

Addendum to 2006 Annual Membership Packet Financial Information

Minister Fund

We have budgeted \$17,500 for the designated Minister's Fund for 2006. To be able to meet this additional expense, we will need to increase our revenues by the same amount. The amount in the future bulletins will reflect this:

Bulletin currently shows	\$8,561
Additional "Minister Fund" expense	\$1,458
Additional miscellaneous monthly expenses	<u>\$ 140</u>
New total monthly expenses	\$10,159

Building Maintenance

The exterior plexiglass coverings of the colored windows in the Sanctuary are cracked and loose, trapping moisture between the interior and the exterior. To date we have received one estimate of \$4,200 for repair.

Building and Land Values

Larry McKnight has suggested that we change the value on the Balance Sheet to reflect the fair market value. He has provided the board with a Consulting Report; however this is not an appraisal. A copy of this report is available for viewing in the church office.

At the November Board meeting, Larry presented what he felt a fair market range would be: \$40 to \$60 per square foot of the building area, based on comparative sale information of other churches. At the December meeting, the Board agreed to change the value shown on the Balance sheet to reflect \$50 square foot multiplied by the 8,294 square feet of the building area, which comes to \$414,700.

While researching, we checked with the Grand Rapids City Property Assessment office and found that the city lists our land value as zero because we are tax-exempt. According to an accountant, one way to arrive at a property value would be a cost history, which includes the cost to purchase the land, build, remodel, and make additions. This may have been the way it was done in the past. However, when the accounting system was moved to an in-house computer system after Rev. McPherron's arrival, the property value was entered as the insured "replacement cost".

The following historical data provides perspective on the stated value on prior Balance Sheets. No balance sheets were found before 1982. In 1982 and in 1984, there was an appraisal done by Fuller Appraisals.

1982	Church & Property	\$330,000	(Fuller Appraisals	\$330,000)
1982		\$404,221		
1983		\$405,867		
1983		\$407,692		
1984		\$419,450	(Fuller Appraisals	\$347,000)
1985		\$420,928		
1986		\$534,652		
1987		\$436,193		
1990		\$624,825		
1991		\$625,385		
1992		\$644,763		
1992	Building & Improvements	\$517,824	Land & Improvements	\$126,939
1999	Building & Improvements	\$517,824	Land	\$126,939
2001	Building	\$655,000	Land	\$131,130
2003	Building	\$715,000	Land	\$131,130

A concern originated when Rev. McPherron and others went to the bank seeking information about a loan. Although this action was taken without knowledge of the full Board, an appraisal and the approval of the church Membership would have been required for a loan.

According to our By-Laws, 5.03(c) (1) [g] (page 7), it is the responsibility of the Board to:

“Make recommendations to the Membership for the sale, pledge or proposed financing of real property owned and/or used for the operation of Unity Church where the value or amount in question exceeds Twenty-five Thousand Dollars (\$25,000), and submit such recommendations for a vote by the Membership at a properly called meeting in the manner specified in Sections 4.04 (a) (5) and 4.05 (f)(2) of these Bylaws. “

At that time, some individuals were concerned that the church might dissolve. According to our By-Laws, 8.01 Dissolution, (page 11)

“Should this corporation dissolve, all property and funds remaining after payment of the debts of the corporation shall be delivered to the Association. Such funds or property shall be for the use and benefit of the Association as may be determined by the Board of Trustees. Upon re-establishment of a Unity church or center in northwest Grand Rapids, Michigan, the Association shall make available to said church an amount of money equivalent to that received from the dissolution.”

It is the Board’s intention to remain debt free, and our successful year hopefully alleviates any fear of Unity’s dissolution. Changing the Fixed Asset Value does not affect our cash flow. Currently the Balance Sheet is used only for internal purposes. However, should a loan be sought in the future, an appraisal would be required by the financial institution and would become a Board priority.