

**CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2007**

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
December 31, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Statement of Financial Position	3
Statement of Support and Revenues, Expenses and Other Changes in Net Assets	4
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information:	
Net Assets Analysis - Schedule 1	20
The Los Angeles Episcopal Area:	
Statement of Financial Position - Schedule 2	23
Statement of Revenues, Expenses, and Changes in Net Assets - Schedule 3	24
Statement of Cash Flows - Schedule 4	25

The Council on Finance and Administration
California-Pacific Annual Conference
of the United Methodist Church

Independent Auditors' Report

We have audited the statements of financial position of the California-Pacific Annual Conference of the United Methodist Church (the Conference), as of December 31, 2007, and the related statement of support and revenues, expenses and other changes in net assets, and the related statement of cash flows for the year 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Conference, as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the financial statements, the accompanying financial statements reflect certain changes as a result of the implementation of Statement of Financial Accounting Standards Number 158 for the year ended December 31, 2007. This resulted in a change in the Conference's method of accounting for post-employment healthcare benefits.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Conference's basic financial statements. The accompanying schedules listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Conference. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Statement of Financial Position
December 31, 2007

<u>Assets</u>	<u>Operating Funds</u>	<u>Fixed Assets Funds</u>	<u>Endowment Fund</u>	<u>Eliminations</u>	<u>Total</u>
Cash (Note 2)	\$ 1,667,584				\$ 1,667,584
Receivables:					
Notes due from member churches, net (Note 3)	4,458,252				4,458,252
Due from other funds	197,380			\$ (197,380)	
Due from related parties (Note 6)	694,998				694,998
Conference apportionment, quota and special revenues receivable	1,284,057				1,284,057
Interest receivable	61,490				61,490
Contribution from remainder trusts (Note 3)	9,402,412				9,402,412
Other receivables	878,000				878,000
Receivables, Net	16,976,589			(197,380)	16,779,209
Investments (Note 2)	6,036,120				6,036,120
Investments held by the Foundation (Note 2 and 6)	7,114,704		\$ 5,007,260		12,121,964
Certificates of participation (Note 4)	700,000				700,000
Real property held for development	350,000				350,000
Property and equipment, net (Note 5)		\$ 3,077,495			3,077,495
Total Assets	\$ 32,844,997	\$ 3,077,495	\$ 5,007,260	\$ (197,380)	\$ 40,732,372
<u>Liabilities and Net Assets</u>					
Liabilities:					
Accounts and distributions payable	\$ 1,820,002				\$ 1,820,002
Notes payable (Note 7)		\$ 624,477			624,477
Due to other funds		197,380		\$ (197,380)	
Other liabilities	412,175				412,175
Unfunded post-employment benefit, (Note 9)	61,420,000				61,420,000
Total Liabilities	63,652,177	821,857		(197,380)	64,276,654
Net Assets:					
Unrestricted	(53,211,293)	2,255,638			(50,955,655)
Temporarily restricted:					
Loans	12,691,371				12,691,371
Primarily time restriction	9,712,742				9,712,742
Pension benefits			\$ 2,051,242		2,051,242
Permanently restricted			2,956,018		2,956,018
Total Net Assets	(30,807,180)	2,255,638	5,007,260		(23,544,282)
Total Liabilities and Net Assets	\$ 32,844,997	\$ 3,077,495	\$ 5,007,260	\$ (197,380)	\$ 40,732,372

See Accompanying Notes to Financial Statements.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Statement of Support and Revenues,
Expenses and Other Changes in Net Assets
Year Ended December 31, 2007

	Operating Funds	Fixed Assets Funds	Endowment Fund	Total
Changes in Unrestricted Net Assets:				
Support, revenues and other income:				
Conference apportionment income:				
World Service and				
Conference benevolences	\$ 4,525,640	\$ 216,603		\$ 4,742,243
Ministerial support	2,957,930			2,957,930
Administration	2,250,768			2,250,768
Other special benevolences	927,465			927,465
Conference-designated and other				
advance special contributions:				
Quota, special day and advance income	1,213,788			1,213,788
Other special income and				
distributions, net	1,599,656			1,599,656
General Council on				
Finance and Administration	98,956			98,956
Other income:				
Health/liability insurance premium income	7,979,552			7,979,552
Camp operations	3,248,126			3,248,126
Interest and dividends	235,377			235,377
Change in investment held by the Foundation	548,214			548,214
Other	469,330	38,500		507,830
	<u>26,054,802</u>	<u>255,103</u>		<u>26,309,905</u>
Net Assets Released from				
Temporary Restriction	<u>690,215</u>			<u>690,215</u>
Expenses:				
Distribution to the General Council on				
Finance and Administration	3,545,831			3,545,831
Other distributions	307,334			307,334
Other Expenses:				
Other designated distributions	731,707			731,707
Distributions to the General				
Board of Pensions (Note 8)	2,001,867			2,001,867
Health/liability insurance premium expense	8,205,543			8,205,543
Group hospital and other pension-				
related distributions and expenses	255,781			255,781

See Accompanying Notes to Financial Statements.

(Continued)

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Statement of Support and Revenues,
Expenses and Other Changes in Net Assets (Continued)
Year Ended December 31, 2007

	Operating Funds	Fixed Assets Funds	Endowment Fund	Total
Camp operations	3,632,585			3,632,585
General and administrative	7,531,442			7,531,442
Depreciation		300,818		300,818
Grant expense	10,000			10,000
Capital expenditures		101,078		101,078
Total Expenses	26,222,090	401,896		26,623,986
Increase (Decrease) in Unrestricted Net Assets	522,927	(146,793)		376,134
Changes in Temporarily Restricted Net Assets:				
Other income (expenses):				
Interest and dividends	684,452			684,452
Remainder trust contributions	271,875			271,875
Increase in value of remainder trusts	184,109			184,109
Change in investment held by the Foundation from investment activities			\$ 510,835	510,835
Other	295,550		(378,164)	(82,614)
Total Apportionment Income and Other Income	1,435,986		132,671	1,568,657
Net assets released from temporary restriction	(690,215)			(690,215)
Increase in Temporarily Restricted Net Assets	745,771		132,671	878,442
Increase (Decrease) in Net Assets Before Nonoperating items	1,268,698	(146,793)	132,671	1,254,576
Nonoperating items:				
Effect of adoption of SFAS No. 158 (Note 9)	(61,420,000)			(61,420,000)
Increase (Decrease) in Net Assets	(60,151,302)			(60,165,424)
Net Assets, Beginning of Year	29,344,122	2,402,431	4,874,589	36,621,142
Net Assets, End of Year	<u>\$ (30,807,180)</u>	<u>\$ 2,255,638</u>	<u>\$ 5,007,260</u>	<u>\$ (23,544,282)</u>

See Accompanying Notes to Financial Statements.

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CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Statement of Cash Flows
Year Ended December 31, 2007

	Operating Funds	Fixed Assets Funds	Endowment Fund	Total
Cash Flows from Operating Activities:				
Increase (decrease) in net assets	\$ 1,268,698	\$ (146,793)	\$ 132,671	\$ 1,254,576
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
(Increase) in investments	(1,590,558)		(132,671)	(1,723,229)
Depreciation		300,818		300,818
(Increase) decrease:				
Receivables, net	(199,879)			(199,879)
Due from related parties	20,517			20,517
Increase (decrease):				
Accounts and distributions payable	270,922			270,922
Other liabilities	(37,553)			(37,553)
Total Adjustments	(1,536,551)	300,818	(132,671)	(1,368,404)
Net Cash Provided by (Used for) Operating Activities	(267,853)	154,025		(113,828)
Cash Flows from Investing Activities:				
Purchase of property and equipment		(134,643)		(134,643)
Net Cash Provided by (Used for) Investing Activities		(134,643)		(134,643)
Cash Flows from Financing Activities:				
Payments on notes payable		(48,229)		(48,229)
Payments on short term borrowings	168,533	(168,533)		
Interfund borrowings/transfers	(197,380)	197,380		
Net Cash Provided by (Used for) Financing Activities	(28,847)	(19,382)		(48,229)
Increase (Decrease) in Cash	(296,700)			(296,700)
Cash Balance, Beginning of Year	1,964,284			1,964,284
Cash Balance, End of Year	\$ 1,667,584	\$ -	\$ -	\$ 1,667,584

See Accompanying Notes to Financial Statements.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies

Basis of Presentation/Accounting

The financial statements of the California-Pacific Annual Conference of The United Methodist Church (Conference) include the accounts of funds that provide programs and support services to, and on behalf of, the member churches of the Conference. These programs and supporting services are considered Conference activities by the "Book of Discipline." The financial statements have been prepared on the accrual basis.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Conference 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Fund Groupings

To ensure observance of limitations and restrictions placed on the use of resources available to the Conference, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been grouped. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities and net assets of the Conference are reported in self-balancing fund groups as follows:

- Operating Funds, which are available for the various Conference programs and support services, including unrestricted and Board-designated amounts. For financial statement purposes interfund balances within the operating funds comprising \$3,571,643 of receivables/payables have been eliminated.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

- Fixed Assets Funds, which include land, buildings, furniture and equipment that are acquired or constructed.
- Endowment Funds, which are restricted for specific conference programs and support.

Cash and Cash Equivalents

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

For purposes of the statements of cash flows, the Conference considers cash and all highly liquid investments with original maturities of three months or less from when purchased as cash and cash equivalents. This includes the money market fund which is also considered a cash equivalent.

Investments

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale.)

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to forty years.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 as net assets released from restrictions.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

Income Taxes

The Conference is a California nonprofit, tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code and the corresponding provisions of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is required.

Post-Employment Health Care Benefits

The funded status of the Conference's post-employment benefit plans is measured as the difference between the fair value of plan assets and the accumulated post-employment benefit obligation. The overfunded or underfunded funded status of the plans is fully recognized as an asset or liability in the statement of financial position. Changes in the funded status of the plans are recognized in the year they occur as changes in unrestricted net assets. See also Note 9 to the financial statements.

2. Cash and Investments

Cash in the Operating Fund of \$1,667,584 is composed primarily of interest-bearing bank deposits utilizing pooled cash of all funds. In addition to the money market fund, investments in the Operating and Endowment Funds are held by the California-Pacific United Methodist Foundation. Total cash and investments of the Conference are summarized as follows:

	<u>December 31, 2007</u>
	<u>Carrying</u>
	<u>Amount</u>
Cash and Cash Equivalents:	
Cash and demand deposits	\$ 1,667,584
Money market fund	<u>6,036,120</u>
Total Cash and Cash Equivalents	7,703,704
Investments:	
Investments held by the Foundation	<u>12,121,964</u>
Total Cash and Investments	<u>\$19,825,668</u>

The cash and demand deposit accounts are maintained in bank accounts which are fully insured up to \$100,000 by federal depository insurance. At various times during the year and at December 31, 2007, bank balances exceeded the amount of insurance.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

3. Receivables

Notes due from Member Churches

The notes due from member churches are generally collateralized by trust deeds on real property and bear interest at rates ranging from 2% to 7.5%. At December 31, 2007, the allowance for uncollectible notes is \$103,246.

Contribution from Remainder Trusts

The Conference is a beneficiary of certain estates. The corpus of the estates will not be received until certain time restrictions have been met. A receivable has been recorded for the Conference's proportionate share of the fair value of the corpus.

4. Certificates of Participation

At December 31, 2007, the Conference has an investment in certificates of participation of the United Methodist Development Fund (UMDF). The UMDF is an incorporated, nonprofit organization related to the National Division of the Board of Global Ministries of The United Methodist Church. Certificates of participation in the amount of \$700,000 provide for a rate of interest equal to the rate UMDF pays on its Flexible Investment Notes. The interest rate at December 31, 2007 was 4.75%. Although certificates are normally repaid upon demand, the UMDF has the option of requiring six months prior written notice and may repay the certificates over a five-year period. The UMDF may redeem the certificates at a 2-1/2% premium by giving six months prior written notice.

5. Property and Equipment

Property and equipment at December 31, 2007 consist of the following:

Land	\$ 1,166,262
Buildings	8,021,527
Furniture and fixtures	<u>1,408,777</u>
	10,596,566
Less accumulated depreciation	<u>(7,519,071)</u>
Total	<u>\$ 3,077,495</u>

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

6. Related Party Transactions

At December 31, 2007, related party receivables consist primarily of amounts due from the General Level Agencies of the United Methodist Church and the California-Pacific United Methodist Foundation (the Foundation).

Related party transactions with the General Level Agencies of The United Methodist Church consist of apportionment distributions and maintenance of various deposit accounts administered by the General Board of Pensions.

Due from related parties at December 31, 2007 consists of the following:

	<u>Operating Fund</u>
	Pension <u>Funds</u>
General Board of Pensions	<u>\$ 694,998</u>

During 2007, the Conference had deposited with the Foundation, funds in an investment pool maintained by outside investment advisers, under the investment guidelines of the Foundation. The Conference has \$12,121,964 deposited with the Foundation for the pooling of investments at December 31, 2007.

Endowment Funds held by the Foundation:

Conference Endowment Fund - Contributions received are not distributed. Net revenues derived from dividends and interest earned on investments are paid to the Board of Pensions and eventually distributed to those qualified to receive pension distributions. At December 31, 2007, accumulated capital amounted to \$2,815,058. The market value of the fund at December 31, 2007 was \$4,515,286.

Hough Endowment Fund - Contributions received from the donor are designated as not being available for distribution. The net income earned on investments is used by the Board of Pensions, to aid and assist in necessitous cases, the retired ministers and widows and children of deceased ministers of the Conference. At December 31, 2007, accumulated capital amounted to \$85,201. The market value of the fund at December 31, 2007 was \$410,432.

Mrs. D. A. Crowell Memorial Fund - Contributions received from the donor are designated as not being available for distribution. The net revenues earned on investments are used to aid and assist in necessitous cases, the widows of deceased ministers of the Conference. At December 31, 2007, accumulated capital amounted to \$55,759. The market value of the fund at December 31, 2007 was \$81,542.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

7. Notes Payable

Notes payable to bank with variable interest rates and variable monthly principal and interest payments. Interest on unpaid principal shall accrue at a rate equal to the LIBOR rate plus 2.10% per year. The LIBOR rate at December 31, 2007 was 4.4575%. Principal payments totaled \$48,230 and interest payments totaled \$48,670 for the year ended December 31, 2007. The remaining principal and interest due are secured by the building.

The annual requirements to amortize the note payable outstanding for each of the next five years and in aggregate:

<u>Year Ending December 31</u>	<u>Amount</u>
2008	\$ 52,323
2009	57,081
2010	62,105
2011	67,572
2012	73,427
2013-2016	<u>311,969</u>
Total Principal ⁽¹⁾	<u><u>\$ 624,477</u></u>

⁽¹⁾ Interest not included due to rate being variable.

8. Pension Plans

As discussed below, at December 31, 2007, there are two pension plans in existence for the ministers of the Conference.

The 2004 General Conference of the United Methodist Church adopted the Clergy Retirement Security Program (CRSP), effective January 1, 2007. The CRSP is administered by the General Board of Pension and Health Benefits of the United Methodist Church (General Board). The CRSP consists of both a multi-employer defined benefit and multi-employer defined contribution plan.

Since January 1, 1982, ministers of the Conference had been covered by the Ministerial Pension Plan (MPP), which was administered by the General Board. This plan, a multi-employer defined contribution plan, was adopted by the 1980 General Conference of The United Methodist Church and replaced the Ministers' Reserve Pension Fund (MRPF), a multi-employer defined benefit plan. On January 1, 2007 participants of the MPP were rolled into the CRSP.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

In connection with the MRPF, pension expense represents payment for prior service as determined by the consulting actuaries of the Board based on an actuarial valuation as of December 31, 2007. Pension expense for the year ended December 31, 2007 was \$0. Information from the General Board of Pensions is not presently available to disclose the Conference's share of accumulated plan benefits, net assets available, or the unfunded liability at December 31, 2007.

Under the defined benefit plan of the CRSP, clergy receive benefits based on a formula which is calculated based on the Denominational Average Compensation (DAC) and years of credited service. The retiree's monthly benefit increases annually by 2% per year, after benefits start.

Under the defined contribution plan of the CRSP, individual churches remit 3% of each minister's salary directly to the General Board up to the DAC. These remittances are placed in the respective minister's pension account. The Conference submits 3.1% of the same contribution base via Comprehensive Protection Plan (CPP). These funds are placed in a pooled account to provide CPP plus a pension buildup for ministers who are below the denominational average compensation. In 2007, the Conference contributed \$737,118 to the above pension plans.

All lay employees of the Conference can join the Cumulative Pension Benefit Fund of the General Board, a defined contribution plan. The Conference's contribution requirement under this plan is 9% of the applicable employees' compensation.

The Conference Board of Pensions also administers a group health insurance plan available to member clergy and Conference employees and their families. As reflected in the accompanying financial statements, the Conference Board of Pensions receives premium payments from these parties and then submits payment to the applicable insurance agency. The Conference also administers a general liability insurance plan for member churches through the Conference Board of Trustees.

9. Post-Employment Health Care Benefits

The Conference provides post-employment benefits in the form of health care benefits to all clergy retirees, surviving clergy spouses, and retired lay employees, in accordance with Conference policy. The plan provides health benefits to employees who make the required election upon retirement. Employees must have earned at least 10 years of service with the Conference during the last 15 years prior to their retirement and are eligible to retire upon the attainment of age 62 or 35 years of service. The Conference contributes the cost of monthly health insurance coverage. Contributions for 2007 were \$1,059,390.

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

During the 2007 calendar year, the Conference implemented Statement of Financial Accounting Standards (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." This statement requires an employer on a prospective basis to recognize the overfunded or underfunded status of its post-employment plans as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur as changes in unrestricted net assets.

The incremental effects of applying SFAS No. 158 on individual line items in the statement of financial position are as follows:

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Unfunded post-employment benefit, due in one year		\$ 1,330,000	\$ 1,330,000
Unfunded post-employment benefit, due in more than one year		60,090,000	60,090,000
Total Liabilities	\$ 2,856,654	61,420,000	64,276,654
Unrestricted net assets	10,464,345	(61,420,000)	(50,955,655)
Total Net Assets	37,875,718	(61,420,000)	(23,544,282)

SFAS No. 158 also requires an employer on a prospective basis to measure its plan's assets and obligations that determined its funded status as of the end of the employer's fiscal year. This requirement is effective for fiscal years ending after December 15, 2008. The measurement date for the actuarial valuation was as of December 31, 2007. There is no additional change in net assets as a result of the adoption of the measurement provisions.

The following table presents the plan's funded status, At December 31, 2007, there were no plan assets invested for post-employment health benefits.

	<u>December 31, 2007</u>
Accumulated post-employment benefit obligation	\$ (61,420,000)
Plan assets at fair value	
Funded Status	<u><u>\$ (61,420,000)</u></u>

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

The following projected post-employment benefits are expected to be paid in future years:

<u>Year Ending December 31</u>	<u>Projected Benefits</u>
2008	\$ 1,330,000
2009	1,469,000
2010	1,581,000
2011	1,727,000
2012	1,873,000
2013-2017	11,450,000

The following weighted average assumptions were used in accounting for the plan as of December 31:

Weighted-average assumptions used to determine
benefit obligations at December 31:

Discount rate	5.5%
First year health care trend rate	10.0%

Weighted-average assumptions used to determine
net periodic benefit cost for year ended December 31:

Discount rate	5.5%
Expected return on plan assets	5.5%
Ultimate health care trend rate	6.0%

Current retirees were assumed to receive a health insurance subsidy equal to their actual scheduled subsidy for 2008 based on their status and coverage election. 60% of future covered retirees were assumed to receive a health insurance subsidy during 2008 equal to \$1,595 per year for each of the retiree and his spouse (the current HMO Medicare-eligible rate) and 40% of future covered retirees were assumed to receive a health insurance subsidy during 2008 equal to \$3,508 per year for each of the retiree and his spouse. All subsidies were increased by the health care cost trend rates for years after 2008. The health care cost trend rates were as follows:

<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>	<u>Year</u>	<u>Increase</u>
2008	10%	2011	9%	2014	7%
2009	10%	2012	8%	2015	7%
2010	9%	2013	8%	2016 & later	6%

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Notes to Financial Statements (Continued)
December 31, 2007

10. Line of Credit

The Conference has an agreement with a bank for a line of credit with a maximum of \$1,000,000 and an interest rate of one-half percent over the bank's reference rate. As of December 31, 2007 the line of credit is unused.

11. Contingencies

The Conference is subject to various legal proceedings and claims which involve private parties. In the opinion of the Conference management and its counsel it is improbable that the outcome of such litigation will be materially adverse to the Conference.

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SUPPLEMENTAL INFORMATION

Schedule 1

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

Net Assets Analysis
Year Ended December 31, 2007

<u>Fund No.</u>	<u>Fund Name</u>	<u>Dec. 31, 2006 Net Assets (Deficit)</u>	<u>Net Change</u>	<u>Dec. 31, 2007 Net Assets (Deficit)</u>
Unrestricted Net Assets:				
<u>Operating Funds</u>				
10	Apportioned and Other Funds			
16	Contingency Fund	\$ 1,060,710	\$ 78,441	\$ 1,139,151
17	Council on Finance and Administration	(12,506)	24,187	11,681
18	Administrative Services	28,635	(18,214)	10,421
19	Designated Funds	1,101,568	341,998	1,443,566
20	Council on Ministries	502,758	20,475	523,233
21	Pacific Islanders Commission	(25,852)	36,432	10,580
22	Jubilee Fund	7,156,237	(298,198)	6,858,039
23	Shalom Zone Reinvestment	(36,073)	-	(36,073)
24	EMLC Crisis Fund	10,029	(2,587)	7,442
25	Cooperative Advertising Fund	45,965	(4,487)	41,478
26	Pacific Islanders/Somoan Fund	(9,199)	28,973	19,774
27	Native American Awareness Fund	25,983	5,181	31,164
30	Golden Cross Fund	8,328	678	9,006
32	Commission on Religion and Race	51,453	(6,648)	44,805
33	Commission on Status and Role of Women	5,349	3,036	8,385
34	Commission on Church Extension in Mexico	18,523	21,709	40,232

(Continued)

Schedule 1

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Net Assets Analysis (Continued)
Year Ended December 31, 2007

<u>Fund No.</u>	<u>Fund Name</u>	<u>Dec. 31, 2006 Net Assets (Deficit)</u>	<u>Net Change</u>	<u>Dec. 31, 2007 Net Assets (Deficit)</u>
<u>Operating Funds</u>				
39	Mission Possible	(3,008)	3,008	-
44	Clergy Salary Support Fund	142,017	(124,533)	17,484
46	Moving Expense Fund	12,064	20,604	32,668
50	District Superintendents' Fund	(123,187)	54,895	(68,292)
54	Board of Trustees	1,250	(6,165)	(4,915)
56	Episcopal Residence Fund	6,629	(8,232)	(1,603)
57	Sustentation Fund	(12,355)	30,682	18,327
61	Pension and other benefits	(125,885)	(61,557,233)	(61,683,118)
71	Bishop's Special Fund	13,551	(982)	12,569
72	Area Headquarters and Fund Development	(172,023)	(30,662)	(202,685)
76	Board of Ordained Ministry	77,599	24,457	102,056
78	Annual Conference Sessions Fund	(24,055)	7,431	(16,624)
79	Conference Secretary and Journal Fund	19,991	(2,693)	17,298
82	Strategic Initiatives	-	558,904	558,904
<u>Camp Funds</u>				
84	Camp Operations	(2,794,039)	(173,148)	(2,967,187)
85	Camp Operations	(30,616)	189,183	158,567
86	Camp Operations	161,350	(60,373)	100,977
<u>Los Angeles Episcopal Fund</u>				
73	Los Angeles Episcopal Area (GCFA)	-	-	-

(Continued)

Schedule 1

CALIFORNIA-PACIFIC ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
Net Assets Analysis (Continued)
Year Ended December 31, 2007

Fund No.	Fund Name	Dec. 31, 2006 Net Assets (Deficit)	Net Change	Dec. 31, 2007 Net Assets (Deficit)
<u>Certain Other Funds</u>				
48	Latin American Properties Trust Fund	14,000	(14,000)	-
53	Trustee Insurance Fund	590,589	(39,192)	551,397
55	Board of Trustees Campus Ministries Properties	-	-	-
	Total Unrestricted Operating Funds	<u>7,685,780</u>	<u>(60,897,073)</u>	<u>(53,211,293)</u>
<u>Fixed Assets Funds</u>				
88	Fixed Assets	<u>2,402,431</u>	<u>(146,793)</u>	<u>2,255,638</u>
	Total Unrestricted Net Assets	<u>\$ 10,088,211</u>	<u>\$ (61,043,866)</u>	<u>\$ (50,955,655)</u>
Temporarily Restricted Net Assets for Loans:				
<u>Loan Fund</u>				
45	Congregational Loan Fund	<u>\$ 11,959,148</u>	<u>\$ 732,223</u>	<u>\$ 12,691,371</u>
Temporarily Restricted Net Assets (Primarily Time Restriction):				
<u>Pension Funds</u>				
40	Board of Pensions	555,669	138,305	693,974
40	Remainder Trusts	9,218,306	184,107	9,402,413
40	Endowment Funds	1,918,571	132,671	2,051,242
41	Board of Pensions- Health Insurance Fund	<u>(74,781)</u>	<u>(308,864)</u>	<u>(383,645)</u>
	Total Temporarily Restricted Net Assets (primarily time restriction)	<u>11,617,765</u>	<u>146,219</u>	<u>11,763,984</u>
	Total Temporarily Restricted Net Assets	<u>\$ 23,576,913</u>	<u>\$ 878,442</u>	<u>\$ 24,455,355</u>
Permanently Restricted Net Assets:				
<u>Endowment Funds</u>				
40	Endowment Funds	<u>\$ 2,956,018</u>	<u>\$ -</u>	<u>\$ 2,956,018</u>

Schedule 2

THE LOS ANGELES EPISCOPAL AREA-
UNITED METHODIST CHURCH
(A Fund of the California-Pacific Annual
Conference of the United Methodist Church)
Statement of Financial Position
December 31, 2007

Assets

Due from General Council on
Finance and Administration

\$ -

Liabilities and Net Assets

Due to Conference

Net Assets, Unrestricted

Total Liabilities and Net Assets

\$ -

Schedule 3

THE LOS ANGELES EPISCOPAL AREA- UNITED METHODIST CHURCH (A Fund of the California-Pacific Annual Conference of the United Methodist Church) Statement of Revenues, Expenses and Changes in Net Assets Year Ended December 31, 2007

Revenues:	
General Council on Finance and Administration	\$ 91,464
Other	<u>7,492</u>
Total Revenues	<u>98,956</u>
Expenses:	
Salary	135,506
Benefits	28,201
Payroll taxes	42,178
Office rent	19,200
Staff travel	27,585
Professional entertainment	3,072
Postage	722
Office supplies	3,939
Equipment rental and maintenance	1,361
Accounting fees	
Miscellaneous	<u>35,090</u>
Total Expenses	<u>296,854</u>
Revenues Under Expenses	(197,898)
California-Pacific Annual Conference Support	197,898
Net Assets, Unrestricted at Beginning of Year	<u></u>
Net Assets, Unrestricted at End of Year	<u><u>\$ -</u></u>

Schedule 4

THE LOS ANGELES EPISCOPAL AREA-
UNITED METHODIST CHURCH
(A Fund of the California-Pacific Annual
Conference of the United Methodist Church)
Statement of Cash Flows
Year Ended December 31, 2007

Cash Flows from Operating Activities:	
Revenues under expenses	<u>\$ (197,898)</u>
Net Cash Used for Operating Activities	(197,898)
Cash Flows from Financing Activities:	
California-Pacific Annual Conference Support	197,898
Cash at Beginning of Year	<u> </u>
Cash at End of Year	<u><u>\$ -</u></u>