

Financial Statements  
and Supplementary Information

**Florida Engineers Management Corporation**  
**(A Component Unit of the State of Florida)**

*Years ended June 30, 2025 and 2024*  
*with Report of Independent Auditors*



Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Financial Statements  
and Supplementary Information

Years ended June 30, 2025 and 2024

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## Report of Independent Auditors

Board of Directors  
Florida Engineers Management Corporation

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Florida Engineers Management Corporation (the Corporation) which comprise the statements of net position as of June 30, 2025 and 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2025 and 2024, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Corporation 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 the Corporation's ability to continue as a going concern within 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 and *Government 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 GAAS and *Government 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 the Corporation'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 the Corporation'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 8 be presented to supplement the financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, and the schedule of findings and questioned costs - state financial assistance projects are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of state financial assistance and the schedule of findings and questioned costs - state financial assistance projects are fairly stated, in all material respects, in relation to the financial statements as a whole.



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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2025 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 the 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 the Corporation's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
August 27, 2025

## 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, 2025, and 2024. 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 the 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). The 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 comprises seven members: five members appointed by the Florida Board of Professional Engineers, who must be registrants in Florida, and two appointed by the Secretary of the Department of Business and Professional Regulation, who must be laypersons not regulated by the Board.

### Overview of the Financial Statements

This annual report consists of management discussion, analysis, and 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 essential to an 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 is committed to providing outstanding service to applicants, licensees, and the public while keeping a strong focus on the fiduciary responsibility of comprehensive budget management. Management and staff continue to streamline workflow processes through technological upgrades, allowing for improved application processing and reductions in personnel and related expenses. To promote professional licensure and help alleviate unlicensed activity, the Corporation has continued to increase public outreach and education regarding its services. This has been accomplished through presentations at universities and various professional organizations in Florida, in professional publications, and maintaining an active presence on 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, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current assets	\$ 498,381	\$ 487,772
Capital assets, net	68,573	83,547
Deposits	10,136	14,352
Other non-current assets	262,423	372,585
<b>Total assets</b>	<u>\$ 839,513</u>	<u>\$ 958,256</u>
<b>Liabilities</b>		
Current liabilities	\$ 412,490	\$ 393,706
Non-current liabilities	164,905	269,753
<b>Total liabilities</b>	<u>\$ 577,395</u>	<u>\$ 663,459</u>
<b>Net position</b>		
Net investment in capital assets	50,569	63,470
Restricted	211,522	231,327
<b>Total net position</b>	<u>\$ 262,118</u>	<u>\$ 294,797</u>

Total assets decreased due to a decrease in right-of-use leased assets. Total liabilities decreased due to a reduction in the non-current lease liability.

## 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, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 2,170,875	\$ 2,170,875
Operating expenses	2,127,710	2,109,437
Other income	<u>286</u>	<u>229</u>
Excess of revenues over expenses	43,451	61,667
Reversion to the state of Florida	<u>(76,130)</u>	<u>(58,995)</u>
Change in net position	(32,679)	2,672
Total net position, beginning of year	<u>294,797</u>	<u>292,125</u>
Total net position, end of year	<u><u>\$ 262,118</u></u>	<u><u>\$ 294,797</u></u>

### *Operating Revenues*

The 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 revenue over expenses of \$43,451 is due to continued diligence by management to minimize operating expenses. Operating expenses of \$2,127,710 were 0.010% under budget and \$18,273 more than the fiscal year ending June 30, 2024, primarily due to increase in renewal expenses of \$26,857.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

The Corporation’s operating revenue and expenses for the fiscal year ending June 30, 2025, focused on the following major areas:

- The bi-annual Licensure Renewal process began on Nov. 5, 2024. Staff assisted in the renewal process for 42,130 Professional Engineers as of June 30, 2025. The Corporation staff collected and deposited over \$668,046 in fees into the State of Florida Board of Engineering Trust Fund for all engineering disciplines.
- Despite a 100% increase in the number of licensed Professional Engineers since 1998, from 25,000 to nearly 50,000, the Corporation operated for 28 years on the same \$2,070,000 annual budget. In June 2025, after a tremendous effort from staff, engineers, and others, the Florida Legislature granted the Corporation a \$200,000 increase in the upcoming fiscal year. This increase will allow the Corporation to continue to provide excellent services to professional engineers in Florida and beyond.
- The Corporation completed the transition to Laserfiche Cloud within this fiscal year and continues to update and refine workflow processes to enable increased automated functionality. Laserfiche Cloud benefits the Corporation by providing browser-based access, which alleviates the need to regularly update client software, maintain and secure an on-premises server, and offers additional features not available with a self-hosted server.

### **Economic Factors and Next Year’s Budget**

A new four-year contract for the period beginning July 1, 2025, and ending June 30, 2029, was signed in June 2025. Grants and aid funds for \$2,270,000 and unlicensed activity funds for \$100,875 for the four fiscal years comprised the total annual budget of \$2,370,875 for a total four-year contract of \$9,483,500. 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 is included in the four-year contract.

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Statements of Net Position

	June 30,	
	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 410,364	\$ 391,179
Accounts receivable	2,124	2,525
Prepaid expenses and deposits	85,893	94,068
Total current assets	498,381	487,772
Noncurrent assets:		
Deposits	10,136	14,352
Capital assets, net	68,573	83,547
Leases, right-of-use assets	262,423	372,585
Total noncurrent assets	341,132	470,484
Total assets	\$ 839,513	\$ 958,256
<b>Liabilities and net position</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 49,012	\$ 52,465
Due to Florida Department of Business and Professional Regulation	95,330	78,195
Compensated absences payable	152,653	140,137
Lease liabilities, current	115,495	122,909
Total current liabilities	412,490	393,706
Noncurrent liabilities:		
Lease liabilities, noncurrent	164,905	269,753
Total noncurrent liabilities	164,905	269,753
Total liabilities	577,395	663,459
Net position:		
Net investment in capital assets	50,596	63,470
Restricted	211,522	231,327
Total net position	262,118	294,797
Total liabilities and net position	\$ 839,513	\$ 958,256

*See accompanying notes.*

Florida Engineers Management Corporation  
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Statements of Revenues, Expenses and Changes in Net Position

	Years ended June 30,	
	2025	2024
<b>Operating revenues:</b>		
Transfer in - Florida Department of Business and Professional Regulation	\$ <u>2,170,875</u>	\$ <u>2,170,875</u>
Total operating revenues	<u>2,170,875</u>	<u>2,170,875</u>
<b>Operating expenses:</b>		
Salaries and benefits	1,279,886	1,254,609
Professional and consulting fees	378,381	395,846
Depreciation and amortization	140,749	149,999
Meeting and travel expenses	110,436	126,155
Office supplies and expenses	59,615	46,922
Renewal expenses	26,857	-
Occupancy costs	24,531	24,182
Insurance	21,973	22,516
Contract monitoring	19,200	19,200
Telephone	18,967	18,860
Dues and subscriptions	16,238	15,729
Employee training	9,256	12,778
Printing and copying	9,299	8,002
Testing services and fees	6,500	6,500
Interest expense	2,922	3,862
Repairs and maintenance	2,900	4,277
Total operating expenses	<u>2,127,710</u>	<u>2,109,437</u>
Excess of revenues over expenses	43,165	61,438
Reversion to Florida Department of Business and Professional Regulation	(76,130)	(58,995)
Other income	<u>286</u>	<u>229</u>
Change in net position	(32,679)	2,672
Net position at beginning of year	<u>294,797</u>	<u>292,125</u>
Net position at end of year	<u>\$ 262,118</u>	<u>\$ 294,797</u>

*See accompanying notes.*

Florida Engineers Management Corporation  
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Statements of Cash Flows

	<b>Years ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Receipts from Florida Department of Business and Professional Regulation	\$ 2,171,276	\$ 2,173,271
Payments to vendors	(744,330)	(688,103)
Payments to employees	<u>(1,279,886)</u>	<u>(1,254,609)</u>
Net cash provided by operating activities	<u>147,060</u>	<u>230,559</u>
<b>Cash flows from financing activities</b>		
Purchase of capital assets	(15,613)	(578)
Lease payments	<u>(112,262)</u>	<u>(112,101)</u>
Net cash used in financing activities	<u>(127,875)</u>	<u>(112,679)</u>
Net increase in cash and cash equivalents	19,185	117,880
Cash and cash equivalents at beginning of year	<u>391,179</u>	<u>273,299</u>
Cash and cash equivalents at end of year	<u>\$ 410,364</u>	<u>\$ 391,179</u>
<b>Reconciliation of change in net position to the net cash provided by operating activities</b>		
Change in net position	\$ (32,679)	\$ 2,672
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	140,749	149,999
Changes in operating assets and liabilities:		
Accounts receivable	401	2,396
Prepaid expenses	8,175	(15,855)
Deposits	4,216	(3,180)
Accounts payable and accrued expenses	9,063	41,192
Due to Florida Department of Business and Professional Regulation	<u>17,135</u>	<u>53,335</u>
Net cash provided by operating activities	<u>\$ 147,060</u>	<u>\$ 230,559</u>
<b>Supplemental disclosures of cash flow information related to leases is as follows:</b>		
Cash paid for amounts included in lease liabilities:		
Operating cashflows - payment on operating leases	\$ 115,184	\$ 115,961
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	-	53,329

*See accompanying notes.*

Florida Engineers Management Corporation  
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Notes to Financial Statements

Years ended June 30, 2025 and 2024

**1. Nature of Operations and Significant Accounting Policies**

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.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting practices and policies are summarized as 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, 2025 or 2024.

Florida Engineers Management Corporation  
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Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**New Accounting Pronouncement**

The Corporation adopted GASB No. 101, Compensated Absences as of July 1, 2024. The Statement requires that liabilities for compensated absences be recognized for (1) leave that is attributable to services already rendered and (2) leave that accumulates and carries forward to future reporting periods and (3) leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences.

**Basis of Presentation**

The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents consists of amounts on hand and amounts in demand deposits with financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts.

**Capital Assets, Net**

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.

Florida Engineers Management Corporation  
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Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**Capital Assets, Net (continued)**

Leases are defined by the general government as the right to use an underlying asset. As lessee, the Corporation recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximates the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The Corporation calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. Additional disclosures regarding leases are in Note 6 to the financial statements.

**Compensated Absences Payable**

The Corporation's employees are entitled to personal time off (PTO) which combines time off for personal, vacation, and sick leave. PTO is based on length of employment and other factors. PTO is accrued when earned. In accordance with GASB Statement No. 101, Compensated Absences, the Corporation has accrued a liability for compensated absences that accumulates, is attributable to services already performed, and will be used for time off or otherwise paid in cash. At June 30, 2025 the net increase to compensated absences payable is \$12,516.

**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.

**Operating Revenues - Transfers In**

As a component unit of the State of Florida, the fixed portion of the base, annual contract from 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.

Florida Engineers Management Corporation  
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Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**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 and disclosure of contingent assets and liabilities at the date of the financial statements and the 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.

**Reclassification**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**Subsequent Events**

The Corporation has evaluated subsequent events through August 27, 2025, the date the financial statements were available to be issued. During the period from June 30, 2025 to August 27, 2025, the Corporation did not have any material recognizable subsequent events.

**2. Accounts Receivable**

Accounts receivable represent amounts due from the Department for unlicensed activity. No valuation allowance has been recorded, as management deems the balances to be collectable.

**3. Concentration and Contingency**

The Corporation receives all of its revenue from a contract with the Department. In performing the administrative services under this contract, the Corporation collected and processed approximately \$668,000 and \$642,000 of fees and revenues on the Board's behalf during the years ended June 30, 2025 and 2024, 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.

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Notes to Financial Statements

**3. Concentration and Contingency (continued)**

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.

**4. Capital and Right-of-Use Assets, Net**

Capital assets consist of the following:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025</u>
Furniture and equipment	\$ 69,723	\$ -	\$ -	\$ 69,723
Leasehold improvements	58,970	-	-	58,970
Computers and software	201,633	15,613	-	217,246
Leases, right-of-use assets, office space	318,902	-	(98,124)	220,779
Leases, right-of-use assets, equipment	<u>53,683</u>	<u>-</u>	<u>(12,038)</u>	<u>41,645</u>
	702,911	15,613	(110,162)	608,363
Less: Accumulated depreciation and amortization of capital assets	<u>(246,779)</u>	<u>(30,587)</u>	<u>-</u>	<u>(277,366)</u>
	<u>\$ 456,132</u>	<u>\$ (14,974)</u>	<u>\$ (110,162)</u>	<u>\$ 330,997</u>

Depreciation and amortization expense was \$140,749 and \$149,999 for the years ended June 30, 2025 and 2024, respectively.

**5. Retirement Benefits**

The Corporation maintains a defined contribution retirement plan established a SEP-IRA for all eligible employees. The Corporation contributes an amount equal to ten percent (10%) of each eligible employee's gross quarterly earnings to the Plan on a quarterly basis. Contributions to the plan for the years ended June 30, 2025 and 2024, were \$91,384 and \$92,334, respectively.

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Notes to Financial Statements

**6. Lease Commitments**

The Corporation leases office space and equipment under lease agreements expiring at various dates through July 2029. 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 in the event of cancellation. The right-to-use lease asset for office space and equipment was originally valued at \$596,920 and \$76,703, respectively. Accumulated amortization for the right-to-use lease asset for office space and equipment as of June 30, 2025, is \$376,141 and \$54,984, respectively. Accumulated amortization for the right-to-use lease asset for office space and equipment as of June 30, 2024, is \$278,017 and \$42,946, respectively. Future minimum lease payable and the net present value of the minimum lease payments for office space and equipment leases are as follows:

<b>For the year ended</b>				
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	
2026	\$ 117,402	\$ 1,906	\$ 119,308	
2027	120,040	856	120,896	
2028	39,119	97	39,216	
2029	6,494	16	6,510	
2030	<u>221</u>	<u>-</u>	<u>221</u>	
	<u>\$ 283,276</u>	<u>\$ 2,875</u>	<u>\$ 286,151</u>	

**7. 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, cyber-security, 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.

## Other Reports and Supplementary Information



## Report of Independent Auditors 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

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 (*Government Auditing Standards*), the financial statements of the Florida Engineers Management Corporation (the Corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year ended, and the related notes to the financial statements and have issued our report thereon dated August 27, 2025.

### **Report on 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 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.

### **Report on Internal Control Over Financial Reporting (continued)**

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 or significant deficiencies may exist that were not identified.

### **Report on 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
August 27, 2025



Report of Independent Auditors on Compliance for the Major State Project and on  
Internal Control Over Compliance Required by Chapter 10.650,  
*Rules of the Auditor General*

Board of Directors  
Florida Engineers Management Corporation

**Report on Compliance for the State Project**

***Opinion on the State Project***

We have audited the Florida Engineers Management Corporation's (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Service's State Projects Compliance Supplement* that could have a direct and material effect on the Corporation's state project for the year ended June 30, 2025. The Corporation's state project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its state project for the year ended June 30, 2025.

***Basis for Opinion on the State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the state project. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's state project.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of the state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit requirements of Chapter 10.650, *Rules of the Auditor General*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the audit requirements of Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

*Auditor's Responsibilities for the Audit of Compliance (continued)*

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
August 27, 2025

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2025

<u>State Agency and Program Title</u>	<u>CSFA No.</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b>State of Florida</b>			
Department of Business and Professional Regulation			
Direct Program			
Florida Engineers Management Corporation (FEMC)	79.001	21-00001	\$ <u>2,124,788</u>

**Note 1** - This Schedule of State Financial Assistance (the Schedule) includes the State grant activity of the Florida Engineers Management Corporation for the year ended June 30, 2025, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*.

**Note 2** - Amounts included on this Schedule include only the expenditure of State Financial Assistance received directly from an awarding agency. The amounts on the accompanying statements of revenues, expenses and changes in net position include additional expenditures associated with other resources committed by the Corporation for purposes of fulfilling the grant program.

**Note 3** - There were no state awards expended in non-cash assistance.

**Note 4** - There were no transfers to subrecipients during the fiscal year.

*See report of independent auditors.*

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Schedule of Findings and Questioned Costs - State Financial Assistance Projects

Year ended June 30, 2025

**Section I -- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**State Project**

Type of auditor's report issued on compliance for major state projects?	Unmodified
Internal control over state projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ?	No

Identification of state projects:

<u>CSFA Number</u>	<u>Name of state project</u>
79.001	Florida Engineers Management Corporation

Dollar threshold used to distinguish between Type A and Type B programs:	State	\$637,436
Auditee qualified as low risk auditee?	Yes	

**Section II -- Financial Statement Findings**

We noted no matters involving internal control over financial reporting and its operation that we considered to be material weaknesses, significant deficiencies and/or control deficiencies required to be reported in accordance with *Government Auditing Standards*.

**Section III -- State Financial Assistance Findings and Questioned Costs**

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 10.650

*See report of independent auditors.*