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FINANCIAL STATEMENTS

UBE, INC.

DECEMBER 31, 2007

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MEMBER
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INDEPENDENT AUDITORS' REPORT

March 27, 2008

Board of Directors
UBE, 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 UBE, 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 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 the 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 UBE, 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

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

<u>ASSETS</u>			
CURRENT ASSETS:			
Cash on Hand and in Bank		\$	679,241.55
Inventory:			
Food	\$	8,421.46	
Beverage		11,724.65	
Gift Shop		62,311.38	
Guest Supplies		1,139.53	
China, Glass and Linen		<u>37,583.69</u>	
			<u>121,180.71</u>
TOTAL ASSETS		<u>\$</u>	<u>800,422.26</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES:			
Payroll Taxes and			
Deductions Payable	\$	7,827.72	
Accounts Payable		<u>21,593.07</u>	
TOTAL CURRENT LIABILITIES		\$	29,420.79
LONG-TERM LIABILITIES:			
Loan Payable-International			
Union-U.A.W.	\$	<u>19,950,000.00</u>	
TOTAL LONG-TERM LIABILITIES			<u>19,950,000.00</u>
TOTAL LIABILITIES		\$	19,979,420.79
STOCKHOLDERS' EQUITY:			
Capital Stock	\$	100,000.00	
Additional Paid in Capital		1,319,832.90	
Retained Earnings:			
Balance-January 1, 2007	\$	(11,113,006.36)	
Net Loss for the Period		<u>(9,485,825.07)</u>	
Balance-December 31, 2007		<u>(20,598,831.43)</u>	
TOTAL STOCKHOLDERS' EQUITY			<u>(19,178,998.53)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$</u>	<u>800,422.26</u>

*See accompanying notes and accountants' report.

EXHIBIT "A"

UBE, 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:			
Rooms	\$ 1,054,576.13	\$ 1,665,502.30	\$ 2,720,078.43
Food	641,836.60	1,110,711.61	1,752,548.21
Bar	87,071.50	88,394.98	175,466.48
Long Distance	8,059.90	7,936.46	15,996.36
Gift Shop	62,710.65	63,789.28	126,499.93
Miscellaneous Income	9,896.42	15,757.63	25,654.05
Campground Fees	1,062.00	25,758.00	26,820.00
Education	17,367.85	11,494.82	28,862.67
Registration Fees	19,821.02	18,688.34	38,509.36
Scholarship	100,556.24	322,276.69	422,832.93
TOTAL INCOME	<u>\$ 2,002,958.31</u>	<u>\$ 3,330,310.11</u>	<u>\$ 5,333,268.42</u>
COST OF SALES:			
Food	\$ 239,176.08	\$ 274,671.25	\$ 513,847.33
Bar	25,462.74	23,797.29	49,260.03
Long Distance	27,929.28	23,454.92	51,384.20
Gift Shop	33,934.42	49,374.09	83,308.51
Education	4,103.39	3,193.03	7,296.42
TOTAL COST OF SALES	<u>\$ 330,605.91</u>	<u>\$ 374,490.58</u>	<u>\$ 705,096.49</u>
OPERATING EXPENSES:			
Wages-Administration	\$ 260,073.96	\$ 332,685.40	\$ 592,759.36
Wages-General Labor	1,204,515.63	1,456,593.18	2,661,108.81
Travel and Meals	148,534.75	220,878.40	369,413.15
Audit Fees	11,509.50	4,427.10	15,936.60
Bank Service Fees	4,884.52	5,221.53	10,106.05
Cleaning and Laundry	17,808.21	17,132.32	34,940.53
Equipment Rental	29,571.70	28,138.13	57,709.83
Fees and Expenses	2,952.00	6,880.85	9,832.85
Furniture and Equipment	21,329.42	4,682.20	26,011.62
Glass, Silver and China	2,682.44	1,857.44	4,539.88
Linen Replacement	8,592.46	513.93	9,106.39
Insurance-Medical	984,153.17	1,151,374.93	2,135,528.10
Delta Dental of Michigan	44,237.92	36,665.92	80,903.84
Employee-Disability	64,109.78	63,934.78	128,044.56
Insurance-Group	216.00	(216.00)	-
Insurance-Life	137,463.30	120,413.94	257,877.24
Insurance-General	3,526.42	415.90	3,942.32
Insurance-Workers' Comp	72,842.47	14,419.04	87,261.51
Maintenance	177,237.59	211,170.34	388,407.93

*See accompanying notes and accountants' report.

EXHIBIT "B"
(Continued 1)

UBE, 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 EXPENSES: (Continued)			
Membership Fees and Dues	\$ 443.35	\$ -	\$ 443.35
Miscellaneous	1,717.04	1,049.79	2,766.83
Postage	842.77	2,189.99	3,032.76
Printing	651.19	1,878.60	2,529.79
Refunds of Registration Fees	300.00	75.00	375.00
Services	13,523.14	1,225.59	14,748.73
Pension Fund	300,000.00	5,610,000.00	5,910,000.00
Supplies	40,319.57	44,571.80	84,891.37
Taxes and Licenses	213,289.18	156,546.06	369,835.24
Telephone	409.39	(158.64)	250.75
Utilities	459,854.42	370,731.32	830,585.74
Waste Removal	5,894.22	7,271.40	13,165.62
Uniforms	3,968.02	3,973.23	7,941.25
TOTAL OPERATING EXPENSES	<u>\$ 4,237,453.53</u>	<u>\$ 9,876,543.47</u>	<u>\$ 14,113,997.00</u>
NET PROFIT OR (LOSS)	<u>\$ (2,565,101.13)</u>	<u>\$ (6,920,723.94)</u>	<u>\$ (9,485,825.07)</u>

*See accompanying notes and accountants' report.

EXHIBIT "B"
(Concluded 2)

UBE, INC.
NOTES TO FINANCIAL STATEMENTS

NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations:

UBE, Inc. manages, operates, and maintains The Walter and May Reuther UAW Family Education Center located at Black Lake, Cheboygan County, Michigan, situated on real property owned by the Union Building Corporation, a Michigan non-profit corporation. The Center is intended for use by the public and members, family members and retirees of 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.

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 \$20,598,394.00 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 the year 2020.

COMMON STOCK:

60,000 shares of common stock are authorized. 1,000 shares are issued and outstanding at December 31, 2007.

RELATED PARTY:

UBE, 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 UBE, Inc. management personnel's salaries, taxes, fringes and expenses were paid by the U.A.W. International Union.

The fixed assets and property used by UBE, Inc. are owned by Union Building Corporation, a related party. The rent expense for those fixed assets and property for the periods ended December 31, 2007 is zero.

UBE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE PAYABLE:

The Company has a note payable in the amount of \$19,950,000.00 due to the sole shareholder on December 31, 2007. The note bears interest at the prime rate publicly announced from time to time by Bank One, Michigan. The entire principal balance and accrued interest shall be due and payable in full in February 2013.

PENSION PLANS:

The Black Lake Employees Pension Plan is a defined benefit plan. All funds are held in a master trust at State Street Bank and Trust of Massachusetts. Participants are all UBE, Inc. employees. The plan costs are fully funded by the employer. Benefits are calculated using age and years of eligibility service. The employers contributions to the plan for the six months and year ended December 31, 2007 are \$5,610,000.00 and \$5,910,000.00, respectively.

Employees of UBE, Inc. may also participate in the OPEIU Local 494-U.A.W. Employees 401(k) Plan, a defined contribution plan. All funds are held in trust at Fidelity Management Trust Company of Massachusetts. The plan is a deferred compensation plan under Code Section 401(k). The funding is by each participant electing to have a percentage of their compensation contributed to the plan subject to the limits of Code Section 401(k). The employer makes no contributions to the plan.

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

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

UBE, 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 \$43,609.22.