

**FLORIDA ENGINEERS
MANAGEMENT CORPORATION
(A COMPONENT UNIT OF
THE STATE OF FLORIDA)**

**Financial Statements
and Supplementary Information**

For the Years ended June 30, 2021 and 2020

Table of Contents

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position.....	9
Statements of Cash Flows	10
Notes to Financial Statements	11
Supplementary Information	
Schedule of Expenditures of State Financial Assistance	16
Other Reports	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditor’s Report on Compliance For Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General.....	19
Schedule of Findings and Questioned Costs – State Financial Assistance Projects	21



Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida Engineers Management Corporation
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Engineers Management Corporation (the Corporation) (a nonprofit organization and component unit of the State of Florida), which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe 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 position of Florida Engineers Management Corporation as of June 30, 2021 and 2020, and the changes in its net financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, Rules of the Auditor General of the State of Florida, is 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.

Board of Directors
Florida Engineers Management Corporation
Page Three

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Engineers Management Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Engineers Management Corporation's internal control over financial reporting and compliance.

Law Redd Crona + Munroe P.A.

LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
August 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of the Florida Engineers Management Corporation (the Corporation) presents management's discussion and analysis of the Corporation's financial performance during the fiscal years ended June 30, 2021 and 2020. It should be read in conjunction with the Corporation's financial statements immediately following this section.

Background and Funding Information

The Florida Engineers Management Corporation (the Corporation) is a nonprofit corporation created by passage of Chapter 97-312, Laws of Florida, Section 471.038, *Florida Statutes*, during the 1997 Florida Legislature. Its purpose is to provide administrative, investigative and prosecutorial services to the Florida Board of Professional Engineers (the Board). Florida Engineers Management Corporation receives funding from legislative appropriations to the Florida Department of Business and Professional Regulation (the Department). The fiscal year is July 1 through June 30.

The Corporation's Board is comprised of seven members: five members appointed by the Florida Board of Professional Engineers and who must be registrants in Florida and two members who are appointed by the Secretary of the Florida Department of Business and Professional Regulation and who must be laypersons not regulated by the Board.

Overview of the Financial Statements

This annual report consists of management's discussion and analysis and the financial statements. The Corporation's reporting entity consists of one enterprise fund. Therefore, the financial statements provide information about the Corporation's overall financial status. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

The Corporation's financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows.

- The Statements of Net Position present information on all assets and liabilities of the Corporation with the difference between the assets and liabilities reported as net position.
- The Statements of Revenues, Expenses and Changes in Net Position present information on all revenues and expenses of the Corporation and the changes in net position.
- The Statements of Cash Flows present information regarding changes in cash resulting from cash receipts and cash disbursements during the reporting period.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Highlights

The Corporation has an ongoing commitment to provide outstanding service to applicants, licensees and the public while maintaining a strong focus on the fiduciary responsibility of good budget management. Management and staff continue to streamline workflow processes through technological upgrades, allowing for application processing efficiency. In order to promote professional licensure and to help alleviate unlicensed activity, the Corporation has increased public education regarding the services it provides. This has been accomplished through presentations at universities and various professional organizations in Florida, along with professional publications and social media platforms.

Financial Analysis

Statements of Net Position

The following schedule provides a summary of the assets, liabilities and net position of the Corporation as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets	\$ 315,181	\$ 412,627
Non-current Assets	<u>85,836</u>	<u>83,492</u>
Total Assets	<u>\$ 401,017</u>	<u>\$ 496,119</u>
Current Liabilities	<u>\$ 268,597</u>	<u>\$ 360,523</u>
Net Position		
Net Investment in Capital Assets	77,836	83,492
Restricted	<u>54,584</u>	<u>52,104</u>
Total Net Position	<u>\$ 132,420</u>	<u>\$ 135,596</u>

Total assets declined primarily due to a decrease in cash and accounts receivable and also due to a 6% reduction in contract revenue, which was a result of the economic impact of the COVID-19 pandemic on total State revenue. Total liabilities decreased due to a reduction in accounts payable and the total due to the Florida Department of Business and Professional Regulation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statements of Revenues, Expenses and Changes in Net Position

The following schedule provides a summary of the revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 2,040,623	\$ 2,169,448
Operating expenses	<u>1,964,646</u>	<u>2,060,601</u>
Excess of revenues over expenses	75,977	108,847
Reversion to State of Florida	<u>(79,153)</u>	<u>(134,632)</u>
Change in net position	(3,176)	(25,785)
Total net position, beginning of year	<u>135,596</u>	<u>161,381</u>
Total net position, end of year	<u>\$ 132,420</u>	<u>\$ 135,596</u>

Operating Revenues

The Florida Engineers Management Corporation is funded by a line-item legislative appropriation set out in the Department of Business and Professional Regulation's annual budget.

Operating Expenses

The excess of revenue over expenses of \$75,977 is due to continued diligence by management in minimizing operating expenses. Annual operating expenses of \$1,964,646 were 3.7% under budget and \$95,955 less than the fiscal year ended June 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Corporation's operating expenses for the fiscal year ended June 30, 2021 focused on the following major areas:

- In July, position restructuring allowed for the elimination of one position, resulting in savings in salaries, benefits, and payroll taxes.
- In line with the Corporation's continued focus on staff training and education, seven (7) staff members attended a one-day CPR training held by the local Red Cross. Each employee successfully completed the training and became recertified in CPR and in the use of a portable automated external defibrillator (AED).
- Because of the COVID-19 pandemic, all travel was kept at a minimum, and all board meetings, as well as most staff meetings and employee trainings, were held remotely.

Economic Factors and Next Year's Budget

The Corporation's operating budget was approved for four fiscal years beginning July 1, 2017 and ending June 30, 2021. Grants and aid funds in the amount of \$2,070,000 and unlicensed activity funds in the amount of \$100,875 for the first three fiscal years, comprised the total annual budget of \$2,170,875. This three-year total equals \$6,512,625. Due to the deleterious effect the pandemic initially had on State revenue, the Corporation was required to reduce the annual operating budget in the final contract year beginning July 1, 2020 by 6%, for total revenues of \$1,945,800 and \$94,823, respectively, bringing the total four year contract to \$8,553,248.

A new four year contract for the period beginning July 1, 2021 and ending June 30, 2025 was signed in June 2021. Grants and aid funds in the amount of \$2,070,000 and unlicensed activity funds in the amount of \$100,875 for the four fiscal years comprised the total annual budget of \$2,170,875 for a total four-year contract of \$8,683,500. A fee of \$19,200 per fiscal year for a four year total of \$76,800 for services provided by the contract monitor at DBPR are included in the four year contract.

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 268,597	\$ 335,117
Accounts Receivable	-	25,406
Prepaid Expenses and Deposits	46,584	52,104
Total Current Assets	315,181	412,627
 <u>Noncurrent Assets</u>		
Deposits	8,000	-
Capital Assets, net	77,836	83,492
Total Noncurrent Assets	85,836	83,492
 Total Assets	401,017	496,119
 LIABILITIES		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	170,244	206,691
Due to Florida Department of Business and Professional Regulation	98,353	153,832
Total Current Liabilities	268,597	360,523
 NET POSITION		
Net Investment in Capital Assets	77,836	83,492
Restricted	54,584	52,104
Total Net Position	\$ 132,420	\$ 135,596

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

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES:		
Transfer In - Florida Department of Business and Professional Regulation	\$ 2,040,623	\$ 2,169,448
TOTAL OPERATING REVENUES	2,040,623	2,169,448
OPERATING EXPENSES:		
Salaries and benefits	1,238,275	1,267,144
Professional and consulting fees	373,065	344,394
Occupancy costs	138,404	141,671
Meeting and travel expenses	16,722	98,077
Depreciation	30,445	34,041
Postage	9,029	9,820
Repairs and maintenance	14,448	21,431
Printing and copying	9,692	9,471
Telephone	26,442	23,897
Office supplies and expenses	36,252	37,101
Insurance	23,599	21,093
Contract monitoring	19,200	19,200
Dues and subscriptions	17,561	16,790
Testing services and fees	6,500	6,500
Employee training	5,012	9,971
TOTAL OPERATING EXPENSES	1,964,646	2,060,601
EXCESS OF REVENUES OVER EXPENSES	75,977	108,847
REVERSION TO FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION	(79,153)	(134,632)
CHANGE IN NET POSITION	(3,176)	(25,785)
NET POSITION, Beginning of Year	135,596	161,381
NET POSITION, End of Year	\$ 132,420	\$ 135,596

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

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Florida Department of Business and Professional Regulation	\$ 2,066,029	\$ 2,157,488
Payments to Vendors	(897,183)	(884,297)
Payments to Employees	(1,210,577)	(1,252,144)
Net Cash (Used in) Provided by Operating Activities	(41,731)	21,047
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(24,789)	(29,133)
Net Decrease in Cash and Cash Equivalents	(66,520)	(8,086)
Cash and Cash Equivalents, Beginning of Year	335,117	343,203
Cash and Cash Equivalents, End of Year	\$ 268,597	\$ 335,117
 RECONCILIATION OF CHANGE IN NET POSITION TO THE NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in Net Position	\$ (3,176)	\$ (25,785)
Adjustments to Reconcile Change in Net Position to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	30,445	34,041
Loss on Disposal of Capital Assets	-	303
Changes in Operating Assets and Liabilities		
Accounts Receivable	25,406	(12,680)
Prepaid Expenses	5,520	20,574
Deposits	(8,000)	-
Accounts Payable and Accrued Expenses	(36,447)	40,489
Due to Florida Department of Business and Professional Regulation	(55,479)	(35,895)
Net Cash (Used In) Provided by Operating Activities	\$ (41,731)	\$ 21,047

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

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization – The Florida Engineers Management Corporation (the Corporation) is a nonprofit corporation created by passage of Chapter 97-312, Laws of Florida, Section 471.038, *Florida Statutes*, during the 1997 Florida Legislature. Its purpose is to provide administrative, investigative and prosecutorial services to the Florida Board of Professional Engineers (FBPE) (the Board). Florida Engineers Management Corporation receives funding from legislative appropriations to the Florida Department of Business and Professional Regulation (the Department). The fiscal year is July 1 through June 30.

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Accounting – The Corporation’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Corporation operates as a special purpose government engaged in business-type activities. The proprietary fund type is applicable to the Corporation, under the governmental reporting model, and its activities are accounted for as an enterprise fund.

The focus of proprietary fund measurement is on the flow of economic resources including the determination of operating income, changes in net position, financial position, and cash flows, similar to business enterprises. The Corporation’s books are maintained on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Reporting Entity – The Corporation is a component unit of the State of Florida. The Corporation has no component units for the years ended June 30, 2021 and 2020.

Income Taxes – The Corporation qualifies for exemption from federal income taxes as a governmental entity and is not required to file a Return of Organization Exempt from Income Tax, Form 990. Therefore, no provision for income taxes has been recorded.

Cash and Cash Equivalents – Cash and cash equivalents include demand deposits with financial institutions and deposits in highly-liquid money market funds.

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Capital assets are stated at cost, net of accumulated depreciation. Contributed assets are reported at fair market value as of the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. The Corporation capitalizes all capital assets with a purchase price over \$500.

Operating Revenues – Transfers In – As a component unit of the State of Florida, the fixed portion of the base, annual contract from the Florida Department of Business & Professional Regulation (the Department) is recognized as a transfer-in. Transfers-in also include amounts the Corporation invoices to the Department for unlicensed activity up to a maximum amount, based on actual expenses of the activity. Unexpended funds are reverted back to the Department on an annual basis.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Restricted Funding – The Corporation receives funding through appropriations allocated to the regulation of professional engineers from the State of Florida Professional Regulation Trust Fund. It is restricted for the purposes described in *Florida Statutes*, Section 471.038.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of three accounts maintained at a commercial bank located in Tallahassee, Florida. The carrying amount and bank balances at June 30, 2021 are \$268,597 and \$285,922, respectively. Bank balances are secured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per bank. Amounts in excess of FDIC insurance are entirely insured or collateralized pursuant to Chapter 280, *Florida Statutes*.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due from the State of Florida, Department of Business and Professional Regulation for unlicensed activity. No valuation allowance has been recorded, as management deems the balances to be collectable.

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 – CONCENTRATION AND CONTINGENCY

The Corporation receives all of its revenue from a contract with the State of Florida, Department of Business and Professional Regulation. In performing the administrative services under this contract, the Corporation collected and processed approximately \$759,000 and \$610,000 of fees and revenues on the Board’s behalf during the years ended June 30, 2021 and 2020, respectively. These amounts were deposited directly into the Department’s trust fund account and are not recognized as revenues of the Corporation. Therefore, they have not been recorded in the accompanying financial statements.

In July 2017, the Corporation entered into a four year contract beginning July 1, 2017 through June 30, 2021. Total funding for the contract is \$2,170,875 annually and \$8,683,500 for the contract period. The Corporation was required to reduce its annual operating budget in the final contract year by 6%. Total funding for fiscal year ended June 30, 2021 was \$2,040,623, bringing the total funding for the four year contract to \$8,553,248.

In June 2021, the Corporation entered into a four year contract beginning July 1, 2021 through June 30, 2025. Total funding for the contract is \$2,170,875 annually and \$8,683,500 for the contract period. The Department’s performance and obligation to pay under this contract is contingent upon an annual appropriation by the Florida Legislature. In addition, upon determination by the Department and the Board, at any time during the term of the contract that the Corporation no longer operates for the benefit of the Board and in the best interest of the State, all monies and property held shall revert to the Board or the Department.

NOTE 5 – CAPITAL ASSETS

Capital assets consist of the following:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Furniture and Equipment	\$ 78,045	\$ -	\$ -	\$ 78,045
Leasehold Improvements	58,739	-	-	58,739
Computers and Software	301,612	24,789	-	326,401
	<u>438,396</u>	<u>24,789</u>	<u>-</u>	<u>463,185</u>
Less: Accumulated Depreciation	<u>(354,904)</u>	<u>(30,445)</u>	<u>-</u>	<u>(385,349)</u>
	<u>\$ 83,492</u>	<u>\$ (5,656)</u>	<u>\$ -</u>	<u>\$ 77,836</u>

Depreciation expense was \$30,445 and \$34,041 for the years ended June 30, 2021 and 2020, respectively.

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 – RETIREMENT BENEFITS

The Corporation maintains a defined contribution retirement plan established as an SEP-IRA for all eligible employees having performed services within the past one year of the immediately preceding five years. The Corporation has designated a quarterly contribution of ten percent (10%) of each eligible employee’s gross quarterly earnings. Contributions to the plan for the years ended June 30, 2021 and 2020 were \$91,822 and \$91,020, respectively.

NOTE 7 – OPERATING LEASE COMMITMENTS

The Corporation leases office space and equipment under operating leases expiring at various dates through September 2027. The leases for office space are cancellable in the event the Corporation’s program is cancelled or funding is not available. Beginning September 1, 2021, the Corporation is required to give six months written notice, pay the sum of six months rent upon notice, and forfeit the security deposit of \$8,000 for a new lease for office space. Future minimum lease payments under these leases are as follows:

<u>For the year ending June 30</u>	
2022	\$ 119,848
2023	111,874
2024	106,334
2025	102,961
2026	105,535
Thereafter	135,328
Total	<u>\$ 681,880</u>

Lease expenses for occupancy and equipment for the years ended June 30, 2021 and 2020 were \$148,781 and \$155,988, respectively.

NOTE 8 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss including general liability, property and casualty, group health and life, auto and physical damage, and workers’ compensation. Conventional commercial insurance coverage has been purchased from various independent carriers to insure against such risk and minimize financial exposure to such risks. The Corporation is not involved in any risk pools with other governmental entities.

FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 – INCOME TAXES

For the year ended June 30, 2021, the Corporation had no unrelated business income and, accordingly, has incurred no income tax liability from unrelated business activities.

An entity must recognize the impact of uncertain tax positions in the financial statements, if it is more likely than not that a tax position taken for tax return purposes will not be sustained upon examination by taxing authorities. The Corporation has concluded that it has no material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits.

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through August 27, 2021, the date which the financial statements were available to be issued.

Supplementary Information

**FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Agency and Program Title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
State of Florida			
Department of Business and Professional Regulation			
Direct Program			
Florida Engineers Management Corporation (FEMC)	79.001	n/a	<u>\$ 1,964,646</u>

Notes:

- (1) The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) presents the activity of all state projects of the Corporation for the year ended June 30, 2021. All expenditures related to state projects received directly from state agencies, as well as state projects passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of the *Florida Single Audit Act*.
- (2) The Schedule was prepared on the accrual basis of accounting.
- (3) There were no state awards expended in non-cash assistance.
- (4) There were no transfers to subrecipients during the fiscal year.

See independent auditor's report.

Other Reports



Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Florida Engineers Management Corporation
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Engineers Management Corporation (the Corporation) (a nonprofit organization and component unit of the State of Florida), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
August 27, 2021



Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
Florida Engineers Management Corporation
Tallahassee, Florida

Report on Compliance for Each Major State Project

We have audited Florida Engineers Management Corporation's (the Corporation) (a nonprofit organization and component unit of the State of Florida) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Corporation's major state project for the year ended June 30, 2021. The Corporation's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, contracts, and terms and conditions of its state project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major state project. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major State Project

In our opinion, Florida Engineers Management Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida
August 27, 2021

**FLORIDA ENGINEERS MANAGEMENT CORPORATION
(A COMPONENT UNIT OF THE STATE OF FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's reports issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	No

State Financial Assistance

Internal control over major projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None
Type of auditor's report issued on compliance for major projects?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.654(1)(h)4., <i>Rules of the Auditor General</i> ?	No

Identification of major projects:	<u>CSFA Number</u> 79.001	<u>Name of State Financial Assistance</u> State of Florida Department of Business and Professional Regulation Direct Program Florida Engineers Management Corporation (FEMC)
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Dollar threshold used to distinguish between Type A and Type B programs:	\$ 589,394
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Section II – Financial Statement Findings

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Section III – State Financial Assistance Findings and Questioned Costs

- a.) We noted no matters involving noncompliance that are required to be reported in accordance with *Rules of the Auditor General of the State of Florida, Chapter 10.654(1)(h)4.*
- b.) No management letter is required because there were no findings required to be reported in the management letter.
- c.) No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects

See independent auditor's report.