

EXHIBIT 39

Case No. C 07 0943 WHA

Parrish v. National Football League Players Association, et al.

FINANCIAL STATEMENTS



NFL PLAYERS

March 1, 2006 - February 28, 2007

National Football League Players Association
PLAYERS INC

1133 20th Street Building Corporation

2021 L Street Building Corporation

**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2007

**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2007 AND 2006

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REPORT OF INDEPENDENT AUDITORS

To the Board of Player Representatives of
National Football League Players Association

We have audited the accompanying consolidated statements of financial position of the National Football League Players Association (NFLPA) and its subsidiaries as of February 28, 2007 and 2006, and the related consolidated statements of activities and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the NFLPA's management. Our responsibility is to express an opinion on these consolidated financial statements based on 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 an audit to obtain reasonable assurance about whether the consolidated 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 NFLPA's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the NFLPA's management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the National Football League Players Association and its subsidiaries as of February 28, 2007 and 2006, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits of the consolidated financial statements of National Football League Players Association and its subsidiaries for the years ended February 28, 2007 and 2006 were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional information on pages 21 through 23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities. The additional information is the responsibility of the NFLPA's management. The additional information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Washington, DC
March 7, 2007

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**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

FEBRUARY 28, 2007 AND 2006

	2007		Total	2006
	Undesignated Funds	Board Designated Funds		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 40,160,190	\$ -	\$ 40,160,190	\$ 18,291,608
Cash and cash equivalents - designated		18,534,838	18,534,838	54,287,259
Receivables				
Licensing royalties	13,585,235	-	13,585,235	4,972,669
Accrued interest receivable	298,776	-	298,776	363,996
Other	2,949,414	-	2,949,414	3,281,169
Total receivables	<u>16,833,425</u>	<u>-</u>	<u>16,833,425</u>	<u>8,617,834</u>
Other current assets				
Prepaid expenses	1,547,759	-	1,547,759	1,349,181
Property and equipment held for sale	8,197,579	-	8,197,579	
Inventory	118,185	-	118,185	120,239
Total other current assets	<u>9,863,523</u>	<u>-</u>	<u>9,863,523</u>	<u>1,469,420</u>
Total current assets	<u>66,857,138</u>	<u>18,534,838</u>	<u>85,391,976</u>	<u>82,666,121</u>
INVESTMENTS - AT FAIR VALUE	<u>8,479,150</u>	<u>102,740,247</u>	<u>111,219,397</u>	<u>70,896,290</u>
NET PROPERTY AND EQUIPMENT	<u>49,464,822</u>	<u>-</u>	<u>49,464,822</u>	<u>58,006,450</u>
OTHER ASSETS				
Security and other deposits	773,833	-	773,833	232,707
Deferred income tax asset	6,685,800	-	6,685,800	4,826,604
Assets held for deferred compensation	14,501,843	-	14,501,843	11,025,756
Intangible pension asset	2,270,133	-	2,270,133	737,679
Intangible asset - QBC	3,950,000	-	3,950,000	3,950,000
Deferred costs	457,278	-	457,278	7,137,795
Trade names	-	-	-	79,558
Less accumulated amortization of related assets	<u>(4,250,257)</u>	<u>-</u>	<u>(4,250,257)</u>	<u>(6,266,151)</u>
Total other assets	<u>24,388,630</u>	<u>-</u>	<u>24,388,630</u>	<u>21,723,948</u>
Total assets	<u>\$ 149,189,740</u>	<u>\$ 121,275,085</u>	<u>\$ 270,464,825</u>	<u>\$ 233,292,809</u>

See accompanying notes to consolidated financial statements.

**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

FEBRUARY 28, 2007 AND 2006

	2007		Total	2006
	Undesignated Funds	Board Designated Funds		
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 3,382,077	\$ -	\$ 3,382,077	\$ 2,550,228
Accrued income taxes	1,500,372	-	1,500,372	2,131,916
Royalties due to players	33,713,693	-	33,713,693	24,029,719
Player dues rebates	1,572,352	-	1,572,352	1,411,507
Deferred revenue	28,751	-	28,751	
Current portion of deed of trust note	1,612,236	-	1,612,236	1,612,236
Total current liabilities	<u>41,809,481</u>	<u>-</u>	<u>41,809,481</u>	<u>31,735,606</u>
LONG-TERM LIABILITIES				
Deferred compensation	14,501,843	-	14,501,843	11,025,756
Accrued pension liability	491,994	-	491,994	1,166,816
Due to players for settlement	598,990	-	598,990	598,990
Security deposits	336,606	-	336,606	316,041
Long term portion of deed of trust note	23,238,116	-	23,238,116	24,850,352
Total long-term liabilities	<u>39,167,549</u>	<u>-</u>	<u>39,167,549</u>	<u>37,957,955</u>
Total liabilities	80,977,030	-	80,977,030	69,693,561
MINORITY INTEREST	251,516	-	251,516	146,442
UNRESTRICTED NET ASSETS	<u>67,961,194</u>	<u>121,275,085</u>	<u>189,236,279</u>	<u>163,452,806</u>
Total liabilities and net assets	<u>\$ 149,189,740</u>	<u>\$ 121,275,085</u>	<u>\$ 270,464,825</u>	<u>\$ 233,292,809</u>

See accompanying notes to consolidated financial statements.

**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED FEBRUARY 28, 2007 AND 2006

	2007		Total	2006 Total
	Undesignated Funds	Board Designated Funds		
REVENUE				
Royalties				
Licensing	\$ 81,545,622	\$ -	\$ 81,545,622	\$ 67,072,249
Premium and player appearances	36,106,686	-	36,106,686	29,345,092
Settlement	5,000,000	-	5,000,000	5,000,000
Sponsorships	1,994,145	-	1,994,145	2,000,344
Players dues	-	18,961,665	18,961,665	18,418,563
Players dues rebates	-	(8,716,894)	(8,716,894)	(8,939,595)
Agent, financial advisors and retired membership fees	1,780,915	-	1,780,915	2,050,497
Investment income				
Interest	5,206,455	-	5,206,455	3,650,566
Net appreciation of investments	2,911,512	-	2,911,512	342,933
Rental income	3,867,569	-	3,867,569	2,259,262
Miscellaneous	93,489	-	93,489	73,429
Total revenue	<u>138,506,393</u>	<u>10,244,771</u>	<u>148,751,164</u>	<u>121,273,340</u>
EXPENSES				
Player royalties and appearances	66,739,912	-	66,739,912	54,695,341
Salaries, payroll taxes and benefits	25,669,669	-	25,669,669	17,058,973
Travel and meeting expenses	5,359,871	-	5,359,871	4,690,263
Membership services	781,987	-	781,987	669,569
Professional fees	7,850,872	-	7,850,872	6,046,020
Rent	173,831	-	173,831	239,508
Real estate taxes	898,615	-	898,615	432,229
Interest expense	1,330,691	-	1,330,691	1,188,654
Other building expenses	1,452,377	-	1,452,377	999,340
Promotion and advertising	2,879,197	-	2,879,197	2,830,794
Telephone	236,386	-	236,386	238,576
Insurance	539,479	-	539,479	609,049
Postage and delivery	531,466	-	531,466	507,547
Depreciation and amortization	2,556,099	-	2,556,099	2,289,003
Office supplies and expenses	535,007	-	535,007	419,710
Equipment rental and maintenance	296,465	-	296,465	412,133
Contributions	670,592	-	670,592	699,496
Other expenses	752,352	-	752,352	819,717
Total expenses	<u>119,254,868</u>	<u>-</u>	<u>119,254,868</u>	<u>94,845,922</u>
CHANGE IN NET ASSETS PRIOR TO MINORITY INTEREST AND INCOME TAXES	19,251,525	10,244,771	29,496,296	26,427,418
MINORITY INTEREST IN INCOME OF SUBSIDIARY	(105,074)	-	(105,074)	(69,909)
INCOME BEFORE INCOME TAXES	19,146,451	10,244,771	29,391,222	26,357,509
PROVISION FOR FEDERAL AND DC INCOME TAXES	(3,607,749)	-	(3,607,749)	(3,560,215)
NET INCREASE IN UNRESTRICTED NET ASSETS	15,538,702	10,244,771	25,783,473	22,797,294
UNRESTRICTED NET ASSETS				
Beginning of year	52,422,492	111,030,314	163,452,806	140,655,512
End of year	<u>\$ 67,961,194</u>	<u>\$ 121,275,085</u>	<u>\$ 189,236,279</u>	<u>\$ 163,452,806</u>

See accompanying notes to consolidated financial statements.

**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED FEBRUARY 28, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from licensing, dues, tenants and others	\$ 141,118,596	\$ 128,668,715
Interest received	5,271,675	3,848,479
Interest paid	(1,330,691)	(1,188,654)
Cash paid to employees, players and others	(112,379,146)	(96,512,996)
Income taxes paid	(6,098,489)	(2,914,976)
Net cash provided by operating activities	<u>26,581,945</u>	<u>31,900,568</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,441,953)	(48,608,159)
Purchase of investments	(352,226,733)	(114,335,123)
Proceeds from sale of investments	314,815,138	106,738,231
Change in designated cash and cash equivalents	35,752,421	(13,656)
Net cash used for investing activities	<u>(3,101,127)</u>	<u>(56,218,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(1,612,236)	(537,412)
Proceeds from bank loans		27,000,000
Net cash provided by (used for) financing activities	<u>(1,612,236)</u>	<u>26,462,588</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,868,582	2,144,449
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>18,291,608</u>	<u>16,147,159</u>
End of year	<u>\$ 40,160,190</u>	<u>\$ 18,291,608</u>

See accompanying notes to consolidated financial statements.

**NATIONAL FOOTBALL LEAGUE PLAYERS ASSOCIATION
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED FEBRUARY 28, 2007 AND 2006

	2007	2006
RECONCILIATION OF NET INCREASE IN UNRESTRICTED NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net increase in unrestricted net assets	<u>\$ 25,783,473</u>	<u>\$ 22,797,294</u>
Noncash revenue and expenses included in operations		
Depreciation and amortization	2,556,099	3,278,140
Net appreciation of investments	(2,911,512)	(342,933)
Minority interest in income of subsidiary	105,074	69,909
Loss on disposal of fixed assets	27,709	64,034
Change in assets and liabilities		
Licensing royalties receivable	(8,612,566)	3,347,548
Accrued interest receivable	65,220	197,913
Other receivables	331,755	(2,688,573)
Prepaid expenses	(198,578)	443,720
Intangible pension asset	(1,532,454)	734,372
Deferred costs	3,866,817	(834,154)
Deferred income tax asset	(1,859,196)	(757,208)
Inventory	2,054	70,609
Security and other deposits	(541,126)	(86,350)
Trade names	79,558	-
Accounts payable and accrued expenses	200,305	2,259,775
Royalties due to players	9,683,974	2,790,913
Members dues rebates payable	160,845	265,941
Deferred revenue	28,751	(12,082)
Accrued pension liability	(674,822)	37,282
Security deposits	20,565	264,418
Total adjustments	<u>798,472</u>	<u>9,103,274</u>
Net cash provided by operating activities	<u>\$ 26,581,945</u>	<u>\$ 31,900,568</u>

See accompanying notes to consolidated financial statements.