

**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, 2009 AND 2008

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

**AUDITED FINANCIAL STATEMENTS
For the Years Ended March 31, 2009 and 2008**

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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, 2009 and 2008, 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, 2009 and 2008, 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 17, 2009

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,

	2009	2008
CURRENT ASSETS		
Cash and equivalents	\$ 557,499	\$ 518,331
Accounts receivable	9,061	11,724
Prepaid expenses	6,261	5,925
	572,821	535,980
FIXED ASSETS		
Land, building and equipment – Note C	117,584	127,000
	572,821	535,980
Total Assets	\$ 690,405	\$ 662,980
LIABILITIES		
Accounts payable	\$ 1,678	\$ 1,829
Escrow, insurance and Tempo payable	10,742	12,673
Taxes and payroll deductions due	4,726	6,067
Unearned dues	79,422	82,647
Tenant security deposits	1,885	4,375
	98,453	107,591
Total Liabilities	98,453	107,591
NET ASSETS		
Unrestricted		
Operating	591,952	555,389
	591,952	555,389
Total Net Assets	591,952	555,389
Total Liabilities and Net Assets	\$ 690,405	\$ 662,980

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, 2009

	Unrestricted	Temporarily restricted	Total
REVENUES			
Support:			
Dues	\$ 158,141	\$ -	\$ 158,141
Initiation fees	2,217	-	2,217
Work dues	355,049	-	355,049
Rental income	40,074	-	40,074
Interest income	11,537	-	11,537
Miscellaneous income	12,099	-	12,099
Net assets released from restrictions			
Satisfaction of program restrictions	-	-	-
	579,117	-	579,117
Total Revenues			
EXPENSES			
Program Services:			
Member benefits	154,803	-	154,803
Union enhancement	207,011	-	207,011
	361,814	-	361,814
Total Program Services			
SUPPORTING SERVICES			
General and administrative	180,740	-	180,740
	542,554	-	542,554
Total Expenses			
Change in Net Assets	36,563	-	36,563
Net Assets, March 31, 2008	555,389	-	555,389
Net Assets, March 31, 2009	\$ 591,952	\$ -	\$ 591,952

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, 2008

	Unrestricted	Temporarily restricted	Total
REVENUES			
Support:			
Dues	\$ 171,743	\$ -	\$ 171,743
Initiation fees	2,922	-	2,922
Work dues	359,390	-	359,390
Rental income	57,015	-	57,015
Interest income	15,952	-	15,952
Miscellaneous income	12,837	-	12,837
Net assets released from restrictions			
Satisfaction of program restrictions	-	-	-
	619,859	-	619,859
Total Revenues			
EXPENSES			
Program Services:			
Member benefits	168,497	-	168,497
Union enhancement	228,770	-	228,770
	397,267	-	397,267
Total Program Services			
SUPPORTING SERVICES			
General and administrative	199,277	-	199,277
	596,544	-	596,544
Total Expenses			
Change in Net Assets	23,315	-	23,315
Net Assets, March 31, 2008	532,074	-	532,074
Net Assets, March 31, 2009	\$ 555,389	\$ -	\$ 555,389

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, 2009

	<u>Member</u> <u>Benefits</u>	<u>Union</u> <u>Enhancement</u>	<u>Supporting</u> <u>Services</u>	<u>Total</u>
Benefits paid to or for members:				
Affiliated organizations	\$ 117,018	\$ -	\$ -	\$ 117,018
Insurance	32,361	-	-	32,361
Kaplan Memorial Scholarship	-	-	-	-
	<u>149,379</u>	<u>-</u>	<u>-</u>	<u>149,379</u>
Compensation and related expenses:				
Compensation of officers	-	112,908	-	112,908
Other salaries and wages	-	-	50,352	50,352
Other employee benefits	-	40,017	17,893	57,910
Payroll taxes	-	9,256	4,138	13,394
	<u>-</u>	<u>162,181</u>	<u>72,383</u>	<u>234,564</u>
Accounting fees	-	-	11,345	11,345
Legal	-	-	1,240	1,240
Supplies	-	-	3,909	3,909
Telephone	-	-	6,038	6,038
Postage	-	-	6,739	6,739
Occupancy				
Property taxes	-	-	5,837	5,837
Utilities	-	-	22,573	22,573
Repairs and maintenance	-	-	21,919	21,919
Printing	-	9,966	-	9,966
Conventions	-	6,955	-	6,955
Advertising and public relations	-	4,845	-	4,845
Depreciation	-	-	13,191	13,191
DSO Negotiating committee expense	-	19,159	-	19,159
Negotiating committee- other	-	1,302	-	1,302
Other expenses:				
30 yr & honor member expense	4,150	-	-	4,150
Flower and funeral expense	1,274	-	-	1,274
Insurance	-	-	8,972	8,972
Miscellaneous expense	-	-	6,594	6,594
Keynote expense	-	2,603	-	2,603
	<u>\$ 154,803</u>	<u>\$ 207,011</u>	<u>\$ 180,740</u>	<u>\$ 542,554</u>

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, 2008

	Program Services Member Benefits	Union Enhancement	Supporting Services	Total
Benefits paid to or for members:				
Affiliated organizations	\$ 128,674	\$ -	\$ -	\$ 128,674
Insurance	33,604	-	-	33,604
Kaplan Memorial Scholarship	-	-	-	-
	<u>162,278</u>	<u>-</u>	<u>-</u>	<u>162,278</u>
Compensation and related expenses:				
Compensation of officers	-	99,565	-	99,565
Other salaries and wages	-	-	52,200	52,200
Other employee benefits	-	38,614	19,948	58,562
Payroll taxes	-	9,879	5,083	14,962
	<u>-</u>	<u>148,058</u>	<u>77,231</u>	<u>225,289</u>
Accounting fees	-	-	12,890	12,890
Legal	-	-	1,869	1,869
Other professional fees	-	-	150	150
Supplies	-	-	3,578	3,578
Telephone	-	-	5,462	5,462
Postage	-	-	6,870	6,870
Occupancy				
Property taxes	-	-	6,817	6,817
Utilities	-	-	21,411	21,411
Repairs and maintenance	-	-	25,211	25,211
Printing	-	9,755	-	9,755
Conventions	-	6,617	-	6,617
Advertising and public relations	-	6,205	-	6,205
Depreciation	-	-	13,265	13,265
DSO Negotiating committee expense	-	53,944	-	53,944
Negotiating committee- other	-	1,968	-	1,968
Other expenses:				
Computer services	-	-	214	214
30 yr & honor member expense	5,025	-	-	5,025
Flower and funeral expense	1,194	-	-	1,194
Insurance	-	-	12,083	12,083
Miscellaneous expense	-	-	12,226	12,226
Keynote expense	-	2,223	-	2,223
	<u>\$ 168,497</u>	<u>\$ 228,770</u>	<u>\$ 199,277</u>	<u>\$ 596,544</u>

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,

	2009	2008
Cash flows from operating activities:		
Excess or revenue over expenses	\$ 36,563	\$ 23,315
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:		
Depreciation and amortization	13,191	13,265
(Increase) decrease in operating assets		
Accounts receivable	2,663	(2,641)
Prepaid expenses	(336)	589
(Decrease) increase in operating liabilities		
Accounts payable	(151)	4
Escrow, insurance and Tempo payable	(1,931)	(3,818)
Taxes and payroll deductions due	(1,341)	(593)
Unearned dues	(3,225)	(3,267)
Tenant security deposits payable	(2,490)	(55)
Net cash Provided (Used) by Operating Activities	42,943	26,799
Cash flows from investing activities:		
Purchase of equipment	(3,775)	(1,606)
Net Cash Used for Investing Activities	(3,775)	(1,606)
Net Increase (Decrease) in Cash	39,168	25,193
Cash and Cash Equivalents at Beginning of Year	518,331	493,138
Cash and Cash Equivalents at End of Year	\$ 557,499	\$ 518,331

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, 2009 and 2008

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, 2009 and 2008

NOTE A - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)

6. Financial Statement Presentation - 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, but the deposits within the financial institution are shared with other banks in order not to exceed \$100,000 with any one institution.

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 or temporarily restricted assets during the fiscal years ended March 31, 2009 and 2008.

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, 2009 and 2008

NOTE B – LAND, BUILDING, IMPROVEMENTS AND EQUIPMENT

The following is a summary of land, buildings, improvements and equipment as of March 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Land	\$ 50,000	\$ 50,000
Building and improvements	364,958	362,107
Office furniture and equipment	<u>81,571</u>	<u>80,647</u>
Total	496,529	492,754
Less accumulated depreciation	<u>378,945</u>	<u>365,754</u>
Total Land, Building Improvements and Equipment	<u>\$ 117,584</u>	<u>\$ 127,000</u>

NOTE C - 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.).

NOTE D - 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 E – 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 F – 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, 2009 and 2008 a provision for federal income taxes was not required.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2009 and 2008

NOTE G - CONCENTRATION OF RISK

The Detroit Symphony Orchestra employs a number of the Local's members. The percentage of total work dues received from such members for the fiscal years ended March 31, 2009 and 2008 were approximately 77%.

NOTE H - TEMPORARILY RESTRICTED ASSETS

The Local did not have any temporarily restricted assets for the fiscal years ended March 31, 2009 and 2008.