



BUCHBINDER TUNICK & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

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September 1, 2010

██████████, President
American Maritime Officers
2 West Dixie Highway
Dania Beach, FL 33004

Re: **Audited Financial Statements for the fiscal years ended
March 31, 2010 and 2009**

Dear Mr. ██████████:

Attached is your copy of the financial statements of American Maritime Officers (AMO) for the fiscal years ended March 31, 2010 and 2009. As per your request, I have addressed the following as it relates to the statements:

1. Differences between the information on the Form LM-2 and the audited financial statements.
2. Analysis of revenue for the fiscal years ended March 31, 2010 and 2009.
3. Analysis of expenses for the fiscal years ended March 31, 2010 and 2009.
4. Analysis of other revenues and expenses for the fiscal years ended March 31, 2010 and 2009.
5. Analysis of Statements of Financial Position as of March 31, 2010 and 2009.

Differences between the LM and the Financial Statements

When reading the financial statements, please remember that the federal Form LM-2 that AMO filed with the Department of Labor requires that revenue “*must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.*” The financial statements are prepared on the accrual basis of accounting which complies with accounting principles generally accepted in the United States of America (GAAP). Therefore revenue is recognized when earned versus when received and expenses are recorded when incurred regardless of when they are paid.

Analysis of Revenue for the Fiscal Years Ended March 31, 2010 and 2009

Total revenue earned by AMO increased by approximately \$1 million (10% increase) from the 2008-2009 year to the 2009-2010 year (*Statement of Activities - Page 4*). The composition of the increase is stated below:

- Revenue from dues and initiations increased approximately \$190,000 (4% increase) from the 2008-2009 to 2009-2010.
- Employment office revenue, which is the reimbursement by AMO Joint Employment Committee for expenses associated with functions of the employment office, increased by over \$805,000.



Analysis of Expenses for the Fiscal Years Ended March 31, 2010 and 2009

Total expenses decreased by \$1.7 million. The detail for the expenses is itemized on page 16 - *Schedules of Expenses*.

- **Legal costs** associated with AMO's defense in various litigation matters is included in the \$1.9 million incurred during 2008-2009. With the completion of these matters, legal expenses during 2009-2010 decreased to \$395,353, resulting in a saving of \$1.5 million. Included in the 2009-2010 amount is one-time services rendered by legal counsel for its representation in connection with the Department of Labor's I-CAP audit.
- **Travel and meeting** expenses decreased by approximately \$312,000 from 2008-2009, a drop of approximately 30%.
- **Auditing fees** paid to Buchbinder Tunick & Company LLP decreased by approximately \$55,000 because the firm incurred time and expenses associated with the litigation referred to above.
- **Payroll** decreased by approximately \$100,000.
- In addition several general overhead items decreased between the two years. These included the following:
 - **Telephone** - \$20,000
 - **Insurance** - \$15,000
 - **Overhead expenses** charged by the AMO Plans - \$21,000

Certain expenses increased for the year. These included the following:

- **Rent and occupancy** – The increase of almost \$300,000 was the result of the sale of the Florida property and therefore there was less rental income to offset the expenses incurred.
- **Data processing** – Computer and software costs increased by approximately \$328,000, however, the majority of these costs were directly reimbursed by the AMO Joint Employment Committee as part of the calculation of the employment office expenses.
- **Office expense** increased by almost \$60,000 due to an increase in printing and stationary costs.

Analysis of Other Revenues and Expenses for the Fiscal Years Ended March 31, 2010 and 2009

- **Net investment income** was approximately \$1.3 million for the 2009-2010 fiscal year and a loss of approximately \$800,000 for the 2008-2009 fiscal year.
- **Net income in equity of subsidiaries** increased to \$9,161,834 in 2009-2010 from \$257,338. The current year income included a gain of approximately \$9.7 million from the sale of the properties owned by the AMO Building Corporation of Florida and the AMO Building Corporation.
- **Arbitration awards and restitution** income of \$1,250,000 during the 2008-2009 fiscal year was the amount received from District 1-MEBA.

Analysis of the Statements of Financial Position as of March 31, 2010 and 2009– Page 3

- ***Cash and investments at fair value*** increased by just under \$7.9 million from March 31, 2009 with the receipt of the cash from the sale of the properties by the respective building corporations.
- ***Current liabilities*** dropped from \$1.7 million on March 31, 2009 to just \$318,000 a year later.

If you have any questions regarding the letter, please give us a call.

Very truly yours,


Buchbinder Tunick & Company LLP