

**WISCONSIN ANNUAL CONFERENCE
THE UNITED METHODIST CHURCH
Sun Prairie, Wisconsin
FINANCIAL STATEMENTS
and
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

For the Years Ended December 31, 2007 and 2006

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[Editor's Note: The Audit Report was provided to the Conference Secretary as a Microsoft Word document and a Microsoft Excel spreadsheet. The report has been formatted to fit the size of the Journal page. In all other respects it is identical to the printed report provided by the Independent Auditors.]

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Wisconsin Annual Conference

The United Methodist Church

Sun Prairie, Wisconsin

We have audited the accompanying statements of financial position of the Wisconsin Annual Conference of The United Methodist Church as of December 31, 2007 and 2006, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wisconsin Annual Conference of The United Methodist Church as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Madison, Wisconsin

June 6, 2008

SMITH & GESTELAND, LLP

WISCONSIN ANNUAL CONFERENCE, THE UNITED METHODIST CHURCH

Sun Prairie, Wisconsin

STATEMENTS OF FINANCIAL POSITION

December 31

	Undesignated Fund	Group Health Benefit Fund	Pension & Benefits Fund	Designated Fund	Eliminations	Total All Funds
						2007
						2006
ASSETS						
Current assets						
Cash and cash equivalents held by Conference	\$ 529,020	\$ 1,898,705	\$ 101,307	\$ 145,158	\$	\$ 2,674,190
Due from local churches	866,486		8,723			875,209
Current portion of loans, notes, and mortgages receivable				42,473	(875,509)	74,839
Interfund receivables	197,985	650,145		27,379		
Other current assets	158,308	215,090	2,572	25,241		401,211
Total current assets	<u>1,751,799</u>	<u>2,763,940</u>	<u>112,602</u>	<u>240,251</u>	<u>(875,509)</u>	<u>3,993,083</u>
Investments, long-term receivables, and other assets						
Investments with Foundation				10,872,504		10,872,504
Deposits held by General Board of Pension and Health Benefits			4,952,478			4,952,478
Loans, notes, and mortgages receivable, net of current portion	12,863			614,465		627,328
Other assets	900					900
Total investments, long-term receivables, and other assets	<u>13,763</u>	<u></u>	<u>4,952,478</u>	<u>11,486,969</u>	<u></u>	<u>16,453,210</u>
Property and equipment						
Fixed assets held for sale or church development	541,150			100,000		641,150
Property and equipment	3,828,291			2,965,776		6,794,067
Less accumulated depreciation	(1,609,059)			(391,741)		(2,000,800)
Total property and equipment	<u>2,760,382</u>	<u></u>	<u></u>	<u>2,674,035</u>	<u></u>	<u>5,434,417</u>
Total assets	<u>\$ 4,525,944</u>	<u>\$ 2,763,940</u>	<u>\$ 5,065,080</u>	<u>\$ 14,401,255</u>	<u>\$ (875,509)</u>	<u>\$ 25,880,710</u>
						<u>\$ 22,942,192</u>

	Undesignated Fund	Group Health Benefit Fund	Pension & Benefits Fund	Designated Fund	Eliminations	Total All Funds	
						2007	2006
LIABILITIES							
Current liabilities							
Trade payables	\$ 300,324	\$ 4,308	\$	\$ 6,759	\$	\$ 311,391	\$ 306,555
Unearned premiums		335,566				335,566	310,870
Interfund payables	677,298		13,933	184,278	(875,509)		
Other current liabilities	64,705					64,705	59,434
Current portion of long-term debt	35,053					35,053	33,336
Current portion of Group Health Benefit Plan obligations		1,120,189				1,120,189	999,887
Total current liabilities	1,077,380	1,460,063	13,933	191,037	(875,509)	1,866,904	1,710,082
Long-term liabilities							
Note payable, net of current portion	193,378					193,378	228,470
Group Health Benefit Plan obligations, net of current portion		23,083,456				23,083,456	23,356,896
Total long-term liabilities	193,378	23,083,456				23,276,834	23,585,366
Total liabilities	1,270,758	24,543,519	13,933	191,037	(875,509)	25,143,738	25,295,448
NET ASSETS (DEFICIT)							
Permanently restricted				2,136,632		2,136,632	2,114,377
Temporarily restricted	14,671			4,528,719		4,543,390	4,419,664
Unrestricted - designated	2,820,474	(21,779,579)	5,051,147	7,506,943		(6,401,015)	(9,170,356)
Unrestricted - undesignated	420,041			37,924		457,965	283,059
Total net assets (deficit)	3,255,186	(21,779,579)	5,051,147	14,210,218		736,972	(2,353,256)
Total liabilities and net assets	\$ 4,525,944	\$ 2,763,940	\$ 5,065,080	\$ 14,401,255	\$ (875,509)	\$ 25,880,710	\$ 22,942,192

The accompanying notes are an integral part of the financial statements.

WISCONSIN ANNUAL CONFERENCE, THE UNITED METHODIST CHURCH
Sun Prairie, Wisconsin

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31

	Fund	Benefit Fund	Group Health	Pension & Designated	Eliminations	Total All Funds
				Fund		2007
						2006
Unrestricted net assets						
Support and revenue	\$ 7,017,784	\$ 630,000	\$	\$ 119,507	\$ (630,000)	\$ 7,017,784
Appointments	15,500					135,007
Other support		151,029				415,594
Medicare Part D Subsidy		600,099				151,029
Healthflex performance dividend						600,099
Camping fees	932,609					932,609
Youth event fees	156,893					156,893
Service fees	252,614	5,420,922		6,463		8,273,076
Interest and dividends	25,029	64,002		9,144		242,466
Net gains on investments				287,024		447,547
Net loss on sale of fixed assets	(89,164)			7,500		(89,164)
Sundry	8,197					15,697
Advances and gifts designated by donors for specific organizations	1,097,865					1,097,865
Less advances and gifts remitted to those organizations	(1,097,865)					(1,097,865)
Net assets released from restriction	422,069			149,813		571,882
Total support and revenue	8,741,531	6,866,052		580,597	(630,000)	18,454,925
Expenses						
Missional						
General church appointments	1,915,920					1,915,920
Board of Camps and Retreat Ministries	1,302,412			93,687		1,396,099
Board of Church and Society	14,515					14,515
Board of Congregation and Circuit Development	781,319			295,728		1,077,047
Board of Discipleship	715					715
Council on Youth Ministries	171,654			4,550		176,204
Board of Global Ministries	369,394			13,029		382,423
Board of Higher Education and Student Ministry	105,972			1,400		107,372
Board of Lay Ministry	15,060					15,060
Commission on Christian Unity & Interreligious Concerns	69,130					69,130
Commission on Religion & Race	28,322			13,518		41,840
Ethnic Local Church Concerns	35,019					35,019
Circuit Ministry	39,801					39,801
Other missional	42,903			1,272		44,175
Total missional	4,892,136			423,184		5,315,320
						1,905,561
						1,289,507
						10,386
						1,062,023
						4,257
						204,888
						384,676
						115,775
						24,384
						69,221
						32,666
						32,881
						91,875
						91,055
						5,319,155

	Undesignated Fund	Group Health Benefits Fund	Pension & Benefits Fund	Designated Fund	Eliminations	2007	2006
Ministerial							
Joint Board of Pensions, Insurance & Equitable Com	757,882					127,882	119,622
Benefit plans		5,564,120	1,065,279	49,858	(630,000)	6,679,257	8,623,638
Other ministerial	120,762			127,898		248,660	205,968
Total ministerial	878,644	5,564,120	1,065,279	177,756	(630,000)	7,055,799	8,949,228
Administration							
District superintendents	811,128					811,128	758,480
Board of trustees	269,989					269,989	190,332
Conference office	197,011					197,011	227,045
Council on finance and administration	45,415			772		46,187	55,610
Communications and technology	248,330					248,330	224,414
Program and arrangements	93,663					93,663	94,294
Episcopal office	117,481					117,481	107,844
Personnel committee	1,059,649					1,059,649	992,562
Other Conference committees	13,139			14,793		27,932	22,938
Conference Moving Director	215,613					215,613	142,188
Other Conference officers	47,573					47,573	36,476
Other agencies	1,640					5,003	22,768
Total administrative	3,120,631			18,928		3,139,559	2,874,951
Total expenses	8,891,411	5,564,120	1,065,279	619,868	(630,000)	15,510,678	17,143,334
Transfers of unrestricted-designated funds	(45,284)			45,284			
Change in unrestricted net assets	(195,164)	1,301,932	1,831,466	6,013		2,944,247	1,364,739
Temporarily restricted net assets							
Contributions and investment earnings	44,443			651,165		695,608	794,011
Net assets released from restriction	(422,069)			(149,813)		(571,882)	(675,138)
Transfers of temporarily restricted funds	286,556			(286,556)			
Change in temporarily restricted net assets	(91,070)			214,796		123,726	118,873
Permanently restricted net assets							
Contributions and investment earnings				22,255		22,255	8,789
Change in permanently restricted net assets				22,255		22,255	8,789
Change in net assets	(286,234)	1,301,932	1,831,466	243,064		3,090,228	1,492,401
Net assets (deficit) - beginning of year	3,541,420	(23,081,511)	3,219,681	13,967,154		(2,353,256)	(3,845,657)
Net assets (deficit) - end of year	<u>\$ 3,255,186</u>	<u>\$ (21,779,579)</u>	<u>\$ 5,051,147</u>	<u>\$ 14,210,218</u>	<u>\$</u>	<u>\$ 736,972</u>	<u>\$ (2,353,256)</u>

The accompanying notes are an integral part of the financial statements.

WISCONSIN ANNUAL CONFERENCE, THE UNITED METHODIST CHURCH

Sun Prairie, Wisconsin

STATEMENTS OF CASH FLOWS

For the Years Ended December 31

	Undesignated Fund	Group Health Benefit Fund	Pension & Benefits Fund	Designated Fund	Total All Funds
	2007	2006	2007	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	\$ (286,234)	\$ 1,301,932	\$ 1,831,466	\$ 243,064	\$ 3,090,228
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	117,756			77,497	195,253
Donated property				118,000	118,000
Forgiveness of debt				79,854	79,854
Net gains on investments				(369,042)	(369,042)
Investment earnings reinvested			(287,024)	(264,326)	(551,350)
Net loss on disposal of fixed assets	89,164				89,164
Changes in assets and liabilities:					
Due from local churches	92,814		5,912		98,726
Interfund receivables	144,336	754,917	8,608	4,533	912,394
Other assets	13,534	99,611	(2,572)	(767)	109,806
Trade payables	28,893	(15,142)		(8,915)	4,836
Group Health Benefit Plan obligations		(153,138)			(153,138)
Unearned premiums	(768,284)	24,696			24,696
Interfund payables			13,933	(158,043)	(912,394)
Other current liabilities	5,271				5,271
Net cash provided by (used in) operating activities	(562,750)	2,012,876	1,570,323	(278,145)	2,742,304
					(1,855)
					(578,853)

	Undesignated Fund	Group Health Benefit Fund	Pension & Benefits Fund	Designated Fund	Total All Funds 2007	Total All Funds 2006
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investment securities			1,055,683	1,371,878	2,427,561	3,791,480
Purchase of investment securities			(2,721,115)	(786,587)	(3,507,702)	(3,228,018)
Payments received on notes and mortgage receivables				102,568	102,568	119,393
Notes and mortgage issued				(172,500)	(172,500)	(16,360)
Proceeds from sales of property and equipment	243,713			243,713		
Purchase/Receipt of property and equipment	(22,285)			(128,747)	(151,032)	(256,082)
Net cash provided by (used in) investing activities	<u>221,428</u>		<u>(1,665,432)</u>	<u>386,612</u>	<u>(1,057,392)</u>	<u>410,413</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Net payments on long-term debt	(33,375)				(33,375)	(31,724)
Net cash used in financing activities	<u>(33,375)</u>				<u>(33,375)</u>	<u>(31,724)</u>
Net change in cash and cash equivalents	(374,697)	2,012,876	(95,109)	108,467	1,651,537	(200,164)
Cash and cash equivalents - beginning of year	903,717	(114,171)	196,416	36,691	1,022,653	1,222,817
Cash and cash equivalents - end of year	<u>\$ 529,020</u>	<u>\$ 1,898,705</u>	<u>\$ 101,307</u>	<u>\$ 145,158</u>	<u>\$ 2,674,190</u>	<u>\$ 1,022,653</u>
SUPPLEMENTAL INFORMATION:						
Cash paid for interest	\$ 12,606	\$	\$	\$	\$ 12,606	\$ 14,257

The accompanying notes are an integral part of the financial statements.

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WISCONSIN ANNUAL CONFERENCE
THE UNITED METHODIST CHURCH
Sun Prairie, Wisconsin

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INFORMATION ABOUT THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

The Wisconsin Annual Conference of The United Methodist Church accepts apportionments from United Methodist churches in Wisconsin and distributes monies to General Conference agencies for national and international programs, Wisconsin Annual Conference agencies for local programs, and to other charitable organizations.

To ensure observance of limitations and restrictions placed on the use of resources available to the Conference, its accounts are maintained in accordance with the principles of fund accounting. Resources of various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund.

The Undesignated Fund represents amounts received primarily from apportionments and pass-through donations and is expended for purposes set forth in the annual budget adopted by the Conference or by the donor.

The Designated Fund includes amounts to be used for specified purposes as determined by donors or conference agencies.

The Group Health Benefit Fund records the receipt from local churches and individuals and the Wisconsin Annual Conference payment to the General Board of Pension and Health Benefits (for the active plan) and a third-party administrator (for the retiree plan) of premiums for the Wisconsin Annual Conference Group Health Plan. This plan provides health insurance benefits to eligible active lay employees and clergy of the Wisconsin Annual Conference, participating local churches, certain agencies or institutions of the United Methodist Church, and to eligible retired individuals and surviving spouses of the participating individuals.

The Pension and Benefits Fund records the receipt from local churches and the Wisconsin Annual Conference payment to the General Board of Pension and Health Benefits of contributions to the Clergy Retirement Security Program (CRSP) and the Comprehensive Protection Plan (CPP), the denominational pension plan and death and disability plan for clergy.

B. INTERFUND ACTIVITY

For financial reporting purposes, interfund receivables and payables, as well as interfund revenues and expenses, have been eliminated.

C. CASH AND CASH EQUIVALENTS

For the statements of cash flows, the Conference considers cash accounts which are not subject to withdrawal restrictions or penalties and highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

D. DUE FROM LOCAL CHURCHES

Apportionments received between year-end and a specified cut-off date in mid-January of the following year that are specifically designated by churches for the previous year are treated as prior year apportionments and as receivables at year-end.

E. INVESTMENTS

Securities are carried at fair market value. Gains or losses on the sale of debt and equity securities are computed using the specific identification method.

F. PROPERTY AND EQUIPMENT

Equipment is stated at cost. Real estate, except camps, is carried at cost if purchased, and at market value at date of receipt if donated. Conference camps are carried at appraised value as of February 26, 1976, the earliest date for which information is available, plus additions since that date at cost. Buildings and improvements are being depreciated over seven to fifty-year periods using the straight-line depreciation method. Equipment is being depreciated over its estimated useful life using the straight-line depreciation method.

G. UNEARNED PREMIUMS

Unearned premiums represent premiums collected prior to year end that relate to coverage periods subsequent to year end. Health insurance premiums are billed to participants one month in advance of the coverage month. Clergy Retirement Security Program contributions and Comprehensive Protection Plan premiums are billed to participants during the month earned/covered.

H. CLASSIFICATIONS OF NET ASSETS

Statement of Financial Accounting Standard No. 117 requires the Conference to report its net assets and changes therein in the following categories:

Unrestricted Net Assets - Unrestricted net assets represent resources that are generally available for support of the Conference's activities. Amounts that have been earmarked for a specific purpose by one of the Conference's boards are reported as unrestricted-designated.

Temporarily Restricted Net Assets - The Conference reports gifts of cash and other assets as temporarily 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 restriction.

Permanently Restricted Net Assets - The Conference reports gifts of cash and other assets as permanently restricted support if they are received with donor stipulations that limit usage to earnings only.

I. INCOME TAXES

Wisconsin Annual Conference is exempt from federal and state income taxation under Internal Revenue Code Section 501(c)(3).

J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. RECLASSIFICATIONS

For comparability purposes, certain 2006 amounts have been reclassified to be consistent with 2007.

NOTE 2: INVESTMENTS

The Wisconsin United Methodist Foundation, Inc. and the Conference are affiliated with The United Methodist Church. The Foundation maintains the investments it manages for various United Methodist groups on a pooled basis similar to a mutual fund. Details of the investments underlying the units owned are not available.

NOTE 3 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at carrying value at December 31:

	<u>2007</u>	<u>2006</u>
United Methodist Center, Sun Prairie	\$ 1,571,365	\$ 1,571,365
Camps (four)	4,661,096	4,532,350
Bishop's residence	212,191	212,191
Property held for sale	100,000	432,877
Sites held for church developments	541,150	659,150
Vehicles	92,019	104,724
Furniture and equipment	239,929	217,643
Computer software	<u>17,467</u>	<u>17,467</u>
	7,435,217	7,747,767
Less accumulated depreciation	<u>(2,000,800)</u>	<u>(1,818,252)</u>
Net	<u>\$ 5,434,417</u>	<u>\$ 5,929,515</u>

Depreciation expense for the years ended December 31, 2007 and 2006, was \$195,253 and \$184,664, respectively.

NOTE 4 CONTINGENCIES AND CREDIT RISK

Most loans receivable are due from local churches within the Conference. The ability to repay the loans is contingent upon member contributions.

The Conference maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits of \$100,000. The Conference has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Conference invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

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NOTE 5 LINE OF CREDIT

The Conference has a \$500,000 line of credit available at the prime rate of interest (7.25% at December 31, 2007) with First Business Bank. There were no amounts drawn on the line of credit during 2007 and as of December 31, 2007.

NOTE 6 NOTE PAYABLE

Note payable consisted of the following at December 31, 2007:

Note payable to the Wisconsin United Methodist Foundation with 5.125% interest rate. Monthly principal and interest payments of \$3,832 are payable through September 2013, with a final payment due on October 10, 2013. Beginning on October 1, 2008, the interest rate is adjusted annually based on the note agreement. The note is secured by all property and equipment of the Wisconsin Annual Conference.	\$ 228,431
Less current portion	<u>35,053</u>
Long-term portion of note payable	<u>\$ 193,378</u>

Interest expense was \$12,606 and \$14,257 for the years ended December 31, 2007 and 2006, respectively.

Future maturities of long-term debt as of December 31, 2007, are as follows:

Year ending December 31	
2008	\$ 35,053
2009	36,924
2010	38,862
2011	40,901
2012	43,037
Thereafter	<u>33,654</u>
	<u>\$ 228,431</u>

NOTE 7 COMMITMENTS

The Conference entered into an agreement October 2007 with Hallman Asphalt Paving to repave the Conference parking lot in 2008 for \$43,960.

NOTE 8 BENEFITS

The Conference provides health insurance coverage for eligible clergy and lay employees who have retired from the Conference or its local churches and their surviving spouses. The cost to the Conference for its share of the current coverage was \$780,000 and \$1,038,342 for the years ended December 31, 2007 and 2006, respectively. Generally accepted accounting principles require that expense related to the retirement benefit be recorded over the period of employment of the employee and that a liability be recorded for future coverage related to past service by current and retired employees. The Conference has recorded the liability for future coverage related to past service at \$24,203,645 and \$24,356,783 as of December 31, 2007 and 2006, respectively, based on the actuarial opinion received. The current portion of the liability is \$1,120,189 and \$999,887 for the years ended December 31, 2007 and 2006, respectively.

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The following weighted-average assumptions were used in accounting for the benefit obligation at December 31, 2007 and 2006:

Discount rate	6.00%
Valuation year medical trend	12.00%
Ultimate medical trend	5.00%
Ultimate medical trend reached in	2014

The following benefits are expected to be paid:

2008	\$ 1,120,189
2009	1,232,615
2010	1,327,374
2011	1,438,140
2012	1,492,400
Years 2013-2017	8,435,073

NOTE 9 CLERGY RETIREMENT SECURITY PROGRAM

Effective January 1, 2007, the Conference began participating in a new denominational pension plan administered by the General Board of Pension and Health Benefits. The new plan, called the Clergy Retirement Security Program, is a multi-employer, hybrid defined contribution/defined benefit plan. This plan covers substantially all United Methodist clergy for service with the Conference on or after January 1, 2007.

The Clergy Retirement Security Program has two components: the defined contribution portion and the defined benefit portion.

Defined Contribution Component

Contributions to the defined contribution portion of the Clergy Retirement Security Program are based upon a percentage of participants' compensation. Retirement benefits provided will be in the form of annuity contracts, which will be based upon past contributions plus accumulated earnings. There are no unfunded prior service costs for the defined contribution portion of the plan.

Defined Benefit Component

The legal status of the defined benefit component of the Clergy Retirement Security Program is such that all assets are available to pay all defined benefits, regardless of the annual conference from which benefits came or under which benefits were accrued. The Wisconsin Annual Conference does not control any of the benefit provisions of the plan; these are determined by the General Conference of the United Methodist Church. Retirement benefits provided will be in the form of annuity contracts, which will be based upon years of service.

The required contribution for December 31, 2007, of \$1,818,355 was paid through a redirection of surplus from Supplement One to the Clergy Retirement Security Program ("Pre-1982 Plan").

NOTE 10 SUPPLEMENT ONE TO THE CLERGY RETIREMENT SECURITY PROGRAM

The Conference participates in Supplement One to the Clergy Retirement Security Program, which is administered by the General Board of Pension and Health Benefits. This plan covers substantially all United Methodist clergy for service with the Conference or its predecessors before January 1, 1982. The legal status of the plan is such that all assets of the plan are available to pay all benefits of the plan, regardless of the annual conference from which benefits came or under which benefits were accrued. The Wisconsin Annual Conference controls certain benefit provisions of the plan, including the applicable past service rate and the contingent annuitant percentage. The past service rate was \$614 and \$594 as of January 1, 2008 and 2007, respectively. The contingent annuitant percentage has been 100% since January 1, 1999, and cannot be changed.

The Conference assets, Conference liability, Conference funded status, and required contribution are disclosed below. In order to determine the required contribution for each Conference, the total available assets are allocated amongst all the Conferences. The difference between the Conference liability and Conference assets provides the funded status for the Conference. If a negative funded status exists, a contribution is required.

Below is a summary of the applicable plan information as of January 1:

	<u>2008</u>	<u>2007</u>
Conference assets	\$ 68,156,484	\$ 66,039,903
Conference liability	(56,005,298)	(53,335,536)
Funded status	12,151,186	12,704,367

The Conference liability was determined based on a 7.0% interest rate for 2008 and 2007, a 3% past service rate increase, the 1994 GAM basic table projected for mortality improvement for 2008, and the RP-2000 Mortality Table for 2007.

NOTE 11 RESTRICTED/DESIGNATED NET ASSETS

Permanently restricted net assets at December 31, 2007, were restricted by donors for the following purposes:

	Designated <u>Fund</u>
Camp & Retreat Ministries	\$ 486,485
Congregation & Circuit Development	1,241,710
Other Global Ministries	113,798
Higher Education & Student Ministries	<u>294,639</u>
	<u>\$ 2,136,632</u>

Permanently restricted net assets at December 31, 2006, were restricted by donors for the following purposes:

	Designated <u>Fund</u>
Camp & Retreat Ministries	\$ 485,228
Congregation & Circuit Development	1,241,302
Other Global Ministries	110,362
Higher Education & Student Ministries	<u>277,485</u>
	<u>\$ 2,114,377</u>

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Temporarily restricted net assets at December 31, 2007, were restricted by donors for the following purposes:

	Undesignated <u>Fund</u>	Designated <u>Fund</u>
Camp & Retreat Ministries	\$	\$ 131,948
Congregation & Circuit Development		76,117
Disaster Recovery	3,110	128,245
Other Global Ministries		41,262
Pensions & Health Insurance		3,794,627
Other ministries	<u>11,561</u>	<u>356,520</u>
	<u>\$ 14,671</u>	<u>\$ 4,528,719</u>

Temporarily restricted net assets at December 31, 2006, were restricted by donors for the following purposes:

	Undesignated <u>Fund</u>	Designated <u>Fund</u>
Camp & Retreat Ministries	\$	\$ 134,915
Congregation & Circuit Development		53,635
Disaster Recovery	95,592	
Other Global Ministries		44,996
Pensions & Health Insurance		3,705,954
Other ministries	<u>10,148</u>	<u>374,424</u>
	<u>\$ 105,740</u>	<u>\$ 4,313,924</u>

Designated net assets at December 31, 2007, were designated by the Conference for the following purposes:

	Undesignated <u>Fund</u>	Group Health <u>Benefit Fund</u>	Pension & <u>Benefits Fund</u>	Designated <u>Fund</u>
Fixed Assets	\$ 2,760,381	\$	\$	\$ 2,674,036
Camp & Retreat Ministries				397,365
Congregation & Circuit Development				2,342,267
Other Global Ministries				154,599
Pre-82 Pension Plan			1,551,355	
Pensions & Health Insurance		(21,779,579)	3,499,792	495,645
Ordained Ministry				277,106
Trustees	60,858			791,921
Other ministries	<u>(765)</u>	<u> </u>	<u> </u>	<u>374,004</u>
	<u>\$ 2,820,474</u>	<u>\$(21,779,579)</u>	<u>\$ 5,051,147</u>	<u>\$ 7,506,943</u>

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Designated net assets at December 31, 2006, were designated by the Conference for the following purposes:

	Undesignated <u>Fund</u>	Group Health <u>Benefit Fund</u>	Pension & <u>Benefits</u> <u>Fund</u>	Designated <u>Fund</u>
Fixed Assets	\$ 3,188,730	\$	\$	\$ 2,740,785
Camp & Retreat Ministries				465,763
Congregation & Circuit Development				2,245,520
Other Global Ministries				148,993
Pensions & Health Insurance		(23,081,511)	3,219,681	515,143
Ordained Ministry				275,828
Trustees	(1,939)			784,366
Other ministries	<u>(1,990)</u>			<u>330,275</u>
	<u>\$ 3,184,801</u>	<u>\$(23,081,511)</u>	<u>\$ 3,219,681</u>	<u>\$ 7,506,673</u>

Temporarily restricted net assets were released from donor restrictions for the following purposes during 2007:

	Undesignated <u>Fund</u>	Designated <u>Fund</u>
Camp & Retreat Ministries	\$ 35,526	\$ 67,133
Congregation & Circuit Development	71,652	24,979
Disaster Recovery	92,275	11,098
Other Global Ministries	1,083	1,604
Higher Education & Student Ministries		1,400
Pensions & Health Insurance	179,000	
Other ministries	<u>42,533</u>	<u>43,599</u>
	<u>\$ 422,069</u>	<u>\$ 149,813</u>

Temporarily restricted net assets were released from donor restrictions for the following purposes during 2006:

	Undesignated <u>Fund</u>	Designated <u>Fund</u>
Camp & Retreat Ministries	\$	\$ 53,245
Congregation & Circuit Development	26,157	142,000
Disaster Recovery	82,750	
Other Global Ministries	3,155	4,287
Higher Education & Student Ministries		2,100
Pensions & Health Insurance	50,000	185,025
Other ministries	<u>74,808</u>	<u>51,611</u>
	<u>\$ 236,870</u>	<u>\$ 438,268</u>