

**DETROIT FEDERATION OF MUSICIANS
LOCAL NO. 5, A.F. OF M.**

FINANCIAL STATEMENTS
with
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT

FOR THE YEARS ENDED
MARCH 31, 2007 AND 2006

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Southfield, MI 48076-2105

**DETROIT FEDERATION OF MUSICIANS
LOCAL NO. 5, A.F. OF M.**

AUDITED FINANCIAL STATEMENTS
For the Years Ended March 31, 2007 and 2006

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Board of Trustees
Detroit Federation of Musicians, Local No. 5,
A.F. of M.

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of Detroit Federation of Musicians, Local No. 5, A.F. of M. (a nonprofit organization) as of March 31, 2007 and 2006, and the related statements of support, revenue and expenses - modified cash basis and cash flows for the years then ended. These financial statements are the responsibility of the Local's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note A2, the Local's policy is to prepare its financial statements on a modified basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principals in the United States of America. Certain revenue and related assets are recognized when received rather than when earned and certain expenses, except for depreciation and amortization of property and equipment, are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Detroit Federation of Musicians Local No. 5, A.F. of M. as of March 31, 2007 and 2006, and its support, revenue and expenses and cash flows for the years then ended, on the basis of accounting described in note A2.

*Walter, Boesky
& Associates, P.C.*

Southfield, Michigan
June 26, 2007

Detroit Federation of Musicians
Local No. 5, A.F. of M.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
(Prepared on a modified cash basis)

March 31,

	2007	2006
CURRENT ASSETS		
Cash and equivalents	\$ 493,138	\$ 558,624
Accounts receivable	9,083	18,638
Prepaid expenses	6,514	5,958
	508,735	583,220
FIXED ASSETS		
Land, building and equipment - Note C	138,659	150,733
Total Assets	\$ 647,394	\$ 733,953
LIABILITIES		
Accounts payable	\$ 1,825	\$ 1,884
Escrow, insurance and Tempo payable	16,491	18,311
Taxes and payroll deductions due	6,660	7,141
Unearned dues	85,914	87,158
Tenant security deposits	4,430	3,105
Total Liabilities	115,320	117,599
NET ASSETS		
Unrestricted		
Operating	532,074	546,536
Temporarily restricted net assets	-	69,818
Total Net Assets	532,074	616,354
Total Liabilities and Net Assets	\$ 647,394	\$ 733,953

\$ 2 DMF

The accompanying notes and accountant's audit report
are an integral part of these financial statements.

Detroit Federation of Musicians
Local No. 5, A.F. of M.

STATEMENT OF SUPPORT, REVENUES AND EXPENSES
(Prepared on a modified cash basis)

For the Year Ended March 31, 2007

	Unrestricted	Temporarily restricted	Total
REVENUES			
Support:			
Dues	\$ 175,469	\$ -	\$ 175,469
Initiation fees	3,682	-	3,682
Work dues	377,204	-	377,204
Rental income	48,281	-	48,281
Interest income	16,594	8,954	25,548
Miscellaneous income	7,649	174,404	182,053
Net assets released from restrictions			
Satisfaction of program restrictions	253,176	(253,176)	-
Total Revenues	882,055	(69,818)	812,237
EXPENSES			
Program Services:			
Member benefits	177,806	-	177,806
Union enhancement	522,326	-	522,326
Total Program Services	700,132	-	700,132
SUPPORTING SERVICES			
General and administrative	196,385	-	196,385
Total Expenses	896,517	-	896,517
Change in Net Assets	(14,462)	(69,818)	(84,280)
Net Assets, March 31, 2006	546,536	69,818	616,354
Net Assets, March 31, 2007	\$ 532,074	\$ -	\$ 532,074

The accompanying notes and accountant's audit report
are an integral part of these financial statements.

Detroit Federation of Musicians
Local No. 5, A.F. of M.

STATEMENT OF SUPPORT, REVENUES AND EXPENSES
(Prepared on a modified cash basis)

For the Year Ended March 31, 2006

	Unrestricted	Temporarily restricted	Total
REVENUES			
Support:			
Dues	\$ 174,972	\$ -	\$ 174,972
Initiation fees	6,439	-	6,439
Work dues	353,599	-	353,599
Rental income	53,849	-	53,849
Interest income	9,147	2,447	11,594
Miscellaneous income	11,055	917	11,972
Net assets released from restrictions			
Satisfaction of program restrictions	1,500	(1,500)	-
Total Revenues	610,561	1,864	612,425
EXPENSES			
Program Services:			
Member benefits	166,180	-	166,180
Union enhancement	176,732	-	176,732
Total Program Services	342,912	-	342,912
SUPPORTING SERVICES			
General and administrative	177,060	-	177,060
Total Expenses	519,972	-	519,972
Change in Net Assets	90,589	1,864	92,453
Net Assets, March 31, 2005	455,947	67,954	523,901
Net Assets, March 31, 2006	\$ 546,536	\$ 69,818	\$ 616,354

The accompanying notes and accountant's audit report
are an integral part of these financial statements.

Detroit Federation of Musicians
Local No. 5, A.F. of M.

STATEMENT OF FUNCTIONAL EXPENSES
(Prepared on a modified cash basis)

For the Year Ended March 31, 2007

	Program Services		Supporting	Total
	Member Benefits	Union Enhancement	Services	
Benefits paid to or for members:				
Affiliated organizations	\$ 131,213	\$ -	\$ -	\$ 131,213
Insurance	41,143	-	-	41,143
Kaplan Memorial Scholarship	1,000	-	-	1,000
	173,356	-	-	173,356
Compensation and related expenses:				
Compensation of officers	-	97,051	-	97,051
Other salaries and wages	-	-	61,762	61,762
Other employee benefits	-	38,820	15,688	54,508
Payroll taxes	-	8,228	6,386	14,614
	-	144,099	83,836	227,935
Accounting fees	-	-	15,863	15,863
Legal	-	-	9,886	9,886
Other professional fees	-	-	5,457	5,457
Supplies	-	-	4,986	4,986
Telephone	-	-	5,640	5,640
Postage	-	-	7,466	7,466
Occupancy	-	-	-	-
Property taxes	-	-	6,379	6,379
Utilities	-	-	17,743	17,743
Repairs and maintenance	-	-	14,791	14,791
Printing	-	11,622	-	11,622
Conventions	-	4,092	-	4,092
Advertising and public relations	-	4,126	-	4,126
Depreciation	-	-	13,493	13,493
DSO Negotiating committee expense	-	100,361	-	100,361
Negotiating committee- other	-	4,513	-	4,513
Other expenses:				
Computer services	-	-	409	409
30 yr & honor member expense	4,413	-	-	4,413
Flower and funeral expense	37	-	-	37
Insurance	-	-	7,857	7,857
Miscellaneous expense	-	-	2,579	2,579
Keynote expense	-	1,960	-	1,960
Expenses for restricted funds	-	251,553	-	251,553
	\$ 177,806	\$ 522,326	\$ 196,385	\$ 896,517

The accompanying notes and accountant's audit report
are an integral part of these financial statements.

Detroit Federation of Musicians
Local No. 5, A.F. of M.

STATEMENT OF FUNCTIONAL EXPENSES
(Prepared on a modified cash basis)

For the Year Ended March 31, 2006

	Program Services Member Benefits	Union Enhancement	Supporting Services	Total
Benefits paid to or for members:				
Affiliated organizations	\$ 111,602	\$ -	\$ -	\$ 111,602
Insurance	46,846	-	-	46,846
Nelson Memorial Fund	1,000	-	-	1,000
Kaplan Memorial Scholarship	500	-	-	500
	159,948	-	-	159,948
Compensation and related expenses:				
Compensation of officers	-	92,129	-	92,129
Other salaries and wages	-	-	54,939	54,939
Other employee benefits	-	32,027	21,390	53,417
Payroll taxes	-	7,632	5,901	13,533
	-	131,788	82,230	214,018
Accounting fees	-	-	11,480	11,480
Legal fees	-	-	1,928	1,928
Supplies	-	-	3,134	3,134
Telephone	-	-	5,768	5,768
Postage	-	-	6,057	6,057
Occupancy				
Property taxes	-	-	6,253	6,253
Utilities	-	-	21,854	21,854
Repairs and maintenance	-	-	12,048	12,048
Printing	-	8,741	-	8,741
Conventions and public relations	-	12,174	-	12,174
Depreciation	-	-	13,866	13,866
DSO Negotiating committee expense	-	19,445	-	19,445
Negotiating committee- other	-	2,144	-	2,144
Other expenses:				
Computer services	-	-	495	495
30 yr & honor member expense	4,504	-	-	4,504
Flower and funeral expense	1,728	-	-	1,728
Insurance	-	-	9,918	9,918
Miscellaneous expense	-	-	2,029	2,029
Keynote expense	-	2,440	-	2,440
	\$ 166,180	\$ 176,732	\$ 177,060	\$ 519,972

The accompanying notes and accountant's audit report
are an integral part of these financial statements.

Detroit Federation of Musicians
Local No. 5, A.F. of M.

STATEMENTS OF CASH FLOWS

For The Years Ended March 31,

	2007	2006
Cash flows from operating activities:		
Excess or revenue over expenses	\$ (84,280)	\$ 92,453
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation and amortization	13,493	13,866
(Increase) decrease in operating assets		
Accounts receivable	9,555	(6,457)
Prepaid expenses	(556)	31
(Decrease) increase in operating liabilities		
Accounts payable	(59)	1,487
Escrow, insurance and Tempo payable	(1,820)	1,762
Taxes and payroll deductions due	(481)	914
Unearned dues	(1,244)	1,244
Tenant security deposits payable	1,325	(100)
Net cash Provided (Used) by Operating Activities	(64,067)	105,200
Cash flows from investing activities:		
Purchase of equipment	(1,419)	(3,427)
Net Cash Used for Investing Activities	(1,419)	(3,427)
Net (Decrease) Increase in Cash	(65,486)	101,773
Cash and Cash Equivalents at Beginning of Year	558,624	456,851
Cash and Cash Equivalents at End of Year	\$ 493,138	\$ 558,624

The accompanying notes and accountant's audit report
are an integral part of these financial statements.

Detroit Federation of Musicians
Local No. 5, A. F. of M.

NOTES TO FINANCIAL STATEMENTS

March 31, 2007 and 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Local's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

The object of the Detroit Federation of Musicians, Local No. 5, A. F. of M. (the Local) are: to unite the musicians of Detroit and vicinity; the establishment and maintenance of minimum prices for all engagements; the enforcement of the terms of all contracts made and properly filed by its members; the advancement and conservation of the individual and collective interests of its members; the enforcement of good faith and fair dealing by and between its members, and the promotion and stimulation of a true fraternal feeling among the membership as a whole.

2. Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared on a modified cash basis. Certain revenue and related assets are recognized when received rather than when earned, and certain expenses, except payroll liabilities, rent depreciation and amortization of property and equipment, are recognized when paid rather than when the obligation is incurred.

3. Estimates

The preparation of financial statements in a modified cash basis of accounting requires the Local to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

4. Depreciation and Amortization

Depreciation and amortization are provided for in amounts sufficient to relate the cost of property and equipment to operations over their estimated service lives on the straight-line method.

5. Income Taxes

The Local is exempt from Federal income taxes under section 501(c)(5) of the Internal Revenue Code.

6. Financial Statement Presentation

The financial statement presentation follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Local is required to report information regarding its

Detroit Federation of Musicians
Local No. 5, A. F. of M.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2007 and 2006

NOTE A - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)

financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Local is required to present a statement of cash flows.

7. Pension Plan

Members of the Local are covered by the American Federation of Musicians and Employers pension fund. Employer contributions to the plan are 7% of the minimum wage on all engagements when applicable, excluding the leaders' established tax liability and union obligations.

8. Cash Equivalents

For purposes of the statement of cash flows, the Local considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Local maintains its cash balances in one financial institution located in Detroit, Michigan.

9. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of the donor restrictions.

All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

There were no permanently restricted assets during the fiscal years ended March 31, 2007 and 2006.

10. Unearned Dues Revenue

The Local records unearned dues as revenues, collected in advance of the quarter to which they apply. A substantial number of the members prepay their dues for the current calendar year during the last two months of the preceding calendar year and the first few months of the current calendar year.

Detroit Federation of Musicians
Local No. 5, A. F. of M.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2007 and 2006

NOTE B - TEMPORARY RESTRICTIONS ON NET ASSETS

The temporarily restricted net assets relate to funds contributed to provide scholarships and to assist needy members of the Local.

The Ted Nelson Memorial Trust Fund was established to assist needy members afflicted with disabling medical conditions. The Executive Board has sole discretion on selection of beneficiaries. The Trust instrument places a maximum award that may be made to any one beneficiary at \$500.00.

The Dave Kaplan Memorial Scholarship fund was established from contributions to provide scholarship funds to qualifying persons for continuation of musical education.

During the fiscal year ended March 31, 2007 a donation was received from the estate of Ted Nelson in the amount of \$173,454. This donation along with the balance of temporarily restricted assets was transferred to the Detroit Musicians Fund in March 2007. The Detroit Musicians Fund is a 501(c)(3) charitable organization.

NOTE C - LAND, BUILDING, IMPROVEMENTS AND EQUIPMENT

The following is a summary of land, buildings, improvements and equipment as of March 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Land	\$ 50,000	\$ 50,000
Building and improvements	362,107	362,107
Office furniture and equipment	<u>79,040</u>	<u>83,295</u>
Total	491,147	495,402
Less accumulated depreciation	<u>352,489</u>	<u>344,669</u>
Total Land, Building Improvements and Equipment	<u>\$ 138,658</u>	<u>\$ 150,733</u>

NOTE D - AFFILIATED ORGANIZATIONS

The Detroit Federation of Musicians Local No. 5, A. F. of M. is affiliated with the American Federation of Musicians (A. F. of M.).

Detroit Federation of Musicians
Local No. 5, A. F. of M.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2007 and 2006

NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities of the Local, have been summarized on a functional basis in the statement of support, revenue and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE F - OFFICE RENT INCOME

The Local leases approximately 74.6% of its building to others. Generally, leases are for one year, renewable for additional one year periods.

NOTE G - PROVISION FOR INCOME TAXES

As highlighted in Note A, item 5, the Local is nonprofit corporation exempt from federal income tax under Internal Revenue Service Code 501(c)(5). The Local is, however, subject to income tax on its unrelated business income. As of March 31, 2007 and 2006 a provision for federal income taxes was not required.

NOTE H - CONCENTRATION OF RISK

The Detroit Symphony Orchestra employs a substantial number of the Local's members. The percentage of total work dues received from such members for the fiscal years ended March 31, 2007 and 2006 were approximately 77%.