

**UNITY CHURCH OF APPLIED  
CHRISTIANITY, INC.  
D/B/A UNITY NORTH ATLANTA CHURCH  
REVIEW OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2008**

R. Michael LaBounty & Associates, P.C.  
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**INDEPENDENT ACCOUNTANTS' REPORT**

To the Board of Directors  
Unity of Applied Christianity, Inc.  
d/b/a Unity North Atlanta Church  
4255 Sandy Plains Road  
Marietta, GA 30066

We have reviewed the accompanying Statement of Financial Position of Unity of Applied Christianity, Inc. d/b/a Unity North Atlanta Church and the related Statements of Activities and Changes in Net Assets and Cash Flows for the year ended December 31, 2008 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Unity of Applied Christianity, Inc. d/b/a Unity North Atlanta Church.

A review consists principally of inquiries of the Church's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

*R. Michael LaBounty & Associates, P.C.*  
Atlanta, Georgia  
February 24, 2009

UNITY CHURCH OF APPLIED CHRISTIANITY, INC.  
D/B/A UNITY NORTH ATLANTA CHURCH  
**STATEMENT OF FINANCIAL POSITION**  
AS OF DECEMBER 31, 2008

**ASSETS**

**CURRENT ASSETS:**

Cash	\$	119,088
Inventory		34,714
Prepaid expenses		<u>195</u>
Total current assets		<u>153,997</u>

**FIXED ASSETS (Note A):**

Land		950,000
Buildings and improvements		2,726,652
Furniture, fixtures and equipment		<u>125,595</u>
		3,802,247
Accumulated depreciation		<u>(505,406)</u>
Total fixed assets - net		<u>3,296,841</u>
Total assets	\$	<u><u>3,450,838</u></u>

SEE ACCOMPANYING NOTES

UNITY CHURCH OF APPLIED CHRISTIANITY, INC.  
D/B/A UNITY NORTH ATLANTA CHURCH  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
AS OF DECEMBER 31, 2008

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 21,360
Accrued interest	6,597
Line of credit	50,000
Deferred revenue	10,523
Current portion of note payable	<u>48,975</u>

Total current liabilities 137,455

**LONG TERM LIABILITIES:**

Note payable	<u>2,639,952</u>
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Total liabilities 2,777,407

**NET ASSETS**

Unrestricted	601,345
Temporarily restricted	<u>72,086</u>

Total net assets 673,431

Total liabilities and net assets \$ 3,450,838

SEE ACCOMPANYING NOTES

UNITY CHURCH OF APPLIED CHRISTIANITY, INC.  
 D/B/A UNITY NORTH ATLANTA CHURCH  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
 YEAR ENDED DECEMBER 31, 2008

CHANGES IN UNRESTRICTED NET ASSETS:

REVENUES:

Contributions	\$	999,998
Workshops and events		210,171
Bookstore		96,317
Released restrictions		<u>101,479</u>
Total revenues		<u>1,407,965</u>

EXPENSES:

Administrative		364,836
Mortgage interest		202,958
Pastoral		146,426
Music and sound ministry		124,509
Events/Classes/Workshop		118,272
Tithes		114,566
Youth and family ministry		97,899
Depreciation		84,426
Bookstore		57,837
Facility		51,986
Utilities		47,738
Technology		<u>41,281</u>
Total expenses		<u>1,452,734</u>

(DECREASE) IN UNRESTRICTED NET ASSETS (44,769)

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

Contributions for specific purposes		47,901
Released restrictions		<u>(101,479)</u>

(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS: (53,578)

(DECREASE) IN NET ASSETS (98,347)

NET ASSETS AT BEGINNING OF YEAR 815,181

NET ASSETS AT THE END OF THE YEAR \$ 716,834

SEE ACCOMPANYING NOTES

UNITY CHURCH OF APPLIED CHRISTIANITY, INC.  
 D/B/A UNITY NORTH ATLANTA CHURCH  
**STATEMENT OF CASH FLOWS**  
 YEAR ENDED DECEMBER 31, 2008

<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>	
(Decrease) in net assets	\$ (98,347)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	84,426
Decrease in prepaid expenses	9,019
(Increase) in inventory	(2,291)
(Decrease) in accounts payable	(9,975)
(Decrease) in deferred revenue	(16,260)
(Decrease) in other accruals	<u>(972)</u>
Net cash provided by operating activities	<u>(34,400)</u>
<b>CASH FLOWS (USED BY) INVESTING ACTIVITIES:</b>	
Purchases of furniture and equipment	<u>(81,211)</u>
<b>CASH FLOWS (USED BY) FINANCING ACTIVITIES:</b>	
Line of credit borrowings	50,000
Repayments of long term debt	<u>(45,509)</u>
Net cash provided by financing activities	<u>4,491</u>
<b>NET (DECREASE) IN CASH</b>	(111,120)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>230,208</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 119,088</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>	
Cash paid during the year for:	
Interest	<u>\$ 202,958</u>
Income taxes	<u>\$ 0</u>

SEE ACCOMPANYING NOTES

UNITY CHURCH OF APPLIED CHRISTIANITY, INC.  
D/B/A UNITY NORTH ATLANTA CHURCH  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED DECEMBER 31, 2008

**Note A – Nature of Organization and Significant Accounting Policies**

Organization

The financial statements include the accounts of Unity Church of Applied Christianity, Inc. d/b/a Unity North Atlanta Church (the Church), a nonprofit religious organization. The Church is primarily supported through contributions from its congregation located in Marietta, Georgia.

Method of Reporting

The Church's accounts are maintained and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

The Church follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, promulgated by the Financial Accounting Standards Board. In accordance with SFAS No. 116, unconditional promises to give and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions.

The Church also follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, promulgated by the Financial Accounting Standards Board. In accordance with SFAS No. 117, the Church is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Tax Exempt Status

The Church is exempt from federal income taxes under the provisions of Section 501©(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

Property and Equipment

Property and equipment are stated at cost. Depreciation expense is calculated using the straight-line method over periods not more than 40 years. Expenditures for maintenance, repairs and improvements which do not materially prolong the life of the related asset are charged to expense. The cost of assets retired or sold and the related accumulated depreciation are removed from the accounts upon such disposition, and any gain or loss is included in income. Depreciation expense for the year ended December 31, 2008 was \$84,426.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments purchased with an original maturity of three months or less.

UNITY CHURCH OF APPLIED CHRISTIANITY, INC.  
D/B/A UNITY NORTH ATLANTA CHURCH  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED DECEMBER 31, 2008

**Note A – Nature of Organization and Significant Accounting Policies (continued)**

Contributions

The Church records gifts of property and equipment s unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Church reports expirations of donor restrictions when the donated or purchased long-lived assets are acquired and placed in service.

Accordingly, the Church reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Land held for sale, other assets and marketable equity securities acquired by gift are recorded at fair market value on the date of receipt. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time in the Church's ministry and supporting services. If donated services either created or enhanced non-financial assets or required specialized skills that would need to be purchased if not donated, the value of these donated services would be recorded in accordance with SFAS No. 116.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Risk

The Church maintains cash balances at several financial institutions. The account balances (as reflected in the institution's records) are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). There were no balances in excess of the FDIC limit at December 31, 2008. Management believes that the quality of the financial institutions with which these amounts are deposited render the risk of loss minimal.

**Note B – Line of Credit**

The Church has a line of credit with a large regional bank that allows the Church to borrow up to \$150,000. Any amounts borrowed are secured by the Church's property. The interest rate on any borrowings is the Libor rate less 1.75 percent. As of December 31, 2008, there was \$50,000 outstanding at the rate of 0.14%. The line of credit expires in June 2009.

**UNITY CHURCH OF APPLIED CHRISTIANITY, INC.**  
**D/B/A UNITY NORTH ATLANTA CHURCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2008**

**Note C – Note Payable**

During 2006, the Church restructured its existing long term debt. On May 30, 2006 the Church executed a promissory note for \$2,800,000 with a large regional bank. The note calls for monthly payments of approximately \$20,000 through May 2011. At that time, the remaining balance of the note is payable in full.

The loan payments are being amortized over 25 years at an interest rate is 7.36 percent. Interest expense was \$202,957 for 2008. The note is secured by all property of the Church. At December 31, 2008, the scheduled maturities of this note payable over the next three years are as follows:

Year ended December 31,	
2009	\$ 48,975
2010	52,703
2011	<u>2,587,249</u>
Total	<u>\$ 2,688,927</u>

**Note D – Temporarily Restricted Net Assets**

Temporarily restricted net assets are comprised of contributions the Church has received subject to donor-imposed restrictions consisting of the following at December 31, 2008:

Teen Center Fund	\$ 25,000
Information technology fund	16,590
Outreach fund	15,943
Kidsmas fund	5,869
Parking lot and bell fund	2,419
Other funds	<u>6,265</u>
Total	<u>\$ 72,086</u>