

UNITY BANCORP INC /DE/  
Form 10-Q/A  
December 18, 2003

DRAFT: 12/17/03

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-Q/A

(Amendment No. 1)

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED September 30, 2003**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM                      TO                      .**

**Commission file number 1-12431**

## Unity Bancorp, Inc.

(Exact Name of registrant as specified in its charter)

**New Jersey**  
(State or other jurisdiction  
of incorporation or organization)

**64 Old Highway 22, Clinton, NJ**  
(Address of principal executive offices)

**22-3282551**  
(I.R.S. Employer  
Identification No.)

**08809**  
(Zip Code)

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Registrant's telephone number, including area code **(908) 730-7630**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934, as amended, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12 b-2 of the Exchange Act) Yes  No

The number of shares outstanding of each of the registrant's classes of common equity stock, as of October 31, 2003: common stock, no par value: 5,407,017 shares outstanding

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Amendment No. 1

Signatures

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AMENDMENT NO. 1

The undersigned hereby amends the following items, financial statements, exhibits or other portions of Part I of the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003 of Unity Bancorp, Inc., (filed with the Securities and Exchange Commission on November 19, 2003 [the Original Form 10-Q ]) as set forth in the pages attached hereto:

Item 1. Consolidated Financial Statements Note 1 to Accompanying Notes to Consolidated Financial Statements.

Item 1. Consolidated Financial Statements Note 4 to the Accompanying Notes to Consolidated Financial Statements.

Item 1.-Consolidated Financial Statements- Note 1 to the Accompanying Notes to Consolidated Financial Statements

Note 1 to the Accompanying Notes to Consolidated Financial Statements contained in the Original Form 10-Q is hereby deleted in its entirety and the following substituted in lieu thereof:

**Unity Bancorp, Inc**

**Notes to the Consolidated Financial Statements (Unaudited)**

**September 30, 2003**

**NOTE 1. Summary of Significant Accounting Policies**

The accompanying consolidated financial statements include the accounts of Unity Bancorp, Inc. (the Parent Company ) and its wholly-owned subsidiaries, Unity (NJ) Statutory Trust I and Unity Bank (the Bank , or when consolidated with the Parent Company, the Company ), reflect all adjustments and disclosures which are, in the opinion of management, necessary for a fair presentation of interim results. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. The financial information has been prepared in accordance with generally accepted accounting principles and has not been audited. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the dates of the statements of financial condition and revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant changes related to the determination of the allowance for loan losses. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions in the market. The interim unaudited consolidated financial statements included herein have been prepared in accordance with instructions for Form 10-Q and the rules and regulations of the Securities and Exchange Commission ( SEC ). The results of operations for the three and nine months ended September 30, 2003 are not necessarily indicative of the results which may be expected for the entire year. As used in this Form 10-Q, we and us and our refer to Unity Bancorp, Inc and its consolidated subsidiaries, Unity Bank and Unity (NJ) Statutory Trust I, depending on the context. Interim financial statements should be read in conjunction with the Company s consolidated financial statements and notes thereto for the year ended December 31, 2002, included in the Company s Annual Report on Form 10-K for the year ended December 31, 2002.

The Company applies Accounting Principles Board Opinion 25 and related Interpretations in accounting for its Option Plans. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans have an exercise price equal to the market value of their underlying common stock on the date of grant. The following is the expanded disclosure of SFAS 148, for the three and nine months ended September 30, 2003 and 2002.

**SFAS 148 Proforma Restatement**

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| (In thousands, except per share data)          | Three months ended<br>September 30, |         | Nine months ended<br>September 30, |          |
|--|-------------------------------------|---------|------------------------------------|----------|
|  | 2003                                | 2002    | 2003                               | 2002     |
| Net income to common shareholders as reported: |                                     |         |                                    |          |
| As reported                                    | \$ 1,302                            | \$ 954  | \$ 3,669                           | \$ 2,677 |
| Pro forma                                      | 1,254                               | 877     | 3,525                              | 2,446    |
| Income per share:                              |                                     |         |                                    |          |
| Basic as reported                              | \$ 0.24                             | \$ 0.17 | \$ 0.68                            | \$ 0.49  |
| Basic Pro forma                                | 0.23                                | 0.16    | 0.65                               | 0.46     |
| Diluted as reported                            | \$ 0.23                             | \$ 0.16 | \$ 0.65                            | \$ 0.46  |
| Diluted Pro forma                              | 0.22                                | 0.15    | 0.62                               | 0.42     |

Item 1. Consolidated Financial Statements Note 4 to the Accompanying Notes to Consolidated Financial Statements

The following is hereby added after Note 4 to the Accompanying Notes to Consolidated Financial Statements:

**NOTE 5. Subsequent Events**

The Audit Committee of the Company has completed its inquiry concerning certain expense reimbursement requests and other actions taken by its President. The results of such inquiry will not require any adjustments to the Company's financial statements for any previously reported interim or annual periods due to such expense reimbursement requests or other actions. The Company is currently evaluating the findings of its Audit Committee's inquiry and, among other things, will determine an appropriate course of action as it relates to the Company's President. The President remains on a leave of absence pending completion of such evaluation. The Company estimates that the cost of the inquiry will be approximately \$650,000 and will be recognized in the fourth quarter of 2003.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**UNITY BANCORP, INC.**

Dated: December 18, 2003

By: /s/ James A. Hughes

**JAMES A. HUGHES,**

Executive Vice President and Chief Financial Officer



EXHIBIT INDEX

QUARTERLY REPORT ON FORM 10-Q/A

(Amendment No. 1)

| <b>EXHIBIT NO.</b> | <b>DESCRIPTION</b>   |
|--------------------|--|
| 31.1               | Exhibit 31.1-Certification of David D. Dallas Required by Rule 13a-14(a) or Rule 15d-14(a) and section 302 of the Sarbanes-Oxley Act of.   |
| 31.2               | Exhibit 31.2-Certification of James A. Hughes Required by Rule 13a-14(a) or Rule 15d-14(a) and section 302 of the Sarbanes-Oxley Act of 2002.  |
| 32.1               | Exhibit 32.1-Certification of David D. Dallas and James A. Hughes Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 |