

RETURN DATE: SEPTEMBER 9, 2014

GEORGE JEPSEN, ATTORNEY GENERAL	:	SUPERIOR COURT
	:	
<i>Plaintiff</i>	:	JUDICIAL DISTRICT OF HARTFORD
	:	
v.	:	
	:	
AMISTAD AMERICA, INC.,	:	
<i>Defendant</i>	:	AUGUST 21, 2014

COMPLAINT
FOR APPOINTMENT OF RECEIVER
WITH CONSENT OF DEFENDANT

COUNT ONE

1. George Jepsen, Attorney General for the State of Connecticut, brings this action pursuant to his authority under Conn. Gen. Stat. § 3-125 and in accordance with Conn. Gen. Stat. §§ 45a-514 and 47-2, to secure the appointment of a receiver for the defendant, the charitable corporation Amistad America, Inc. (“Amistad America”), to enjoin Amistad America and its directors, officers and employees from any actions on behalf of the corporation during the course of the receivership, and to obtain appropriate equitable relief that will enable the receiver to return the corporation to the control of an appropriate governing structure as a fully functioning and legally sound charitable corporation. *See Exhibit 1, Amistad America, Inc. Resolution for Consent.*

2. Amistad America is a Connecticut nonstock corporation organized for public and charitable purposes and has received gifts, legacies or devises intended to further such purposes.

See Exhibit 2, Corporate Documents.

3. Amistad America owns and operates the reproduction vessel (ship) Amistad. The vessel Amistad was constructed at Mystic Seaport under the direction and control of Amistad America as an accurate reproduction of the 19th-century Spanish slave schooner, to further the goal of informing the public about the 1839 uprising against the crew of the Amistad, and the United States Supreme Court case that arose from that uprising. Unlike the original slave schooner, the completed reproduction vessel has contemporary navigational equipment that enables it to be fully certified under 21st century standards for trans-ocean travel. Upon information and belief, the reproduction vessel Amistad is the only reproduction or restored historic sailing vessel that meets current required standards for trans-ocean travel. *See Exhibit 3, screenshots from Amistad Website at <http://www.amistadvoyages.org/index.html>.*

4. The State of Connecticut has provided significant funds to Amistad America for the construction and operation of the vessel (ship) Amistad. Pursuant to Public Act 03-20 (Conn. Gen. Stat. § 3-110m), the Amistad is the State of Connecticut's official state flagship and tall ship ambassador of the state. *See Exhibit 4, Audit Reports and Findings, also posted on the State's publicly available database at <https://www.appsvcs.opm.ct.gov/Auditing/Home.aspx> at IDs 1784, 1785, 1786, and 1787.*

5. As set forth below in this Complaint, Amistad America has engaged in a course of conduct that (1) is inconsistent with the requirements of charitable corporations in the State of Connecticut, (2) is detrimental to its charitable purpose to manage and operate the reproduction vessel Amistad and conduct educational programs advancing knowledge of the historic events

known as the "Amistad Affair" and the broad struggle for human rights generally, and (3) is in conflict with and does injury to the public's interest in charitable organizations and charitable gifts.

6. The Attorney General is aware of no information suggesting intentional malfeasance by any current director or officer of the Amistad. Nor is the Attorney General aware of any information suggesting that state funds directed to Amistad America or other assets of Amistad America have been misappropriated or expended for personal gain. However, the existing directors and officers have demonstrated an inability to properly manage the affairs of the Amistad America, Inc. in the current circumstances.

7. Amistad America currently maintains an office in Hamden, Connecticut. The reproduction vessel (ship) Amistad, is owned and operated by Amistad America, and docks in the New Haven, Connecticut harbor as its home port. *See Exhibit 2, Corporate Documents.*

8. Amistad America's corporate and charitable purpose is stated in its Amended and Restated Certificate of Incorporation filed with the Secretary of State on July 27, 1998:

1. The Corporation shall be a nonprofit Corporation formed under Chapter 600, pursuant to Title 33 of the General Statutes of the State of Connecticut.
2. The purpose of Amistad America, Inc. is to own, manage and operate the reproduction vessel (ship) Amistad, including raising and managing all necessary funds for the operation and support of that vessel.
3. Institute and raise funds for educational programs directly and indirectly related to the vessel and its mission of broadly advancing knowledge of the historic events collectively known as the "Amistad Affair," and of the

broad struggle for human rights generally, and to secure the fiscal and other management of such programs.

See Exhibit 2, Corporate Documents.

9. Amistad America applied for and was granted § 501(c)(3) tax-exempt status by the Internal Revenue Service ("IRS") on or about 1996. Additionally, Amistad America, Inc. registered with the Department of Consumer Protection pursuant to the Solicitation of Charitable Funds Act ("Solicitation Act"), Conn. Gen. Stat. § 21a-175 *et seq.* Registration with the Department of Consumer Protection is a necessary prerequisite to Amistad America's solicitation of contributions from the public for the charitable purposes of the corporation pursuant to the Solicitation Act, Conn. Gen. Stat. § 21a-190b. *See Exhibit 5, Paragraphs 3 and 4, Cheryl Turner Affidavit.*

10. Beginning on or about 2009, Amistad America, Inc. began defaulting on its required corporate filings. *See Exhibit 5, Paragraphs 3, 4, and 5, Cheryl Turner Affidavit.*

11. Amistad America failed to file its required annual Internal Revenue Service ("IRS") Form 990 with the IRS for fiscal years ending March 31, 2009 through March 31, 2012, which resulted in the Foundation's losing its § 501(c)(3) tax-exempt status on March 11, 2013. *See Exhibit 5, Paragraph 3, Cheryl Turner Affidavit.*

12. Amistad America failed to maintain its charitable registration with the Connecticut Department of Consumer Protection ("DCP"), pursuant to the Solicitation of Charitable Funds Act (the "Solicitation Act"), Conn. Gen. Stat. § 21a-175 *et seq.*, which resulted in the expiration of its registration on February 28, 2010. This DCP registration is necessary for a charity to solicit charitable donations pursuant to the Solicitation Act. *See Exhibit 5, Paragraph 4, Cheryl Turner Affidavit.*

13. Amistad America, Inc. failed to file in a timely manner its annual reports with the Connecticut Secretary of the State as required by Conn. Gen. Stat. § 33-1243(a) from 2010 to the present. Reports were brought up to date only on July 10, 2014. *See Exhibit 5, Paragraph 5, Cheryl Turner Affidavit.* The corporate filing defaults are a result of Amistad America's lack of adequate corporate procedures and internal control mechanisms. *See Exhibit 4, Audit Reports and Findings.*

14. On or about July 1, 2013, Amistad America informed the Office of the Attorney General that it was addressing the steps necessary for reinstatement of its tax-exempt status but was facing significant difficulties in preparing and completing the delinquent IRS Forms 990 and audits that were necessary to bring the corporation into compliance with government requirements.

15. On or about July 1, 2013, the Connecticut Office of Policy and Management intervened pursuant to Conn. Gen. Stat. § 4-232, to retain an audit firm to conduct audits for Amistad America for the years 2009 through 2013. *See Exhibit 6, Correspondence from OPM to Amistad America, Inc.*

16. Due to lack of internal controls and inadequate record keeping, it became necessary for Amistad America, with assistance from the auditors, to reconstruct financial records for the relevant time period in order to complete the audits and, often, to make material adjustments to corporation-generated financial statements as a part of the audit process. *See Exhibit 4, Audit Reports and Findings.*

17. Audit reports for fiscal years ending on March 31 in 2009, 2010, 2011, and 2012 were released on August 8, 2014. Each of those audit reports contain multiple findings of material weaknesses or deficiencies in internal control over financial reporting, major programs,

and compliance with requirements of laws, regulations, contracts and grants applicable to state programs. 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. *See Exhibit 4, Audit Reports and Findings.*

18. The Audit Reports represent that the management of Amistad America concurs with each of the Auditor's Findings of material weakness or deficiency in internal control over financial reporting, major programs, and compliance with requirements of laws, regulations, contracts and grants applicable to state programs. *See Exhibit 4, Audit Reports and Findings.*

19. The audit reports disclose that Amistad America, Inc. has accumulated and defaulted on significant debts. *See Exhibit 4, Audit Reports and Findings.*

20. Amistad America, Inc. has insufficient resources to service its cumulative debt. *See Exhibit 4, Audit Reports and Findings.*

21. Amistad America expended gifts on ongoing operations that were permanently restricted for endowment or investment purposes. *See Exhibit 4, Audit Reports and Findings.*

22. During the relevant time period, Amistad America, Inc. continued operations for which it was severely underfunded and failed to accumulate and maintain adequate reserves to carry out scheduled events and programs. *See Exhibit 4, Audit Reports and Findings.*

23. The accumulated debts, and the material weaknesses or deficiencies in record keeping and internal controls, are a direct result of the failure of Amistad America to implement internal controls and procedures to ensure good fiscal management, compliance with all laws and regulatory or licensing requirements, and to ensure the financial safety and security of the vessel (ship) Amistad for its charitable purposes. *See Exhibit 4, Audit Reports and Findings.*

24. Amistad America engaged in activities and conduct that are in derogation of and inconsistent with its charitable purpose; namely, it compromised its obligation to protect the vessel (ship) Amistad and the charitable purposes to which the vessel and the corporation are dedicated. *See Exhibit 4, Audit Reports and Findings.*

25. The best course for ensuring the protection of the state's flagship, the vessel (ship) Amistad, and enabling return of the corporation to the control of an appropriate governing structure as a fully functioning and legally sound charitable corporation is temporary injunction as permitted by Conn. Gen. Stat. § 52-471 to enjoin the current directors, officers and employees of Amistad America from any and all actions or transactions for or on behalf of the corporation, and appointment of a receiver pursuant to Chapter 920 of the Connecticut General Statutes. Such receiver should have full authority under the supervision of the Court to protect the vessel (ship) Amistad, assess and present a plan for settlement of outstanding debts and obligations, and manage the affairs of the corporation until a plan for new governance of the corporation and operation of the vessel Amistad can be developed and implemented. *See Exhibit 1, Amistad America, Inc. Resolution for Consent.*

COUNT TWO

1 - 25. Paragraphs 1 through 25 of Count One are incorporated by reference as paragraphs 1 through 25 of Count Three, as if fully set forth herein.

26. The exigencies of this matter require the appointment of a receiver pursuant to Conn. Gen. Stat. § 52-504 et seq. for Amistad America in order to secure and protect the vessel (ship) Amistad and its charitable purposes. *See Exhibit 1, Amistad America, Inc. Resolution for Consent.*

DEMAND FOR RELIEF

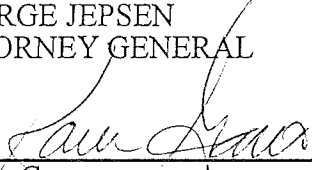
WHEREFORE, the Attorney General prays for the following relief:

1. An order appointing Katharine B. Sacks, Esq. of 165 Bishop Street, New Haven, Connecticut, as temporary receiver for Amistad America with all powers and authority authorized by Conn. Gen. Stat. § 52-507;
2. A temporary injunction enjoining the directors, officers and employees of Amistad America, Inc. from any and all actions or transactions for or on behalf of the corporation;
3. A temporary injunction enjoining all entities from (1) instituting or prosecuting any action, suit or proceeding against Amistad America or any of Amistad America's assets, (2) seeking or executing on any levy, attachment or garnishment against Amistad America or any of its assets, (3) taking or attempting to take possession of any of Amistad America's assets, and (4) cancelling any insurance policy, lease, or other contract with Amistad America or terminating any telephone, electric, gas or other utility service to Amistad America; and

4. Such other relief in law or in equity as the Court deems necessary.

GEORGE JEPSEN
ATTORNEY GENERAL

BY:



Karen Gano
Juris No. 421633
Assistant Attorney General
55 Elm Street, P.O. Box 120
Hartford, Connecticut 06141-0120
Tel: (860) 808-5020
Fax: (860) 808-5347
Email: karen.gano@ct.gov

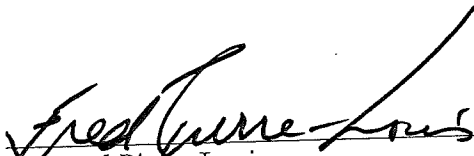
EXHIBIT 1

AMISTAD AMERICA, INC.
RESOLUTION OF THE BOARD OF TRUSTEES
FOR CONSENT TO APPOINTMENT OF A RECEIVER


August 2014

In the interest of safeguarding the mission of Amistad America, the vessel and its crew, The board of Trustees of Amistad America, Inc., constituting a majority of the four Trustees who make up the duly elected and currently serving members of the governing board for the corporation, hereby **confirm our** support for the Attorney General's Application for Appointment of a receiver for the corporation. The Board of Trustees and operational staff will work in full cooperation with the appointed Receiver.

This resolution shall be effective upon signature by at least three of the four currently serving Trustees and may be executed in multiple counterparts, all of which shall be deemed to be one instrument.



Dr. Fred Pierre-Louis
Signed this 19 day of August, 2014



Eric Ellman
Signed this 19 day of August, 2014

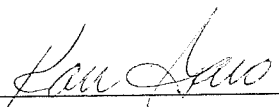
Dr. David Canton
Signed this ____ day of August, 2014

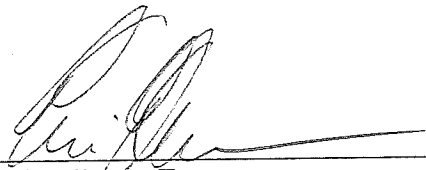
Erica Watson
Signed this ____ day of August, 2014

The undersigned Trustees and Officers of Amistad America, Inc., having been duly sworn, confirm that corporation Trustee Dr. David Canton participated via teleconference in discussion with us concerning the Board Resolution for Consent to Appointment of a Receiver for the corporation, and that said Dr. David Canton confirmed orally to us that he is in favor of the Resolution and will sign a copy upon receipt and convey the signed copy to the Attorney General as soon as practical.

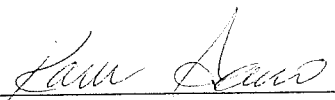

Dr. Fred Pierre-Louis, Chair Board of Trustees

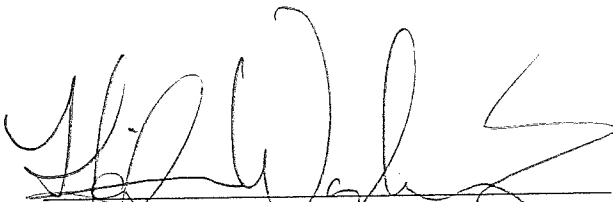
Subscribed and sworn to before me this 19 day of August, 2014.


Notary
Commissioner of the Superior Court

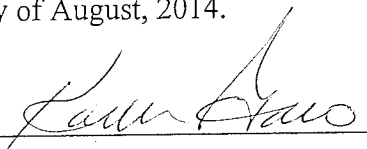

Eric Ellman, Trustee

Subscribed and sworn to before me this 19 day of August, 2014.


Notary
Commissioner of the Superior Court


Hanifa Washington, Executive Director

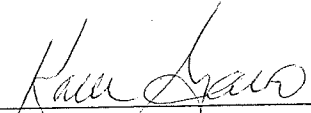
Subscribed and sworn to before me this 19 day of August, 2014.


Notary
Commissioner of the Superior Court

The undersigned Trustees and Officers of Amistad America, Inc., having been duly sworn, confirm that corporation Trustee Erica Watson participated via teleconference in discussion with us concerning the Board Resolution for Consent to Appointment of a Receiver for the corporation, and that said Erica Watson confirmed orally to us that she is in favor of the Resolution and will sign a copy upon receipt and convey the signed copy to the Attorney General as soon as practical.

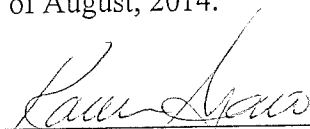

Dr. Fred Pierre-Louis, Chair Board of Trustees


Subscribed and sworn to before me this 19 day of August, 2014.


Notary
Commissioner of the Superior Court


Eric Ellman, Trustee

Subscribed and sworn to before me this 19 day of August, 2014.


Notary
Commissioner of the Superior Court


Hanifa Washington, Executive Director

Subscribed and sworn to before me this 19 day of August, 2014.

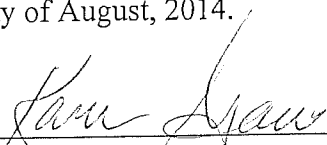

Notary
Commissioner of the Superior Court

EXHIBIT 2

CERTIFICATE OF AMENDMENT

NONSTOCK CORPORATION

Office of the Secretary of the State

30 Trinity Street / P.O. Box 150470 / Hartford, CT 06115-0470 /new/1-97

Space For O:

FILING #0001870539 PG 01 OF 11 VOL B-00207

FILED 07/27/1998 03:34 PM PAGE 02629

SECRETARY OF THE STATE

CONNECTICUT SECRETARY OF THE STATE

1. NAME OF CORPORATION:

AMISTAD AMERICA, INC.

2. THE CERTIFICATE OF INCORPORATION IS (check A., B. or C.):

A. AMENDED.

B. AMENDED AND RESTATED.

C. RESTATED.

3. TEXT OF EACH AMENDMENT / RESTATEMENT (include date on which each amendment was approved):

See attached Amended and Restated Certificate of Incorporation

(adopted July 24, 1998

(Please reference an 8 1/2 X 11 attachment if additional space is needed)

Space For C

FILING #0001870539 PG 02 OF 11 VOL B-00207
FILED 07/27/1998 03:34 PM PAGE 02630
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

4. VOTE INFORMATION (check/complete A., B. or C.)

 A. The resolution was approved by members who voted as follows:

Complete if no members were entitled to vote as a class

Number of votes cast in favor of the amendment	Number of votes cast against the amendment

Complete if members were entitled to vote as a class

Designation of each class of members entitled to vote separately	Number of votes cast in favor of the amendment	Number of votes cast against the amendment

(Member votes in favor of adopting the amendment(s) provided above were sufficient for approval.)

xx B. The amendment was adopted by sufficient vote of the board of directors without member vote. No member vote was required for adoption.

 C. The amendment was adopted by sufficient vote of the incorporators.

5. EXECUTION

Dated this 24th day of July, 1998

Barbara W. Winters

Print or type name of signatory

Treasurer

Capacity of signatory

Barbara W. Winters

Signature

AMENDED and RESTATED
CERTIFICATE OF INCORPORATION

AMISTAD AMERICA, INC.

ARTICLE I

The name of the Corporation shall be the AMISTAD AMERICA, INC.

ARTICLE II
PURPOSES TO BE PROMOTED

The nature of the activities to be conducted, promoted or carried out by the corporation are as follows:

1. The Corporation shall be a nonprofit Corporation formed under Chapter 600, pursuant to Title 33 of the General Statutes of the State of Connecticut.
2. The purpose of Amistad America, Inc. is to own, manage and operate the reproduction vessel (ship) Amistad, including raising and managing all necessary funds for the operation and support of that vessel.
3. Institute and raise funds for educational programs directly and indirectly related to the vessel and its mission of broadly advancing knowledge of the historic events collectively known as the "Amistad Affair," and of the broad struggle for human rights generally, and to secure the fiscal and other management of such programs.

ARTICLE III
DECLARATION OF NONPROFIT CHARACTER

The Corporation is a nonprofit organization. Further, this Corporation shall not have or issue shares of stock or pay dividends.

ARTICLE IV
CORPORATE MEMBERSHIP

The Corporation may have members with such rights, duties, and privileges as the Board of Directors may from time to time provide, but such members, if any are so established, shall not have the right to vote on any matter.

ARTICLE V
CORPORATE MANAGEMENT

The Corporation shall operate under the management of its Board of Directors. As may be further provided in the Bylaws, the terms of Directors may be staggered by dividing the Directors into up to five groups so that approximately an equal number of such Directors have terms that expire each year. The method of election of the Board of Directors, and all other activities and business, shall be managed as provided for in the Bylaws.

ARTICLE VI
POWERS

1. The Corporation shall be empowered to take such steps as are necessary to establish projects and enterprises to promote the purposes of the Corporation including:
 - A. To construct, hold, manage, acquire, operate, maintain and improve, purchase, own, sell, convey, assign, mortgage or lease any rights of ownership in real estate and personal property for its nonprofit, charitable or educational purposes. Grants, donations, devises, and bequests of real and personal property may be received and held in trust or otherwise for such purpose;
 - B. To borrow money and issue evidences of indebtedness in furtherance of any and all of the objects of its purposes; to secure the same by mortgage, pledge or other liens;
 - C. To enter into any kind of activity, and to perform and carry out contracts of any kind necessary, or in connection with or incidental to the accomplishment of the non-profit, charitable and educational purposes of the Corporation.
 - D. In addition to any powers which may be conferred by law upon the Corporation, the Corporation shall have the power to take and hold by bequest, devise, gift,

purchases or lease, either absolutely or in trust for its purposes as hereinabove set forth, or any of them, any property, real, personal or mixed, without limitation as to amount or value, except such limitations, if any, as may be imposed by law; to sell, convey, mortgage, lease, assign, exchange, or otherwise dispose of any such property and to invest and re-invest the principal thereof, and to deal with and expend such principal, capital appreciation or the income therefrom for the aforementioned purposes, or any of them, without limitations, except such limitations, if any, as may be imposed by law, or may be contained in the instrument under which such property is received; to receive any property, real, personal, or mixed, in trust, under the terms of any will, deed or trust or other instrument for the aforementioned purposes, or any of them, and in administering the same to carry out the directions and exercise the powers contained in the trust instrument under which it is received; and to receive, take title, to hold and use stock, bonds obligations, or other securities, of any corporation or corporations, domestic or foreign, to sell, pledge or otherwise dispose of the same and to use the proceeds or the income therefrom,

but only for the aforementioned purposes, or any of them.

ARTICLE VII

1. Notwithstanding any other provisions of these articles, the Corporation is organized exclusively for non-profit, charitable and educational purposes, as specified in Section 501 (c) (3) of the Internal Revenue Code of 1954 and its revisions and amendments thereto.
2. No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided by Internal Revenue Code Section 501 (h), or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.
3. No part of the net earning of the Corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation), and no member, director, trustee, officer of the Corporation or any private individual shall be entitled to share in

the distribution of any of the corporate assets on dissolution of the Corporation.

4. Notwithstanding any other provisions of these articles, this Corporation shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue law.

ARTICLE VIII
DISTRIBUTION OF ASSETS UPON DISSOLUTION

In the event of the dissolution of the Corporation or the termination of its corporate existence, the assets of the Corporation shall be applied and distributed as follows:

- (a) All liabilities and obligations of the Corporation shall be paid, satisfied and discharged, or adequate provision shall be made therefor.
- (b) Assets held by the Corporation upon conditions requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements.

(c) All other assets shall be transferred to such corporations, persons, groups or organization holding a valid tax exemption permit issued by the Connecticut State Tax Commissioner, and having tax-exempt status under Section 501 (c) (3) of the United States Internal Revenue Code or such equivalent section as may be in effect on the date of dissolution of the Corporation as the Board of Directors of the Corporation shall designate. ↗

No part of the property or assets of the Corporation shall inure to the benefit of any directors, officers, members or employees of the Corporation.

ARTICLE IX
DURATION OF EXISTENCE

The Corporation shall be of perpetual duration.

ARTICLE X
AMENDMENT TO THE CERTIFICATE OF INCORPORATION

Amendments to this Certificate of Incorporation shall be adopted upon a two-thirds (2/3) vote of the Directors.

ARTICLE XI
LIMITATION OF DIRECTORS' LIABILITY TO THE CORPORATION

In addition to, and not in derogation of, any other rights conferred by law, a director of the Corporation shall not be personally liable for monetary damages for breach of duty as a director in an amount greater than the compensation received by the director for serving the Corporation during the year of the violation if the breach did not (1) involve any knowing and culpable violation of law by the director, (2) enable the director or an associate, as defined by Section 33-840 of the Connecticut General Statutes, to receive an improper personal economic gain, (3) show a lack of good faith and a conscious disregard for the duty of the director to the Corporation under circumstances in which the director was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (4) constitute as sustained and unexcused pattern of inattention that amounted to an abdication of the director's duty to the Corporation.

The Corporation shall indemnify a director for liability, as defined in subdivision (5) of section 33-1116 of the Connecticut General Statutes, as amended by section

54 of Public Act 97-246, to any person for any action taken, or any failure to take any action, as a director, except liability that (A) involved a knowing and culpable violation of law by the director, (B) enabled the director or an associate, as defined in section 33-840 of the Connecticut General Statutes, to receive an improper personal gain, (C) showed a lack of good faith and a conscious disregard for the duty of the director to the Corporation under the circumstances in which the director was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (D) constituted sustained and unexcused pattern of inattention that amounted to an abdication of the Director's duty to the Corporation, provided this provision shall not affect the indemnification of or advance of expenses to a director for any liability stemming from acts or omissions occurring prior to the effective date of this provision.



SECRETARY OF THE STATE OF CONNECTICUT

MAILING ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, P.O. BOX 150470, HARTFORD, CT 06115-0470

DELIVERY ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, 30 TRINITY STREET, HARTFORD, CT 06106

PHONE: 860-509-6003

WEBSITE: www.concord-sots.ct.gov

59674

CHANGE OF AGENT

DOMESTIC (DOMESTIC=FORMED IN CONNECTICUT)

ALL ENTITES

FILING #0004538354 PG 01 OF 02 VOL B-01614

FILED 02/28/2012 08:30 AM PAGE 02502

SECRETARY OF THE STATE

CONNECTICUT SECRETARY OF THE STATE

C.G.S. §§ 33-661; 33-1051; 34-13b; 34-104; 34-408; 34-507

USE INK. COMPLETE ALL SECTIONS. PRINT OR TYPE. ATTACH 81/2

FILING PARTY (CONFIRMATION WILL BE SENT TO THIS ADDRESS):

NAME: Charles J. Filardi, Jr.
ADDRESS: Filardi Law Offices LLC
65 Trumbull Street, 2nd Floor
CITY: New Haven
STATE: CT ZIP: 06510

FILING FEE: \$50

EXCEPTION: \$20.00 FILING FEE FOR NONSTOCK (NONPROFIT) CORPORATIONS & LIMITED PARTNERSHIPS.

MAKE CHECKS PAYABLE TO "SECRETARY OF THE STATE"

1. NAME OF ENTITY - REQUIRED: (MUST MATCH OUR RECORDS EXACTLY. INCLUDE BUSINESS DESIGNATION I.E. L.L.C., LLC, INC, ETC.):

AMISTAD AMERICA INC.

2. APPOINTMENT OF NEW AGENT: (COMPLETE A OR B, NOT BOTH)

A. IF AGENT IS AN INDIVIDUAL:

PRINT OR TYPE FULL LEGAL NAME:

CHARLES J. FILARDI, JR.

BUSINESS ADDRESS (P.O.BOX UNACCEPTABLE) IF NONE, MUST STATE "NONE"

ADDRESS: 65 TRUMBULL STREET, 2ND FLOOR

CITY: NEW HAVEN

STATE: CT ZIP: 06510

CONNECTICUT RESIDENCE ADDRESS (P.O.BOX UNACCEPTABLE)

ADDRESS: 4 DEER PATH ROAD

CITY: BRANFORD

STATE: CT ZIP: 06405

SIGNATURE ACCEPTING APPOINTMENT:

B. IF AGENT BUSINESS:

PRINT OR TYPE NAME OF BUSINESS AS IT APPEARS ON OUR RECORDS:

CT BUSINESS ADDRESS (P.O.BOX UNACCEPTABLE)

ADDRESS:

CITY:

STATE: ZIP:

SIGNATURE ACCEPTING APPOINTMENT ON BEHALF OF AGENT:

PRINT NAME & TITLE:

FILING #0004538354 PG 02 OF 02 VOL B-01614
FILED 02/28/2012 08:30 AM PAGE 02503
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

3. EXECUTION: (SUBJECT TO PENALTY OF FALSE STATEMENT)

DATED THIS

31

DAY JANUARY

, 2012

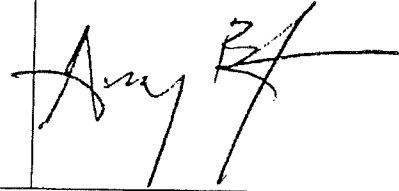
NAME OF SIGNATORY
(print/type)

CAPACITY/TITLE OF SIGNATORY

SIGNATURE

GREGORY BELANGER

PRESIDENT/CEO



117494

CONNECTICUT SECRETARY OF THE STATE

Document Review
30 Trinity Street
P.O. Box 150470
Hartford, CT 06115-0470

FILING #0004635506 PG 01 OF 03 VOL B-01673
FILED 03/16/2012 08:30 AM PAGE 01441
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

39

- 1. Name of Corp: AMISTAD AMERICA INC.
- 2. Business ID: 0530448
- 3. Report due in the month of: FEBRUARY, 2011.
- 4. This corporation is DOMESTIC/NON-STOCK. Fee is \$50.00.

Corporate Name: AMISTAD AMERICA INC.

Mailing: AMISTAD AMERICA, INC.
746 CHAPEL ST
SUITE 300
NEW HAVEN, CT 06510

Changes: Amistad America, Inc.
169 Orange Street
New Haven, CT 06510

APPROVED

APPROVED

- 5. Principal Office Address: Changes:
(in CT only)

AMISTAD AMERICA INC.
746 CHAPEL ST
SUITE 300
NEW HAVEN, CT 06510

Amistad America, Inc.
169 Orange Street
New Haven, CT 06510

- 6. Executive Office Address:
(Foreign Corps Only)

- 7. Principal Office in State of Formation:
(Foreign Corps Only)

- 8. Attached hereto are the officers and directors of the corporation with their business and residence addresses.

- 9. Signature: [Signature]

Print Name: Gregory Belanger DATE: 4-14-11

Print Capacity: CEO + President

10. EMail Address: gregb1469@gmail.com

1. Full Legal Name:FREDRICA GRAY
Title(s):CHAIR, BOARD OF TRUSTEES
Residence Addr:9 DAVID CIRCLE
WINDSOR,CT 06095
Business Addr:AMISTAD AMERICA, INC.
746 CHAPEL STREET
SUITE 300
NEW HAVEN,CT 06510-3102

Res Changes: _____

Bus Changes: _____

2. Full Legal Name:WILLIAM KRAUS
Title(s):TREASURER, BOARD OF TRUSTEES
Residence Addr:1501 RIDGE ROAD
NORTH HAVEN,CT 06473
Business Addr:AMISTAD AMERICA, INC.
746 CHAPEL STREET
SUITE 300
NEW HAVEN,CT 06510-3102

Res Changes: _____ *Please Remove*

Bus Changes: _____

3. Full Legal Name:DAVIDA FOY CRABTREE
Title(s):SECRETARY, BOARD OF TRUSTEES
Residence Addr:707 NEVERS ROAD
SOUTH WINDSOR,CT 06074
Business Addr:UCC HOMELAND INDUSTRIES
125 SHERMAN STREET
HARTFORD,CT 06105

Res Changes: _____ *Please Remove*

Bus Changes: _____

4. Full Legal Name:GREGORY BELANGER
Title(s):PRESIDENT/CEO
Residence Addr:36 BARKER HILL DRIVE
GUILFORD,CT 06537
Business Addr:AMISTAD AMERICA, INC
746 CHAPEL STREET
SUITE 300
NEW HAVEN,CT 06510-3102

Res Changes: _____

Bus Changes: _____

AMISTAD America, Inc.

169 Orange Street, New Haven, CT 06510 ~ 203.930.0061

Officers and Directors of AMISTAD America, Inc.

Gregory R. Belanger
President and CEO
36 Barker Hill Drive
Guilford, CT 06537

Fredrica Gray
Chair, Board of Trustees
~~9 David Circle~~
~~Windsor, CT 06095~~

Treasurer
To be Determined

Jeffrey Ogbar
Secretary, Board of Trustees
25 Elvree Street
Manchester, CT 06040

ORGANIZATION AND FIRST REPORT

NONSTOCK CORPORATION

Office of the Secretary of the State

30 Trinity Street / P.O. Box 150470 / Hartford, CT 06115-0470 / Rev 1-97

Space For Office Use Only

FILING #0001796899 PG 01 OF 03 VOL B-00168
FILED 01/27/1998 11:40 AM PAGE 01888
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

Name of Corporation: Amistad America, Inc.

Date of Organization Meeting: 9 / 26 / 19 96

Address of Principal Office (street address required - P.O. Box not acceptable):

900 Chapel Street
P.O. Box 1808
New Haven, CT 06507

4. Officers

(street address required - P.O. Box not acceptable)

NAME	TITLE	RESIDENCE ADDRESS	BUSINESS ADDRESS
See attached List			

5. Directors

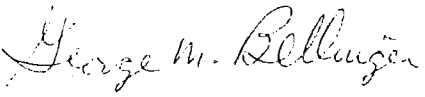
(street address required - P.O. Box not acceptable)

NAME	RESIDENCE ADDRESS	BUSINESS ADDRESS
See attached List		

Note: If additional space is needed, please reference an 8 1/2 X 11 attachment

6. EXECUTION

Dated this 22nd day of January 19 98.

George M. Bellinger	President, Board of Directors	
Print or type name of signatory	Capacity of signatory	Signature

Officers of Amistad America, Inc.

George M. Bellinger, President and Director
Residence: 135 Brooklawn Ave., Bridgeport, CT 06604
Business: Atlantis Recycling, 955 Connecticut Avenue, Bridgeport, CT 06607

Clifton E. Graves, Vice President and Director
Residence: 310 Dyer Street, Apt. 1A, New Haven, CT 06515
Business: Southern CT. State Univ., 501 Crescent Street, New Haven, CT 06515

Barbara Winters, Treasurer and Director
Residence: 66 Goodyear St., New Haven, CT 06511
Business: Hillhouse High School, 480 Sherman Parkway, New Haven, CT 06511

Dana Hewson, Secretary and Director
Residence: 4 Cortland St., Pawcatuck, CT 06379
Business: Shipyard, Mystic Seaport Museum, Mystic, CT 06355
75 Greenmanville Avenue

Directors of Amistad America, Inc.

Janus Adams
Residence: c/o Tuitt, 94 Old Amity Road, Scarsdale, NY 10583
Business: None

John Chapin
Residence: 5 Farmstead Lane, Farmington, CT 06032
Business: Tunxis Management, One Liberty Square, New Britain, CT 06050

Donald Harwood
Residence: 1704 Saint Johns Place, #6D, Brooklyn, NY 11233
Business: Amistad Affiliates, Inc., 831 Sherry Drive, Valley Cottage, NY 10989

Al Marder
Residence: 20 Mumford St., New Haven, CT 06515
Business: Amistad Committee, 311 Temple St., New Haven, CT 06511

Warren Quincy Marr
Residence: 831 Sherry Drive, Valley Cottage, NY 11233
Business: Amistad Affiliates, 831 Sherry Drive, Valley Cottage, NY 10989

W.H. (Will) Mebane
Residence: 25 Forest St., Hamden, CT 06518
Business: Jackie Robinson Foundation, 345 W 35th St., New York, New York

William Pinkney

Residence: 411 Sangamon St. S 3C, Chicago, IL 60607

Business: High Seas Motivation, 1300 Belmont Ave., Suite 507, Chicago, IL 60657

Quentin Snediker

Residence: 14 Hewitt Road, North Stonington, CT 06359

Business: Mystic Seaport, Shipyard, Mystic, CT 06355

75 Greenmanville Avenue

John Turner

Residence: 55 Chatterton Woods, Hamden, CT 06518

Business: Judge of Superior Court, 101 Lafayette St., New Haven, CT 06510

Althea Tyson-Jackson

Residence: 19 Dwight Homes, NewHaven, CT 06511

Business: Office of the Mayor, City of New Haven, City Hall, 165 Church St., New Haven, CT 06510

CERTIFICATE OF AMENDMENT

NONSTOCK CORPORATION

Office of the Secretary of the State

30 Trinity Street / P.O. Box 150470 / Hartford, CT 06115-0470 /new/1-97

Space For O'

FILING #0001799384 FG 01 OF 11 VOL B-00169
FILED 02/02/1998 02:51 PM PAGE 03328
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

I. NAME OF CORPORATION:

AMISTAD AMERICA, INC.

2. THE CERTIFICATE OF INCORPORATION IS (check A., B. or C.):

A. AMENDED.

B. AMENDED AND RESTATED.

C. RESTATED.

3. TEXT OF EACH AMENDMENT / RESTATEMENT (include date on which each amendment was approved):

See attached Amended and Restated Certificate of Incorporation

(adopted on November 20, 1997)

(Please reference an 8 1/2 X 11 attachment if additional space is needed)

Space For Office Use Only

FILING #0001799334 PG 02 OF 11 VOL B-00169
FILED 02/02/1998 02:51 PM PAGE 03329
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

4. VOTE INFORMATION (check/complete A., B. or C.)

 A. The resolution was approved by members who voted as follows:

Complete if no members were entitled to vote as a class

Number of votes cast in favor of the amendment

Number of votes cast against the amendment

Complete if members were entitled to vote as a class

Designation of each class of members entitled to vote separately

Number of votes cast in favor of the amendment

Number of votes cast against the amendment

(Member votes in favor of adopting the amendment(s) provided above were sufficient for approval.)

XX B. The amendment was adopted by sufficient vote of the board of directors without member vote. No member vote was required for adoption.

 C. The amendment was adopted by sufficient vote of the incorporators.

5. EXECUTION

Dated this 15 day of December, 1997

DANA C. HEWSON

SECRETARY

Dana C. Hewson

Print or type name of signatory

Capacity of signatory

Signature

AMENDED and RESTATED
CERTIFICATE OF INCORPORATION

AMISTAD AMERICA, INC.

ARTICLE I

The name of the Corporation shall be the AMISTAD AMERICA, INC.

ARTICLE II
PURPOSES TO BE PROMOTED

The nature of the activities to be conducted, promoted or carried out by the corporation are as follows:

1. The Corporation shall be a nonprofit Corporation formed under Chapter 600, pursuant to Title 33 of the General Statutes of the State of Connecticut.
2. The purpose of Amistad America, Inc. is to own, manage and operate the reproduction vessel (ship) Amistad, including raising and managing all necessary funds for the operation and support of that vessel.
3. Institute and raise funds for educational programs directly and indirectly related to the vessel and its mission of broadly advancing knowledge of the historic events collectively known as the "Amistad Affair," and of the broad struggle for human rights generally, and to secure the fiscal and other management of such programs.

ARTICLE III
DECLARATION OF NONPROFIT CHARACTER

The Corporation is a nonprofit organization. Further, this Corporation shall not have or issue shares of stock or pay dividends.

ARTICLE IV
CORPORATE MEMBERSHIP

The Corporation may have members with such rights, duties, and privileges as the Board of Directors may from time to time provide, but such members, if any are so established, shall not have the right to vote on any matter.

ARTICLE V
CORPORATE MANAGEMENT

The Corporation shall operate under the management of its Board of Directors. As may be further provided in the Bylaws, the terms of Directors may be staggered by dividing the Directors into up to five groups so that approximately an equal number of such Directors have terms that expire each year. The method of election of the Board of Directors, and all other activities and business, shall be managed as provided for in the Bylaws.

ARTICLE VI
POWERS

1. The Corporation shall be empowered to take such steps as are necessary to establish projects and enterprises to promote the purposes of the Corporation including:
 - A. To construct, hold, manage, acquire, operate, maintain and improve, purchase, own, sell, convey, assign, mortgage or lease any rights of ownership in real estate and personal property for its nonprofit, charitable or educational purposes. Grants, donations, devises, and bequests of real and personal property may be received and held in trust or otherwise for such purpose;
 - B. To borrow money and issue evidences of indebtedness in furtherance of any and all of the objects of its purposes; to secure the same by mortgage, pledge or other liens;
 - C. To enter into any kind of activity, and to perform and carry out contracts of any kind necessary, or in connection with or incidental to the accomplishment of the non-profit, charitable and educational purposes of the Corporation.
 - D. In addition to any powers which may be conferred by law upon the Corporation, the Corporation shall have the power to take and hold by bequest, devise, gift,

purchases or lease, either absolutely or in trust for its purposes as hereinabove set forth, or any of them, any property, real, personal or mixed, without limitation as to amount or value, except such limitations, if any, as may be imposed by law; to sell, convey, mortgage, lease, assign, exchange, or otherwise dispose of any such property and to invest and re-invest the principal thereof, and to deal with and expend such principal, capital appreciation or the income therefrom for the aforementioned purposes, or any of them, without limitations, except such limitations, if any, as may be imposed by law, or may be contained in the instrument under which such property is received; to receive any property, real, personal, or mixed, in trust, under the terms of any will, deed or trust or other instrument for the aforementioned purposes, or any of them, and in administering the same to carry out the directions and exercise the powers contained in the trust instrument under which it is received; and to receive, take title, to hold and use stock, bonds obligations, or other securities, of any corporation or corporations, domestic or foreign, to sell, pledge or otherwise dispose of the same and to use the proceeds or the income therefrom,

but only for the aforementioned purposes, or any of them.

ARTICLE VII

1. Notwithstanding any other provisions of these articles, the Corporation is organized exclusively for non-profit, charitable and educational purposes, as specified in Section 501 (c) (3) of the Internal Revenue Code of 1954 and its revisions and amendments thereto.
2. No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided by Internal Revenue Code Section 501 (h), or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.
3. No part of the net earning of the Corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation), and no member, director, trustee, officer of the Corporation or any private individual shall be entitled to share in

the distribution of any of the corporate assets on
dissolution of the Corporation.

ARTICLE VIII
DISTRIBUTION OF ASSETS UPON DISSOLUTION

In the event of the dissolution of the Corporation or the
termination of its corporate existence, the assets of the
Corporation shall be applied and distributed as follows:

- (a) All liabilities and obligations of the Corporation
shall be paid, satisfied and discharged, or adequate
provision shall be made therefor.
- (b) Assets held by the Corporation upon conditions
requiring return, transfer or conveyance, which
condition occurs by reason of the dissolution, shall
be returned, transferred or conveyed in accordance
with such requirements.
- (c) All other assets shall be transferred to such
corporations, persons, groups or organization holding
a valid tax exemption permit issued by the Connecticut
State Tax Commissioner, and having tax-exempt status
under Section 501 (c) (3) of the United States Internal
Revenue Code or such equivalent section as may be in
effect on the date of dissolution of the Corporation

as the Board of Directors of the Corporation shall designate.

No part of the property or assets of the Corporation shall inure to the benefit of any directors, officers, members or employees of the Corporation.

ARTICLE IX
DURATION OF EXISTENCE

The Corporation shall be of perpetual duration.

ARTICLE X
AMENDMENT TO THE CERTIFICATE OF INCORPORATION

Amendments to this Certificate of Incorporation shall be adopted upon a two-thirds (2/3) vote of the Directors.

ARTICLE XI
LIMITATION OF DIRECTORS' LIABILITY TO THE CORPORATION

In addition to, and not in derogation of, any other rights conferred by law, a director of the Corporation shall not be personally liable for monetary damages for breach of duty as a director in an amount greater than the compensation received by the director for serving the Corporation during the year of the violation if the breach did not (1) involve any knowing and culpable violation of law by the director, (2) enable the director or an

associate, as defined by Section 33-840 of the Connecticut General Statutes, to receive an improper personal economic gain, (3) show a lack of good faith and a conscious disregard for the duty of the director to the Corporation under circumstances in which the director was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or (4) constitute as sustained and unexcused pattern of inattention that amounted to an abdication of the director's duty to the Corporation.

The Corporation shall indemnify a director for liability, as defined in subdivision (5) of section 33-1116 of the Connecticut General Statutes, as amended by section 54 of Public Act 97-246, to any person for any action taken, or any failure to take any action, as a director, except liability that (A) involved a knowing and culpable violation of law by the director, (B) enabled the director or an associate, as defined in section 33-840 of the Connecticut General Statutes, to receive an improper personal gain, (C) showed a lack of good faith and a conscious disregard for the duty of the director to the Corporation under the circumstances in which the director was aware that his conduct or omission created an unjustifiable risk of serious injury to the Corporation, or

(D) constituted sustained and unexcused pattern of inattention that amounted to an abdication of the Director's duty to the Corporation, provided this provision shall not affect the indemnification of or advance of expenses to a director for any liability stemming from acts or omissions occurring prior to the effective date of this provision.

022011.DOC\11670\1\36650.01

CERTIFICATE OF INCORPORATION

ARTICLE I.

The name of the Corporation shall be the AMISTAD AMERICA INC.

ARTICLE II.
PURPOSES TO BE PROMOTED

The nature of the activities to be conducted, promoted or carried out by the corporation are as follows:

1. The Corporation shall be a nonprofit Corporation formed under Chapter 600, pursuant to Title 33 of the General Statutes of the State of Connecticut.

2. The purpose of Amistad America, Inc. is to own, manage and operate the reproduction vessel (ship) Amistad, including raising and managing all necessary funds for the operation and support of that vessel.

3. Institute and raise funds for educational programs directly and indirectly related to the vessel and its mission of broadly advancing knowledge of the historic events collectively known as the "Amistad Affair," and of the broad struggle for human rights generally, and to secure the fiscal and other management of such programs.

ARTICLE III.
DECLARATION OF NONPROFIT CHARACTER

The Corporation is a nonprofit organization. Further, this Corporation shall not have or issue shares of stock or pay dividends.

ARTICLE IV.
CORPORATE MEMBERSHIP

- A. The Board of Directors shall constitute the entire membership of the Corporation.
- B. At the first meeting of the Corporation, the Incorporators shall select the members of said Board.
- C. Succession of Board membership shall conform to the provisions in the By-laws therefor.
- D. There shall be only one class of membership on the Board of Directors.
- E. Each member of said Board shall be entitled to only one vote with respect to the management of the affairs of the Corporation.
- F. No member of the Corporation shall be liable for any obligation to the creditors of the corporation.

ARTICLE V.
CORPORATE MANAGEMENT

The Board of Directors of the Corporation shall manage the fiscal affairs and property of the Corporation. The method of election of the Board of Directors, and all other activities and business, shall be managed as provided for in the By-laws.

ARTICLE VI
POWERS

1. The corporation shall be empowered to take such steps as are necessary to establish projects and enterprises to promote the purposes of the corporation including:

- A. To construct, hold, manage, acquire, operate, maintain and improve, purchase, own, sell, convey, assign, mortgage or lease any

rights of ownership in real estate and personal property for its nonprofit, charitable or educational purposes. Grants, donations, devises, and bequests of real and personal property may be received and held in trust or otherwise for such purpose;

B. To borrow money and issue evidences of indebtedness in furtherance of any and all of the objects of its purposes; to secure the same by mortgage, pledge or other liens;

C. To enter into any kind of activity, and to perform and carry out contracts of any kind necessary, or in connection with or incidental to the accomplishment of the non-profit, charitable and educational purposes of the corporation.

D. In addition to any powers which may be conferred by law upon the Corporation, the Corporation shall have the power to take and hold by bequest, devise, gift, purchases or lease, either absolutely or in trust for its purposes as hereinabove set forth, or any of them, any property, real, personal or mixed, without limitation as to amount or value, except such limitations, if any, as may be imposed by law; to sell, convey, mortgage, lease, assign, exchange, or otherwise dispose of any such property and to invest and re-invest the principal thereof, and to deal with and expend such principal, capital appreciation or the income therefrom for the aforementioned purposes, or any of them, without limitations, except such limitations, if any, as may be imposed by law, or may be contained in the instrument under which such property is received; to receive any property, real, personal, or mixed, in trust, under the terms of any will, deed or trust or other instrument for the aforementioned purposes, or any of

them, and in administering the same to carry out the directions and exercise the powers contained in the trust instrument under which it is received; and to receive, take title, to hold and use stock, bonds obligations, or other securities, of any corporation or corporations, domestic or foreign, to sell, pledge or otherwise dispose of the same and to use the proceeds or the income therefrom, but only for the aforementioned purposes, or any of them.

ARTICLE VII.

1. Notwithstanding any other provisions of these articles, the corporation is organized exclusively for non-profit, charitable and educational purposes, as specified in Section 501 (c) (3) of the Internal Revenue Code of 1954 and its revisions and amendments thereto.

2. No substantial part of the activities of the corporation shall be carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided by Internal Revenue Code Section 501 (h), or participating in, or intervening in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.

3. No part of the net earnings of the corporation shall inure to the benefit of any member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation), and no member, director, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation

ARTICLE VIII.
DISTRIBUTION OF ASSETS UPON DISSOLUTION

In the event of the dissolution of the Corporation or the termination of its corporate existence, the assets of the Corporation shall be applied and distributed as follows:

- (a) All liabilities and obligations of the Corporation shall be paid, satisfied and discharged, or adequate provision shall be made therefor.
- (b) Assets held by the Corporation upon conditions requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements.
- (c) All other assets shall be transferred to such corporations, persons, groups or organizations holding a valid tax exemption permit issued by the Connecticut State Tax Commissioner, and having tax-exempt status under Section 501(c)(3) of the United States Internal Revenue Code or such equivalent section as may be in effect on the date of dissolution of the Corporation as the Board of Directors of the Corporation shall designate.

No part of the property or assets of the Corporation shall inure to the benefit of any directors, officers, members or employees of the Corporation.

ARTICLE IX.

DURATION OF EXISTENCE

The Corporation shall be of perpetual duration.

ARTICLE X.

AMENDMENT OF CERTIFICATE OF INCORPORATION

Amendments to this Certificate of Incorporation may be proposed in writing by any Director and shall be adopted upon a two-thirds (2/3) vote of the Directors, provided that at least thirty (30) days written notice of any meeting at which an amendment to this Certificate of Incorporation is to be voted upon, shall be given and that such notice shall contain a copy of the proposed amendment.

Dated at New Haven, Connecticut this 2nd day of February, 1996.

We hereby declare under the penalties of false statement that the statements made in the foregoing Certificate are true.

INCORPORATORS:



GEORGE BELLINGER



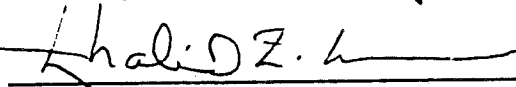
JACQUES BRUNSWICK



DANA HEWSON



CLIFTON GRAVES, JR.



KHALID LUM

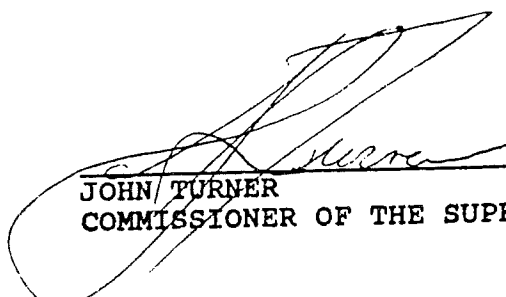


QUENTIN SNEDIKER

STATE OF CONNECTICUT)
)
COUNTY OF NEW HAVEN)

ss: NEW HAVEN

Personally appeared GEORGE BELLINGER, JACQUES BRUNSWICK, DANA
HEWSON, CLIFTON GRAVES, JR., KHALID LUM, AND QUENTIN SNEDIKER,
Incorporators, and declared and affirmed the truth of the foregoing
Certificate signed before me this 2nd day of February, 1996.



JOHN TURNER
COMMISSIONER OF THE SUPERIOR COURT

APPOINTMENT OF STATUTORY AGENT FOR SERVICE
DOMESTIC CORPORATION
61-6 Rev. 6/88

FILING #0001587292 PG 09 OF 09 VOL B-0004
FILED 02/05/1996 08:30 AM PAGE 02546
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

Secretary of the State
30 Trinity Street
Hartford, CT 06106

Name of Corporation: **AMISTAD AMERICA, INC**

Complete All Blanks

The above corporation appoints as its statutory agent for service, one of the following:

Name of Natural Person Who is Resident of Connecticut	Business Address	Zip Code
KHALID E. LUM	444 ORCHARD ST NEW HAVEN, CT	06511

Residence Address	Zip Code
24 TURNOR AVENUE HAMDEN, CT 06517	

Name of Connecticut Corporation	Address of Principal Office in Conn. (If none, enter address of appointee's statutory agent for service)
AMISTAD AMERICA, INC.	444 ORCHARD STREET NEW HAVEN, CT 06511

Name of Corporation (Not organized under the Laws of Conn. *)	Address of Principal Office in Conn. (If none, enter "Secretary of the State of Conn.")

* Which has procured a Certificate of Authority to transact business or conduct affairs in this state.

AUTHORIZATION

Original Appointment (Must be Signed by a majority of Incorporators)	Name of Incorporator (Print or Type)	Signed (Incorporator)	Date
	GEORGE BELLINGER	<i>George M. Bellinger</i>	2-2-1996
	JACQUES BRUNSWICK	<i>Jacques Brunswick</i>	2/2/96
	CLIFTON GRAVES, JR.	<i>Clifton Graves, Jr.</i>	2/2/96

Subsequent Appointment	Name of President, Vice President or Secretary	Date
	Signed (President, or Vice President or Secretary)	

Acceptance: Name of Statutory Agent for Service (Print or Type)	Signed (Statutory Agent for Service)
KHALID E. LUM	<i>Khalid E. Lum</i>

For Official Use Only

Rec; CC: **JOHN TURNER**
TURNER, MCINTOSH & ASSOCIATES, P.C.
900 CHAPEL, ST., SUITE 630
P.O. BOX 1836
NEW HAVEN, CT 06508-1836

Please provide filer's name and complete address for mailing receipt

Business Inquiry

 HOME  HELP

Business Inquiry Details

Business Name: **AMISTAD AMERICA INC.**

Business Id: **0530448**

Business Address: **AMISTAD AMERICA INC., 169
ORANGE STREET, NEW HAVEN,
CT, 06510**

Mailing Address: **AMISTAD AMERICA, INC., 169
ORANGE STREET, NEW HAVEN,
CT, 06510**

Citizenship/State Inc: **Domestic/CT**

Last Report Year: **2011**

Business Type: **Non-Stock**

Business Status: **Active**

Date Inc/Register: **Feb 05, 1996**

Principals

Name/Title:

Business Address:

Residence Address:

FREDRICA GRAY
CHAIR, BOARD OF
TRUSTEES

AMISTAD AMERICA, INC., 746
CHAPEL STREET, SUITE 300, NEW
HAVEN, CT, 06510

9 DAVID CIRCLE, WINDSOR, CT, 06095

GREGORY BELANGER
PRESIDENT/CEO

AMISTAD AMERICA, INC, 746
CHAPEL STREET, SUITE 300, NEW
HAVEN, CT, 06510

36 BARKER HILL DRIVE, GUILFORD, CT, 06537

FREDRICA GRAY
CHAIR, BOARD OF
TRUSTEES

AMISTAD AMERICA, INC, 746
CHAPEL STREET, SUITE 300, NEW
HAVEN, CT, 06510

9 DAVID CIRCLE, WINDSOR, CT, 06095

[View All Principals\(4\)](#)

Business Summary

Agent Name: **CHARLES J FILARDI, JR.**

Agent Business Address: **65 TRUMBULL ST 2ND FL, NEW HAVEN, CT, 06510**

Agent Residence Address: **4 DEER PATH RD, BRANFORD, CT, 06405**

[View Filing History](#)

[View Name History](#)

[View Shares](#)

[Back](#)

Pearce, Valerie

From: Turner, Cheryl A.
Sent: Thursday, May 16, 2013 10:06 AM
To: Pearce, Valerie
Cc: Jasper, Terra
Subject: FW: Copies of Documents needed for Business ID 0530448 - Amistad America, Inc.

Hi Valerie –

Thank you for your help. I actually am no longer in a rush to get these documents (see e-mail below), and am out of the office tomorrow. You can either send them to me (mail, e-mail) at the address below or I can come pick them up next Monday.

Thanks again for your help!!

Cheryl A. Turner

*Paralegal Specialist II
Office of the Attorney General
55 Elm Street
P.O. Box 120
Hartford, CT 06106*

Phone: 860.808.5020
Fax: 860.808.5347
Email: cheryl.turner@ct.gov
URL: <http://ct.gov/ag/>

CONFIDENTIAL INFORMATION: The information contained in this e-mail is confidential and protected from general disclosure. If the recipient or the reader of this e-mail is not the intended recipient, or person responsible to receive this e-mail, you are requested to delete this e-mail immediately and do not disseminate or distribute or copy. If you have received this e-mail by mistake, please notify us immediately by replying to the message so that we can take appropriate action immediately and see to it that this mistake is rectified.

From: Turner, Cheryl A.
Sent: Wednesday, May 15, 2013 4:41 PM
To: Jasper, Terra
Subject: Copies of Documents needed for Business ID 0530448 - Amistad America, Inc.

Dear Terra –

Thank you so much for your willingness to assist me. I have copy and pasted the following from the filing history screen from the SOTS CONCORD page for your reference. This is a listing of the copies of documents we need:

Filing History

Business Id	Business Name
0530448	AMISTAD AMERICA INC.

Filing	Filing Date/Time	Effective	Filing Type	Volume	Volume	Start	Pages #
--------	------------------	-----------	-------------	--------	--------	-------	---------

Number	Date/Time	Date/Time	Type	Type	Page	Page	Page
0001587292	Feb 05, 1996 8:30:00 AM		INCORPORATION	B	00046	2538	9
0001796899	Jan 27, 1998 11:40:00 AM	Jan 27, 1998 11:40:00 AM	ORG REPORT	B	00168	1888	3
0001799384	Feb 02, 1998 2:51:00 PM	Feb 02, 1998 2:51:00 PM	RESTATE	B	00169	3328	11
0001870539	Jul 27, 1998 3:34:00 PM	Jul 27, 1998 3:34:00 PM	RESTATE	B	00207	2629	11
0004538354	Feb 28, 2012 8:30:00 AM	Feb 28, 2012 8:30:00 AM	AGENT	B	01614	2502	2
0004635506	Mar 16, 2012 8:30:00 AM		REPORT (2011)	B	01673	1441	3

Thank you so much for your assistance. If you find that you are able to scan or e-mail these documents back to me, I would definitely appreciate that, but if not, please give me a call in the morning and I will come and pick the documents up. My telephone number is 860-808-5020 (ask for me). Please call me if you need any clarification of the above.

Thanks again,

Cheryl A. Turner

*Paralegal Specialist II
Office of the Attorney General
55 Elm Street
P.O. Box 120
Hartford, CT 06106*

Phone: 860.808.5020

Fax: 860.808.5347

Email: cheryl.turner@ct.gov

URL: <http://ct.gov/ag/>

CONFIDENTIAL INFORMATION: The information contained in this e-mail is confidential and protected from general disclosure. If the recipient or the reader of this e-mail is not the intended recipient, or person responsible to receive this e-mail, you are requested to delete this e-mail immediately and do not disseminate or distribute or copy. If you have received this e-mail by mistake, please notify us immediately by replying to the message so that we can take appropriate action immediately and see to it that this mistake is rectified.

EXHIBIT 3

Connect

- 
- 



**AMISTAD
AMERICA**

**Teaching History.
Sailing for Freedom.**

- [Home](#)
- [About Us](#)
 - [What We Do](#)
 - [The Organization](#)
 - [The Ship](#)
 - [The Story](#)
- [Contact](#)

-- Navigate to... -- ▾



Support

The Amistad

July 2014 marks the 175th Anniversary of the Amistad Incident. Contact us for more information on how you can help maintain the ship and grow our youth programs.

[Contact](#)



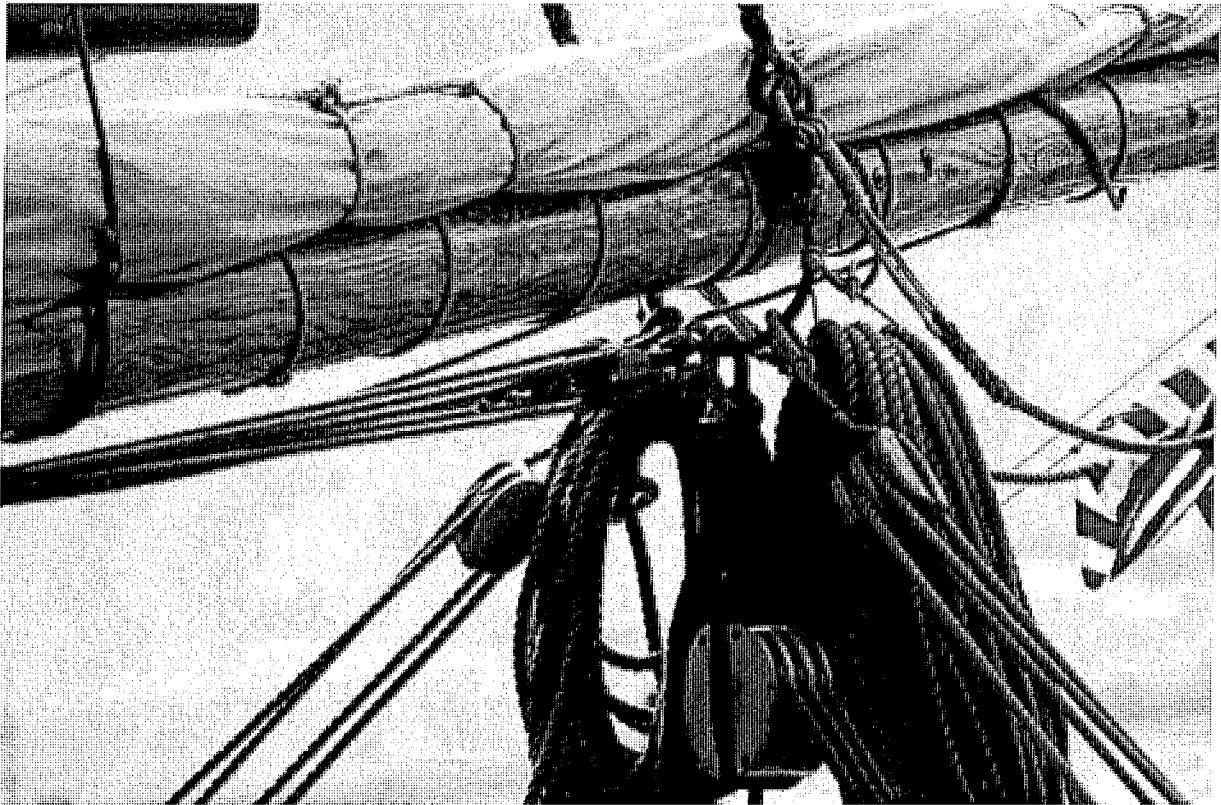
The Story

of

The Amistad

From an escape attempt in the hands of slave traders to the Supreme Court of the United States, learn how The Amistad came to be one of the most important events in civil rights history.

[The Story](#)



Connect

- 
- 



AMISTAD
AMERICA

Teaching History.
Sailing for Freedom.

- [Home](#)
- [About Us](#)
 - [What We Do](#)
 - [The Organization](#)
 - [The Ship](#)
 - [The Story](#)
- [Contact](#)

-- Navigate to... -- ▾

About Amistad America Inc.

Based in New Haven, Connecticut, Amistad America Inc. owns and operates the traditional wooden schooner S/V Amistad. Also known as "Freedom Schooner Amistad." As the official flagship of Connecticut, Amistad brings her message of peace and freedom to all corners of the globe.

Mission

The mission of Amistad America Inc. is to teach the important lessons of history inherent in the Amistad incident of 1839. Amistad serves as an enduring symbol of unity and the human struggle for freedom. In shedding light on the facts of our collective history and the legacy of the transatlantic slave trade, Amistad America provides a peaceful means by which individuals and communities can learn together and address the issues of racism and intolerance with a positive goal of building bridges of mutual respect and understanding.

Our Story

AMISTAD America, Inc. has an amazing story to steward; that of the courageous and determined Sengbe Pieh, who led the 1839 shipboard, revolt of 53 African people. It is also the story of a diverse group of individuals whose skilled and committed advocacy helped the captives to regain their freedom in the U.S. Supreme Court. This history incorporates important lessons for us all, about courage and leadership, slavery and resistance, racial and social justice, freedom and human rights. These ideas and values are as real and as vital today as they were in 1839. They live in the hearts and minds of people everywhere in the world, among those who enjoy freedom and those who yearn for it.

15 Years

In 2013 we celebrated our 15th year. The Freedom Schooner Amistad has sailed over 40,000 miles and has reached hundreds of thousands of visitors in the continents that are connected by the Atlantic Ocean. We believe that through a comprehensive understanding of the Amistad Story students and

visitors acquire a broader appreciation of the international and interconnected history of the world. This foundation of understanding allows for the development of critical thinking skills and a greater comprehension for the complex legacy that remains as the result of the 400 years of systematic exploitation, better known as chattel slavery.

Africa & Europe: 2007 Atlantic Freedom Tour

Sailing more than 14,000 miles retracing the infamous middle passage. The year long voyage was an epic journey commemorating victories for abolitionists on all sides of the Atlantic Ocean and the 200th anniversary of the abolition of the slave trade in the United Kingdom and the United States. In 2008 the Freedom Schooner Amistad landed in Freetown, Sierra Leone the birthplace of the Amistad captives.

Caribbean: 2009 Caribbean Freedom Tour

The Amistad's second year-long tour - the Caribbean Freedom Tour - began in the summer of 2009. The voyage included a return trip to Nova Scotia before heading south in the fall to visit Washington, D.C. and then to a handful of Caribbean countries all which have historical ties to the Atlantic Slave Trade. In response to the earthquake of 2010 that devastated Haiti. AAI worked together with the U.S. Embassy in the Dominican Republic to pull together a pilot program that paired displaced Haitian college students with Dominican students for a 3 day relief sail. On March 25th, 2010 on the vessels 10th anniversary the Freedom Schooner Amistad sailed in to Havana, Cuba for a historical 10 day visit.

AMISTAD SCIENCE, COMMUNITY & CULTURE INTERNSHIP TRIP 2014

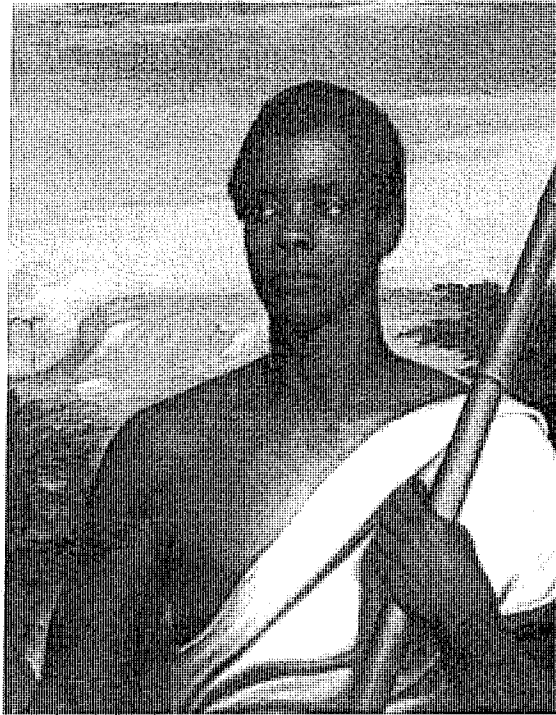
This collaborative effort is our contribution to increase STEM mentoring opportunities for girls, low-income youth, and students of color. The Science, Culture & Community Internship (SCCI) is Amistad America's interdisciplinary studies program that provides New Haven high school students with skill training opportunities, within the wide spectrum of the maritime sciences, including seamanship and navigation, marine biology, geo-chemistry, mechanics and engineering, environmental stewardship and cultural anthropology. This program offers hands on exposure, increases international awareness and can include on board experiential learning modules for high school/gap year age students. Moving beyond the walls of lecture halls and labs this program attempts to give New Haven high school students scientific field research experiences. Coupled with cultural history and maritime traditions the significant impacts of this outreach program are to:

- Increase knowledge and understanding about the Amistad Incident of 1839
- Amplify exposure to STEM and STEM-related career choices
- Cultivate international awareness & intercultural connectivity
- Empower students through experiential science experiences
- Foster enhanced problem-solving skills, ability to work in teams, and planning abilities
- Improve scientific aptitude (i.e. scientific terminology, analytical skills, creative problem solving skills)
- Increase connectivity to self-advancing resources and social networks

Our Collaborators

- Amistad Committee Inc.
- Ocean Classroom
- Custom House Museum
- Love 146
- Dr. Ruth Blake

- [UNIBE](#)



Download *“Free Men: The Amistad Revolt and the American Anti-Slavery Movement.”*

A 20 page PDF recommended by the Amistad Committee Inc.

CLICK HERE



Connecticut
still revolutionary

Proud site of the Connecticut Freedom Trail.
Made with the support of the
Department of Economic and Community Development.

Connect

- 
- 

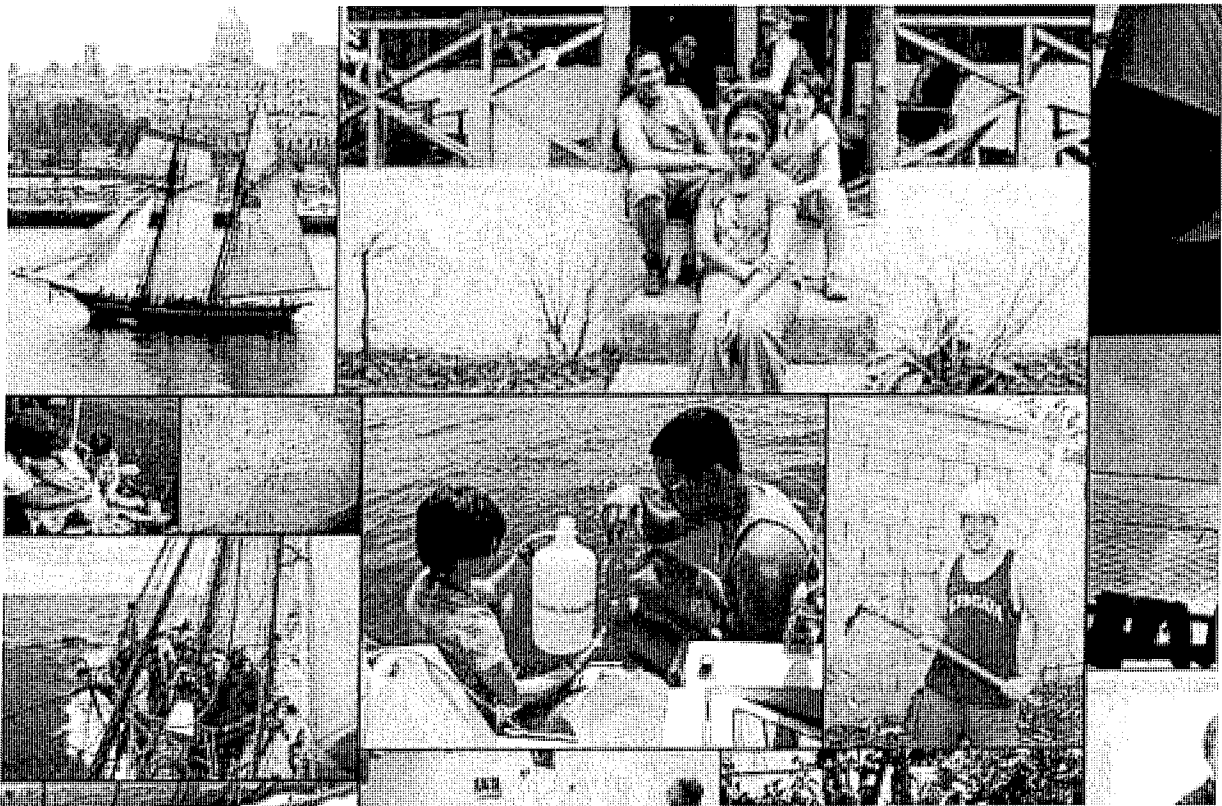
Amistad America Inc. © 2014 --- Photos: [Lisa Daily Photography](#) Wojtak Wacowski & [I Love New Haven](#)

Follow

The Amistad

Now you can follow our progress all over the world. Where will The Amistad be next?

[Live Tracker](#)



What We Do

aboard

The Amistad

From day sails to international voyages of peace, we keep the ship moving and on mission.

[Learn More](#)

- [1](#)
- [2](#)
- [3](#)
- [4](#)

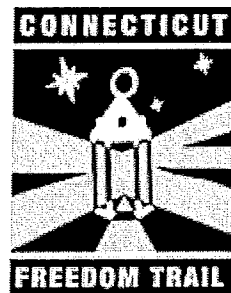
The vision of Amistad America Inc. is to foster unity among people of diverse racial and cultural backgrounds, and to promote the legacies of leadership, cooperation, perseverance and social justice inherent the Amistad Incident of 1839.





Download *“Free Men: The Amistad Revolt and the American Anti-Slavery Movement.”*
A 20 page PDF recommended by
the Amistad Committee Inc.

CLICK HERE



Connecticut
still revolutionary

Proud site of the Connecticut Freedom Trail.
Made with the support of the
Department of Economic and Community Development.

Connect



Amistad America Inc. © 2014 --- Photos: Lisa Daily Photography Wojtak Wacowski & I Love New Haven

EXHIBIT 4

EXHIBIT A

Amistad America, Inc.

**Financial Statements and
State Financial Assistance in Accordance with
the State Single Audit Act
and Independent Auditor's Reports**

March 31, 2009

Amistad America, Inc.

	<u>Page</u>
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
Schedule of Expenditures of State Financial Assistance	17
Notes to Schedule of Expenditures of State Financial Assistance	18
Schedule of Findings and Questioned Costs	19-25
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>	26-27
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and Report on Internal Control over Compliance in Accordance with the State Single Audit Act	28-29

Independent Auditor's Report

To the Board of Directors
Amistad America, Inc.

We have audited the accompanying statement of financial position of Amistad America, Inc. (a nonprofit organization) as of March 31, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amistad America, Inc. as of March 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2014, on our consideration of Amistad America, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CohnReznick LLP

Farmington, Connecticut
August 8, 2014

Amistad America, Inc.

Statement of Financial Position
March 31, 2009

Assets

Current assets:	
Cash	\$ 16,358
Grants receivable	138,837
Prepaid and other assets	<u>17,132</u>
Total current assets	172,327
Property and equipment, net of accumulated depreciation	1,716,133
Other assets	<u>3,024</u>
Total assets	<u>\$ 1,891,484</u>

Liabilities and Net Assets

Current liabilities:	
Line of credit	\$ 447,210
Note payable	150,000
Accounts payable and accrued expenses	468,717
Accrued interest	12,477
Accrued payroll and related taxes	24,706
Deferred income	42,129
Other loans payable	<u>39,116</u>
Total current liabilities	<u>1,184,355</u>
Commitments and contingencies	
Net assets:	
Unrestricted	257,307
Board designated	<u>54,986</u>
Total unrestricted	312,293
Temporarily restricted	345,683
Permanently restricted	<u>49,153</u>
Total net assets	<u>707,129</u>
Total liabilities and net assets	<u>\$ 1,891,484</u>

See Notes to Financial Statements.

Amistad America, Inc.

**Statement of Activities and Changes in Net Assets
Year Ended March 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Grants - State of Connecticut	\$ 613,837	\$ -	\$ -	\$ 613,837
Grants - Federal	484,608	-	-	484,608
Grants and contributions - other	95,662	-	-	95,662
Vessel income	86,542	-	-	86,542
Donations in-kind	22,670	-	-	22,670
Other income	28,883	-	-	28,883
Investment income	20	-	-	20
Realized loss on investments	(646)	-	-	(646)
Releases from restrictions	<u>276,546</u>	<u>(276,546)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,608,122</u>	<u>(276,546)</u>	<u>-</u>	<u>1,331,576</u>
Expenses:				
Program expenses	1,200,321	-	-	1,200,321
General and administrative	326,491	-	-	326,491
Fundraising	<u>104,893</u>	<u>-</u>	<u>-</u>	<u>104,893</u>
Total expenses	<u>1,631,705</u>	<u>-</u>	<u>-</u>	<u>1,631,705</u>
Change in net assets	(23,583)	(276,546)	-	(300,129)
Net assets, April 1, 2008	<u>335,876</u>	<u>622,229</u>	<u>49,153</u>	<u>1,007,258</u>
Net assets, March 31, 2009	<u>\$ 312,293</u>	<u>\$ 345,683</u>	<u>\$ 49,153</u>	<u>\$ 707,129</u>

See Notes to Financial Statements.

Amistad America, Inc.

**Statement of Functional Expenses
Year Ended March 31, 2009**

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 502,592	\$ 107,252	\$ 38,457	\$ 648,301
Employee benefits	43,530	9,289	3,331	56,150
Payroll taxes	71,692	15,299	5,486	92,477
Contract services	4,547	-	-	4,547
Insurance	52,866	5,800	-	58,666
Telephone	22,476	4,796	1,720	28,992
Travel	12,503	11,010	25,788	49,301
Equipment rental and maintenance	-	3,002	-	3,002
Printing, publishing, mailing	-	2,117	4,094	6,211
Professional fees	28,361	43,861	-	72,222
Website	48,400	-	12,100	60,500
Vessel operating expenses	190,416	-	-	190,416
Occupancy	-	37,459	-	37,459
Other expenses	-	6,567	7,661	14,228
Bank and finance charges	-	23,402	-	23,402
Interest expense	39,521	1,236	412	41,169
Event expenses	-	-	5,844	5,844
Depreciation	171,921	55,401	-	227,322
Bad debts	11,496	-	-	11,496
	<u>\$ 1,200,321</u>	<u>\$ 326,491</u>	<u>\$ 104,893</u>	<u>\$ 1,631,705</u>

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Cash Flows
Year Ended March 31, 2009

Operating activities:	
Change in net assets	\$ (300,129)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	227,322
Realized loss on investments	646
Bad debts	11,496
Changes in operating assets and liabilities:	
Accounts receivable	24,631
Grants receivable	4,615
Prepaid and other assets	20,185
Accounts payable and accrued expenses	(302,443)
Accrued interest	9,410
Accrued payroll and related taxes	(125,591)
Deferred income	22,129
Net cash used in operating activities	<u>(407,729)</u>
Investing activities:	
Proceeds from the sale of investments	7,980
Capital expenditures	<u>(1,000)</u>
Net cash provided by investing activities	<u>6,980</u>
Financing activities:	
Cash overdraft	(6,081)
Principal payments on long-term debt	(2,760)
Proceeds from note payable	150,000
Proceeds from line of credit	249,000
Proceeds from loans from related parties	36,616
Proceeds from other loans	30,000
Principal payments on other loans	<u>(40,000)</u>
Net cash provided by financing activities	<u>416,775</u>
Net increase in cash	16,026
Cash, beginning of year	<u>332</u>
Cash, end of year	<u>\$ 16,358</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 30,799</u>

See Notes to Financial Statements.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Note 1 - Nature of activities

Amistad America, Inc. ("the Organization") was incorporated under the laws of the State of Connecticut on February 6, 1996 as a non-stock, not-for-profit corporation. The intent of its organizers, who include several organizations and interested individuals, was to form a partnership to build a reproduction of the freedom vessel Amistad, with the mission to advance knowledge of the historic events known as the "Amistad Incident of 1839" and of the struggle of human rights in general, through the ownership, education programming, and operation of the vessel.

Note 2 - Summary of significant accounting policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation

The Organization reports information regarding its financial position and activities according to the following net asset categories:

Unrestricted net assets - Unrestricted net assets represent available resources other than donor-restricted contributions. Included in unrestricted net assets are funds that may be earmarked for specific purposes.

Temporarily restricted net assets - Temporarily restricted net assets represent contributions that are restricted either as to purpose or as to time of expenditure.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash contributions - The Organization reports contributions received or pledged as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor, but whose restrictions are met in the same period, are reported as increases to unrestricted net assets. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Donated property and services - Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America, if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. While many individuals volunteer their time and perform a variety of tasks that assist the Organization, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

The Organization records the estimated fair value of the donated materials, equipment and usage of assets to both revenues and expenses in the period in which the donation is received.

Recognition of grant support

The Organization recognizes grants to the extent that eligible grant costs are incurred. Receivables are established upon notification of the award letter based on award amount. Grant advances which exceed eligible costs incurred within the fiscal period are included in the temporarily restricted net asset class.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. The Organization has not been informed by any agencies of any funds which are required to be returned.

Cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2009.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's past experience. The Organization's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

The Organization records investments in marketable securities at fair value. Gains or losses from market fluctuations are recognized in the period in which the fluctuations occur. Dividends, interest and net gains on investments are reported as increases in unrestricted net assets.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Property and equipment

Property and equipment are stated at cost or, in the case of donated property, at the fair market value at the date of gift, less accumulated depreciation, computed on a straight-line basis over the asset's estimated useful life as provided below. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Furniture, equipment and building improvements that cost \$5,000 or more are capitalized.

Estimated useful lives:	
Vessel	20 years
Furniture and fixtures	7 years
Vehicle	5 years
Software	3 - 5 years
Equipment	5 - 7 years

The vessel is subject to a lien by the State of Connecticut.

Impairment of long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There were no impairment losses for 2009.

Tax status

The Organization was a private not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (the "Code") and was recognized by the Internal Revenue Service ("the IRS") as an organization generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The Organization's exempt status was revoked for failure to file tax returns for three consecutive years. The revocation was effective August 15, 2012 with an IRS posting date of March 11, 2013, the posting date is the last date that donors could rely on the exempt status for making charitable contributions. The Organization is working with the IRS to have its exempt status reinstated.

The Organization has no unrecognized tax benefits at March 31, 2009. The Organization's Federal information returns prior to 2007 are closed and management is working with the IRS to have its exempt status reinstated.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

If the Organization were to incur unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Refundable advances

The Organization records grant awards and port visit deposits as refundable advances until the related services are performed, at which time they are recognized as revenue.

Functional expense allocation

Expenses are charged directly to educational programs, management and general, and development and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based on time records for specific programs, with the balance allocated based on management's assessment. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Organization.

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 that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization maintains its cash in bank accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Note 3 - Grants receivable

Grants receivable consisted of \$138,837 due from the State of Connecticut at March 31, 2009.

Funds expended under Federal government grants are as follows:

FIE Earmark grant	\$ 238,755
U.S. Department of Justice	<u>249,853</u>
	<u>\$ 488,608</u>

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Funds expended under the State of Connecticut, Department of Economic and Community Development, Commission on Culture and Tourism Grants:

2009 Grant allocation	\$ 475,000
State of Connecticut Construction Bond funds	<u>138,837</u>
Grant income recognized in 2009	613,837
2008 Grant allocation, previously recognized	<u>125,000</u>
Total expended in 2009	<u>\$ 738,837</u>

The final installment of the 2008 Grant allocation was received April 4, 2008 and was used to pay expenses accrued at March 31, 2008.

Note 4 - Property and equipment

Property and equipment at March 31, 2009 are as follows:

Vessel	\$ 2,765,455
Furniture and fixtures	8,339
Archives	5,850
Vehicle	31,842
Software	45,159
Equipment	<u>381,525</u>
Total property and equipment	3,238,170
Less accumulated depreciation	<u>(1,522,037)</u>
Net property and equipment	<u>\$ 1,716,133</u>

Note 5 - Note payable

Note payable to the Greater New Haven Community Loan Fund, originally due March 31, 2010, bears interest at 6.5%. Interest only is due monthly, late charges are assessed at the lender's option. The loan was subsequently modified on January 12, 2012 providing for monthly payments of principal and interest of \$1,268 with the outstanding balance due February 2014.

\$ 150,000

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Note 6 - Lines of credit

Line of credit payable to Bank of America, due June 22, 2009. Interest is payable monthly at 6.25%. The loan was collateralized by various office equipment. At March 31, 2009, the Organization was not in compliance with various financial covenants and had not brought the late fees current. No subsequent modifications to the loan agreement have been executed. Included in accrued interest are late fees of \$9,959 and accrued interest of \$1,032.

\$ 198,210

Line of credit payable to TD Bank is due on demand and renewable annually at the discretion of the bank. Interest is payable monthly at the bank's index rate plus 2% (4.25% at March 31, 2009), the loan is collateralized by equipment, accounts receivable and other various assets. Subsequent to the year end, the Organization was in default on the loan.

249,000

Total current portion

\$ 447,210

Note 7 - Special borrowing arrangements

From time-to-time the Organization receives cash advances or short-term loans from Amistad Committee, board members and employees for the purpose of funding operations. The advances are non interest bearing and repayable from mutually agreeable terms. These advances totaling \$39,116 at March 31, 2009 are included in other loans payable in the statement of financial position.

Note 8 - Temporarily restricted net assets

On April 7, 1998, the Organization was awarded a grant by the State of Connecticut, Department of Economic and Community Development for construction of the vessel Amistad. The hull of the vessel Amistad was launched on March 25, 2000; final construction was completed and the vessel had its maiden voyage in June 2000. Title to the vessel passed to the Organization on July 1, 2000 after the vessel passed the United States Coast Guard inspection.

Under the terms of the construction grant, the Organization is required to comply with various ongoing terms and conditions and one-tenth of the grant is released from temporarily restricted net assets each year. At March 31, 2009 temporarily restricted net assets attributed to the construction grant was \$345,683. As of March 31, 2010 the Organization was not in compliance with the State requirement to file audited financial statements annually. The State of Connecticut, Department of Economic and Community Development issued a notice to the Organization effective July 1, 2010 stating the mortgage lien had been released; however, the release was never filed and the lien remains in place.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Note 9 - Commitments and contingencies

The Organization receives a substantial amount of its support from Federal and Connecticut State grants. The support from these governmental agencies approximated 82.5% of total revenue and support for the year ended March 31, 2009. If any significant reduction in the level of this support were to occur, there could be a significant effect on the ability of the Organization to maintain its programs and activities at their current levels.

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions can result in the return of funds to grantors causing unexpended refundable grants.

Subsequent to March 31, 2009, several claims for payment were filed seeking payment of outstanding invoices and loan balances; to the extent the liability pertains to the year ended March 31, 2009 or prior the liability is included in these financial statements.

Note 10 - Endowment

On October 1, 2007, the State of Connecticut adopted the Uniform Prudent Management of Investment Funds Act ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In addition, the Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of endowment funds that are subject to UPMIFA. This guidance, Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205, *Reporting Endowment Funds*, has been adopted by the Organization in regards to the net assets recorded for the Organization's Endowment. The required disclosures are as follows:

Endowment Net Asset Composition by Type of Fund as of:

	March 31, 2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 49,153	\$ 49,153

Change in Endowment Net Assets for the Year Ended:

	March 31, 2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, April 1, 2008	\$ -	\$ -	\$ 49,153	\$ 49,153
Investment income	-	-	-	-
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, March 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,153</u>	<u>\$ 49,153</u>

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Interpretation of relevant law

The Board of Directors of the Organization have interpreted the State of Connecticut Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as Board designated unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the fund
2. the purposes of the Organization and the donor-restricted endowment fund
3. general economic conditions
4. the possible effect of inflation and deflation
5. the expected total return from income and the appreciation of investments
6. other resources of the Organization
7. the investment policies of the Organization

Investment strategy

The Organization follows a total return approach to investing. This investment approach strives to balance income and potential for capital appreciation so that both components can contribute to the long-term total return of the Organization's investment portfolio. The Organization's investment policy and guidelines and spending guidelines are designed to operate in concert in order to provide a significant and stable flow of funds over the short-term to provide resources to meet current needs and, at the same time, maintain the purchasing power of the funds over the long-term, so that the Organization will be able to provide adequate resources to future generations to meet new and emerging needs. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2009**

Spending policy

The Organization's spending policy determines the amount that will be available each year for grant making and for the support of the Organization's operating budget. Annual spending at the Organization has been limited to required distributions where gift instruments specifically provide for distributions of other amounts, all other annual appreciation is deemed distributed as a repayment of prior year's loans from the endowment fund to operations until such time as the endowment fund has been fully replenished. As of March 31, 2009, the endowment fund was deficient by \$49,153.

Note 11 - Use of permanently restricted net assets

Permanently restricted net assets represent endowments received by the Organization. It had been the policy of the Board of Directors to maintain an amount equal to the permanently restricted net assets in investments. In prior years, investments amounting to approximately \$49,153 have been liquidated to fund the Organization's operating needs. It is management's intention to restore the investment account to an amount equal to permanently restricted net assets. As of March 31, 2009, the endowment fund was deficient by \$49,153.

Note 12 - Subsequent events

Subsequent to the year ended March 31, 2009, the Organization continued to incur annual losses which has restricted the Organization's ability to meet expenses as they come due and to repay outstanding loans as they become due.

The Organization entered into a management contract with Ocean's Classroom Foundation Inc. ("OCF"), in November 2012. OCF is deemed to be a related party prior to July 1, 2013 as the Executive Director of Amistad America, Inc. was also the Executive Director of OCF as of January 1, 2012. On July 1, 2013, Greg Belanger resigned as the Executive Director of Amistad America, Inc. Under the contract, OCF pays all vessel operating expenses and separately bills for major overhauls and repairs; Amistad America, Inc. is required to make monthly payments of \$5,000 and 50% of any net profits derived from program activities managed by OCF. The contract expired on June 30, 2014 and has subsequently been extended through August 31, 2014.

Amistad America, Inc.

**Schedule of Expenditures of State Financial Assistance
Year Ended March 31, 2009**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development, Commission on Culture & Tourism		
Mandated Legislative Programs - 2008	11000-CAT45200-17071	\$ 125,000
Mandated Legislative Programs - 2009	11000-CAT45200-17071	475,000
State Bond Funds Construction Grant	12052-CAT45241-43189	<u>138,837</u>
Total State Financial Assistance		<u>\$ 738,837</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

Amistad America, Inc.

**Notes to Schedule of Expenditures of State Financial Assistance
March 31, 2009**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Amistad America, Inc. under programs of the State of Connecticut for the fiscal year ended March 31, 2009. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including operations.

Summary of significant accounting policies

The accounting policies of Amistad America, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued Unqualified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Type of auditor's opinion issued on compliance for major programs Qualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? X yes no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development, Commission on Culture and Tourism:		
Mandated Legislative Programs - 2008	11000-CAT45200-17071	\$ 125,000
Mandated Legislative Programs - 2009	11000-CAT45200-17071	475,000
State Bond Funds Construction Grant	12052-CAT45241-43189	<u>138,837</u>
		<u>\$ 738,837</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 100,000</u>

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

II. Financial Statement Findings:

- We issued reports, dated August 8, 2014 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated material weaknesses (2009-1, 2009-2, 2009-3, 2009-4)

Findings:

Finding 2009-1 (repeat of Finding #08-01 from the prior year audit)

Criteria: The Organization should be able to produce financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Condition: The Organization does not have staff with the required experience and training to select and apply appropriate accounting principles required for the preparation or review of financial statements and related footnotes prepared in accordance with accounting principles generally accepted in the United States of America.

Questioned Costs: There are no questioned costs related to this finding.

Context: Monthly and year-end close procedures were not designed or implemented to maintain the general ledger on a full accrual basis.

Effect: Material misstatements to the financial statements will not be prevented, detected or corrected by the Organization's controls. Accordingly, the financial statement for the year ended March 31, 2009 required material adjustments as part of the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

Finding 2009-2 (repeat of Finding #07-01 from the prior year audit)

Criteria: The Organization's accounting policies require that all disbursements are to be supported by appropriate documentation.

Condition: The auditor noted that invoices were not always obtained contemporaneously for expenses and reimbursements; accordingly, disbursements were supported by written explanations instead of invoices. Likewise, approval for payment and employee wage rates was often done verbally or through email. The cash flow deficiencies that the Organization experienced further complicated this matter as partial payments were often made on balances owed and payments were made on short notice based on a verbal or email request for payment. The auditor found paid bills in the open invoice files that had been paid through partial payments on the account and the invoice was never moved to the paid invoice file when it was ultimately paid in full. The review of expense classifications is also not consistently documented.

Questioned Costs: No questioned costs were identified as expenses paid by State funds were supported by invoices or payroll records as appropriate.

Context: Expenses paid by state funds were supported by invoices or payroll records as appropriate.

Effect: Delay in the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Finding 2009-3 (repeat of Finding #07-05 from the prior year audit)

Criteria: Internal controls should be in place to ensure that all journal entries are appropriate and authorized before they are posted.

Condition: The finance assistant posts journal entries without review or written approval by another responsible person.

Questioned Costs: There are no questioned costs related to this finding.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

Context: The Organization uses QuickBooks for its accounting records; this software allows for historical data to be changed.

Effect: Without strong internal controls over the month-end/year-end close procedures and documented support for journal entries, errors can occur and not be detected.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Finding 2009-4 (repeat of Finding #07-06 from the prior year audit)

Criteria: Year-end close procedures should ensure that all transactions are properly recorded and that all account balances are properly stated.

Condition: Material adjustments were identified and recorded during the year-end audit.

Questioned Costs: There are no questioned costs related to this finding.

Context: The books and records have not been audited since March 31, 2008; material adjustments related to accrual basis cut-off of revenue recognition of certain grants, contribution income, depreciation and expense cut-off.

Effect: Internally prepared financial statements were materially misstated.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

III. State Financial Assistance Findings and Questioned Costs:

- Findings 2009-5, 2009-6 and 2009-7 relate to the State Financial Assistance Programs.

Finding 2009-5

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: Mandated Legislative Programs - 2008 and 2009

State Grant Program CORE-CT Number: 11000-CAT45200-17071

Criteria: The annual report to the State of Connecticut should be supported by the underlying records of the Organization.

Condition: The annual report to the State of Connecticut requires a cash basis report on the expenditure of grant funds. The current structure of the general ledger system does not allow for a separate tracking of the expense categories of the cash as it is disbursed because the general ledger is maintained on an accrual basis. To bridge this reporting gap, management separately totaled the cash disbursements by line item to prepare the annual report. This work was not documented in a sufficient manner to audit efficiently. The reports will be redone by management to reconcile to the audited expense categories.

Questioned Costs: There were no questioned costs for this finding.

Context: The Organization used the grant funds as a working capital loan to fund reimbursable expenses for other grants. Accordingly, the initial expenses paid by the grant were later reimbursed and the expenditure of the reimbursed funds were ultimately funded by the State Mandate Grant.

Effect: Incorrect categories of expenditures of state funds were included in the March 31, 2009 report; however, the amount of total state expenditures is correct.

Cause: Policies and procedures do not adequately address the preparation of reports and the retention of work papers that clearly link the reports to the underlying books and records of the Organization.

Recommendation: Accounting policies and procedures should address reporting requirements for all funding sources including the procedures for documenting and submitting requisitions and a systematic method of filing each claim with its supporting documentation.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

Finding 2009-6

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: State Bond Funds Construction Grant

State Grant Program CORE-CT Number: 12052-CAT45241-43189

Criteria: Supporting documentation for amounts submitted as claims for reimbursement must be maintained by the Organization in a manner that allows for a timely response to inquiries.

Condition: The Organization moved its physical location three times in the past five years, resulting in misfiled documents and documents filed off site. Upon commencement of the audit the client could not readily provide requested documents upon request. This required management to spend weeks sorting through documents to assemble requested items.

Questioned Costs: There were no questioned costs related to this finding.

Context: The Construction Bond Funds were paid on a reimbursement basis which required extensive supporting documentation to be provided to the State with each requisition. The Organization did not have a system in place to retain copies of everything sent to the State.

Effect: Delay in the audit process.

Cause: Policies and procedures do not adequately address the retention of documents in a manner that allows for better access.

Recommendation: Accounting policies and procedures should address reporting requirements for all funding sources including the procedures for documenting and submitting requisitions and a systematic method of filing each claim with its supporting documentation.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2009**

Finding 2009-7

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: Mandated Legislative Programs - 2009 & State Bond Funds Construction Grant

State Grant Program Core-CT Number: 11000-CAT45200-17071 & 12052-CAT45241-43189

Criteria: The Organization is required to submit audited financial statements annually to the State of Connecticut Office of Policy and Management in accordance with the State Single Audit Act.

Condition: The Organization requested and was granted extensions through March 2013 for the filing of the audit reports for fiscal years ended March 31, 2009, 2010, 2011 and 2012; however, auditors were not engaged due to cash flow deficiencies.

Questioned Costs: There were no questioned costs related to this finding.

Context: Cash flow deficiencies beginning in 2009 lead to lay-offs of staff resulting in inconsistent bookkeeping and minimal year-end reconciliation work performed to close out each year. In 2013, an outside accounting firm ("fee accountant") was engaged to update the internal work paper reconciliations in preparation for an independent audit.

Effect: The Organization is not in compliance with the State Single Audit requirements.

Cause: Inadequate resources to procure both bookkeeping services on a continuing basis and annual audit services hindered the Organization from timely compliance.

Recommendation: We recommend the continued use of the fee accountant to review the books and records monthly and assist management with the preparation of reporting to grantors.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's finding and is preparing a corrective action plan.

Summary of prior year findings:

Finding 2007-4 - Credit Card Documentation

This prior year significant deficiency was resolved as the Organization stopped using credit cards during the current fiscal year.

Findings 2008-1, 2007-1, 2007-5 and 2007-6 are repeated in the current findings.

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

To the Board of Directors
Amistad America, Inc.

We have audited the financial statements of Amistad America, Inc. as of and for the year ended March 31, 2009, and have issued our report thereon dated August 8, 2014. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Amistad America, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2009-1, 2009-2, 2009-3, 2009-4)

A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amistad America, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of Amistad America, Inc. in a separate letter dated August 8, 2014.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut
August 8, 2014

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major State Program and Report on Internal Control
over Compliance in Accordance with the State Single Audit Act

To the Board of Directors
Amistad America, Inc.

Compliance

We have audited the compliance of Amistad America, Inc. with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that are applicable to each of its major state programs for the year ended March 31, 2009. The major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state programs is the responsibility of Amistad America, Inc.'s management. Our responsibility is to express an opinion on compliance based on our audit.

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 the State Single Audit Act. Those standards and the State Single Audit Act 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 program occurred. An audit includes examining, on a test basis, evidence about Amistad America, Inc.'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. Our audit does not provide a legal determination of Amistad America, Inc.'s compliance with those requirements.

As described in Findings 2009-5 and 2009-7 in the accompanying schedule of findings and questioned costs, Amistad America, Inc. did not comply with the requirements regarding reporting that are applicable to the Mandated Legislative Programs and the State Bond Funds Construction Grant. Compliance with such requirements is necessary, in our opinion, for Amistad America, Inc. to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Amistad America, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended March 31, 2009.

Internal Control over Compliance

Management of Amistad America, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Amistad America, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Amistad America, Inc.'s internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-6 to be a significant deficiency.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2009-5 and 2009-7 to be material weaknesses.

Amistad America's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut
August 8, 2014

EXHIBIT B

Amistad America, Inc.

**Financial Statements and
State Financial Assistance in Accordance with
the State Single Audit Act
and Independent Auditor's Reports**

March 31, 2010

Amistad America, Inc.

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
Schedule of Expenditures of State Financial Assistance	17
Note to Schedule of Expenditures of State Financial Assistance	18
Schedule of Findings and Questioned Costs	19-25
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>	26-27
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and Report on Internal Control over Compliance in Accordance with the State Single Audit Act	28-29

Independent Auditor's Report

To the Board of Directors
Amistad America, Inc.

We have audited the accompanying statement of financial position of Amistad America, Inc. (a nonprofit organization) as of March 31, 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amistad America, Inc. as of March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2014, on our consideration of Amistad America, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CohnReznick LLP

Farmington, Connecticut
August 7, 2014

Amistad America, Inc.

Statement of Financial Position
March 31, 2010

Assets

Current assets:	
Cash	\$ 123
Grants receivable	144,894
Prepaid and other assets	<u>10,791</u>
Total current assets	155,808
Property and equipment, net of accumulated depreciation	<u>1,517,995</u>
Total assets	<u>\$ 1,673,803</u>

Liabilities and Net Assets

Current liabilities:	
Cash overdraft	\$ 2,598
Line of credit	450,657
Note payable	150,000
Accounts payable and accrued expenses	605,667
Accrued interest	60,015
Accrued payroll and related taxes	147,964
Deferred income	39,222
Other loans payable	<u>76,274</u>
Total current liabilities	<u>1,532,397</u>
Commitments and contingencies	
Net assets:	
Unrestricted	23,116
Temporarily restricted	69,137
Permanently restricted	<u>49,153</u>
Total net assets	<u>141,406</u>
Total liabilities and net assets	<u>\$ 1,673,803</u>

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Activities and Changes in Net Assets
Year Ended March 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Grants - State of Connecticut	\$ 426,082	\$ -	\$ -	\$ 426,082
Grants - Federal	12,520	-	-	12,520
Grants and contributions - other	58,902	-	-	58,902
Program income	60,030	-	-	60,030
Vessel income	76,936	-	-	76,936
Other income	89,320	-	-	89,320
Investment income	166	-	-	166
Releases from restrictions	276,546	(276,546)	-	-
Total revenues	<u>1,000,502</u>	<u>(276,546)</u>	<u>-</u>	<u>723,956</u>
Expenses:				
Program expenses	1,019,303	-	-	1,019,303
General and administrative	210,453	-	-	210,453
Fundraising	59,923	-	-	59,923
Total expenses	<u>1,289,679</u>	<u>-</u>	<u>-</u>	<u>1,289,679</u>
Change in net assets	(289,177)	(276,546)	-	(565,723)
Net assets, April 1, 2009	<u>312,293</u>	<u>345,683</u>	<u>49,153</u>	<u>707,129</u>
Net assets, March 31, 2010	<u>\$ 23,116</u>	<u>\$ 69,137</u>	<u>\$ 49,153</u>	<u>\$ 141,406</u>

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Functional Expenses
Year Ended March 31, 2010

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 304,442	\$ 64,517	\$ 38,746	\$ 407,705
Employee benefits	29,038	6,153	3,696	38,887
Payroll taxes	19,541	4,141	2,487	26,169
Insurance	53,840	4,219	1,981	60,040
Telephone	8,682	1,840	1,105	11,627
Travel	25,814	13,277	6,527	45,618
Printing, publishing, mailing	-	454	682	1,136
Professional fees	96,533	34,109	-	130,642
Website	56,258	14,064	-	70,322
Vessel operating expenses	178,173	-	-	178,173
Occupancy	-	33,838	-	33,838
Other expenses	-	8,010	-	8,010
Interest expense	51,914	1,623	541	54,078
Bank and finance charges	13,162	3,803	299	17,264
Event expenses	-	-	3,859	3,859
Depreciation	181,906	20,405	-	202,311
	<u>\$ 1,019,303</u>	<u>\$ 210,453</u>	<u>\$ 59,923</u>	<u>\$ 1,289,679</u>

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Cash Flows
Year Ended March 31, 2010

Operating activities:	
Change in net assets	\$ (565,723)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	202,311
Changes in operating assets and liabilities:	
Grants receivable	(6,057)
Prepaid and other assets	9,365
Accounts payable and accrued expenses	136,950
Accrued interest	47,538
Accrued payroll and related taxes	123,258
Deferred income	<u>(2,907)</u>
Net cash used in operating activities	<u>(55,265)</u>
Investing activities:	
Capital expenditures	<u>(4,173)</u>
Financing activities:	
Cash overdraft	2,598
Proceeds from line of credit	3,447
Proceeds from loans from related parties	<u>37,158</u>
Net cash provided by financing activities	<u>43,203</u>
Net decrease in cash	(16,235)
Cash, beginning of year	<u>16,358</u>
Cash, end of year	<u>\$ 123</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 4,478</u>

See Notes to Financial Statements.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

Note 1 - Nature of activities

Amistad America, Inc. (the "Organization") was incorporated under the laws of the State of Connecticut on February 6, 1996 as a non-stock, not-for-profit corporation. The intent of its organizers, who include several organizations and interested individuals, was to form a partnership to build a reproduction of the freedom vessel Amistad, with the mission to advance knowledge of the historic events known as the "Amistad Incident of 1839" and of the struggle of human rights in general, through the ownership, education programming, and operation of the vessel.

Note 2 - Summary of significant accounting policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation

The Organization reports information regarding its financial position and activities according to the following net asset categories:

Unrestricted net assets - Unrestricted net assets represent available resources other than donor-restricted contributions. Included in unrestricted net assets are funds that may be earmarked for specific purposes.

Temporarily restricted net assets - Temporarily restricted net assets represent contributions that are restricted either as to purpose or as to time of expenditure.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash contributions - The Organization reports contributions received or pledged as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor, but whose restrictions are met in the same period, are reported as increases to unrestricted net assets. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Donated property and services - Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America, if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. While many individuals volunteer their time and perform a variety of tasks that assist the Organization, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met. Services rendered for which the Organization was billed and then subsequently forgiven are recognized as income and expense in the year the services were rendered. Included in miscellaneous income is \$88,130 of payables subsequently forgiven.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

The Organization records the estimated fair value of the donated materials, equipment and usage of assets to both revenues and expenses in the period in which the donation is received.

Recognition of grant support

The Organization recognizes grants to the extent that eligible grant costs are incurred. Receivables are established upon notification of the award letter based on award amount. Grant advances which exceed eligible costs incurred within the fiscal period are included in the temporarily restricted net asset class.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. The Organization has not been informed by any agencies of any funds which are required to be returned.

Cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2010.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's past experience. The Organization's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and equipment

Property and equipment are stated at cost or, in the case of donated property, at the fair market value at the date of gift, less accumulated depreciation, computed on a straight-line basis over the asset's estimated useful life as provided below. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Furniture, equipment and building improvements that cost \$5,000 or more are capitalized.

Estimated useful lives:

Vessel	20 years
Furniture and fixtures	7 years
Vehicle	5 years
Software	3 - 5 years
Equipment	5 - 7 years

The vessel is subject to a lien by the State of Connecticut.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

Impairment of long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There were no impairment losses for 2010.

Tax status

The Organization was a private not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (the "Code") and was recognized by the Internal Revenue Service ("IRS") as an organization generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The Organization's exempt status was revoked for failure to file tax returns for three consecutive years. The revocation was effective August 15, 2012 with an IRS posting date of March 11, 2013, the posting date is the last date that donors could rely on the exempt status for making charitable contributions. The Organization is working with the IRS to have its exempt status reinstated.

The Organization has no unrecognized tax benefits at March 31, 2010. The Organization's Federal information returns prior to 2008 are closed and management is working with the IRS to have its exempt status reinstated.

If the Organization were to incur unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Refundable advances

The Organization records grant awards and port visit deposits as refundable advances until the related services are performed, at which time they are recognized as revenue.

Functional expense allocation

Expenses are charged directly to educational programs, management and general, and development and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based on time records for specific programs, with the balance allocated based on management's assessment. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Organization.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

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 that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization maintains its cash in bank accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Subsequent events

Management has reviewed subsequent events through August 7, 2014, which is the date the financial statements were available to be issued.

Note 3 - Grants receivable

Grants receivable consisted of \$144,894 due from the State of Connecticut at March 31, 2010.

Funds expended under the State of Connecticut, Department of Economic and Community Development, Commission on Culture and Tourism Grants:

2010 Grant allocation	\$ 365,519
State of Connecticut Construction Bond funds	<u>60,563</u>
Grant income recognized in 2010	<u>\$ 426,082</u>
Total expended in 2010	<u>\$ 426,082</u>

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

Note 4 - Property and equipment

Property and equipment at March 31, 2010 are as follows:

Vessel	\$ 2,765,455
Furniture and fixtures	8,339
Archives	5,850
Vehicle	31,842
Software	45,159
Equipment	<u>385,698</u>
Total property and equipment	3,242,343
Less accumulated depreciation	<u>(1,724,348)</u>
Net property and equipment	<u>\$ 1,517,995</u>

Note 5 - Note payable

Note payable to the Greater New Haven Community Loan Fund, originally due March 31, 2010, bears interest at 6.5%. Interest only is due monthly, late charges are assessed at the lender's option. At March 31, 2010, the Organization was not in compliance with various financial covenants and had not brought the late fees current and was not current on the interest payments. The loan was subsequently modified on January 12, 2012 providing for monthly payments of principal and interest of \$1,268 with the outstanding balance due February 2014.

\$ 150,000

Note 6 - Lines of credit

Line of credit payable to Bank of America, due June 22, 2009. Interest is payable monthly at 6.25% at March 31, 2010. The loan was collateralized by various office equipment. At March 31, 2010, the Organization was not in compliance with various financial covenants and had not brought the late fees current. No subsequent modifications to the loan agreement have been executed. Included in accrued interest are late fees of \$10,537 and accrued interest of \$12,526.

\$ 198,210

Amistad America, Inc.

Notes to Financial Statements
March 31, 2010

Line of credit payable to TD Bank is due on demand and renewable annually at the discretion of the bank. Interest is payable monthly at the bank's index rate plus 2% (4.25% through November 2009). The loan is collateralized by equipment, accounts receivable and other various assets. During the year end, the Organization was declared in default on the loan and the interest rate was increased to 18% as of November 9, 2009. Subsequent to the year end, the Organization renegotiated the terms on December 1, 2010 and the rate was reduced to 5.25%.

252,447

Total current portion

\$ 450,657

Note 7 - Special borrowing arrangements

From time-to-time the Organization receives cash advances or short-term loans from Amistad Committee, board members and employees for the purpose of funding operations. The advances are non interest bearing and repayable from mutually agreeable terms. These advances totaling \$76,274 at March 31, 2010 are included in other loans payable in the statement of financial position.

Note 8 - Temporarily restricted net assets

On April 7, 1998, the Organization was awarded a grant by the State of Connecticut, Department of Economic and Community Development for construction of the vessel Amistad. The hull of the vessel Amistad was launched on March 25, 2000; final construction was completed and the vessel had its maiden voyage in June 2000. Title to the vessel passed to the Organization on July 1, 2000 after the vessel passed the United States Coast Guard inspection.

Under the terms of the construction grant, the Organization is required to comply with various ongoing terms and conditions and one-tenth of the grant is released from temporarily restricted net assets each year. At March 31, 2010 temporarily restricted net assets attributed to the construction grant was \$69,137. The State of Connecticut, Department of Economic and Community Development issued a notice of release of the mortgage lien on the vessel on July 1, 2010; however, the lien release was never filed and remains in place.

Note 9 - Commitments and contingencies

The Organization receives a substantial amount of its support from Federal and Connecticut State grants. The support from these governmental agencies approximated 60% of total revenue and support for the year ended March 31, 2010. If any significant reduction in the level of this support were to occur, there could be a significant effect on the ability of the Organization to maintain its programs and activities at their current levels.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions can result in the return of funds to grantors causing unexpended refundable grants.

Subsequent to March 31, 2010, several claims for payment were filed seeking payment of outstanding invoices and loan balances; to the extent the liability pertains to the year ended March 31, 2010 or prior the liability is included in these financial statements.

Note 10 - Endowment

On October 1, 2007, the State of Connecticut adopted the Uniform Prudent Management of Investment Funds Act ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In addition, the Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of endowment funds that are subject to UPMIFA. This guidance, Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205, *Reporting Endowment Funds*, has been adopted by the Organization in regards to the net assets recorded for the Organization's Endowment. The required disclosures are as follows:

Endowment Net Asset Composition by Type of Fund as of:

	March 31, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,153</u>	<u>\$ 49,153</u>

Change in Endowment Net Assets for the Year Ended:

	March 31, 2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, April 1, 2009	\$ -	\$ -	\$ 49,153	\$ 49,153
Investment income	-	-	-	-
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, March 31, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,153</u>	<u>\$ 49,153</u>

Amistad America, Inc.

Notes to Financial Statements March 31, 2010

Interpretation of relevant law

The Board of Directors of the Organization have interpreted the State of Connecticut Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as Board designated unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Investment strategy

The Organization follows a total return approach to investing. This investment approach strives to balance income and potential for capital appreciation so that both components can contribute to the long-term total return of the Organization's investment portfolio. The Organization's investment policy and guidelines and spending guidelines are designed to operate in concert in order to provide a significant and stable flow of funds over the short-term to provide resources to meet current needs and, at the same time, maintain the purchasing power of the funds over the long-term, so that the Organization will be able to provide adequate resources to future generations to meet new and emerging needs. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2010**

Spending policy

The Organization's spending policy determines the amount that will be available each year for grant making and for the support of the Organization's operating budget. Annual spending at the Organization has been limited to required distributions where gift instruments specifically provide for distributions of other amounts, all other annual appreciation is deemed distributed as a repayment of prior year's loans from the endowment fund to operations until such time as the endowment fund has been fully replenished. As of March 31, 2010, the endowment fund was deficient by \$49,153.

Note 11 - Use of permanently restricted net assets

Permanently restricted net assets represent endowments received by the Organization. It had been the policy of the Board of Directors to maintain an amount equal to the permanently restricted net assets in investments. In prior years, investments amounting to approximately \$49,153 have been liquidated to fund the Organization's operating needs. It is management's intention to restore the investment account to an amount equal to permanently restricted net assets. As of March 31, 2010, the endowment fund was deficient by \$49,153.

Note 12 - Subsequent events

Subsequent to the year ended March 31, 2010, the Organization continued to incur annual losses which have restricted the Organization's ability to meet expenses as they come due and to repay outstanding loans as they become due.

The Organization entered into a management contract with Ocean's Classroom Foundation Inc. ("OCF"), in November 2012. OCF is deemed to be a related party prior to July 1, 2013 as the Executive Director of Amistad America, Inc. was also the Executive Director of OCF as of January 1, 2012. On July 1, 2013, Greg Belanger resigned as the Executive Director of Amistad America, Inc. Under the contract, OCF pays all vessel operating expenses and separately bills for major overhauls and repairs; Amistad America, Inc. is required to make monthly payments of \$5,000 and 50% of any net profits derived from program activities managed by OCF. The contract expired on June 30, 2014 and has subsequently been extended through August 31, 2014.

Amistad America, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended March 31, 2010

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development, Commission on Culture & Tourism		
Mandated Legislative Programs - 2010	11000-CAT45200-17071	\$ 365,519
State Bond Funds Construction Grant	12052-CAT45241-43189	<u>60,563</u>
Total State Financial Assistance		<u>\$ 426,082</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

Amistad America, Inc.

Notes to Schedule of Expenditures of State Financial Assistance March 31, 2010

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Amistad America, Inc. under programs of the State of Connecticut for the fiscal year ended March 31, 2010. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including operations.

Summary of significant accounting policies

The accounting policies of Amistad America, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued

Unqualified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's opinion issued on compliance for major programs

Qualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

 X yes no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development, Commission on Culture and Tourism:		
Mandated Legislative Programs - 2010	11000-CAT45200-17071	<u>\$ 365,519</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 100,000</u>

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

II. Financial Statement Findings:

- We issued reports, dated August 7, 2014 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated material weaknesses (2010-1, 2010-2, 2010-3, 2010-4 and 2010-5)

Findings:

Finding 2010-1 (repeat of Finding 2009-1 from the prior year audit)

Criteria: The Organization should be able to produce financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Condition: The Organization does not have staff with the required experience and training to select and apply appropriate accounting principles required for the preparation or review of financial statements and related footnotes prepared in accordance with accounting principles generally accepted in the United States of America.

Questioned Costs: There are no questioned costs related to this finding.

Context: Monthly and year-end close procedures were not designed or implemented to maintain the general ledger on a full accrual basis.

Effect: Material misstatements to the financial statements will not be prevented, detected or corrected by the Organization's controls. Accordingly, the financial statement for the year ended March 31, 2010 required material adjustments as part of the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

Finding 2010-2 (repeat of Finding 2009-02 from the prior year audit)

Criteria: The Organization's accounting policies require that all disbursements are to be supported by appropriate documentation.

Condition: The auditor noted that invoices were not always obtained contemporaneously for expenses and reimbursements; accordingly, disbursements were supported by written explanations instead of invoices. Likewise, approval for payment and employee wage rates was often done verbally or through email. The cash flow deficiencies that the Organization experienced further complicated this matter as partial payments were often made on balances owed and payments were made on short notice based on a verbal or email request for payment. The auditor found paid bills in the open invoice files that had been paid through partial payments on the account and the invoice was never moved to the paid invoice file when it was ultimately paid in full. The review of expense classifications is also not consistently documented.

Questioned Costs: No questioned costs were identified as expenses paid by state funds were supported by invoices or payroll records as appropriate.

Context: Expenses paid by state funds were supported by invoices or payroll records as appropriate.

Effect: Delay in the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Finding 2010-3 (repeat of Finding 2009-03 from the prior year audit)

Criteria: Internal controls should be in place to ensure that all journal entries are appropriate and authorized before they are posted.

Condition: The finance assistant posts journal entries without review or written approval by another responsible person.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

Questioned Costs: There are no questioned costs related to this finding.

Context: The Organization uses QuickBooks for its accounting records; this software allows for historical data to be changed.

Effect: Without strong internal controls over the month-end/year-end close procedures and documented support for journal entries; errors can occur and not be detected.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Finding 2010-4 (repeat of Finding 2009-04 from the prior year audit)

Criteria: Year-end close procedures should ensure that all transactions are properly recorded and that all account balances are properly stated.

Condition: Material adjustments were identified and recorded during the year-end audit.

Questioned Costs: There are no questioned costs related to this finding.

Context: The books and records have not been audited since March 31, 2008; material adjustments related to accrual basis cut-off of revenue recognition of certain grants, contribution income, depreciation and expense cut-off were identified during the audit process.

Effect: Internally prepared financial statements were materially misstated.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

Finding 2010-5

Criteria: Organizations exempt from tax under Code Section 501(c)(3) are required to file Form 990 annually.

Condition: Form 990 for the year ended March 31, 2010 has not been filed.

Questioned Costs: There are no questioned costs related to this finding.

Context: Form 990 has not been filed for the year ended March 31, 2010 as of the date of our report.

Effect: The Organization's exempt status was subsequently revoked effective August 15, 2012 with a posting date of March 11, 2013.

Cause: The Organization did not have sufficient resources to attract and retain a sufficient complement of accounting staff and to retain appropriate services.

Recommendation: We recommend that the Organization implement revised accounting policies and procedures to ensure necessary filings are made timely.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings. Delinquent tax filings are in process based on the final audit. Management is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

III. State Financial Assistance Findings and Questioned Costs:

- Findings 2010-6 and 2010-7 relate to the State Financial Assistance Programs.

Finding 2010-6 (repeat of Finding 2009-05 from the prior year audit)

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: Mandated Legislative Programs - 2010

State Grant Program Core-CT Number: 11000-CAT45200-17071

Criteria: The annual report to the State of Connecticut should be supported by the underlying records of the Organization.

Condition: The annual report to the State of Connecticut requires a cash basis report on the expenditure of grant funds. The current structure of the general ledger system does not allow for a separate tracking of the expense categories of the cash as it is disbursed because the general ledger is maintained on an accrual basis. To bridge this reporting gap, management separately totaled the cash disbursements by line item to prepare the annual report. This work was not documented in a sufficient manner to audit efficiently. The reports will be redone by management to reconcile to the audited expense categories.

Questioned Costs: There were no questioned costs for this finding.

Context: The Organization used the grant funds as a working capital loan to fund reimbursable expenses for other grants. Accordingly, the initial expenses paid by the grant were later reimbursed and the expenditure of the reimbursed funds were ultimately funded by the State Mandate Grant.

Effect: Incorrect categories of expenditures of state funds were included in the March 31, 2010 report; however, the amount of total state expenditures is correct.

Cause: Policies and procedures do not adequately address the preparation of reports and the retention of work papers that clearly link the reports to the underlying books and records of the Organization.

Recommendation: Accounting policies and procedures should address reporting requirements for all funding sources including the procedures for documenting and submitting requisitions and a systematic method of filing each claim with its supporting documentation.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2010**

Finding 2010-7 (repeat of Finding 2009-7 from the prior year audit)

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: Mandated Legislative Programs - 2010

State Grant Program Core-CT Number: 11000-CAT45200-17071

Criteria: The Organization is required to submit audited financial statements annually to the State of Connecticut Office of Policy and Management in accordance with the State Single Audit Act.

Condition: The Organization requested and was granted extensions through March 2013 for the filing of the audit reports for fiscal years ended March 31, 2009, 2010, 2011 and 2012; however, auditors were not engaged due to cash flow deficiencies.

Questioned Costs: There were no questioned costs related to this finding.

Context: Cash flow deficiencies beginning in 2009 lead to lay-offs of staff resulting in inconsistent bookkeeping and minimal year-end reconciliation work performed to close out each year. In 2013, an outside accounting firm ("fee accountant") was engaged to update the internal work paper reconciliations in preparation for an independent audit.

Effect: The Organization is not in compliance with the State Single Audit requirements.

Cause: Inadequate resources to procure both bookkeeping services on a continuing basis and annual audit services hindered the Organization from timely compliance.

Recommendation: We recommend the continued use of the fee accountant to review the books and records monthly and assist management with the preparation of reporting to grantors.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Summary of prior year findings:

Finding 2009-6 remains outstanding as management's organization of the construction bond requisitions was not corrected until fiscal year 2013. The construction bond grant was a non major program in the current year.

Findings 2009-1, 2009-2, 2009-3, 2009-4, 2009-5 and 2009-7 are repeated in the current findings as noted above. Finding 2009-6 remains outstanding as management's organization of the construction bond requisitions was not corrected until fiscal year 2013.

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

To the Board of Directors
Amistad America, Inc.

We have audited the financial statements of Amistad America, Inc. as of and for the year ended March 31, 2010, and have issued our report thereon dated August 7, 2014. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Amistad America, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2010-1, 2010-2, 2010-3, 2010-4 and 2010-5)

A significant deficiency is a deficiency, or 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.

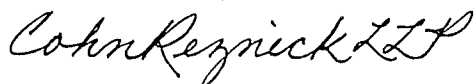
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amistad America, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of Amistad America, Inc. in a separate letter dated August 7, 2014.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut
August 7, 2014

Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major State Program and Report on Internal Control
over Compliance in Accordance with the State Single Audit Act

To the Board of Directors
Amistad America, Inc.

Compliance

We have audited the compliance of Amistad America, Inc. with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that are applicable to each of its major state programs for the year ended March 31, 2010. The major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Amistad America, Inc.'s management. Our responsibility is to express an opinion on compliance based on our audit.

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 the State Single Audit Act. Those standards and the State Single Audit Act 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 program occurred. An audit includes examining, on a test basis, evidence about Amistad America, Inc.'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. Our audit does not provide a legal determination of Amistad America, Inc.'s compliance with those requirements.

As described in Findings 2010-6 and 2010-7 in the accompanying schedule of findings and questioned costs, Amistad America, Inc. did not comply with the requirements regarding reporting that are applicable to the Mandated Legislative Programs. Compliance with such requirements is necessary, in our opinion, for Amistad America, Inc. to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Amistad America, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended March 31, 2010.

Internal Control over Compliance

Management of Amistad America, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Amistad America, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Amistad America, Inc.'s internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2010-6 and 2010-7 to be material weaknesses.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CohnReznick LLP

Farmington, Connecticut
August 7, 2014

EXHIBIT C

Amistad America, Inc.

**Financial Statements and
State Financial Assistance in Accordance with
the State Single Audit Act
and Independent Auditor's Reports**

March 31, 2011

Amistad America, Inc.

<u>Index</u>	<u>Page</u>
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
Schedule of Expenditures of State Financial Assistance	17
Notes to Schedule of Expenditures of State Financial Assistance	18
Schedule of Findings and Questioned Costs	19-26
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>	27-28
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Program and Report on Internal Control over Compliance in Accordance with the State Single Audit Act	29-30

Independent Auditor's Report

To the Board of Directors
Amistad America, Inc.

We have audited the accompanying statement of financial position of Amistad America, Inc. (a nonprofit organization) as of March 31, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amistad America, Inc. as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2014, on our consideration of Amistad America, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 standard 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.

CohnReznick LLP

Farmington, Connecticut
August 8, 2014

Amistad America, Inc.
Statement of Financial Position
March 31, 2011

Assets

Current assets:		\$ 584
Cash		141,322
Grants receivable		141,906
Total current assets		141,906
Property and equipment, net of accumulated depreciation		1,332,128
Total assets		\$ 1,474,034

Liabilities and Net Assets

Current liabilities:		\$ 4,798
Cash overdraft		440,083
Line of credit		150,000
Note payable		599,677
Accounts payable and accrued expenses		103,588
Accrued interest		126,153
Accrued payroll and related taxes		11,000
Deferred income		102,361
Other loans payable		102,361
Total current liabilities		1,537,660
Commitments and contingencies		
Net assets:		(112,779)
Unrestricted		49,153
Permanently restricted		(63,626)
Total net assets		(63,626)
Total liabilities and net assets		\$ 1,474,034

See Notes to Financial Statements.

Amistad America, Inc.

**Statement of Activities and Changes in Net Assets
Year Ended March 31, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Grants - State of Connecticut	\$ 500,711	\$ -	\$ -	\$ 500,711
Grants and contributions - other	111,930	-	-	111,930
Program income	2,775	-	-	2,775
Other income	115,063	-	-	115,063
Releases from restrictions	69,137	(69,137)	-	-
Total revenues	799,616	(69,137)	-	730,479
Expenses:				
Program expenses	630,295	-	-	630,295
General and administrative	250,288	-	-	250,288
Fundraising	54,928	-	-	54,928
Total expenses	935,511	-	-	935,511
Change in net assets	(135,895)	(69,137)	-	(205,032)
Net assets, April 1, 2010	23,116	69,137	49,153	141,406
Net assets, March 31, 2011	\$ (112,779)	\$ -	\$ 49,153	\$ (63,626)

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Functional Expenses
Year Ended March 31, 2011

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 142,513	\$ 104,954	\$ 39,144	\$ 286,611
Employee benefits	6,299	4,639	1,730	12,668
Payroll taxes	16,504	12,154	4,533	33,191
Contract services	2,632	-	-	2,632
Insurance	41,341	361	-	41,702
Telephone	2,260	1,664	621	4,545
Travel	23,724	4,573	6,518	34,815
Printing, publishing, mailing	-	508	13	521
Professional fees	100,971	47,619	-	148,590
Vessel operating expenses	65,815	-	-	65,815
Occupancy	-	22,542	-	22,542
Other expenses	-	27,310	-	27,310
Bank and finance charges	3,137	1,696	116	4,949
Interest expense	59,637	1,863	621	62,121
Event expenses	-	-	1,632	1,632
Depreciation	165,462	20,405	-	185,867
	<u>\$ 630,295</u>	<u>\$ 250,288</u>	<u>\$ 54,928</u>	<u>\$ 935,511</u>

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Cash Flows
Year Ended March 31, 2011

Operating activities:	
Change in net assets	\$ (205,032)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	185,867
Changes in operating assets and liabilities:	
Grants receivable	3,572
Prepaid and other assets	10,791
Accounts payable and accrued expenses	(5,990)
Accrued interest	43,573
Accrued payroll and related taxes	(21,811)
Deferred income	<u>(28,222)</u>
Net cash used in operating activities	<u>(17,252)</u>
Financing activities:	
Cash overdraft	2,200
Proceeds from line of credit	7,254
Payments on line of credit	(17,828)
Proceeds from loans from related parties	<u>26,087</u>
Net cash provided by financing activities	<u>17,713</u>
Net increase in cash	461
Cash, beginning of year	<u>123</u>
Cash, end of year	<u><u>\$ 584</u></u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 17,825</u></u>

See Notes to Financial Statements.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2011**

Note 1 - Nature of activities

Amistad America, Inc. (the "Organization") was incorporated under the laws of the State of Connecticut on February 6, 1996 as a non-stock, not-for-profit corporation. The intent of its organizers, who include several organizations and interested individuals, was to form a partnership to build a reproduction of the freedom vessel Amistad, with the mission to advance knowledge of the historic events known as the "Amistad Incident of 1839" and of the struggle of human rights in general, through the ownership, education programming, and operation of the vessel.

Note 2 - Summary of significant accounting policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation

The Organization reports information regarding its financial position and activities according to the following net asset categories:

Unrestricted net assets - Unrestricted net assets represent available resources other than donor-restricted contributions. Included in unrestricted net assets are funds that may be earmarked for specific purposes.

Temporarily restricted net assets - Temporarily restricted net assets represent contributions that are restricted either as to purpose or as to time of expenditure.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash contributions - The Organization reports contributions received or pledged as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor, but whose restrictions are met in the same period, are reported as increases to unrestricted net assets. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Donated property and services - Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. While many individuals volunteer their time and perform a variety of tasks that assist the Organization, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met. Services rendered for which the Organization was billed and then subsequently forgiven are recognized as income and expense in the year the services were rendered. Included in miscellaneous income is \$95,001 of payables subsequently forgiven.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2011**

The Organization records the estimated fair value of the donated materials, equipment and usage of assets to both revenues and expenses in the period in which the donation is received.

Recognition of grant support

The Organization recognizes grants to the extent that eligible grant costs are incurred. Receivables are established upon notification of the award letter based on award amount. Grant advances which exceed eligible costs incurred within the fiscal period are included in the temporarily restricted net asset class.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. The Organization has not been informed by any agencies of any funds which are required to be returned.

Cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2011.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's past experience. The Organization's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and equipment

Property and equipment are stated at cost or, in the case of donated property, at the fair market value at the date of gift, less accumulated depreciation, computed on a straight-line basis over the asset's estimated useful life as provided below. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Furniture, equipment and building improvements that cost \$5,000 or more are capitalized.

Estimated useful lives:	
Vessel	20 years
Furniture and fixtures	7 years
Vehicle	5 years
Software	3 - 5 years
Equipment	5 - 7 years

The vessel is subject to a lien by the State of Connecticut.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2011**

Impairment of long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There were no impairment losses for 2011.

Tax status

The Organization was a private not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (the "Code") and was recognized by the Internal Revenue Service (the "IRS") as an organization generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The Organization's exempt status was revoked for failure to file tax returns for three consecutive years. The revocation was effective August 15, 2012 with an IRS posting date of March 11, 2013, the posting date is the last date that donors could rely on the exempt status for making charitable contributions. The Organization is working with the IRS to have its exempt status reinstated.

The Organization has no unrecognized tax benefits at March 31, 2011. The Organization's Federal information returns prior to 2009 are closed and management is working with the IRS to have its exempt status reinstated.

If the Organization were to incur unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Refundable advances

The Organization records grant awards and port visit deposits as refundable advances until the related services are performed, at which time they are recognized as revenue.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2011**

Functional expense allocation

Expenses are charged directly to educational programs, management and general, and development and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based on time records for specific programs, with the balance allocated based on management's assessment. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Organization.

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 that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization maintains its cash in bank accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Subsequent events

Management has reviewed subsequent events through August 8, 2014, which is the date the financial statements were available to be issued.

Note 3 - Grants receivable

Grants receivable consisted of \$141,322 due from the State of Connecticut at March 31, 2011.

Funds expended under the State of Connecticut, Department of Economic and Community Development, Commission on Culture and Tourism Grants:

2011 Grant allocation	\$ 378,667
State of Connecticut Construction Bond funds	<u>122,044</u>
Grant income recognized in 2011	<u>\$ 500,711</u>
Total expended in 2011	<u>\$ 500,711</u>

Amistad America, Inc.

Notes to Financial Statements
March 31, 2011

Note 4 - Property and equipment

Property and equipment at March 31, 2011 are as follows:

Vessel	\$ 2,765,455
Furniture and fixtures	8,339
Archives	5,850
Vehicle	31,842
Software	45,159
Equipment	<u>385,698</u>
Total property and equipment	3,242,343
Less accumulated depreciation	<u>(1,910,215)</u>
Net property and equipment	<u>\$ 1,332,128</u>

Note 5 - Note payable

Note payable to the Greater New Haven Community Loan Fund, originally due March 31, 2010, bears interest at 6.5%. Interest only is due monthly, late charges are assessed at the lender's option. At March 31, 2011, the Organization was not in compliance with various financial covenants and had not brought the late fees current and was not current on the interest payments. The loan was subsequently modified on January 12, 2012 providing for monthly payments of principal and interest of \$1,268 with the outstanding balance due February 2014.

\$ 150,000

Note 6 - Lines of credit

Line of credit payable to Bank of America, due June 22, 2009. Interest is payable monthly at 5.25% at March 31, 2011. The loan was collateralized by various office equipment. At March 31, 2011, the Organization was not in compliance with various financial covenants and had not brought the late fees current. No subsequent modifications to the loan agreement have been executed. Included in the accrued interest is late fees of \$11,165 and accrued interest of \$25,086.

\$ 198,210

Amistad America, Inc.

Notes to Financial Statements
March 31, 2011

Line of credit payable to TD Bank is due on demand and renewable annually at the discretion of the bank. Interest is payable monthly at the bank's index rate plus 2%. The loan is collateralized by equipment, accounts receivable and other various assets. During 2010, the Organization was declared in default on the loan and the interest rate was increased to 18% as of November 9, 2009. The Organization renegotiated the terms on December 1, 2010 and the rate was reduced to 5.25% requiring 23 monthly payments of \$5,000 with the balance due December 1, 2012. The Organization subsequently defaulted on the revised agreement.

\$ 241,873

Total current portion

\$ 440,083

Note 7 - Special borrowing arrangements

From time-to-time the Organization receives cash advances or short-term loans from Amistad Committee, board members and employees for the purpose of funding operations. The advances are non interest bearing and repayable from mutually agreeable terms. These advances totaling \$102,361 at March 31, 2011 are included in other loans payable in the statement of financial position.

Note 8 - Temporarily restricted net assets

On April 7, 1998, the Organization was awarded a grant by the State of Connecticut, Department of Economic and Community Development for construction of the vessel Amistad. The hull of the vessel Amistad was launched on March 25, 2000; final construction was completed and the vessel had its maiden voyage in June 2000. Title to the vessel passed to the Organization on July 1, 2000 after the vessel passed the United States Coast Guard inspection.

Under the terms of the construction grant, the Organization is required to comply with various ongoing terms and conditions and one-tenth of the grant is released from temporarily restricted net assets each year. For the year ended March 31, 2011, temporarily restricted net assets released from restrictions attributed to the construction grant was \$69,137. The State of Connecticut, Department of Economic and Community Development issued a notice of release of the mortgage lien on the vessel on July 1, 2010; however, the lien release was never filed and remains in place.

Note 9 - Commitments and contingencies

The Organization receives a substantial amount of its support from Connecticut State grants. The support from these governmental agencies approximated 69% of total revenue and support for the year ended March 31, 2011. If any significant reduction in the level of this support were to occur, there could be a significant effect on the ability of the Organization to maintain its programs and activities at their current levels.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2011**

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions can result in the return of funds to grantors causing unexpended refundable grants.

Subsequent to March 31, 2011 several claims for payment were filed seeking payment of outstanding invoices and loan balances; to the extent the liability pertains to the year ended March 31, 2011 or prior the liability is included in these financial statements.

Note 10 - Endowment

On October 1, 2007, the State of Connecticut adopted the Uniform Prudent Management of Investment Funds Act ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In addition, the Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of endowment funds that are subject to UPMIFA. This guidance, Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205, *Reporting Endowment Funds*, has been adopted by the Organization in regards to the net assets recorded for the Organization's Endowment. The required disclosures are as follows:

Endowment Net Asset Composition by Type of Fund as of:

	March 31, 2011			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	\$ -	\$ -	\$ 49,153	\$ 49,153

Change in Endowment Net Assets for the Year Ended:

	March 31, 2011			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, April 1, 2010	\$ -	\$ -	\$ 49,153	\$ 49,153
Investment income	-	-	-	-
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, March 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,153</u>	<u>\$ 49,153</u>

Amistad America, Inc.

Notes to Financial Statements March 31, 2011

Interpretation of relevant law

The Board of Directors of the Organization have interpreted the State of Connecticut Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as Board designated unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the fund
2. the purposes of the Organization and the donor-restricted endowment fund
3. general economic conditions
4. the possible effect of inflation and deflation
5. the expected total return from income and the appreciation of investments
6. other resources of the Organization
7. the investment policies of the Organization

Investment strategy

The Organization follows a total return approach to investing. This investment approach strives to balance income and potential for capital appreciation so that both components can contribute to the long-term total return of the Organization's investment portfolio. The Organization's investment policy and guidelines and spending guidelines are designed to operate in concert in order to provide a significant and stable flow of funds over the short-term to provide resources to meet current needs and, at the same time, maintain the purchasing power of the funds over the long-term, so that the Organization will be able to provide adequate resources to future generations to meet new and emerging needs. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2011**

Spending policy

The Organization's spending policy determines the amount that will be available each year for grant making and for the support of the Organization's operating budget. Annual spending at the Organization has been limited to required distributions where gift instruments specifically provide for distributions of other amounts, all other annual appreciation is deemed distributed as a repayment of prior year's loans from the endowment fund to operations until such time as the endowment fund has been fully replenished. As of March 31, 2011, the endowment fund was deficient by \$49,153.

Note 11 - Use of permanently restricted net assets

Permanently restricted net assets represent endowments received by the Organization. It had been the policy of the Board of Directors to maintain an amount equal to the permanently restricted net assets in investments. In prior years, investments amounting to approximately \$49,153 have been liquidated to fund the Organization's operating needs. It is management's intention to restore the investment account to an amount equal to permanently restricted net assets. As of March 31, 2011, the endowment fund was deficient by \$49,153.

Note 12 - Subsequent events

Subsequent to the year ended March 31, 2011, the Organization continued to incur annual losses which have restricted the Organization's ability to meet expenses as they come due and to repay outstanding loans as they become due.

The Organization entered into a management contract with Ocean's Classroom Foundation Inc. ("OCF"), in November 2012. OCF is deemed to be a related party prior to July 1, 2013 as the Executive Director of Amistad America, Inc. was also the Executive Director of OCF as of January 1, 2012. On July 1, 2013, Greg Belanger resigned as the Executive Director of Amistad America, Inc. Under the contract, OCF pays all vessel operating expenses and separately bills for major overhauls and repairs; Amistad America, Inc. is required to make monthly payments of \$5,000 and 50% of any net profits derived from program activities managed by OCF. The contract expired on June 30, 2014 and has subsequently been extended through August 31, 2014.

Amistad America, Inc.

Schedule of Expenditures of State Financial Assistance
March 31, 2011

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development: Commission on Culture & Tourism		
Mandated Legislative Programs - 2011	11000-CAT45200-17071	\$ 378,667
State Bond Funds Construction Grant	12052-CAT45241-43189	<u>122,044</u>
Total State Financial Assistance		<u>\$ 500,711</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

Amistad America, Inc.

**Notes to Schedule of Expenditures of State Financial Assistance
March 31, 2011**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Amistad America, Inc. under programs of the State of Connecticut for the fiscal year ended March 31, 2011. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including operations.

Summary of significant accounting policies

The accounting policies of Amistad America, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued	<u>Unqualified Opinion</u>	
Internal control over financial reporting:		
• Material weakness(es) identified?	<u> X </u> yes	_____ no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

State Financial Assistance

Internal control over major programs:		
• Material weakness(es) identified?	<u> X </u> yes	_____ no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported

Type of auditor's opinion issued on compliance for major programs

Qualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	<u> X </u> yes	_____ no
---	----------------	----------

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development Commission on Culture and Tourism:		
Mandated Legislative Programs - 2011	11000-CAT45200-17071	\$ 378,667
State Bond Funds Construction Grant	12052-CAT45241-43189	<u>122,044</u>
		<u>\$ 500,711</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 100,000</u>

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

II. Financial Statement Findings:

Finding 2011-1 (repeat of Finding 2010-1 from the prior year audit)

Criteria: The Organization should be able to produce financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Condition: The Organization does not have staff with the required experience and training to select and apply appropriate accounting principles required for the preparation or review of financial statements and related footnotes prepared in accordance with accounting principles generally accepted in the United States of America.

Questioned Costs: There are no questioned costs related to this finding.

Context: Monthly and year-end close procedures were not designed or implemented to maintain the general ledger on a full accrual basis.

Effect: Material misstatements to the financial statements will not be prevented, detected or corrected by the Organization's controls. Accordingly, the financial statement for the year ended March 31, 2011 required material adjustments as part of the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

Finding 2011-2 (repeat of Finding #2010-02 from the prior year audit)

Criteria: The Organization's accounting policies require that all disbursements are to be supported by appropriate documentation.

Condition: The auditor noted that invoices were not always obtained contemporaneously for expenses and reimbursements; accordingly, disbursements were supported by written explanations instead of invoices. Likewise, approval for payment and employee wage rates was often done verbally or through email. The cash flow deficiencies that the Organization experienced further complicated this matter as partial payments were often made on balances owed and payments were made on short notice based on a verbal or email request for payment. The auditor found paid bills in the open invoice files that had been paid through partial payments on the account and the invoice was never moved to the paid invoice file when it was ultimately paid in full. The review of expense classifications is also not consistently documented.

Questioned Costs: No questioned costs were identified as expenses paid by State funds were supported by invoices or payroll records as appropriate.

Context: Expenses paid by state funds were supported by invoices or payroll records as appropriate.

Effect: Delay in the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Finding 2011-3 (repeat of Finding #2010-03 from the prior year audit)

Criteria: Internal controls should be in place to ensure that all journal entries are appropriate and authorized before they are posted.

Condition: The finance assistant posts journal entries without review or written approval by another responsible person.

Questioned Costs: There are no questioned costs related to this finding.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

Context: The Organization uses QuickBooks for its accounting records; this software allows for historical data to be changed.

Effect: Without strong internal controls over the month-end/year-end close procedures and documented support for journal entries, errors can occur and not be detected.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Finding 2011-4 (repeat of Finding #2010-04 from the prior year audit)

Criteria: Year-end close procedures should ensure that all transactions are properly recorded and that all account balances are properly stated.

Condition: Material adjustments were identified and recorded during the year-end audit.

Questioned Costs: There are no questioned costs related to this finding.

Context: The books and records have not been audited since March 31, 2008; material adjustments related to accrual basis cut-off of revenue recognition of certain grants, contribution income, depreciation and expense cut-off.

Effect: Internally prepared financial statements were materially misstated.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

Finding 2011-5 (repeat of Finding #2010-5 from the prior year audit)

Criteria: Organizations exempt from tax under Code Section 501(c)(3) are required to file Form 990 annually.

Condition: Form 990 for the year ended March 31, 2011 has not been filed.

Questioned Costs: There are no questioned costs related to this finding.

Context: Form 990 has not been filed for the year ended March 31, 2011 as of the date of our report.

Effect: The Organization's exempt status was subsequently revoked effective August 15, 2012 with a posting date of March 11, 2013.

Cause: The Organization did not have sufficient resources to attract and retain a sufficient complement of accounting staff and to retain appropriate services.

Recommendation: We recommend that the Organization implement revised accounting policies and procedures to ensure necessary filings are made timely.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings. Delinquent tax filings are in process based on the final audit. Management is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

III. State Financial Assistance Findings and Questioned Costs:

- Findings 2011-6, 2011-7 and 2011-8 relate to the State Financial Assistance Programs.

Finding 2011-6 (repeat of Finding #2010-6 from the prior year audit)

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: Mandated Legislative Programs - 2011

State Grant Program Core-CT Number: 11000-CAT45200-17071

Criteria: The annual report to the State of Connecticut should be supported by the underlying records of the Organization.

Condition: The annual report to the State of Connecticut requires a cash basis report on the expenditure of grant funds. The current structure of the general ledger system does not allow for a separate tracking of the expense categories of the cash as it is disbursed because the general ledger is maintained on an accrual basis. To bridge this reporting gap, management separately totaled the cash disbursements by line item to prepare the annual report. This work was not documented in a sufficient manner to audit efficiently. The reports will be redone by management to reconcile to the audited expense categories.

Questioned Costs: There were no questioned costs for this finding.

Context: The Organization used the grant funds as a working capital loan to fund reimbursable expenses for other grants. Accordingly, the initial expenses paid by the grant were later reimbursed and the expenditure of the reimbursed funds were ultimately funded by the State Mandate Grant.

Effect: Incorrect categories of expenditures of state funds were included in the March 31, 2011 report; however, the amount of total state expenditures is correct.

Cause: Policies and procedures do not adequately address the preparation of reports and the retention of work papers that clearly link the reports to the underlying books and records of the Organization.

Recommendation: Accounting policies and procedures should address reporting requirements for all funding sources including the procedures for documenting and submitting requisitions and a systematic method of filing each claim with its supporting documentation.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

Finding 2011-7 (repeat of Finding #2010-7 from the prior year audit)
Grantor: Department of Economic and Community Development, Commission on Culture and Tourism
State Program Name: Mandated Legislative Programs - 2011
State Grant Program Core-CT Number: 11000-CAT45200-17071
State Program Name: State Bond Funds Construction Grant
State Grant Program Core-CT Number: 12052-CAT45241-43189

Criteria: The Organization is required to submit audited financial statements annually to the State of Connecticut Office of Policy and Management in accordance with the State Single Audit Act.

Condition: The Organization requested and was granted extensions through March 2013 for the filing of the audit reports for fiscal years ended March 31, 2009, 2010, 2011 and 2012; however, auditors were not engaged due to cash flow deficiencies.

Questioned Costs: There were no questioned costs related to this finding.

Context: Cash flow deficiencies beginning in 2009 lead to lay-offs of staff resulting in inconsistent bookkeeping and minimal year-end reconciliation work performed to close out each year. In 2013, an outside accounting firm ("fee accountant") was engaged to update the internal work paper reconciliations in preparation for an independent audit.

Effect: The Organization is not in compliance with the State Single Audit requirements.

Cause: Inadequate resources to procure both bookkeeping services on a continuing basis and annual audit services hindered the Organization from timely compliance.

Recommendation: We recommend the continued use of the fee accountant to review the books and records monthly and assist management with the preparation of reporting to grantors.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2011**

Finding 2011-8

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: State Bond Funds Construction Grant

State Grant Program Core-CT Number: 12052-CAT45241-43189

Criteria: Supporting documentation for amounts submitted as claims for reimbursement must be maintained by the Organization in a manner that allows for a timely response to inquiries.

Condition: The Organization moved its physical location three times in the past five years, resulting in misfiled documents and documents filed off site. Upon commencement of the audit the client could not readily provide requested documents upon request. This required management to spend weeks sorting through documents to assemble requested items.

Questioned Costs: There were no questioned costs related to this finding.

Context: The Construction Bond Funds were paid on a reimbursement basis which required extensive supporting documentation to be provided to the State with each requisition. The Organization did not have a system in place to retain copies of everything sent to the state.

Effect: Delay in the audit process.

Cause: Policies and procedures do not adequately address the retention of documents in a manner that allows for better access.

Recommendation: Accounting policies and procedures should address reporting requirements for all funding sources including the procedures for documenting and submitting requisitions and a systematic method of filing each claim with its supporting documentation.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Summary of prior year findings:

The 2010 findings are repeated in the current findings.

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

To the Board of Directors
Amistad America, Inc.

We have audited the financial statements of Amistad America, Inc. as of and for the year ended March 31, 2011, and have issued our report thereon dated August 8, 2014. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Amistad America, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (Findings 2011-1, 2011-2, 2011-3, 2011-4 and 2011-5)

A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amistad America, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of Amistad America, Inc. in a separate letter dated August 8, 2014.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut
August 8, 2014

Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major State Program and
Report on Internal Control over Compliance in Accordance
with the State Single Audit Act

To the Board of Directors
Amistad America, Inc.

Compliance

We have audited Amistad America, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on each of Amistad America, Inc.'s major state programs for the year ended March 31, 2011. The major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Amistad America, Inc.'s management. Our responsibility is to express an opinion on Amistad America, Inc.'s compliance based on our audit.

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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 program occurred. An audit includes examining, on a test basis, evidence about Amistad America, Inc.'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. Our audit does not provide a legal determination of Amistad America, Inc.'s compliance with those requirements.

As described in Findings 2011-6, 2011-7 and 2011-8 in the accompanying schedule of findings and questioned costs, Amistad America, Inc. did not comply with the requirements regarding reporting that are applicable to the Mandated Legislative Programs and State Bond Funds Construction Grant. Compliance with such requirements is necessary, in our opinion, for Amistad America, Inc. to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Amistad America, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended March 31, 2011.

Internal Control over Compliance

Management of Amistad America, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Amistad America, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 Amistad America, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency 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 program 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 program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-6, 2011-7 and 2011-8 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CohnReznick LLP

Farmington, Connecticut
August 8, 2014

EXHIBIT D

Amistad America, Inc.

**Financial Statements and
State Financial Assistance in Accordance with
the State Single Audit Act
and Independent Auditor's Reports**

March 31, 2012

Amistad America, Inc.

	<u>Page</u>
Independent Auditor's Report	2-3
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
Schedule of Expenditures of State Financial Assistance	17
Notes to Schedule of Expenditures of State Financial Assistance	18
Schedule of Findings and Questioned Costs	19-25
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>	26-27
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Program and Report on Internal Control over Compliance in Accordance with the State Single Audit Act	28-30

Independent Auditor's Report

To the Board of Directors
Amistad America, Inc.

We have audited the accompanying statement of financial position of Amistad America, Inc. (a nonprofit organization) as of March 31, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amistad America, Inc. as of March 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2014, on our consideration of Amistad America, Inc.'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 standard 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.

CohnReznick LLP

Farmington, Connecticut
August 7, 2014

Amistad America, Inc.

Statement of Financial Position
March 31, 2012

Assets

Current assets:	
Cash	\$ 64,338
Grants receivable	75,743
Prepaid and other assets	<u>1,918</u>
Total current assets	141,999
Property and equipment, net of accumulated depreciation	<u>1,162,503</u>
Total assets	<u>\$ 1,304,502</u>

Liabilities and Net Assets

Current liabilities:	
Line of credit	\$ 424,912
Note payable	169,778
Accounts payable and accrued expenses	567,753
Accrued interest	94,629
Accrued payroll and related taxes	139,465
Deferred income	10,000
Other loans payable	<u>93,100</u>
Total current liabilities	<u>1,499,637</u>
Commitments and Contingencies	
Net assets:	
Unrestricted	(244,288)
Permanently restricted	<u>49,153</u>
Total net assets	<u>(195,135)</u>
Total liabilities and net assets	<u>\$ 1,304,502</u>

See Notes to Financial Statements.

Amistad America, Inc.

**Statement of Activities and Changes in Net Assets
Year Ended March 31, 2012**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:			
Grants - State of Connecticut	\$ 380,645	\$ -	\$ 380,645
Grants and contributions - other	105,529	-	105,529
Vessel income	4,275	-	4,275
Other income	<u>5,490</u>	<u>-</u>	<u>5,490</u>
 Total revenues	 <u>495,939</u>	 <u>-</u>	 <u>495,939</u>
Expenses:			
Program expenses	386,148	-	386,148
General and administrative	195,031	-	195,031
Fundraising	<u>46,269</u>	<u>-</u>	<u>46,269</u>
 Total expenses	 <u>627,448</u>	 <u>-</u>	 <u>627,448</u>
 Change in net assets	 (131,509)	 -	 (131,509)
 Net assets, April 1, 2011	 <u>(112,779)</u>	 <u>49,153</u>	 <u>(63,626)</u>
 Net assets, March 31, 2012	 <u>\$ (244,288)</u>	 <u>\$ 49,153</u>	 <u>\$ (195,135)</u>

See Notes to Financial Statements.

Amistad America, Inc.

Statement of Functional Expenses
Year Ended March 31, 2012

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 64,273	\$ 131,345	\$ 39,163	\$ 234,781
Employee benefits	955	1,952	582	3,489
Payroll taxes	5,264	10,757	3,207	19,228
Contract services	1,500	-	-	1,500
Insurance	42,964	146	-	43,110
Telephone	191	390	117	698
Travel	7,899	11,832	947	20,678
Printing, publishing, mailing	-	928	238	1,166
Professional fees	31,801	13,905	1,151	46,857
Website	9,000	-	-	9,000
Vessel operating expenses	14,041	-	-	14,041
Occupancy	-	9,450	-	9,450
Other expenses	-	8,927	426	9,353
Interest expense	42,047	1,314	438	43,799
Bank and finance charges	-	673	-	673
Depreciation	166,213	3,412	-	169,625
	<u>\$ 386,148</u>	<u>\$ 195,031</u>	<u>\$ 46,269</u>	<u>\$ 627,448</u>

See Notes to the Financial Statements.

Amistad America, Inc.

Statement of Cash Flows
Year Ended March 31, 2012

Operating activities:	
Change in net assets	\$ (131,509)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	169,625
Changes in operating assets and liabilities:	
Grants receivable	65,579
Prepaid and other assets	(1,918)
Accounts payable and accrued expenses	(31,924)
Accrued interest	10,819
Accrued payroll and related taxes	13,312
Deferred income	<u>(1,000)</u>
Net cash provided by operating activities	<u>92,984</u>
Financing activities:	
Cash overdraft	(4,798)
Principal payments on line of credit	(15,171)
Principal payments on loans from related parties	(69,261)
Proceeds from loans from related parties	<u>60,000</u>
Net cash used in financing activities	<u>(29,230)</u>
Net increase in cash	63,754
Cash, beginning of year	<u>584</u>
Cash, end of year	<u>\$ 64,338</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ 30,143</u>
Noncash investing and financing transactions	
Accrued interest paid through principal advances	<u>\$ 19,778</u>

See Notes to Financial Statements.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

Note 1 - Nature of activities

Amistad America, Inc. (the "Organization") was incorporated under the laws of the State of Connecticut on February 6, 1996 as a non-stock, not-for-profit corporation. The intent of its organizers, who include several organizations and interested individuals, was to form a partnership to build a reproduction of the freedom vessel Amistad, with the mission to advance knowledge of the historic events known as the "Amistad Incident of 1839" and of the struggle of human rights in general, through the ownership, education programming, and operation of the vessel.

Note 2 - Summary of significant accounting policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation

The Organization reports information regarding its financial position and activities according to the following net asset categories:

Unrestricted net assets - Unrestricted net assets represent available resources other than donor-restricted contributions. Included in unrestricted net assets are funds that may be earmarked for specific purposes.

Temporarily restricted net assets - Temporarily restricted net assets represent contributions that are restricted either as to purpose or as to time of expenditure.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash contributions - The Organization reports contributions received or pledged as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor, but whose restrictions are met in the same period, are reported as increases to unrestricted net assets. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Donated property and services - Donated services are recognized as contributions in accordance with accounting principles generally accepted in the United States of America if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. While many individuals volunteer their time and perform a variety of tasks that assist the Organization, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met. Services rendered for which the Organization was billed and then subsequently forgiven are recognized as income and expense in the year the services were rendered. Included in miscellaneous income is \$5,190 of payables subsequently forgiven.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

The Organization records the estimated fair value of the donated materials, equipment and usage of assets to both revenues and expenses in the period in which the donation is received.

Recognition of grant support

The Organization recognizes grants to the extent that eligible grant costs are incurred. Receivables are established upon notification of the award letter based on award amount. Grant advances which exceed eligible costs incurred within the fiscal period are included in the temporarily restricted net asset class.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantor. The Organization has not been informed by any agencies of any funds which are required to be returned.

Cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at March 31, 2012.

Receivables

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's past experience. The Organization's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and equipment

Property and equipment are stated at cost or, in the case of donated property, at the fair market value at the date of gift, less accumulated depreciation, computed on a straight-line basis over the asset's estimated useful life as provided below. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Furniture, equipment and building improvements that cost \$5,000 or more are capitalized.

Estimated useful lives:

Vessel	20 years
Furniture and fixtures	7 years
Vehicle	5 years
Software	3 - 5 years
Equipment	5 - 7 years

The vessel is subject to a lien by the State of Connecticut.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

Impairment of long-lived assets

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There were no impairment losses for 2012.

Tax status

The Organization was a private not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (the "Code") and was recognized by the Internal Revenue Service (the "IRS") as an organization generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The Organization's exempt status was revoked for failure to file tax returns for three consecutive years. The revocation was effective August 15, 2012 with an IRS posting date of March 11, 2013, the posting date is the last date that donors could rely on the exempt status for making charitable contributions. The Organization is working with the IRS to have its exempt status reinstated.

The Organization has no unrecognized tax benefits at March 31, 2012. The Organization's Federal information returns prior to 2009 are closed and management is working with the IRS to have its exempt status reinstated.

If the Organization were to incur unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Refundable advances

The Organization records grant awards and port visit deposits as refundable advances until the related services are performed, at which time they are recognized as revenue.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

Functional expense allocation

Expenses are charged directly to educational programs, management and general, and development and fundraising based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based on time records for specific programs, with the balance allocated based on management's assessment. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Organization.

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 that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization maintains its cash in bank accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Subsequent events

Management has reviewed subsequent events through August 7, 2014, which is the date the financial statements were available to be issued.

Note 3 - Grants receivable

Grants receivable consisted of \$75,743 due from the State of Connecticut at March 31, 2012.

Funds expended under the State of Connecticut, Department of Economic and Community Development, Commission on Culture and Tourism Grants:

2012 Grant allocation	\$ 359,777
State of Connecticut Construction Bond funds	<u>20,868</u>
Grant income recognized in 2012	<u>\$ 380,645</u>
Total expended in 2012	<u>\$ 380,645</u>

Amistad America, Inc.

Notes to Financial Statements
March 31, 2012

Note 4 - Property and equipment

Property and equipment at March 31, 2012 are as follows:

Vessel	\$ 2,765,455
Furniture and fixtures	8,339
Archives	5,850
Vehicle	31,842
Software	45,159
Equipment	<u>385,698</u>
Total property and equipment	3,242,343
Less accumulated depreciation	<u>(2,079,840)</u>
Net property and equipment	<u>\$ 1,162,503</u>

Note 5 - Note payable

Note payable to the Greater New Haven Community Loan Fund, originally due March 31, 2010, bears interest at 6.5%. Interest only is due monthly, late charges are assessed at the lender's option. The loan was modified on January 12, 2012 providing for monthly payments of principal and interest of \$1,268 with the outstanding balance due February 2014. The Organization was in default of the revised terms as of March 31, 2012.

\$ 169,778

Note 6 - Lines of credit

Line of credit payable to Bank of America, due June 22, 2009. Interest is payable monthly at 5.25% at March 31, 2012. The loan was collateralized by various office equipment. At March 31, 2012, the Organization was not in compliance with various financial covenants and had not brought the late fees current. No subsequent modifications to the loan agreement have been executed. Included in the accrued interest is late fees of \$11,841 and accrued interest of \$39,827.

\$ 198,210

Amistad America, Inc.

Notes to Financial Statements
March 31, 2012

Line of credit payable to TD Bank is due on demand and renewable annually at the discretion of the bank. Interest is payable monthly at the bank's index rate plus 2%. The loan is collateralized by equipment, accounts receivable and other various assets. During 2010, the Organization was declared in default on the loan and the interest rate was increased to 18% as of November 9, 2009. The Organization renegotiated the terms on December 1, 2010 and the rate was reduced to 5.25% requiring 23 monthly payments of \$5,000 with the balance due December 1, 2012. At March 31, 2012, the Organization was not in compliance with the renegotiated terms.

226,702

Total current portion

\$ 424,912

Note 7 - Special borrowing arrangements

From time-to-time the Organization receives cash advances or short-term loans from Amistad Committee, board members and employees for the purpose of funding operations. The advances are non interest bearing and repayable from mutually agreeable terms. These advances totaling \$93,100 at March 31, 2012 are included in other loans payable in the statement of financial position.

Note 8 - State of Connecticut Lien

On April 7, 1998, the Organization was awarded a grant by the State of Connecticut, Department of Economic and Community Development for construction of the vessel Amistad. The hull of the vessel Amistad was launched on March 25, 2000; final construction was completed and the vessel had its maiden voyage in June 2000. Title to the vessel passed to the Organization on July 1, 2000 after the vessel passed the United States Coast Guard inspection.

Under the terms of the construction grant, the Organization is required to comply with various ongoing terms and conditions and one-tenth of the grant was released from temporarily restricted net assets each year. The State of Connecticut, Department of Economic and Community Development issued a notice of release of the mortgage lien on the vessel on July 1, 2010; however, the lien release was never filed and remains in place.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

Note 9 - Commitments and contingencies

The Organization receives a substantial amount of its support from Connecticut State grants. The support from these governmental agencies approximated 77% of total revenue and support for the year ended March 31, 2012. If any significant reduction in the level of this support were to occur, there could be a significant effect on the ability of the Organization to maintain its programs and activities at their current levels.

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions can result in the return of funds to grantors causing unexpended refundable grants.

Subsequent to March 31, 2012 several claims for payment were filed seeking payment of outstanding invoices and loan balances; to the extent the liability pertains to the year ended March 31, 2012 or prior the liability is included in these financial statements.

Note 10 - Endowment

On October 1, 2007, the State of Connecticut adopted the Uniform Prudent Management of Investment Funds Act ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In addition, the Financial Accounting Standards Board ("FASB") provided guidance on the net asset classification of endowment funds that are subject to UPMIFA. This guidance, Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205, *Reporting Endowment Funds*, has been adopted by the Organization in regards to the net assets recorded for the Organization's Endowment. The required disclosures are as follows:

Endowment Net Asset Composition by Type of Fund as of:

	March 31, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ -	\$ 49,153	\$ 49,153

Change in Endowment Net Assets for the Year Ended:

	March 31, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, April 1, 2011	\$ -	\$ -	\$ 49,153	\$ 49,153
Investment income	-	-	-	-
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, March 31, 2012	\$ -	\$ -	\$49,153	\$ 49,153

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

Interpretation of relevant law

The Board of Directors of the Organization have interpreted the State of Connecticut Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as Board designated unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. the duration and preservation of the fund
2. the purposes of the Organization and the donor-restricted endowment fund
3. general economic conditions
4. the possible effect of inflation and deflation
5. the expected total return from income and the appreciation of investments
6. other resources of the Organization
7. the investment policies of the Organization

Investment strategy

The Organization follows a total return approach to investing. This investment approach strives to balance income and potential for capital appreciation so that both components can contribute to the long-term total return of the Organization's investment portfolio. The Organization's investment policy and guidelines and spending guidelines are designed to operate in concert in order to provide a significant and stable flow of funds over the short-term to provide resources to meet current needs and, at the same time, maintain the purchasing power of the funds over the long-term, so that the Organization will be able to provide adequate resources to future generations to meet new and emerging needs. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Amistad America, Inc.

**Notes to Financial Statements
March 31, 2012**

Spending policy

The Organization's spending policy determines the amount that will be available each year for grant making and for the support of the Organization's operating budget. Annual spending at the Organization has been limited to required distributions where gift instruments specifically provide for distributions of other amounts, all other annual appreciation is deemed distributed as a repayment of prior year's loans from the endowment fund to operations until such time as the endowment fund has been fully replenished. As of March 31, 2012, the endowment fund was deficient by \$49,153.

Note 11 - Use of permanently restricted net assets

Permanently restricted net assets represent endowments received by the Organization. It had been the policy of the Board of Directors to maintain an amount equal to the permanently restricted net assets in investments. In prior years, investments amounting to approximately \$49,153 have been liquidated to fund the Organization's operating needs. It is management's intention to restore the investment account to an amount equal to permanently restricted net assets. As of March 31, 2012, the endowment fund was deficient by \$49,153.

Note 12 - Subsequent events

Subsequent to the year ended March 31, 2012, the Organization continued to incur annual losses which have restricted the Organization's ability to meet expenses as they come due and to repay outstanding loans as they become due.

The Organization entered into a management contract with Ocean's Classroom Foundation Inc. ("OCF"), in November 2012. OCF is deemed to be a related party prior to July 1, 2013 as the Executive Director of Amistad America, Inc. was also the Executive Director of OCF as of January 1, 2012. On July 1, 2013, Greg Belanger resigned as the Executive Director of Amistad America, Inc. Under the contract, OCF pays all vessel operating expenses and separately bills for major overhauls and repairs; Amistad America, Inc. is required to make monthly payments of \$5,000 and 50% of any net profits derived from program activities managed by OCF. The contract expired on June 30, 2014 and has subsequently been extended through August 31, 2014.

Amistad America, Inc.

Schedule of Expenditures of State Financial Assistance
March 31, 2012

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development: Commission on Culture & Tourism		
Mandated Legislative Programs - 2012	11000-CAT45200-17071	\$ 359,777
State Bond Funds Construction Grant	12052-CAT45241-43189	<u>20,868</u>
Total State Financial Assistance		<u>\$ 380,645</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

Amistad America, Inc.

**Notes to Schedule of Expenditures of State Financial Assistance
March 31, 2012**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Amistad America, Inc. under programs of the State of Connecticut for the fiscal year ended March 31, 2012. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including operations.

Summary of significant accounting policies

The accounting policies of Amistad America, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued

Unqualified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's opinion issued on compliance for major programs

Qualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

 X yes no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development, Commission on Culture and Tourism:		
Mandated Legislative Programs - 2012	11000-CAT45200-17071	<u>\$ 359,777</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 100,000</u>

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

II. Financial Statement Findings:

Finding 2012-1 (repeat of Finding #2011-1 from the prior year audit)

Criteria: The Organization should be able to produce financial statements and related footnotes in accordance with accounting principles generally accepted in the United States of America.

Condition: The Organization does not have staff with the required experience and training to select and apply appropriate accounting principles required for the preparation or review of financial statements and related footnotes prepared in accordance with accounting principles generally accepted in the United States of America.

Questioned Costs: There are no questioned costs related to this finding.

Context: Monthly and year-end close procedures were not designed or implemented to maintain the general ledger on a full accrual basis.

Effect: Material misstatements to the financial statements will not be prevented, detected or corrected by the Organization's controls. Accordingly, the financial statement for the year ended March 31, 2012 required material adjustments as part of the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

Finding 2012-2 (repeat of Finding #2011-02 from the prior year audit)

Criteria: The Organization's accounting policies require that all disbursements are to be supported by appropriate documentation.

Condition: The auditor noted that invoices were not always obtained contemporaneously for expenses and reimbursements; accordingly, disbursements were supported by written explanations instead of invoices. Likewise, approval for payment and employee wage rates was often done verbally or through email. The cash flow deficiencies that the Organization experienced further complicated this matter as partial payments were often made on balances owed and payments were made on short notice based on a verbal or email request for payment. The auditor found paid bills in the open invoice files that had been paid through partial payments on the account and the invoice was never moved to the paid invoice file when it was ultimately paid in full. The review of expense classifications is also not consistently documented.

Questioned Costs: No questioned costs were identified as expenses paid by State funds were supported by invoices or payroll records as appropriate.

Context: Expenses paid by state funds were supported by invoices or payroll records as appropriate.

Effect: Delay in the audit process.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 - 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Finding 2012-3 (repeat of Finding #2011-03 from the prior year audit)

Criteria: Internal controls should be in place to ensure that all journal entries are appropriate and authorized before they are posted.

Condition: The finance assistant posts journal entries without review or written approval by another responsible person.

Questioned Costs: There are no questioned costs related to this finding.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

Context: The Organization uses QuickBooks for its accounting records; this software allows for historical data to be changed.

Effect: Without strong internal controls over the month-end/year-end close procedures and documented support for journal entries, errors can occur and not be detected.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures that address the documentation of approvals within a small organization.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Finding 2012-4 (repeat of Finding #2011-04 from the prior year audit)

Criteria: Year-end close procedures should ensure that all transactions are properly recorded and that all account balances are properly stated.

Condition: Material adjustments were identified and recorded during the year-end audit.

Questioned Costs: There are no questioned costs related to this finding.

Context: The books and records have not been audited since March 31, 2008; material adjustments related to accrual basis cut-off of revenue recognition of certain grants, contribution income, depreciation and expense cut-off.

Effect: Internally prepared financial statements were materially misstated.

Cause: The Organization does not have sufficient resources to attract and retain a sufficient complement of accounting staff.

Recommendation: We recommend that the Organization continue to work with the recently engaged fee accountant not only on the review of years 2010 – 2013 but also on an on-going current basis, including implementation of revised accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

Finding 2012-5 (repeat of Finding #2011-5 from the prior year audit)

Criteria: Organizations exempt from tax under Code Section 501(c)(3) are required to file Form 990 annually.

Condition: Form 990 for the year ended March 31, 2012 has not been filed.

Questioned Costs: There are no questioned costs related to this finding.

Context: Form 990 has not been filed for the year ended March 31, 2012 as of the date of our report.

Effect: The Organization's exempt status was subsequently revoked effective August 15, 2012 with a posting date of March 11, 2013.

Cause: The Organization did not have sufficient resources to attract and retain a sufficient complement of accounting staff and to retain appropriate services.

Recommendation: We recommend that the Organization implement revised accounting policies and procedures to ensure necessary filings are made timely.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings. Delinquent tax filings are in process based on the final audit. Management is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

III. State Financial Assistance Findings and Questioned Costs:

- Findings 2012-6 and 2012-7 relate to the State Financial Assistance Programs.

Finding 2012-6 (repeat of Finding #2011-06 from the prior year audit)

Grantor: Department of Economic and Community Development, Commission on Arts and Tourism

State Program Name: Mandated Legislative Programs - 2012

State Grant Program Core-CT Number: 11000-CAT45200-17071

Criteria: The annual report to the State of Connecticut should be supported by the underlying records of the Organization.

Condition: The annual report to the State of Connecticut requires a cash basis report on the expenditure of grant funds. The current structure of the general ledger system does not allow for a separate tracking of the expense categories of the cash as it is disbursed because the general ledger is maintained on an accrual basis. To bridge this reporting gap, management separately totaled the cash disbursements by line item to prepare the annual report. This work was not documented in a sufficient manner to audit efficiently. The reports will be redone by management to reconcile to the audited expense categories.

Questioned Costs: There were no questioned costs for this finding.

Context: The Organization used the grant funds as a working capital loan to fund reimbursable expenses for other grants. Accordingly, the initial expenses paid by the grant were later reimbursed and the expenditure of the reimbursed funds were ultimately funded by the State Mandate Grant.

Effect: Incorrect categories of expenditures of state funds were included in the March 31, 2012 report; however, the amount of total state expenditures is correct.

Cause: Policies and procedures do not adequately address the preparation of reports and the retention of work papers that clearly link the reports to the underlying books and records of the Organization.

Recommendation: Accounting policies and procedures should address reporting requirements for all funding sources including the procedures for documenting and submitting requisitions and a systematic method of filing each claim with its supporting documentation.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Amistad America, Inc.

**Schedule of Findings and Questioned Costs
March 31, 2012**

Finding 2012-7 (repeat of Finding #2011-7 from the prior year audit)

Grantor: Department of Economic and Community Development, Commission on Culture and Tourism

State Program Name: Mandated Legislative Programs - 2011

State Grant Program Core-CT Number: 11000-CAT45200-17071

Criteria: The Organization is required to submit audited financial statements annually to the State of Connecticut Office of Policy and Management in accordance with the State Single Audit Act.

Condition: The Organization requested and was granted extensions through March 2013 for the filing of the audit reports for fiscal years ended March 31, 2009, 2010, 2011 and 2012; however, auditors were not engaged due to cash flow deficiencies.

Questioned Costs: There were no questioned costs related to this finding.

Context: Cash flow deficiencies beginning in 2009 lead to lay-offs of staff resulting in inconsistent bookkeeping and minimal year-end reconciliation work performed to close out each year. In 2013, an outside accounting firm ("fee accountant") was engaged to update the internal work paper reconciliations in preparation for an independent audit.

Effect: The Organization is not in compliance with the State Single Audit requirements.

Cause: Inadequate resources to procure both bookkeeping services on a continuing basis and annual audit services hindered the Organization from timely compliance.

Recommendation: We recommend the continued use of the fee accountant to review the books and records monthly and assist management with the preparation of reporting to grantors.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the auditor's findings and is preparing a corrective action plan.

Summary of prior year findings:

Finding 2011-8 remains outstanding as management's organization of the construction bond requisitions was not corrected until fiscal year 2013. The construction bond grant was a non major program in the current year.

Findings 2011-1, 2011-2, 2011-3, 2011-4, 2011-5, 2011-6 and 2011-7 are repeated in the current findings as noted above. Finding 2011-8 remains outstanding as management's organization of the construction bond requisitions was not corrected until fiscal year 2013.

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

To the Board of Directors
Amistad America, Inc.

We have audited the financial statements of Amistad America, Inc. as of and for the year ended March 31, 2012, and have issued our report thereon dated August 7, 2014. We conducted our audit 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.

Internal Control over Financial Reporting

Management of Amistad America, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Amistad America, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Amistad America, Inc.'s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (Findings 2012-1, 2012-2, 2012-3, 2012-4 and 2012-5).

A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amistad America, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of Amistad America, Inc. in a separate letter dated August 7, 2014.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut
August 7, 2014

Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major State
Program and Report on Internal Control over Compliance in
Accordance with the State Single Audit Act

To the Board of Directors
Amistad America, Inc.

Compliance

We have audited Amistad America, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on each of Amistad America, Inc.'s major state programs for the year ended March 31, 2012. The major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Amistad America, Inc.'s management. Our responsibility is to express an opinion on Amistad America, Inc.'s compliance based on our audit.

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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 program occurred. An audit includes examining, on a test basis, evidence about Amistad America, Inc.'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. Our audit does not provide a legal determination of Amistad America, Inc.'s compliance with those requirements.

As described in Findings 2012-6, and 2012-7 in the accompanying schedule of findings and questioned costs, Amistad America, Inc. did not comply with the requirements regarding reporting that are applicable to the Mandated Legislative Programs. Compliance with such requirements is necessary, in our opinion, for Amistad America, Inc. to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Amistad America, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended March 31, 2012.

Internal Control over Compliance

Management of Amistad America, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Amistad America, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 Amistad America, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency 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 program 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 program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-6 and 2012-7 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Amistad America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Amistad America, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, board of directors, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CohnReznick LLP

Farmington, Connecticut
August 7, 2014

EXHIBIT 5

RETURN DATE: SEPTEMBER 9, 2014

GEORGE JEPSEN, ATTORNEY
GENERAL

Plaintiff

v.

AMISTAD AMERICA, INC.,
Defendant

SUPERIOR COURT

JUDICIAL DISTRICT OF HARTFORD

AUGUST 20, 2014

AFFIDAVIT OF CHERYL A. TURNER

STATE OF CONNECTICUT:

: ss. HARTFORD

COUNTY OF HARTFORD :

I, Cheryl A. Turner, being duly sworn, depose and say:

1. I am over the age of eighteen and understand the obligations of an oath. I have personal knowledge as to the facts represented in this affidavit. To my knowledge, all the facts stated in this affidavit are true and correct.

2. I am employed as a Paralegal Specialist in the Special Litigation Department in the Office of Attorney General George Jepsen. I have assisted with the investigation of Amistad America, Inc.

3. Amistad America applied for and was granted § 501(c)(3) tax-exempt status by the Internal Revenue Service ("IRS"). Amistad America failed to file its required annual IRS Form 990 with the Internal Revenue Service for three consecutive fiscal years, which resulted in the Foundation's losing its § 501(c)(3) tax-exempt status on August 15, 2012. The IRS posted

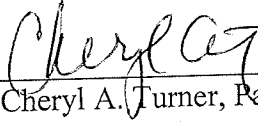
notice of this automatic revocation on IRS.gov on March 11, 2013. A copy of the IRS website page showing the Foundation on the Automatic Revocation of Exemption List is attached as

Exhibit A.

4. Amistad America, Inc. registered with the Department of Consumer Protection pursuant to the Solicitation of Charitable Funds Act ("Solicitation Act"), Conn. Gen. Stat. § 21a-175 *et seq.* Amistad America failed to maintain its charitable registration with the Connecticut Department of Consumer Protection ("DCP"), pursuant to the Solicitation of Charitable Funds Act (the "Solicitation Act"), Conn. Gen. Stat. § 21a-175 *et seq.*, which resulted in the expiration of its registration on February 28, 2010. A copy of the DCP website, specifically the "verify a license" look up page indicating registration expiration is attached as **Exhibit B.**

5. Amistad America, Inc. failed to file in a timely manner its annual reports with the Connecticut Secretary of the State as required by Conn. Gen. Stat. § 33-1243(a) from 2010 to the present. Reports were brought up to date only on July 10, 2014. A copy of the filings history webpage from the Secretary of the State website is attached as **Exhibit C.**

I signed this affidavit on August 20, 2014, at Hartford, Connecticut.


Cheryl A. Turner, Paralegal Specialist
Office of the Attorney General

Subscribed and sworn to before me this 20th day of August, 2014.

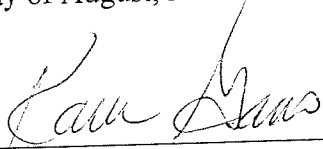

Karen Gano
Assistant Attorney General

EXHIBIT A



[Exempt Organizations Select Check Home](#)

Exempt Organizations Select Check

Automatic Revocation of Exemption -- Search Results

The federal tax exemption of each organization listed below was automatically revoked for its failure to file a Form 990-series return or notice for three consecutive years. The revocation date listed below for each organization is *historical*; it reflects an organization's effective date of automatic revocation for not filing a Form 990-series return or notice for three consecutive years, but not necessarily its current tax-exempt or non-exempt status. The organization may have applied to the IRS for recognition of exemption and been recognized by the IRS as tax-exempt *after* its effective date of automatic revocation. Click on an organization's name to see more details on that organization. To check whether an organization is currently recognized by the IRS as tax-exempt, call Customer Account Services at (877) 829-5500 (toll-free number).

Results are sorted by EIN. To sort results by another category, click on the icon next to the column heading for that category. Clicking on that icon a second time will reverse the sort order. Click on a column heading for an explanation of information in that column.

1-1 of 1 results

Results Per Page

« Prev | 1-1 | Next »

EIN	Legal Name (Doing Business As)	City	State	ZIP	Country	Exemption Type	Revocation Date	Revocation Posting Date	Exemption Reinstatement Date
06-1446705	AMISTAD AMERICA INC	HAMDEN	CT	06514	US	501(c)(3)	15-Aug-2012	11-Mar-2013	

« Prev | 1-1 | Next »



Exempt Organizations Select Check

[Exempt Organizations Select Check Home](#)

Automatic Revocation of Exemption Information

The federal tax exemption of this organization was automatically revoked for its failure to file a Form 990-series return or notice for three consecutive years. The information listed below for each organization is *historical*; it is current as of the organization's effective date of automatic revocation. The information is not necessarily current as of today's date. Nor does this automatic revocation necessarily reflect the organization's tax-exempt or non-exempt status. The organization may have applied to the IRS for recognition of exemption and been recognized by the IRS as tax-exempt *after* its effective date of automatic revocation. To check whether an organization is currently recognized by the IRS as tax-exempt, call Customer Account Services at (877) 829-5500 (toll-free number).

Revocation Date (effective date on which organization's tax exemption was automatically revoked):
15-Aug-2012

Employer Identification Number (EIN):
06-1446705

Legal Name:
AMISTAD AMERICA INC

Doing Business As:

Mailing Address:
84 MORGAN LN
HAMDEN, CT 06514-2621
United States

Exemption Type:
501(c)(3)

Revocation Posting Date (date on which IRS posted notice of automatic revocation on IRS.gov):
11-Mar-2013

Exemption Reinstatement Date (effective date of tax exemption, determined by the IRS after the organization's exemption was automatically revoked and the organization applied for reinstatement of exemption.):

[Return to Search Results](#) [Return to Search Page](#)

EXHIBIT B



State of Connecticut

Lookup Detail View

Name and Address

Name	Address
AMISTAD AMERICA INC.	746 CHAPEL STREET NEW HAVEN, CT 065102701

Active status with our office does not make donations to this organization tax deductible. The IRS determines tax deductible status of an organization.

Registration Information

Registration	Registration Type	Effective Date	Expiration Date	Status
CHR.0008372	PUBLIC CHARITY	02/28/2009	02/28/2010	INACTIVE

Generated on: 8/20/2014 3:47:09 PM

EXHIBIT C

Business Inquiry



HOME



HELP

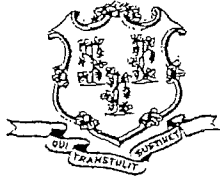
Filing History

Business ID	Business Name						
0530448	AMISTAD AMERICA INC.						
Filing Number	Filing Date/Time	Effective Date/Time	Filing Type	Volume Type	Volume	Start Page	Page #
0001587292	Feb 05, 1996 8:30 AM		INCORPORATION	B	00046	2538	9
0001795057	Jan 26, 1998 3:06 PM	Jan 26, 1998 3:06 PM	ADDRESS	B	00167	2197	1
0001795059	Jan 26, 1998 3:06 PM	Jan 26, 1998 3:06 PM	AGENT	B	00167	2199	1
0001796899	Jan 27, 1998 11:40 AM	Jan 27, 1998 11:40 AM	ORG REPORT	B	00168	1888	3
0001799384	Feb 02, 1998 2:51 PM	Feb 02, 1998 2:51 PM	RESTATE	B	00169	3328	11
0001828751	Apr 20, 1998 11:19 AM	Apr 20, 1998 11:19 AM	ADDRESS	B	00185	0567	1
0001870539	Jul 27, 1998 3:34 PM	Jul 27, 1998 3:34 PM	RESTATE	B	00207	2629	11
0001961934	Mar 31, 1999 8:30 AM	Mar 31, 1999 8:30 AM	REPORT (1999)	B	00258	0721	3
0002094696	Apr 06, 2000 12:10 PM	Apr 06, 2000 12:10 PM	REPORT (2000)	B	00328	3544	3
0002908772	Mar 24, 2005 8:30 AM	Mar 24, 2005 8:30 AM	REPORT (2001)	B	00751	2666	2
0002908773	Mar 24, 2005 8:30 AM	Mar 24, 2005 8:30 AM	REPORT (2002)	B	00751	2668	2
0002908774	Mar 24, 2005 8:30 AM	Mar 24, 2005 8:30 AM	REPORT (2003)	B	00751	2670	2
0002908783	Mar 24, 2005 8:30 AM	Mar 24, 2005 8:30 AM	REPORT (2004)	B	00751	2689	5
0002995548	Apr 22, 2005 8:30 AM		REPORT (2005)	B	00800	3594	5
0003141856	Feb 14, 2006 2:47 PM		REPORT (2006)	B	00878	2169	4
0003419533	Mar 26, 2007 8:30 AM		REPORT (2007)	B	01021	3173	3
0003825408	Dec 09, 2008 1:46 PM		REPORT (2008)	B	01230	3289	3
0003883346	Feb 04, 2009 8:30 AM		REPORT (2009)	B	01260	1357	2
0004538354	Feb 28, 2012 8:30 AM	Feb 28, 2012 8:30 AM	AGENT	B	01614	2502	2

0004545385	Mar 14, 2012 3:08 PM	REPORT (2010)	B	01619	1158	3
0004635506	Mar 16, 2012 8:30 AM	REPORT (2011)	B	01673	1441	3
0004986507	Nov 18, 2013 8:30 AM	INTERIM NOTICE	B	01872	0282	1
0005142420	Jul 10, 2014 11:54 AM	REPORT (2012)	B	01959	0640	4
0005142469	Jul 10, 2014 12:39 PM	REPORT (2013)	B	01959	0748	4
0005142478	Jul 10, 2014 12:45 PM	REPORT (2014)	B	01959	0765	4

[Back](#)

EXHIBIT 6



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

Certified Letter

July 1, 2013

Hanifa Washington
Executive Director
Amistad America, Inc.
PO Box 3031
New Haven, CT 06515

Dear Ms. Washington,

The State Single Audit Act, (C.G.S. 4-230 through 4-236) and its defining regulations require non-state entities to file a State Single Audit report with the Office of Policy and Management (OPM) and with each state agency that provided state funding when the total amount of state financial assistance expended for the fiscal year is equal to or in excess of \$300,000.

Amistad America has not submitted its State Single Audit reports for each of its fiscal years that ended March 31, 2009 to March 31, 2012. Each of these reports was originally required to be submitted within 6 months subsequent to the end of the applicable fiscal year. The last audit submission extension request granted by this Office for submission of the reports expired on March 31, 2013.

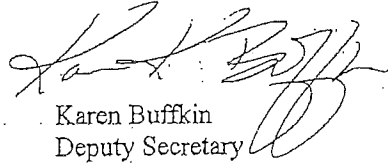
Given the significant delay in the filing of the State Single Audit reports indicated above, this Office is implementing the provisions of Section 4-232 of the Connecticut General Statutes. That statute indicates that the Office of Policy and Management, as the cognizant agency for nonprofit organizations; may assign an auditor to conduct the audit when an organization fails to have its audit report filed within six months subsequent to its fiscal year end or within the time granted by the cognizant agency.

This Office will be retaining an audit firm to conduct your organization's 2009 to 2012 State Single audits. Statutorily under Section 4-232, the cost of the audit is the responsibility of your organization. We are aware that certain funds are scheduled to be provided to Amistad America from the State Dept. of Economic and Community Development. That agency has agreed to redirect a portion of the funding that was to be provided to your organization towards payment of the audit cost.

Section 4-232 of the General Statutes allows your organization to request to the Secretary of OPM a waiver from the assignment of an auditor by the cognizant agency to conduct the audit of your organization. It indicates that the Secretary may grant the waiver if he determines that there appears to be reasonable cause for the entity not having completed or provided the required audit report. If your organization seeks such a waiver it must be requested in writing by July 10, 2013.

If you have any questions, you may contact Bill Plummer at 860-418-6367. Thank you for your attention to this matter.

Sincerely,



Karen Buffkin
Deputy Secretary

Cc: Kip Bergstrom, DECD
Board of Directors, Amistad America
David LeVasseur, IGP Division, OPM