - Mutual funds	1,292,931	-	-	1,292,931
Total	$ 1,992,931	$ -	$ -	$ 1,992,931

The Plan's policy is to recognize all transfers between levels at the beginning of the reporting period. For the years ended March 31, 2021 and 2020, there were no significant transfers in or out of Level 1,2 or 3.

NOTE 8 – 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.

The following table represents the funded status of the plans and the Plan's participation in the plans for the years ended March 31, 2021 and 2020:

- 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 for the years ended March 31, 2021 and 2020 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.

NOTE 8 – POSTRETIREMENT BENEFIT PLANS (CONTINUED)

Plan Name	EIN & Plan Number	PPA Status	FIP/RP Status	Surcharge Imposed	Contributions 2021	Contributions 2020
Central Pension Fund of the IUOE	36-6052390 Plan No. 001	Green as of 1/31/20	N/A	No	$27,794	$24,438
The General Pension Plan of the IUOE	52-6124299 Plan No. 001	Green as of 12/31/20	N/A	No	$15,361	$14,766
Total contributions to multiemployer pension plans					$43,155	$39,204

Contributions to the plans for the years ended March 31, 2021 and 2020 were made under the terms of a collective bargaining agreement with IUOE. 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.

SUPPLEMENTAL INFORMATION

SOUTH FLORIDA OPERATING ENGINEERS APPRENTICE AND TRAINING FUND
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
Auditing and accounting fees	$ 9,600	$ 12,237
Administrative fees	36,045	34,662
Auto	7,740	7,375
Bank charges	540	562
Depreciation	31,192	20,872
Employee benefits	92,115	72,051
Equipment rental	1,833	1,567
Insurance expenses	30,303	24,549
Legal fees	8,955	36,797
Meetings and conferences	2,237	5,272
Miscellaneous	2,524	1,762
Payroll	241,099	221,437
Payroll taxes	18,598	17,096
Repairs and maintenance	37,877	32,381
Supplies	2,628	2,311
Telephone	6,714	4,943
Training	22,914	20,347
Utilities	6,016	5,744
Total administrative expenses	$ 558,930	$ 521,965

See independent auditor's report.