

ON CALL TRANSPORTATION AND TRAFFIC ENGINEERING SERVICES

#21-0940 Request For Statement of Qualifications (RSQ)





5. FINANCIAL STABILITY





Years At Present Project Location

- » Orlando: 9 years (Littlejohn Engineering Associates; 2012-2015) and (S&ME; 2015 to Present)
1615 Edgewater Dr,
Orlando, FL
- » Tampa: Since 2013
(8 years) at 111 Kelsey Lane, Suite E, Tampa, FL

Full Time Employees at Present Project Location

- » Orlando, FL: 45
- » Tampa, FL: 29

Years At Prior Project Location

- » Orlando: 12 years at (Land Design Innovations/LDI)
1770 Fennell Street, Ste.
200, Maitland, FL
- » Tampa: 3 years at 1211
Tech Blvd, Suite 200
Tampa, FL

Former Names Organization Has Operated

- » Littlejohn Engineering Associates, Inc.
- » Land Design Innovations (LDI)

Corporation Information

- » March 12, 1992
- » North Carolina
- » Matt Ryan (2018—Present)

While S&ME is submitting as prime consultant, along with four subcontractors, the S&ME team is not submitting as a joint venture.

Financial Responsibility

Bank Reference: Bank of America Merrill Lynch

Address: 421 Fayetteville St. Mall, 17th Floor, Raleigh, NC 27601

Contact: Keith Erazmus, VP, Sr. Credit Products Officer

Phone: (919) 829-6888 | **Fax:** (415) 228-6607

Email: keith.erazmus@baml.com

Type of Account: Business Checking Account

S&ME Contact: Andrea Medlin, Billing & Collections Manager

Phone: (919) 872-2660 | **Email:** ar@smeinc.com

See our financial documents following this page:

S&ME, Inc. and Subsidiary

Consolidated Financial Report
December 31, 2020

Contents

Independent auditor's report	1-2
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Financial statements	
Consolidated balance sheets	3
Consolidated statements of income	4
Consolidated statements of changes in stockholders' equity	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-20



RSM US LLP

Independent Auditor's Report

Board of Directors and Stockholders
S&ME, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of S&ME, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 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 S&ME, Inc. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Raleigh, North Carolina
March 29, 2021

S&ME, Inc. and Subsidiary

**Consolidated Balance Sheets
December 31, 2020 and 2019**

	2020	2019
Assets		
Current assets:		
Cash	\$ 7,222,288	\$ 9,598,902
Accounts receivable, net of allowance for doubtful accounts of \$1,667,559 and \$1,675,079 in 2020 and 2019, respectively	32,097,226	38,767,332
Work-in-progress	6,943,840	5,692,343
Prepaid expenses and other current assets	3,101,858	2,467,950
Total current assets	49,365,212	56,526,527
Equipment and leasehold improvements, net	5,622,798	6,618,288
Goodwill, net	5,274,698	6,691,218
Other long-term assets	6,311,555	5,801,003
Total assets	\$ 66,574,263	\$ 75,637,036
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 4,310,667	\$ 5,459,094
Billing in excess	2,759,440	3,213,574
Accrued expenses and other liabilities	10,804,674	13,349,758
Current maturities of debt	11,642,203	2,461,240
Taxes payable	282,748	1,044,574
Total current liabilities	29,799,732	25,528,240
Debt, less current maturities	-	2,573,398
Deferred income taxes	6,331,176	6,754,866
Other long-term liabilities	2,660,723	2,690,260
Total liabilities	38,791,631	37,546,764
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$.10 per share, authorized 10,000,000 shares; issued and outstanding 2,686,440 and 2,703,810 shares in 2020 and 2019, respectively	268,644	270,381
Additional paid-in capital	721,043	286,543
Treasury stock	(13,225,524)	-
Notes receivable, common stock	-	(698,070)
Retained earnings	40,018,469	38,231,418
Total stockholders' equity	27,782,632	38,090,272
Total liabilities and stockholders' equity	\$ 66,574,263	\$ 75,637,036

See notes to consolidated financial statements.

S&ME, Inc. and Subsidiary

Consolidated Statements of Income
Years Ended December 31, 2020 and 2019

	2020	2019
Revenues	<u>\$ 157,422,629</u>	<u>\$ 168,542,430</u>
Direct costs:		
Salaries and wages	45,204,689	47,384,021
Subcontracted services	18,435,123	21,269,242
Other direct costs	7,977,556	5,201,644
Total labor costs and subcontractor fees	<u>71,617,368</u>	<u>73,854,907</u>
Gross profit	<u>85,805,261</u>	<u>94,687,523</u>
Operating expenses:		
Salaries and wages, payroll taxes and benefits	50,608,676	50,611,574
General and administrative	26,172,035	31,513,097
Depreciation and amortization	3,988,079	4,435,273
ESOP contributions	3,045,000	3,000,000
Total operating expenses	<u>83,813,790</u>	<u>89,559,944</u>
Income from operations	1,991,471	5,127,579
Other income (expense):		
Interest expense, net	(74,695)	(270,512)
Other income (expense), net	230,562	(250,073)
Income before income tax expense	<u>2,147,338</u>	<u>4,606,994</u>
Income tax expense	360,287	1,391,841
Net income	<u>\$ 1,787,051</u>	<u>\$ 3,215,153</u>

See notes to consolidated financial statements.

S&ME, Inc. and Subsidiary

**Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2020 and 2019**

	Common Stock	Additional Paid-in Capital	Treasury Stock	Notes Receivable, Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, December 31, 2018	\$ 271,216	\$ 345,943	-	\$ (682,966)	\$ 35,016,265	\$ 34,950,458
Net income	-	-	-	-	3,215,153	3,215,153
Issuance of stock	3,038	668,360	-	(580,788)	-	90,610
Repurchase of stock	(3,873)	(727,760)	-	-	-	(731,633)
Collections on notes receivable for common stock issued	-	-	-	565,684	-	565,684
Balance, December 31, 2019	270,381	286,543	-	(698,070)	38,231,418	38,090,272
Net income	-	-	-	-	1,787,051	1,787,051
Issuance of stock	1,975	434,500	-	(344,981)	-	91,494
Repurchase of stock	(3,712)	-	(13,225,524)	661,604	-	(12,567,632)
Collections on notes receivable for common stock issued	-	-	-	381,447	-	381,447
Balance, December 31, 2020	\$ 268,644	\$ 721,043	\$ (13,225,524)	\$ -	\$ 40,018,469	\$ 27,782,632

See notes to consolidated financial statements.

S&ME, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Net income	\$ 1,787,051	\$ 3,215,153
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,571,560	3,018,753
Amortization	1,416,520	1,416,520
Deferred income tax benefit	(423,690)	(259,155)
Gain on sale of equipment, net	(325,772)	(172,312)
Change in nonqualified deferred compensation plan liability	(641,037)	(968,770)
Changes in operating assets and liabilities:		
Accounts receivable	6,670,106	(320,686)
Income taxes receivable	-	576,000
Work-in-progress	(1,251,497)	474,114
Prepaid expenses and other current assets	(633,891)	290,873
Other long-term assets	38,438	(40,223)
Accounts payable	(1,148,427)	(2,645,073)
Billings in excess	(454,134)	458,827
Accrued expenses and other liabilities	(2,482,584)	1,787,705
Taxes payable	(761,826)	1,044,574
Net cash provided by operating activities	4,360,817	7,876,300
Cash flows from investing activities:		
Purchases of equipment and leasehold improvements	(1,605,557)	(2,849,709)
Proceeds from sale of equipment	355,259	175,590
Net cash used in investing activities	(1,250,298)	(2,674,119)
Cash flows from financing activities:		
Payments made on long-term debt	(2,927,502)	(2,232,007)
Collections on notes receivable for common stock issued	381,447	565,684
Proceeds from issuance of stock	31,650	90,610
Payments for repurchase of stock	(2,972,728)	(731,633)
Net cash used in financing activities	(5,487,133)	(2,307,346)
Net (decrease) increase in cash	(2,376,614)	2,894,835
Cash:		
Beginning	9,598,902	6,704,067
Ending	\$ 7,222,288	\$ 9,598,902

(Continued)

S&ME, Inc. and Subsidiary

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 81,392</u>	<u>\$ 250,356</u>
Income taxes paid	<u>\$ 1,545,803</u>	<u>\$ 30,422</u>
Supplemental schedules of noncash investing and financing activities:		
Notes receivable for purchase of Company stock	<u>\$ 344,447</u>	<u>\$ 580,788</u>
Notes payable for stock repurchase	<u>\$ 9,535,060</u>	<u>\$ -</u>

See notes to consolidated financial statements.