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FINANCIAL STATEMENTS

UBG, INC.

DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

March 27, 2008

Board of Directors
UBG, Inc.
8000 E. Jefferson Avenue
Detroit, Michigan 48214

Board of Directors:

We have audited the accompanying statement of assets, liabilities and stockholders' equity-modified cash basis of UBG, Inc. as of December 31, 2007, and the related statement of revenue and expenses-modified cash basis for the six months and year then ended. These financial statements are the responsibility of the Company'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 as established by the AICPA's Auditing Standards Board. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

The company prepares its financial statements on the modified cash basis. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Consequently, some revenues and related assets are recognized when received, rather than when earned, and some expenditures and liabilities are recognized when paid, rather than when the obligation is incurred.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and stockholders' equity of UBG, Inc. as of December 31, 2007 and its revenue and expenses and changes in stockholders' equity for the six months and year then ended on the modified cash basis of accounting.

Very truly yours,



CERTIFIED PUBLIC ACCOUNTANTS

UBG, INC.
STATEMENT OF ASSETS, LIABILITIES, AND STOCKHOLDERS' EQUITY-MODIFIED CASH BASIS
AS OF
DECEMBER 31, 2007

ASSETS

CURRENT ASSETS:

Cash in Bank	\$ 271,479.93
Inventory	<u>42,698.19</u>

TOTAL CURRENT ASSETS \$ 314,178.12

TOTAL ASSETS \$ 314,178.12

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 39,871.16
Payroll Taxes Payable	980.08
Sales Tax Payable	77.10
Gift Certificates Payable	<u>11,304.90</u>

TOTAL CURRENT LIABILITIES \$ 52,233.24

LONG-TERM LIABILITIES:

Loan Payable-International	
Union-U.A.W.	<u>\$ 4,391,000.00</u>

TOTAL LONG-TERM LIABILITIES 4,391,000.00

TOTAL LIABILITIES \$ 4,443,233.24

STOCKHOLDERS' EQUITY:

Capital Stock \$ 100,000.00

Retained Earnings:

Balance - January 1, 2007	\$ (3,621,971.38)
Net Loss for the Period	<u>(607,083.74)</u>

Balance-December 31, 2007 (4,229,055.12)

TOTAL STOCKHOLDERS' EQUITY (4,129,055.12)

TOTAL LIABILITIES AND
STOCKHOLDERS' EQUITY \$ 314,178.12

*See accompanying notes and accountants' report.

EXHIBIT "A"

UBG, INC.
STATEMENT OF REVENUE AND EXPENSES-MODIFIED CASH BASIS

	SIX MONTHS ENDED JUNE 30, 2007	SIX MONTHS ENDED DEC. 31, 2007	YEAR ENDED DEC. 31, 2007
INCOME:			
Golf Operations	\$ 191,814.47	\$ 438,801.55	\$ 630,616.02
Restaurant	113,180.11	185,684.84	298,864.95
Pro Shop	47,264.40	48,477.18	95,741.58
Interest	182.36	707.14	889.50
TOTAL INCOME	<u>\$ 352,441.34</u>	<u>\$ 673,670.71</u>	<u>\$ 1,026,112.05</u>
OPERATING EXPENSE:			
MAINTENANCE:			
Wages	\$ 116,612.10	\$ 157,483.24	\$ 274,095.34
Employee Benefits	31,536.50	26,152.54	57,689.04
Travel	6,784.62	5,755.51	12,540.13
Chemicals	24,648.18	24,711.51	49,359.69
Equipment Rental	(398.75)	621.00	222.25
Fertilizer	20,542.53	10,403.08	30,945.61
Fuel and Oil	4,846.00	13,525.63	18,371.63
Irrigation Maintenance	1,202.37	7,066.67	8,269.04
Repairs and Maintenance-Building	1,049.67	(630.81)	418.86
Repairs and Maintenance-Equipment	6,491.54	9,344.17	15,835.71
Supplies-Maintenance	100.94	1,085.96	1,186.90
Membership Dues	1,000.00	190.00	1,190.00
Education/Registration	100.00	75.00	175.00
Sand	1,332.57	5,343.99	6,676.56
Seed and Sod	333.90	19.08	352.98
Landscaping	1,048.76	984.60	2,033.36
Vacation Trust Fund	6,146.33	11,122.85	17,269.18
Pension Trust Fund	6,146.33	11,122.87	17,269.20
Insurance Trust Fund	19,755.47	51,160.33	70,915.80
Professional Services	127.45	964.20	1,091.65
Small Tools	-	174.84	174.84
Supplies	1,472.79	484.83	1,957.62
Taxes-Payroll	17,134.88	17,844.72	34,979.60
Telephone	504.08	386.05	890.13
Uniforms	440.50	63.75	504.25
Utilities	4,007.67	10,549.01	14,556.68
TOTAL MAINTENANCE EXPENSE	<u>\$ 272,966.43</u>	<u>\$ 366,004.62</u>	<u>\$ 638,971.05</u>

*See accompanying notes and accountants' report.

EXHIBIT "B"
(Continued 1)

UBG, INC.
STATEMENT OF REVENUE AND EXPENSES-MODIFIED CASH BASIS

OPERATING EXPENSE: (Continued)	SIX MONTHS ENDED	SIX MONTHS ENDED	YEAR ENDED
GOLF OPERATIONS:	<u>JUNE 30, 2007</u>	<u>DEC. 31, 2007</u>	<u>DEC. 31, 2007</u>
Wages	\$ 112,352.79	\$ 126,723.07	\$ 239,075.86
Employee Benefits	45,121.35	46,481.48	91,602.83
Travel	7,250.80	6,287.32	13,538.12
Advertising	23,792.01	13,036.61	36,828.62
Fees and Expenses	3,925.53	12,202.84	16,128.37
Insurance	5,542.00	6,775.00	12,317.00
Insurance-Workers' Compensation	4,552.44	7,645.24	12,197.68
Repairs and Maintenance-Equipment	13,998.19	-90.00	13,908.19
Membership Dues	2,172.00	199.00	2,371.00
Postage and Freight	442.24	461.30	903.54
Printing	1,614.50	940.67	2,555.17
Professional Services	10,741.60	385.86	11,127.46
Supplies	43.61	2,196.15	2,239.76
Taxes-Payroll	13,162.56	13,845.36	27,007.92
Taxes-Sales and Use	203.39	319.94	523.33
Telephone	4,119.52	3,645.47	7,764.99
Uniforms	888.62	108.66	997.28
Utilities	9,841.80	22,575.30	32,417.10
Cash Over and Short	(2,015.26)	2,017.24	1.98
TOTAL GOLF OPERATIONS EXPENSE	<u>\$ 257,749.69</u>	<u>\$ 265,756.51</u>	<u>\$ 523,506.20</u>
 RESTAURANT:			
Cost of Sales	\$ 29,534.53	\$ 70,535.37	\$ 100,069.90
Wages	69,238.03	103,950.91	173,188.94
Employee Benefits	36,843.80	52,785.91	89,629.71
Advertising	1,148.82	1,758.57	2,907.39
Fees and Expenses	1,997.50	-	1,997.50
Licenses and Permits	466.00	-	466.00
Meals and Entertainment	83.01	-	83.01
Professional Services	1,343.02	1,958.04	3,301.06
Repairs and Maintenance	877.59	255.36	1,132.95

*See accompanying notes and accountants' report.

EXHIBIT "B"
(Continued 2)

UBG, INC.
STATEMENT OF REVENUE AND EXPENSES-MODIFIED CASH BASIS

	SIX MONTHS ENDED JUNE 30, 2007	SIX MONTHS ENDED DEC. 31, 2007	YEAR ENDED DEC. 31, 2007
OPERATING EXPENSE: (Continued)			
RESTAURANT: (Continued)			
Supplies	\$ 1,466.62	\$ 8,015.10	\$ 9,481.72
Taxes-Payroll	14,888.69	17,555.57	32,444.26
Uniforms	1,215.98	72.50	1,288.48
Utilities	84.40	454.83	539.23
Cash Over and Short	(31.02)	(9.51)	(40.53)
TOTAL RESTAURANT EXPENSE	<u>\$ 159,156.97</u>	<u>\$ 257,332.65</u>	<u>\$ 416,489.62</u>
PRO SHOP:			
Cost of Sales	\$ 22,360.51	\$ 31,868.41	\$ 54,228.92
TOTAL PRO SHOP EXPENSE	<u>\$ 22,360.51</u>	<u>\$ 31,868.41</u>	<u>\$ 54,228.92</u>
TOTAL OPERATING EXPENSE	<u>\$ 712,233.60</u>	<u>\$ 920,962.19</u>	<u>\$ 1,633,195.79</u>
NET PROFIT OR (LOSS)	<u>\$ (359,792.26)</u>	<u>\$ (247,291.48)</u>	<u>\$ (607,083.74)</u>

*See accompanying notes and accountants' report.

EXHIBIT "B"
(Concluded 3)

UBG, INC.
NOTES TO FINANCIAL STATEMENTS

NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

UBG, Inc. operates a golf course and related pro shop, food, beverage and recreation services in northern Michigan. The golf course is available for use by the public and members, family of members and retirees of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

Methods of Accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting. This basis differs from U.S. generally accepted accounting principles primarily because some revenues and assets are recognized when received, rather than when earned and some expenditures and liabilities are recognized when paid, rather than when the obligation is incurred.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Accounts Receivable:

The Company extends credit to certain customers in the normal course of business. Accounts receivable are considered by management to be fully collectible and accordingly no allowance for doubtful accounts has been recorded.

Inventory:

Inventory is stated at the lower of cost or market.

INCOME TAXES:

At December 31, 2007, the Company had operating loss carryforwards of approximately \$4,227,531.00 available to offset future taxable income. These net operating loss carryforwards expire fifteen years from the year in which the losses were incurred at various intervals through fiscal year 2020.

COMMON STOCK:

60,000 shares of no par common stock are authorized. 1,000 shares are issued and outstanding at December 31, 2007.

CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS:

UBG, Inc. maintains cash balances in a financial institution located in Detroit, Michigan. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000.00. At December 31, 2007, the Company's uninsured cash balance totaled \$82,754.47.

UBG, INC.
NOTES TO FINANCIAL STATEMENTS

RELATED PARTY:

UBG, Inc. is a wholly owned subsidiary of Union Building Corporation, a non-profit Michigan corporation. Union Building Corporation is, in turn, a wholly owned subsidiary of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

Some of UBG, Inc. management personnel's salaries, taxes, fringes and expenses were paid by the U.A.W. International Union. UBG, Inc. then reimbursed U.A.W. International Union for salaries, taxes, fringes and expenses for personnel related to UBG, Inc.'s activities.

The fixed assets and property used by UBG, Inc. are held by Union Building Corporation, a related party. The rent expense for those fixed assets and property for the six months and year ended December 31, 2007 is zero.

NOTE PAYABLE:

The unsecured non-interest bearing demand note is payable to the Company's sole shareholder. The balance of the note on December 31, 2007 was \$4,391,000.00.

PENSION PLAN:

Some of the Company's ground crew and equipment maintenance employees are participants in the Operating Engineers Local 324 Pension Fund, a multi-employer plan. UBG, Inc. contributions are determined by the rate in the participation agreement. Contributions for the six months and year ended December 31, 2007 are \$11,122.87 and \$17,269.20, respectively.

Some of the Company's restaurant employees are participants in the Hotel Employees and Restaurant Employees Local 688 Pension Fund, a multi-employer plan. UBG, Inc. contributions are determined by the rate in the participation agreement. Contributions for the six months and year ended December 31, 2007 are \$2,671.52 and \$3,908.95, respectively.

The summary plan description or plan documents should be referred to for a more complete description of each plans' provisions.