

159th Session of the California-Nevada Annual Conference
Celebrating Our Diversity and Unity in Christ

June 19-24, 2007
Sacramento, California

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COUNCIL ON FINANCE & ADMINISTRATION
Report to the Annual Conference

Number on agency: 16 Number present when voting: 6
Number voting for: 6 Number voting against: 0 Number abstaining: 0
Date adopted: 3/24/07 Number of meetings held: 3

The CFA Budget Committee developed the conference budget for 2007 using budget requests submitted to the Council and the "Table II" information submitted by churches. The 2006 Annual Conference passed the budget recommendation.

The CFA Income Committee continued its study of the apportionment formula. CFA submitted two pieces of legislation to the 2006 Annual Conference for its consideration. The Annual Conference did adopt a new apportionment formula but did not adopt the recommendation to remove current service pension costs from the conference budget and bill churches the pension cost of their own pastor(s).

The CFA Unit Insurance committee continued to contract with Philadelphia Insurance Company for the program's property and liability insurance. The committee monitors the claims experience of our churches while seeking to maximize coverages at the lowest cost possible. The 2007 premiums to churches include an amount for the establishment of an Earthquake Damage Assistance Fund. This is not earthquake insurance; rather it is a grant fund administered by the committee for granting funds to churches in the event of earthquake damage to church property.

CFA monitored the financial condition of the conference with the help of financial reports prepared by Jesse Chang, Ajesh Kumar, and Carol Stubbs.

At the end of 2006, the balance of the "miscellaneous" reserve ("Other Clergy Support" & "Conference Admin & Office") was \$590,233. During 2006, CFA approved and spent the following unbudgeted expenditures from this fund: \$9,138 of consulting expense; \$17,000 in pulpit supply; \$15,000 for the computer network; and \$5,500 on the new website. The Council also set aside \$150,000 for purposes of defending the Annual Conference in a lawsuit brought by the Orangevale United Methodist Church.

At the end of 2006, the balance of the conference benevolence reserve was \$180,298. During 2006, the Council on Ministries made the following unbudgeted expenditures: \$7,813 consulting fees, \$24,602 grant for youth event and \$5,500 for the new website contract.

Personnel: Council on Finance & Administration

J. Diane Knudsen serves as Conference Treasurer and Director of Administrative Services. The salary for the position was \$85,933 in 2006. This salary was funded

from the "Treasurer and Business Office" line of the "Conference Office & Administration" section of the budget.

The Personnel Committee of the Council on Finance & Administration evaluates the performance of the Conference Treasurer. These evaluations include goal setting and assessing the time requirements of the job.

All other business office and conference administration employees are evaluated by their supervisors.

Rev. Madie Elsea, CFA Personnel Committee Chair

Conference Board of Trustees
Report to the Annual Conference

Number on agency: 10 ; Number present when voting: 7
Voting for: 7 ; Voting Against: 7 ; Abstaining: 0;
Adopted: February 10, 2007 Number of meetings: 4

The Conference Board of Trustees maintains seven district parsonages, an episcopal residence and the United Methodist Center. The Board also holds in trust the property of the former Central United Methodist Church and First St. John's United Methodist Church, both in San Francisco. The Board is in escrow on the sale of the First St. John's UMC property.

During 2006, the Board contracted with real estate management firms to manage the following rental properties: five district parsonages, the Central UMC property and the First St. John's property. The Board continues to replace the heating and air conditioning units at the United Methodist Center. No major improvements were made to the properties in 2006.

The Board fulfills its responsibilities as delineated in ¶2512 - ¶2516 of the Book of Discipline. We thank Nymphas Edwards for serving as our representative from the Cabinet this year.

Submitted by: Rev Jim Corson, Chair

CONFERENCE BOARD OF PENSIONS REPORT TO THE 2007 ANNUAL CONFERENCE

The Conference Board of Pensions has 16 members. The number present on April 4, 2007 for the adoption of the Annual Report was 15. Voting for; 15. Voting against, 0. The number not voting, 0. The Board has at least three full Board meetings each year.

I. ACHIEVEMENTS OF THE PAST YEAR

1. The Board is the agent for the United Methodist Church and the California-Nevada Annual Conference in a significant economic ministry: adequate benefits for retired United Methodist clergy and the dependents of deceased clergy. Due to inflation and added responsibility for years of service, each succeeding year demands a larger dollar figure to carry out this responsibility. After evaluation of the many factors involved, the Board annually recommends to the Conference Council on Finance and Administration the cost of an adequate pension and benefit program for the following year, and administers the program approved by the Annual Conference.

During calendar year 2006, the reported Grand Total Paid by the churches of the Conference for all purposes was approximately \$72,246,851. Apportionments paid by the churches for Past Service Pension Funding (for Pre-1982 service), Current Service Pension Funding (MPP/ CPP), Death Benefits through the Basic Protection Plan (BPP), the California Physicians' Service Program (CPS), and the CPS-R Program (Health Care benefits for retired clergy, spouses and survivors), amounted to \$3,351,978. This means that for less than 5% of the grand total paid, the churches paid for pensions to retired clergy, funded the future pensions of active clergy, provided 'protection benefits' (life, disability, and survivor benefits) for active and retired clergy, and funded a large part of the health care programs offered to retired clergy and Conference lay employees.

Grady Knowles, Executive Secretary of the Board, relates regularly to the General Board of Pension and Health Benefits, the Cabinet, the Ministry Staff, the Endowment Board, and individual constituents within the Annual Conference. He helps to administer the reserve funds held within the Annual Conference, making regular detailed reports to the Conference Board.

2. Through 2006, Cal-Nevada Conference clergy participated fully in the Ministerial Pension Plan and the Comprehensive Protection Plan of the United Methodist Church (MPP/ CPP). Because the Annual Conference has elected to make pension contributions through the apportionment system, participation in MPP/ CPP by California-Nevada pastors has been administered by the Conference Board of Pensions. During 2006, staff continued to assist pastors with compliance testing on the current 403(b) 'elective deferral' limits, and continued to promote the tremendous value to pastors and lay workers of the denomination's Personal Investment Plan (UMPIP).

3. In November of 2006, Board of Pensions staff carried out 5 regional training events for clergy, introducing the new Clergy Retirement Security Program (CRSP), which was adopted by the 2004 General Conference, which began for appointed clergy as of January 1, 2007. The new CRSP/ CPP program is more expensive than the predecessor plans (MPP/ CPP). It is hybrid-type plan design, with an employer-paid 'Core Benefit' consisting of a 'defined benefit' portion and a 'defined contribution' portion. All participants are encouraged to make personal contributions from salary also, to supplement the two employer-paid portions. The following is a sample of the 2007 employer costs associated with CRSP / CPP for three different pastors: A pastor serving at minimum salary, a pastor serving at the conference average compensation, and a pastor serving at a higher level of compensation:

CRSP / CPP COSTS TO THE CONFERENCE IN 2007, PER PASTOR:

	<u>Clergy Comp:</u>	<u>CRSP</u>	+	<u>CPP</u>	=
<u>TOTAL</u>					
Minimum Salary Pastor	\$32,450	\$6,560	\$973	\$7,533	
Ave. Compensation Pastor	\$54,211	\$7,212	\$1,626	\$8,838	
Highly Paid Pastor	\$125,000	\$9,337	\$3,253	\$12,590	

3. Since 1944, the Board of Pensions has administered the Death Benefit Program and/or the Death Benefit-Plus Program, providing term life insurance coverage for as many as 650 Conference constituents each year, both clergy and lay employees. By General Conference action, these formerly separate programs were made part of the 'Comprehensive Protection Plan' ('CPP', for clergy) and the 'Basic Protection Plan' ('BPP', for lay employees). During 2006, the Board of Pensions continued to work directly with the beneficiaries and survivors of those covered by these benefits, as well as administer the current coverage for the full-time lay employees of the Annual conference.

4. The Board of Pensions also administers the Conference health care plans for active clergy and lay workers. Since 1996, there have been two Conference health plans for active workers; an 'HMO' plan ('Health Maintenance Organization'), and a 'Major Benefits' plan (with a 'Preferred Provider' contract), for those who live outside the HMO service areas. HMO enrollment remained above 87% of our enrolled workforce in 2006. By blending health reserves between the HMO and non-HMO service areas, 'out-of-network' area churches can benefit from the cost

savings enjoyed by our largest enrollee group (HMO subscribers), even when they cannot participate directly in the HMO plan.

In both the HMO and PPO plans, using Blue Shield 'Physician Members', Dental providers, HMO providers and contract hospitals has allowed Conference subscribers to benefit from discounted fees in communities across our diverse geography. During 2006, Board of Pensions staff continued to counsel and assist constituents in the use of these managed care programs. The Board continues to monitor the health care programs and costs closely.

5. The Board of Pensions also administers four different Health Care Programs for approximately 400 retired clergy, spouses and surviving dependents. 2006 brought continued changes in the providers and service areas of the Conference 'Medicare-Choice' (HMO) plan options for retirees, as well as the 2nd year experience of Medicare Part 'D' (prescription drug benefits) for all retirees who are over age 65. The Board continued billing for and collecting the 20% 'Minimum Premiums' now required of enrolled retirees. The 'Health Care Support Fund', established to assist retirees in need of help with payment of these Minimum Premiums, continued to be administered by Board staff, in conjunction with the Retired Clergy Association.

6. The Board of Pensions remained in support of the Conference Claimants Endowment Board (CCEB), which continued its strong work in support of past-service pension funding, and other services for retired clergy and surviving dependents. The Board recognizes the tremendous value of the \$1.4 Million annual gift from the Endowment Board, which continues to fund 100% of the Annual Past Service Deposit for Pre-1982 pension program. Since 2006, the annual Endowment Board gift has increasingly been used to assist the Conference in supporting the cost of Retiree health care coverage. The Board of Pensions encourages all persons

to become acquainted with the programs of the Endowment Board, and to support that Board in their work to help fund the Conference retiree benefit programs.

7. The Board carries out its work with the help of the following standing committees, which also meet regularly during the year:

- A. The Executive Committee
- B. The Health & Hospitalization & Death Benefit Committee
- C. The Service Records Committee
- D. The Joint Committee on Incapacity.
- E. The Personnel Committee
- F. The Proportional Payments Committee

8. The Board of Pensions operates in accordance with the requirements of the 2004 Discipline, Paragraph 1508.9. Authorization has been given to deposit funds with the Conference Treasurer, the Conference Claimants Endowment Board, the General Board of Pension and Health Benefits, and a local financial institution used for daily transactions, presently the Bank of America. The Treasurers related to the Annual Conference are bonded.

Conference Board of Pensions

2007 Personnel Report

The Executive Secretary for the Conference Board of Pensions is Grady Knowles, who has held this position since 1982. The salary for this position was \$87,222 during 2006. The salary for 2007 is \$90,624, a 3.9% increase.

The Board maintains a standing Personnel Committee which meets regularly during the year. The committee reviews and evaluates the Executive Secretary's performance and reports to the Board. The review includes reference to the job description and specific goals for each year, as well as periodic consulting with Board constituents and staff colleagues.

In addition to Conference Board of Pensions responsibilities, the Executive Secretary periodically assumes connectional responsibilities at the Jurisdictional and General Church level, with such service affirmed and supported by the Conference Board of Pensions.

The Personnel Committee maintains specific up-to-date job descriptions for staff and sets personnel policies for the Board in accordance with Annual Conference guidelines.

John Ruby, Chairperson
Conference Board of Pensions
Personnel Committee

BOARD OF PENSIONS - Audit

California-Nevada Annual Conference United Methodist Church
December 31, 2006 and 2005

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To the Board of Pensions
California-Nevada Annual Conference United Methodist Church

We have audited the accompanying statements and schedules of net assets available for benefits - modified cash basis of the Board of Pensions, California-Nevada Annual Conference United Methodist Church (a nonprofit organization) as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits, unfunded liability for pension benefits, changes in unfunded liability for pension benefits, cash flows, and schedules of deductions from net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards required that we plan and perform the audits 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 opinions.

As described in note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits, the unfunded liability for pension benefits -modified cash basis of the Board of Pensions, California-Nevada Annual Conference United Methodist Church as of December 31, 2006 and 2005, and its changes in net assets available for benefits, the changes in unfunded liability for pension benefits, and cash flows - modified cash basis for the years then ended, on the basis of accounting described in note 1

DeLugach & DeLugach CPA's Inc.
March 6, 2007

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BOARD OF PENSIONS

California-Nevada Annual Conference United Methodist Church
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS - CASH BASIS
 December 31, 2006 and 2005

<u>ASSETS</u>	2006	2005
CURRENT ASSETS		
Cash	\$ <u>1,260,125</u>	\$ <u>1,584,267</u>
Investments with Conference Claimant's Endowment Board		
Annual gift receivable	116,667	---
Demand notes	<u>1,055,923</u>	<u>1,013,220</u>
Subtotal	1,172,590	1,013,220
Investments with the General Board of Pensions and Health Benefits		
Past Service Deposit Account	18,422,328	16,190,632
Current Service Deposit Account	43,420	448,002
DBP Deposit Account	<u>60,934</u>	<u>60,906</u>
Subtotal	18,526,682	16,699,540
TOTAL CURRENT ASSETS	20,959,397	19,297,027
FIXED ASSETS		
Equipment and Furniture	36,302	59,391
Less accumulated depreciation	<u>(31,318)</u>	<u>(49,743)</u>
TOTAL FIXED ASSETS	4,964	9,648
OTHER ASSETS		
Security Deposits	<u>2,000</u>	<u>2,000</u>
TOTAL NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 20,966,361</u>	<u>\$ 19,308,675</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 SCHEDULES OF ASSETS AVAILABLE FOR BENEFITS - CASH BASIS
 December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>		
Total general (Past Service)	\$ 2,013,724	\$1,897,407
Necessitous Grant Program	42,638	38,642
C.P.S. Program - Active	150,757	97,476
C.P.S. Program - Retired	(184,253)	172,927
Death Benefit Program	349,401	335,271
Methvin Memorial - Corpus	<u>67,412</u>	<u>67,412</u>
SUBTOTAL	<u>2,439,679</u>	<u>2,609,135</u>
General Board of Pension and Health Benefits		
Past Service Deposit Account	18,422,328	16,190,632
Current Service Deposit Account	43,420	448,002
DBP Deposit Account	<u>60,934</u>	<u>60,906</u>
Total General Board of Pension & Health Benefits	<u>18,526,682</u>	<u>16,699,540</u>
TOTAL NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 20,966,361</u>	<u>\$ 19,308,675</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS -CASH BASIS
 December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ADDITIONS TO NET ASSETS		
Investment income:		
Interest income - CCEB notes	42,703	40,976
Investment return from General Board of Pension and Health Benefits	2,263,940	1,394,944
Other investment income	<u>54,888</u>	<u>29,433</u>
TOTAL INVESTMENT INCOME	<u>2,361,531</u>	<u>1,465,353</u>
Support received:		
CCEB annual gift	1,400,000	1,400,000
Other gifts	<u>5,496</u>	<u>3,919</u>
TOTAL SUPPORT RECEIVED	<u>1,405,496</u>	<u>1,403,919</u>
Pension transfers received in General Board of Pension and Health Benefit Accounts:		
Current service deposit account	2,383,337	2,700,000
Past service deposit account	<u>1,023,548</u>	<u>672,372</u>
TOTAL TRANSFERS TO GENERAL BOARD OF PENSION and HEALTH BENEFIT ACCOUNTS	<u>3,406,885</u>	<u>3,372,372</u>
Nonpension premiums collected:		
Premiums - CPS, Conference	3,431,598	3,199,918
Premiums - CPS - R, Conference	1,242,878	1,244,934
Proportional deficiencies, and CPP premiums	152,119	110,809
TOTAL NONPENSION PREMIUMS COLLECTED	<u>4,826,595</u>	<u>4,555,661</u>
TOTAL ADDITIONS TO NET ASSETS	<u>12,000,507</u>	<u>10,797,305</u>
DEDUCTIONS FROM NET ASSETS		
Payments for pension benefits	4,859,867	4,181,807
Payments for nonpension benefits	5,139,119	4,894,442
Administrative expenses	<u>343,835</u>	<u>270,591</u>
TOTAL DEDUCTIONS FROM NET ASSETS	<u>10,342,821</u>	<u>9,346,840</u>
NET INCREASE	1,657,686	1,450,465
NET ASSETS AVAILABLE FOR BENEFITS - BEGINNING OF YEAR	<u>19,308,675</u>	<u>17,858,210</u>
END OF YEAR	<u>20,966,361</u>	<u>19,308,675</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 SCHEDULE OF DEDUCTIONS FROM NET ASSETS - CASH BASIS
 December 31, 2006 and 2005

SCHEDULE OF PAYMENTS FOR PENSION BENEFITS

Current Service Deposit Account		
MPP & CPP Church contributions and Conference build up		2,812,771
Past Service Deposit Account		
Past service funding deposit and adjustments		1,023,548
Payment by Conference to Board of Pension and Health Benefits		<u>1,023,548</u>
TOTAL PAYMENTS FOR PENSION BENEFITS		<u>\$ 4,859,867</u>

SCHEDULE OF PAYMENTS FOR NONPENSION BENEFITS

DBP Deposit Account: BPP Contributions		7,752
CPS Premiums		3,378,317
CPS-R Premiums		1,583,648
Premium Refunds - Enrollee refunds		15,013
Necessitous Grants and contributions		1,500
Conference Treasurers Accounts		
MPP/ CPP - Prop Deficiencies	151,492	
CPS - R - Enrollee	<u>1,397</u>	
Total amounts to Conference Treasurer		<u>152,889</u>
TOTAL PAYMENTS FOR NONPENSION BENEFITS		<u>\$ 5,139,119</u>

SCHEDULE OF ADMINISTRATIVE EXPENSES

Accounting & professional fees	21,824	
Bank charges	357	
Board & committee meeting expenses	1,006	
Computer training and software	5,626	
Depreciation	5,717	
Loss on disposal of fixed assets	686	
Office expenses	8,006	
Postage and freight	6,703	
Rent	15,510	
Salaries and benefits	263,769	
Telephone	3,629	
Travel & meeting expenses	<u>11,002</u>	
TOTAL ADMINISTRATIVE EXPENSES		<u>\$ 343,835</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 SCHEDULE OF DEDUCTIONS FROM NET ASSETS - CASH BASIS
 December 31, 2006 and 2005

SCHEDULE OF PAYMENTS FOR PENSION BENEFITS

Current Service Deposit Account	
MPP & CPP Church contributions and Conference build up and adjustments	2,692,522
Past Service Deposit Account	
Past service funding deposit and special grants	816,913
Payment by Conference to Board of Pension and Health Benefits	<u>672,372</u>
TOTAL PAYMENTS FOR PENSION BENEFITS	<u>\$ 4,181,807</u>

SCHEDULE OF PAYMENTS FOR NONPENSION BENEFITS

DBP Deposit Account: BPP Contributions	8,306
CPS Premiums	3,126,114
CPS-R Premiums	1,622,460
Premium Refunds - Enrollee refunds	16,954
Necessitous Grants	600
Conference Treasurers Accounts	
MPP/ CPP - Prop Deficiencies	117,712
CPS - R - Enrollee	<u>2,296</u>
Total amounts to Conference Treasurer	<u>120,008</u>
TOTAL PAYMENTS FOR NONPENSION BENEFITS	<u>\$ 4,894,442</u>

SCHEDULE OF ADMINISTRATIVE EXPENSES

Accounting and professional fees	18,599
Bank charges	381
Board & committee meeting expenses	652
Computer training and software	4,825
Depreciation	8,146
Office expenses	7,902
Postage and freight	6,067
Rent	15,480
Salaries and benefits	193,635
Telephone	3,580
Travel & meeting expenses	<u>11,324</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 270,591</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
California-Nevada Annual Conference United Methodist Church
STATEMENTS OF UNFUNDED LIABILITY FOR PENSION BENEFITS -CASH BASIS
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
TOTAL UNFUNDED PAST SERVICE LIABILITY, December 31, 2006 and 2005	<u>\$ 5,507,508</u>	<u>\$ 4,146,864</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 STATEMENTS OF UNFUNDED LIABILITY FOR PENSION BENEFITS -CASH BASIS
 Year ended December 31, 2006

Total unfunded past service liability December 31, 2005		4,146,864
Increase due to change in past service rate to \$795		<u>328,737</u>
Expected Past Service Liability at January 1, 2006		4,475,601
Actuarial changes		
Recurring changes		
Asset growth rate change	\$(1,201,358)	
Mortality and other demographic assumptions	<u>815,091</u>	<u>(386,267)</u>
Non recurring changes		
Correction in Defined Benefit		
Service Money account balance	(726,126)	
Correction in actuarial assumptions regarding surviving spouses	<u>2,740,583</u>	<u>2,014,457</u>
Expected Past Service Liability January 1, 2006 after actuarial corrections		6,103,791
Interest at 7% through December 31, 2006		427,625
Annual Past Service Deposit		<u>(1,023,548)</u>
EXPECTED UNFUNDED PAST SERVICE LIABILITY AT DECEMBER 31, 2006		<u>\$ 5,507,508</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 STATEMENTS OF UNFUNDED LIABILITY FOR PENSION BENEFITS -CASH BASIS
 Year ended December 31, 2006

Total unfunded past service liability, December 31, 2004	6,458,158
Increase due to change in past service rate to \$772	3,341,849
Expected Past Service Liability at January 1, 2005	9,800,007
One-time (gains) from DIF Special Distribution on April 16, 2004	(5,415,942)
Actuarial changes due to Asset growth rate changes	(366,275)
Actuarial assumption changes	<u>621,254</u>
 ACTUAL UNFUNDED PAST SERVICE LIABILITY AT JANUARY 1, 2005	 4,639,044
Interest at 7% through December 31, 2005	324,733
Annual Past Service Deposit	<u>(816,913)</u>
 EXPECTED UNFUNDED PAST SERVICE LIABILITY AT DECEMBER 31, 2005	 <u>\$ 4,146,864</u>

See accompanying notes and accountants' report.

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 STATEMENTS OF CASH FLOWS -CASH BASIS
 Year ended December 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	1,657,686	1,450,465
Adjustment to reconcile increase in net assets to net cash provided by activities:		
Decrease in Receivable from Annual Conference	----	59,500
Depreciation	5,717	8,146
Loss on disposal of fixed assets	<u>686</u>	<u>---</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,664,089</u>	<u>1,518,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase) in investments with Conference Claimants' Endowment Board	(159,370)	75,692
Net (increase) decrease in investments with General Board of Pensions and Health Benefits	(1,827,142)	(1,250,427)
Purchase of Equipment	<u>(1,719)</u>	<u>----</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,988,231)	(1, 174,735)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>----</u>	<u>-----</u>
NET INCREASE (DECREASE) IN CASH	(324,142)	343,376
CASH AT BEGINNING OF YEAR	1,584,267	1,240,891
CASH AT END OF YEAR	1,260,125	1,584,26

Supplemental disclosure:
 Finance charges of \$6 and \$10 were paid in 2006 and 2005 respectively.

See accompanying notes and accountants' report.

BOARD OF PENSIONS
California-Nevada Annual Conference United Methodist Church
NOTES TO FINANCIAL STATEMENTS
December 31, 2006 AND 2005

1. Summary of Significant Accounting Policies

General - The Board of Pensions is an agency of the California Nevada Annual Conference of the United Methodist Church. The Annual Conference is the basic unit of the United Methodist Church, and the Conference Board of Pensions is a mandatory sub-entity of the basic unit. The function of the Board of Pensions is to administer the pension programs, health and dental benefit programs, disability and survivor benefit programs and related welfare programs offered to clergy and their families and lay employees of the United Methodist Church. The programs are offered at the direction of the Annual Conference.

Basis of Accounting - The financial statements of the Board of Pensions have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Modifications to the cash basis of accounting include presenting the unfunded past service liability for the defined benefit pension plan.

Basis of Presentation - To the extent feasible under the modified cash basis of accounting the financial statements have followed the applicable recommendations of the Financial Accounting Standards Board regarding not-for-profit organizations, employee benefit plans, and pension plans.

Computer Equipment - All acquisitions of computer equipment in excess of \$750 are capitalized. Depreciation is computed on the straight-line method over an estimated life of five years.

Income Tax Status - As an agency of the Annual Conference, the Board comes under its income tax exemption. Therefore, no provision for income taxes is included in these financial statements.

2. Description of Pension Plans

The Board administers two separate and distinct pension plans for the Annual Conference. The first is a defined benefit plan covering service of clergy rendered prior to 1982. This is the plan which has the unfunded pension liability of \$5,507,508 and \$4,146,864 at December 31, 2006 and 2005. The second is a defined contribution plan for services rendered in 1982 and subsequent years. This plan is funded on a current basis and has no unfunded pension liability at December 31, 2006 and 2005. However, the Annual Conference's December, 2006 Current Service Deposit Account payment of \$216,667 was sent to the General Board of Pension and Health Benefits in December, 2006, but not recorded as received until January, 2007. Had the transaction been fully recorded in 2006, the year end balance in the Current Service Deposit Account would have been \$260,087 and the 2006 net increase in net assets available for benefits would have been \$1,917,773.

See accompanying accountant's report

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2006 AND 2005

3. Changes in Unfunded Past Service Liability for Pension Benefits - During 2006, the General Board of Pension and Health Benefits of the United Methodist Church (the general agency of the Church which supervises the actuarial and fiduciary administration of the pension funds for all of the annual conferences) increased the amount of expected unfunded past service liability as of December 31, 2005, due to an increase in the Past Service Rate from \$788 to \$795. There were also significant changes due to change s in actuarial assumptions and methods.

The expected unfunded past service liability as of December 31, 2006 is based upon the minimum 2% increase in the Past Service Rate to \$811. If the rate increases more than 2% then the liability will be higher than the amount shown on these financial statements.

4. Additional Expenditures by the Board of Pensions - The Board of Pensions is assisting the Annual Conference in the funding of retiree health care benefits through the planned expenditures of Accumulated Reserve funds. In 2006 and 2005 the Annual Conference made flat monthly payments to the Board of Pensions for its share of apportionment retiree health benefits. The Board of Pensions then paid the insurance premiums in full. Therefore, for 2006 and 2005 in addition to Conference apportionment and premiums paid, the Board of Pensions actually paid a net of \$339,525 and \$381,750 respectively towards retiree health benefits from its assets as shown below:

	<u>2006</u>	<u>2005</u>
Applicable retiree health benefits	1,582,403	1,626,684
(Less) payments from the Annual Conference	(687,500)	(700,456)
(Less) premium payments by retirees	(555,378)	(544,478)
Net amounts paid by the Board of Pensions	<u>\$ 339,525</u>	<u>\$ 381,750</u>

5. Superannuate Endowment Fund Account with the General Board of Pension and Health Benefits - No amounts of this asset or income earned by it are shown on these financial statements. Years ago the Annual Conference assigned this asset and its earnings to the Conference Claimant's Endowment Board. The audited financial statements of the Endowment Board include this account as its asset.

6. Lease Obligations - On June 4, 2003 the Board of Pensions extended its lease for office space through June 30, 2008. The annual lease obligations remaining as of December 31, 2006 are as follows:

Year ended December 31, 2007	16,020
Year ended June 30, 2008	<u>8,100</u>
Total	\$ 24,120

See accompanying accountant's report

BOARD OF PENSIONS
 California-Nevada Annual Conference United Methodist Church
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2006 AND 2005

7. Concentration of Credit Risk - The Board of Pensions maintains its bank account at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at the institution exceeded federally insured limits. The amount in excess of the FDIC limit totaled \$1,160,125 and \$1,484,267 December 31, 2006 and 2005 respectively.

8. Investments with General Board of Pensions and Health Benefits - The accompanying Financial Statements reflect activity during calendar years 2006 and 2005 of the Board of Pensions reserve funds investment in the Multiple Asset Fund of the General Board of Pension and Health Benefits. The Multiple Asset Fund is adjusted to fair market value monthly. During 2006 and 2005 income from the increase in market value was \$2,263,940 and \$1,394,944 respectively as allocated below:

	<u>2006</u>	<u>2005</u>
Past Service Deposit Account	\$ 2,231,309	\$ 1,366,690
Current Service Deposit Account	24,852	23,067
Death Benefit Deposit Account	<u>7,779</u>	<u>5,187</u>
Total	<u>\$ 2,263,940</u>	<u>\$ 1,394,944</u>

See accompanying accountant's report

Board of Discipleship

Number on Board 10. Number present when voting 10.
Number voting for 6. Number voting against 0.
Number abstaining 4. Date adopted 4/8/2007.
Number of meetings held 4.

2006 Achievements

In 2006 the Board of Discipleship put their creative talents to work with the development of a Children's Book, A Special Love. A Special Love was a collaborative endeavor between the Board of Discipleship, Cathy Warner as writer, Becky Buckner as illustrator, and Mantu Joshi as musician. The book was presented at the 2006 Annual Conference. It was given free of charge to each local congregation for the purpose of sharing the vision of the Annual Conference with our children.

The Board continued its work of spreading the vision by continuing its work on curriculum for youth. We worked with a group of youth, youth leaders and young adults to create a plan for a study that will reach out to our young people with the message of salvation. This study has been partially written but is in need of a project director.

The Board also supported the Sierra Service Project and the following ministries in our Annual Conference:

United Methodist Youth Council

The United Methodist Youth Council (UMYC) is part of the Conference Board of Discipleship and has responsibility for coordinating conference-wide events for youth, providing opportunities and funding for youth to be in mission, nurture leadership development in our young people, and to promote the Youth Service Fund. To that end, the UMYC accomplished the following in 2006:

Our Senior High Conference Youth Event, *GodFest West*, was held November 17-19, 2006, at the Modesto Doubletree Hotel Convention Center. Over 300 youth and adults participated in this event that was designed as a Christian festival. The highlight of the event was our day-long festival on Saturday featuring various local Christian bands and booths that provided everything from promotion of college ministries to face painting and games.

Our Junior High Conference Youth Event was held March 31 – April 2, 2006, at Monte Toyon. Our event theme was *What Lies Ahead*, featuring our keynote speaker, Paul Castonguay. Over 100 youth and adults attended this event. The UMYC continues to support the Bishop's Confirmation Retreats. In 2006 we had almost 300 youth and their sponsors come together for a time of learning about The United Methodist Church and what it means to be a Christian and a United Methodist.

Another highlight of the year was our biennial Mission Possible experience to Macedonia in July. Four youth and three adults made the trek to Macedonia to help with Vacation Bible School for six United Methodist Churches near the city of Strumica, Macedonia.

Stewardship

2006 positioned us for change and growth in local church stewardship resourcing. In the spring, the Stewardship Associates completed a four-year training cycle with workshops in "Developing Your Local Church Budget" and "Moving Toward Simpler Living." Then in the fall, they provided a feed-forward think tank for a new workshop called "Money, Values and Discipleship." Betsy Schwarzentraub made almost 70 personal field visits to congregations, and Elizabeth Brick and Staci Current joined the team of Stewardship Associates.

We also lifted up Apportionments and connectional giving in multiple ways, beginning with our initiating an outstanding two-day "Stewardship for Mission " event led by Rev. Paul Dirdak and recorded on DVD for local churches (See www.cnumc.org). A number of Conference agencies co-sponsored the event and provided displays, and 35 churches and three District Superintendents attended. In addition, the Connectional Giving Interpreters now work not only with our Board but also with the CFA Income Committee, as part of a coherent Conference resource. We also provided seven World Service Fund Table Displays and scripts for all seven districts, in partnership with the CA-NV United Methodist Foundation, for use at '06 All-Church Conferences and to loan out to congregations year-round. Now you can contact your district office to borrow the World Service Fund display, an Apportionments general display, or a display (provided by Conference Communications) on our Annual Conference partnership with Angola . We are grateful for so many people coming together to assist local churches in these dimensions of stewardship.

Pastors' Transition Workshop

Each year when spring rolls around, many churches and pastors find themselves in a place of sorrow, anxiety and hope! It's pastoral transition time! The Board of Discipleship and the Conference Board of Ordained Ministry seek to provide guidance and support during this time through the Pastoral Transition Workshops. The workshop for Clergy and Spouses is a two-day event covering topics such as leaving, entering, managing conflict, self care, systems issues, transition rituals, cross-cultural concerns, the nuts and bolts of moving (such as which moving company to contact), and has special breakout sessions for spouses. The Pastoral Transition Workshops offered for Laity are held on various Saturdays in April and May throughout the Annual Conference. Members of the training team lead the laity workshops through presentations and discussions covering the aspects of a Good Good-bye, how to welcome the new pastor and family as well as the variety of transitions that take place in a local church when the pastor moves. In addition, laity from various churches has an opportunity to share about what they are

experiencing and what has been helpful or not so helpful in the past!

Conflict Reconciliation Team

The Conflict Transformation Team has worked with several congregations in the Annual Conference over the last year to assist them in the midst of a period of conflict. Team members have facilitated discussions, conducted peacemaking circles, and led other healing and reconciliation processes. Team members have also presented training sessions in positive practices for building community and relationships. Several team members underwent training in the stewardship of peacemaking circles.

Board of Mission
Report to the Annual Conference

*Number on Agency: 28, Number present when voting 17
Voting for 17, Voting Against 0, Abstaining 1
Adopted February 17, 2007*

The Board of Missions provides opportunities for those who wish to be in mission through Local, District, Conference, National and Global Missions projects.

Grants and loans are a big part of the work of the Board. The members and committee consider each request thoughtfully, carefully and prayerfully.

The Angola Partnership has been fruitful and rewarding; and UMVIM continues to send teams not only to the Gulf Coast Region but also to Bolivia, Fiji, West Africa and Angola. The Side-by-Side Homeless Ministry has demonstrated remarkable success and confirmation evidenced by local support and funding. Also, a number of programs and events have been initiated for cross-cultural and multi-cultural congregations.

It has been a privilege to chair this Board. The Chairpersons of the various committees and the members are dedicated and hardworking. Dina Stenwick has been invaluable in keeping us on track and Linda Wiberg, as staff person, is indispensable.

Shirley B. Azim
Chair Board of Mission

REPORT TO ANNUAL CONFERENCE 2007 **Board of Ordained Ministry**

Prepared by the Executive Committee

Number on agency: 17 Number present when voting: 12 Number voting for: 12
Number voting against: 0 Number abstaining: 0
Date adopted: March 31, 2007 Number of meetings held: 10

In 2006, the Board of Ordained Ministry and its seven District Committees on Ordained Ministry focused on the welcoming, interviewing, training, and recommending candidates for licensing, commissioning, and ordination. We also addressed requests for change of status and disciplinary actions, and further improved our means of supporting and guiding candidates. Through the various committees, the Board thoughtfully considered and approved

27 applications for Licensing School and Course of Study
73 background checks on candidates
16 persons for probationary membership and commissioning/recognition of orders
10 persons for full connection and Elders Orders
1 full connection Deacon for receiving Elders Orders
3 persons for sabbatical leave
13 requests for retirement
Over 125 changes in relationships, including ATEM, ABLC, LFT, leave of absence, family leave, incapacity leave, and disciplinary actions.
Over 100 requests for scholarships, grants and supportive services

In 2006 the Board gave significant focus to the disciple-making mission of the church through:

1. Development of new and **bold guidelines** for Transformational Leaders of the conference. These will be used for persons entering candidacy in 2007 and beyond, and recommended as standards for the continuing development of currently-serving clergy.
2. Creation of the **Council for Clergy Development** in partnership with the Orders of Clergy to fulfill the disciplinary mandate for inspiring, assessing, and equipping clergy for effective leadership, in harmony with the conference vision and mission. The Council is introducing resources for Clergy Development Groups which will be a primary vehicle for support and accountability.
3. Co-sponsoring of the 50th anniversary celebration of **full clergy rights for women**. Honoring this breakthrough event is a springboard for the growing effectiveness of our mission in the world.

4. Sponsoring **seven young adult leaders** to the Exploration 2006 conference in Jacksonville, Florida in November, 2006. They are enthusiastic about the possibilities for their future leadership.

We look forward to building on these investments in the coming years. We thank you for your partnership. In Christ's love,

Rev. David J. Bunje, Chair

BOARD OF CHURCH & SOCIETY
Report to the Annual Conference

*Number on the Board: 25; Number present when voting __12__;
Number voting for __12__; Number voting against __0__; Number abstaining __0__;
Date adopted: March 17, 2007; Number of meetings held: 3*

At the 2006 Annual Conference Session, the Board brought resolutions on (#17) the Death Penalty; (#19) the Global AIDS Fund; (#21) Advocacy during ACS; (#22) Immediate Action during ACS; (#24) the War in Iraq; (#29) Divestment and Pursuing Justice in the Holy Land; (#30) Global Priorities Campaign; (#31) Immigration Regulation Reform; (#32) Letters to Middle-Eastern leaders; (#39) Justice for Papua New Guinea. Continuing the practice of teaching the Social Principles, the Board gave a presentation drawn from the section of the Social Principles entitled "The Natural World," focused on energy consumption. The Rev. Sally Bingham of Interfaith Power and Light spoke on environmental concerns; Conference delegates were encouraged to covenant with IPL and to take an "energy survey" of each of their church.

Resolution #21, slated to be enacted for the first time at ACS 2007, has been tabled this year due to family circumstances which made it impossible for the activity's organizers to carry through.

The 2006 Peace with Justice offering raised \$27,127. From its half, the Board awarded \$5,700 in Peace with Justice Grants to 6 local churches and agencies. In addition, Peace with Justice Coordinator Adrienne Fong has provided Board members and other Conference leaders with excellent information and news via internet on social justice issues, events, and advocacy opportunities.

The Board issued Ecumenical Advocacy grants totaling \$11,000 to seven organizations for work in California and Nevada: California Council of Churches, California Church IMPACT, East Timor Religious Outreach, Ecumenical Peace Institute, Religious Alliance in Nevada (RAIN), Earth Justice Ministries, and Loaves and Fishes.

Pam Fine attended a conference in September 8-9th regarding the Global AIDS Fund. Following the event, the Board challenged Conference churches to meet our promise (pursuant to ACS 2006 Resolution #19) to raise \$1 per church member by ACS 2007 (the General Board's challenge is to meet the goal by 2008) – a goal of \$84,000.

Board Members represent the California-Nevada Annual Conference to the following organizations:

East Timor Religious Outreach	Global Priorities Campaign
California Council of Churches	California Church IMPACT
Religious Alliance in Nevada	United Methodist Women
California Council on Alcohol Problems	

Conference Committee on Episcopacy
Report to the Annual Conference Session

Number on Agency: 12 Number present when voting: 9
For: 9 Against: 0 Abstaining: 0 Date Adopted 4/4/2007
Number of Meetings: 2

The Episcopacy Committee met twice in 2006 to assist Bishop Beverly J. Shamana in its Disciplinary role of "advisement, consultation and appraisal.

Bishop Shamana has reached a number of accomplishments and activities in relationship to the goals spelled out in her "Quadrennial Goals and Strategies 2005-2008" document during this past year.

The Episcopal family and Conference Trustees are overseeing improvements to the new episcopal residence in West Sacramento.

Along with her many duties, the Bishop taught an intersession class entitled, "Leadership and Creativity" at Drew Seminary while on renewal leave in January. Bishop Shamana will appoint new District Superintendents in Fresno and Bayview Districts at the 2007 ACS along with announcing her intention to retire in 2008.

Plans were begun for her 2007 participation in a fact-finding trip to the Philippines, her leadership of the Conference Ministry Staff on a UMVIM team to New Orleans and the opportunity to provide pastoral counseling on Death Row at San Quentin prison. In an effort to build relationships within the Conference across theological and geographical differences, Bishop Shamana has proposed leading a tour of art and early Christian church sites in Italy for the autumn of 2007.

Mark S. Bollwinkle, chairperson.

Board of Laity
Report to the Annual Conference

Number on agency 12 Number present when voting 10
Number voting for 10 Number voting against 0
Number abstaining 0 Date adopted 1/7/07
Number of meetings held 5

The Board of Laity honored the California-Nevada partnership with West Angola Annual Conference by tithing the Board's 2006 budgeted funds and designating the amount of \$800 for pastoral support in West Angola. The Board proposed a change in the Conference Standing Rules, adopted by the Annual Conference in June, to remove the limit on the number of terms General and Jurisdictional delegates may serve and to remove non-inclusive language regarding membership of the delegation. For the first time the Board of Laity was invited to offer nominations and to gather nominations offered by other agencies and individuals for the Bishop's awards given at Annual Conference.

The Board planned and led the Laity Session and the District Meetings at Annual Conference. Highlights were the keynote address by Heather Wilson, Advance Field Representative, Western Jurisdiction, General Board of Global Ministries; musicians from St. Paul's UMC, Vacaville, and additional musical leadership provided by Jim and Jean Strathdee; and testimonies regarding ministry in daily life in their secular professions by Burton Yin, Steve Johnson and Charlie Simpson. Conference Lay Leader Pete Taylor delivered the Laity Address before the plenary session of Annual Conference. The Board's presence at the Mission Safari at the Sacramento Zoo during Annual Conference Session featured a fun, informative, interactive display about Lay Speaking Ministries, staffed by Conference Director Donna Hamilton, District Directors and other Lay Speakers.

Having identified a need for training on how to function as an effective Board of Laity in all the Board's relationships in the Conference, an afternoon seminar in April for representative members was expanded to a weekend retreat for the full Board in October. Sandy Ziegler, Director of Lay Leadership Development, General Board of Discipleship, resourced and led both events. By participating in an intense analytical process that generated creative discernment and resultant insight, Board members produced the following Vision Statement: The Board of Laity, in partnership with Conference clergy, will enable the laity in their ministry as active disciples of Jesus Christ.

As representatives of the California-Nevada Annual Conference, Pete Taylor and Nevada-Sierra District Lay Leader Blanche Farnam attended the World Methodist Conference in Seoul, Korea; Pete Taylor attended the meeting of the Association of Annual Conference Lay Leaders in Oklahoma City; and Donna Hamilton attended the annual meeting of the Association of Conference Directors of Lay Speaking Ministries in Denver. At the invitation of the Conference Board of Higher Education

and Ministry, Board of Laity members joined the conference Board of Ordained Ministry in a Conversation on the Study of Ministry underway at the General Board of Higher Education and Ministry. Board members participated in the Clergy and Congregational Development Summit called by the Conference Board of Ordained Ministry, and attended Spiritual Leaders' Summit.

Elected in 2006 to offices that brought them membership on the Board of Laity are: Bay View District Lay Leader Burton Yin, Delta District Lay Leader Kapani Taukolo, San Jose District co-Lay Leaders, Nina Klepac and Ron Layman, and Conference President of United Methodist Women Barbara Ward.

Pete W. Taylor, Jr., Conference Lay Leader

Conference Lay Ministry Committee
Report to the Annual Conference

Number on agency__10____. Number present when voting__5____
Number voting for__5____ Number voting against__0____
Number abstaining__0____ Date adopted__April 2, 2007
Number of meetings held__2____

Achievements:

Perry Polk coordinated two training sessions in the 2006 calendar year.

An informational meeting table was staffed at the Annual Conference Zoofari and an informal dinner was held with 27 in attendance.

The following people completed CLayM training:

Class of 2005-2006 November/January: John Bosch, Jackson; Margaretta Byrde, Jones Memorial, San Francisco; Judith Edwards, Faith Fellowship, Vacaville; Rebecca Harlan, Atwater; Carolyn Henderson, Petaluma; Karen Hester, Wayside, Vallejo; Robert Larson, Potter Valley Community; Martha Milk, Temple, San Francisco; Lane Noyes, First, Marysville; Steve Pudinski, Fortuna; Carol Stetson, First, Sunnyvale; Kapani Taukolo, Trinity, Sacramento; Ray Watkins, Los Molinos.

The following churches, by District, were served by Conference Lay Ministers for the appointment year 2006-2007:

Shasta: Anderson, Corning, El Camino, Fortuna-Associate, Guinda Community, Maxwell, Sutter, Williams-Parkside

Delta: Elverta, Jackson, Sonora

San Jose: Boulder Creek, Fremont-St. Paul's-Associate, Sunnyvale First-Associate

Outside of the UMC Nondenominational: Ripon

Eleven CLayM graduates served as local pastors through continuing education.

«GreetingLine», chairperson

Board of Higher Education and Campus Ministry (BHECM)
Report to the Annual Conference

Number on agency 18. Number present when voting 8
Number voting for 8 Number voting against 0
Number abstaining 0 Date adopted February 17, 2007
Number of meetings held: 3 in 2006

In 2006 the Conference BHECM saw a continued expansion of young adult ministry on college campuses through the efforts of an exceptionally gifted group of seven dedicated campus ministers, five of whom minister on a part-time basis. The Christian commitment to the transformative values of service and witness were central in the various ministries on each of our campuses and have produced a fruitful harvest in the growth of young adult disciples of Jesus Christ.

With the encouragement of the BHECM the campus ministries we support achieved a new level of 'connectional identity', even in places where those ministries are led by non United Methodist clergy. This is a significant advancement in our efforts to promote increased collaboration and sharing of resources between both ecumenically based and United Methodist based campus ministries. CNUMC campus ministry students also took on new leadership responsibilities within the national UM Student Movement and are making a positive impact for the values of diversity, tolerance, and inclusion within that organization.

In September the Board made a commitment to provide small Scholarship assistance to 12 students / young adults and one lead campus ministry sponsor for hands-on learning experiences. Planning was immediately initiated for a July 2007 VIM/Young Adult trip to Africa University. With BHECM approval this VIM trip is now also open to non campus based young adults in the conference. The Conference BHECM has primary responsibility within the annual conference to promote and interpret the critical work of Africa University and we believe this unique opportunity helps us in this interpretive task. We want to continue this effort in future years as funds are made available. As we look to the future we will continue to focus on connecting our students in local service projects and learning experiences, as well as continuing to encourage with small grants the attendance of a representative group at the UM Student Movement Forum.

Dennis Taber
Chair, Board of Higher Education and Campus Ministry

Campus Ministries Committee

We are grateful that at the 2006 annual conference the 2007 conference budget for BHECM was increased from \$120,000 to \$180,000. Although the California-Nevada conference remains at the bottom of support for campus ministries in the Western Jurisdiction, we are pleased that the conference is beginning to see the critical value of investing in ministry to our young adults. At

the concluding BHECM meeting of 2006 we were able to provide increased financial support in 2007 to five (5) of the seven (7) campus ministries related to the CNUMC. This support was received by the local boards of the various campus ministries as a sign of our commitment to help them use their other funding sources to sustain a full time campus ministry in these five part-time campus ministries.

Deborah Weatherspoon,
Chair, Campus Ministries Committee

Endowment & Budget Committee

We have been challenged to consider what ministry the BHECM would pursue in 2008 if we received twice the funding that was approved in 2006 for 2007. With twice the funding we would be able to consider increasing support to the five part-time campus ministry settings. Increased funding would allow the local boards of these campus ministries, who are responsible as incorporated non profit agencies receiving support from a variety of persons and sources other than this annual conference, to consider allocating more of their budget to personnel, i.e., to consider seriously our goal to see a full time campus minister on each campus we relate to at the present time.

With a doubling of budget we could also begin immediately to implement our current BHECM Mission Strategy goal to have a campus ministry presence in the Shasta District at either Humboldt State or Chico State. The Shasta District is the only District without a young adult / campus ministry presence. We would also be able to increase the modest level of support at UN Reno, hopefully to see them move to at least a 3/4 time campus minister. And finally, with a doubling of our budget, we would also hope to see the Central Valley Initiative that BHECM successfully started in 2002 reach its goal of a full time campus ministry presence at the Wesley Foundation Merced.

Jerry Fox, Chair
Endowment & Budget Committee

Equitable Compensation Commission
Report to the Annual Conference

The Equitable Compensation Commission met two times in 2006 to carry out its duties to:

1. Advocate adequate and equitable compensation for each clergy position.
2. Provide minimum compensation support in instances of established need.
3. Assist in funding compensation packages for pastors appointed to Special Missional Ministries, according to priorities set by the United Methodist Church, the Annual Conference, the Board of Missions and the Cabinet.

The commission approved 19 minimum compensation grants of \$104,637 and 14 missional compensation grants of \$108,330 for a total of \$212,967.

Grants made during the calendar year 2006:

Equitable Compensation Grants 2006

District	Church	Amount
BV	Grace UMC	\$ 5,000
BV	Elmhurst UMC	\$ 4,000
BV	Shattuck Ave. UMC	\$ 6,000
D	Citrus Heights	\$10,000
D	Trinity UMC	\$12,000
D	Linden	\$ 7,630
D	Jackson UMC	\$ 3,675
D	Sacramento Central	\$ 1,500
F	Fresno Christian Fellowship	\$12,000
F	Tehachapi Valley	\$10,200
F	Clovis Memorial	\$ 9,000
F	Selma, San Pablo	\$ 2,500
F	Armona UMC	\$ 5,000
F	Dinuba First UMC	\$ 4,500
F	Le Grand UMC	\$ 450
GG	Epworth UMF	\$12,000
GG	Evergreen/Mendocino Coop.	\$10,000
GG	Park Presidio	\$ 1,500
NS	Chester Community UMC	\$ 5,000
NS	Tongan Fellowship	\$ 4,000
NS	Newcastle UMC	\$ 4,300
NS	Ely McGill	\$ 5,000
NS	Taylorsville/Greenville	\$ 2,500

NS	Reno Philipino Fellowship	\$ 6,000
SJ	East Salinas Family Center	\$12,000
SJ	Trinity Mt. View	\$15,560
SH	Fall River Mills	\$ 4,000
SH	Klamath River UMC	\$ 3,860
SH	Los Molinos	\$ 7,250
SH	Red Bluff	\$14,232
SH	Arbuckle	\$ 2,000
SH	Gridley UMC	\$ 2,500
SH	Smith River	\$ 7,720
TOTAL		\$212,967

Shirley Azim, Chair

Conference Committee on District Superintendency
Report to the Annual Conference

Number on Agency: 17; Number present when voting 6; Voting for: 6;
Voting against: 0; Abstaining: 0; Adopted: February 24, 2007; Number of meetings: 1.

The committee is responsible for carrying out the duties as prescribed in the Conference Standing Rules (V.12.), 2006 Journal, p. 243.

This year the committee:

- Consulted with other agency personnel committees in recommending compensation for all conference professional and support staff.

- Discussed issues faced by District Committees on District Superintendency, with emphasis upon evaluation of the district Superintendent.

- Considered agenda items for the Conference Personnel Working Group (Standing Rules V. 10., 2006 Journal, pg. 242). The Personnel Policies and Practices shared in common by the Cabinet, Council on Finance and Administration, and Conference Council on Ministries is in the process of revision.

- The fall meeting was canceled due to the number of members who would be absent.

Rick Plain, Chairperson

Commission on the Annual Conference Session
Report to the Annual Conference

*Number on the Agency: 25 Number present when voting: 20
Number voting for: 20 Number voting against 0 Number abstaining: 0
Number of meetings held: 4 Date adopted. February 10, 2007.*

The Commission on the Annual Conference Session facilitates the annual gathering of approximately 1500 persons. The members of the Commission, with the support of other Conference members, facilitate the planning of worship services, plenary sessions, gathering of the sections, mission opportunities, meals, and other opportunities for Christian conferencing.

Guided by the theme "Passion for the Mind of Christ" the 158th Session of the California Nevada Annual Conference met in Sacramento from June 14-19. During our time together, we worshiped together, shared significant meal time events, offered and passed legislation, celebrated the 50th Anniversary of the Full Clergy Rights for Women, and enjoyed the Mission Safari and Conference Picnic at the Sacramento Zoo.

We continue to improve our on-line capabilities to register for, receive information about, and materials for, the Annual Conference Session.

The Commission will meet four times during this Conference year as we plan our time together in Sacramento. The Annual Conference Session will be held at the Sacramento Conventions Center from June 20-24 guided by the theme "Celebrating Our Diversity and Unity in Christ."

David L, Bennett, Chair

UNITED METHODIST WOMEN
CALIFORNIA/NEVADA CONFERENCE,
Report to the Annual Conference

"Arise, Shine, and Glorify" was the sounding cry for all United Methodist Women as they sought to carry out the Purpose of United Methodist Women in the California/Nevada Annual Conference. Here are just some of the ways we were in Mission in our local churches, in our Districts and in the world.

We celebrated the accomplishments of all of the nearly 9,000 members of the seven Districts at our Annual Meeting, October 2006 at the Alamo San Ramon United Methodist Church. The Rev. Paul Jeffrey told what our Mission dollars are accomplishing throughout the world to help women, children, and youth. The District Pledges to support Mission totaled over \$194,000 for 2006-2007. The large cut out figures on the walls of the sanctuary, with names of each clergy women serving in Cal/Nevada Conference, continued the celebration of the 50th Anniversary of the Ordination of Women in Ministry. The Rev. Staci Current and Rev. Odette Lockwood Stewart led the Bible Study and assisted in the Service of Bread and Table, along with Reverends Heather Hammon and Ron Don, pastors at Alamo San Ramon UMC

The UMW Conference Executive Mission Team and the District Presidents met quarterly to plan, and implement programs to further our purpose and report on the work of each Committee including our two National Missions, Mary Elizabeth Inn and the Asian Resource Center/Gum Moon, Charter for Racial Justice, and AC UMW Breakfast.

Leadership Training and Development was provided during the Annual Meeting and each District held Events to provide officer training, spiritual growth, social action issues, membership nurture, and local and global mission education.

The District and Conference Coordinators for Social Action planned and implemented the annual Legislative Event, March 25-26, 2007 in Sacramento. Topics studied were: Single-payer Health Care, Global Warming, and Immigration Rights. The theme was Voices for Justice, based on Psalm 69:32-36 "God's justice will triumph; God will not forget the downtrodden". Fourteen members of the UMW California/Pacific Conference joined our 25 members, many of whom attended the Inter-faith Coalition Annual Legislative Briefing, March 26-27th.

United Methodist Women continue to support the global mission of the church through the four "Schools of Mission", or Mission Education Events, held in July, August and September, 2006. The studies on Globalization, India/Pakistan, and Shalom/Peace were challenging and informative. Over five-hundred members and friends attended the Events, ably led by UMW Past President and Dean, Nancy Watling, Assistant Dean, Naoma Bodin, and many excellent Study Leaders.

The Conference United Methodist Women voted to help support the UMC Annual Conference, 2006 Child-Care Program by a gift of \$500.00. The Delta District UMW raised funds to help in the publication of the UMC Children's Bible Study, 2006.

May we continue to "Rise, Shine, and Glorify God" in many ways as we seek to fulfill our Purpose as United Methodist Women in each and every one of our beloved United Methodist Churches in California/Nevada Conference.

Respectively submitted, Barbara Ward, Conference President, 2006-2007

Commission on Christian Unity and Interreligious Concerns
Report to the Annual Conference

*Number on Agency: 15; Number present when voting 12;
Number voting for:12; Number voting against: 0;
Number abstaining: 0; Date adopted: March 31, 2007
Number of meetings held: 3*

The Commission has held three meetings during this annual conference year. Our Chairperson for the past two years, The Reverend Dr. Jeffrey Kuan, moved on to become the Chairperson of the Commission on Religion and Race. Connie Hunter, who previously served as Vice Chair assumed the position of Chair.

CCUIC is to take initiative in ecumenical and interreligious concerns by interpreting, advocating and working for the unity of the Christian church; providing leadership and stimulating participation in ecumenical programs; encouraging dialog and cooperation with members of other faith communities; and stimulating participation in interreligious groups. CCUIC's theme for the quadrennium is 'Building Bridges of Faith in a Fear-Filled World'.

As the tension in the world is increasingly depicted as originating from religious differences, offering opportunities for people from different faith traditions to build relationships and to learn about each other's religions is urgently needed.

To that end, CCUIC is sponsoring a luncheon during ACS07 featuring Imam Muhammed Abdul-Azeez as the speaker. Imam Azeez is the religious leader of the Sacramento Area League of Associated Muslims (SALAM) and is a passionate advocate of interfaith work. He dedicates much of his time to educating the community about the true peaceful essence of Islam.

The resolution 'Building Bridges of Faith', submitted by CCUIC to ACS06, was adopted. The resolution encourages local congregations to develop interfaith relationships. In order to support and encourage the efforts of such congregations, the Commission is developing a network of people in local congregations who are interested in interfaith relations and ecumenism. To date, nineteen network members representing sixteen congregations have been recruited.

Another resolution, 'Restore Freedom and Independence to the People of Tibet', submitted by CCUIC to ACS06, was also adopted. One of our members, Doug Sibley, who was instrumental in drafting the resolution, was invited to speak at the Tibet Freedom Rally in San Francisco and has been in dialogue with one of the Dalai Lama's key advisers, as well as the local Tibetan community. Doug and the Commission are currently working with Bishop Shamana to request that the Council of Bishops communicate their support for the Tibetan people's right to self-determination to China's leaders prior to the Winter Olympics in 2008.

In preparation for General Conference in 2008, CCUIC has submitted a resolution to ACS07 affirming the full participation of the UMC in the National Council of Churches (NCCC) and opposing arbitrarily capping the monies that GCCUIC may grant the NCCC.

We are proud that one of our members, Rev. Motoe Yamada, serves on the Central Committee for the World Council of Churches (WCC), the WCC's chief governing body between assemblies and that Precious Craft, another member, represents the UMC at the NCCC.

Connie Hunter, Chair

CONFERENCE COMMITTEE ON CHILDREN AND POVERTY 2006 ACTIVITIES

Report to the Annual Conference

Submitted by Liza Klein, Chair

Previously organized as the Bishop's Committee on Children and Poverty (BICP), the Conference Committee on Children and Poverty (CCCP) was created as a Conference Committee at the 2006 ACS. In 2004 and 2005 the BICP organized lobbying efforts and marches in the capitols of Nevada and California, and gave presentations at the annual conference on the plight of children in poverty throughout the world. The Episcopal Initiative on Children and Poverty in which the Bishops say, "A church separated from "the least of these" is separated from the source of its identity and power, the God who is among the most vulnerable as the Crucified and Risen One...The state of the world's children and poor people challenge 'the people called Methodists' to reclaim their identity and mission as a sign, foretaste, and instrument of the coming of God's reign of justice, generosity and joy."

In 2006, the BICP initiated the process to become the CCCP to carry on the principles and vision of the Episcopal Initiative. We have defined our work in our mission and vision statements. Mission: Calling the United Methodist Church to live the gospel by walking with children and the poor. Vision: Creating opportunities locally and globally for United Methodists in the California Nevada Annual Conference to work in relationship with children and the poor that we our congregations may become the beloved community envisioned by the Bishops.

After approval at Annual Conference, we have defined the current work of the CCCP and set goals for establishing contacts with local congregations. We sent a representative to West Angola to be in conversation with Bishop Domingos of the West Angola Annual Conference about the possibility of establishing a project in coordination with the West Angola Partnership on behalf of orphans in West Angola. We have forwarded to Bishop Domingos funds from the 2006 Conference Offering for Children in Poverty for the work currently underway in West Angola.

Other work of the CCCP has included promoting Children's Sabbath, established as the second Sunday in October, and asking congregations to take an offering for the work of CCCP at that worship. We started to define the vision and procedures for the administration of the Estelle D. Wyman Memorial Children's Fund. The endowment will be used to educate, encourage, and challenge congregations to be in ministry with children locally and also to be engaged advocates for children in poverty around the world.

In 2006 the Nevada sub-committee was reformed as the Nevada People of Faith. They have become effective advocates for children and youth in poverty. They did extensive research to publish informative position papers and worked successfully to get helpful legislation passed. The People of Faith exists as an interfaith organization continuing to work in partnership with the CCCP. Currently three of the members of the CCCP are also members of People of Faith.

Commission on Religion and Race **Report to the Annual Conference**

Number on Agency: 11; Number present when voting: 8
Number voting for: 8; Number voting against: 0
Number abstaining: 0; Date adopted: March 15, 2007
Number of meetings held: 3

With the sudden passing of the former chair of CORR, Charlotte Quann, last May, Jeffrey Kuan was asked by the Nominations Committee at the Annual Conference Session to be the new chair. The Commission held 3 meetings during this annual conference year. We have an average attendance of eight members at our meetings.

In September, Jeffrey Kuan and Pete Taylor attended the meeting of the chairs of CORR in the Western Jurisdiction in Tucson, AZ. The meeting was convened by Kathy Thomas-Sano, GCORR Associate General Secretary for the Western Jurisdiction. The focus of the meeting was on immigration issues. The group visited the courthouse and witnessed the court proceedings of undocumented immigrants who had been apprehended. The group also crossed the border into Sasabe, Mexico and saw groups of Mexicans who were getting ready to cross the border. We had significant conversations about the broader issues of border crossing and the inhumane treatment of undocumented immigrants. The Commission will continue to address the issue of immigrant rights as a part of its goals.

The Commission has begun to look into the *Justice for Our Neighbors* (JFON) program that originated from UMCOR. It is a program that focuses on "offering hospitality to the immigrant in our midst." A task force has been appointed to look into the possibility of implementing this program in our Annual Conference. A brochure will be distributed to every member at the Annual Conference Session.

The Commission worked closely with Rev. Linda Wiberg, Director of Connectional Ministry, to organize a consultation on Ethnic Ministries. Attended by chairs of ethnic caucuses, the Bishop, District Superintendents, and conference staff, the consultation surfaced issues and challenges confronted by racial-ethnic groups in the ministries within the Annual Conference. Some of these issues have been forwarded to boards and committees for their attention. Future consultations will be forthcoming.

The Commission has endorsed and is supporting the "Training for Competency in Inter-ethnic/Inter-racial and Multi-cultural Ministry Leadership," a project headed by Dr. Lucia Ann McSpadden. The Commission sees this as an important project, given the realities of our Annual Conference. Very few Annual Conferences can boast of the kind of multi-culturalism and multi-racialism that our Annual Conference is blessed with. Over the years, we have seen the increase of cross-

cultural and cross-racial appointments. Some of our local churches are also becoming multi-cultural and multi-racial. Such situations create opportunities and challenges. The Commission strongly believes that our churches and our clergy need to be equipped for these opportunities and challenges. The training for our churches and our clergy through this project can make a significant difference in their ministries.

The Commission also provided grants to support the ministries of our ethnic caucuses as well as the Fact Finding Mission into the extra-judicial killings in the Philippines.

Jeffrey Kuan, Chair

Nevada Sierra District UMC

Council on Ministries

Report to the Annual Conference

Number on Agency <u>20</u>	Number present when voting <u>0 via email</u>
Number voting for <u>6</u>	Number voting against <u>0</u>
Number abstaining <u>14</u>	Date adopted <u>3-26-07</u>
Number of meetings held <u>4</u> (plus Training Day)	

2006 Achievements

The Nevada Sierra District Council on Ministries has been meeting in area churches again this year with Winnemucca, Auburn-Pioneer, Fallon-Epworth, and St. Paul's-Reno hosting. Voice and vote has been extended to all who attend. This District continues to lead the Conference in percentage of Apportionments paid.

Suk-Chong Yu, District Superintendent, retired after serving 7 fruitful years. A joyous celebration was held at South Reno UMC. The Suk-Chong Yu Religious Studies Scholarship Fund was created to encourage both laity and clergy to continue in-depth study and service in the faith.

Janet Bailey, Administrative Assistant to the DS since the creation of the Nevada Sierra District, retired in 2005 to Arizona to be near her family. She was recognized for her years of service at District Training Day. Audrey Phelps became Assistant to the DS upon Janet's retirement in November 2005.

District Training Day was held at South Reno UMC in the new Education Building. Attendance was strong but a snowy day increased the time required to get home especially for those traveling over High Mountain passes.

The Spanish Springs and Elko Fellowships were discontinued with hopes that they can be organized again.

The Camp Kelly Committee has been restructured to increase use.

Lay Speaking training has been increased by fixing specific dates and locations for both Basic and Advanced courses.

Blanche Farnam, District Lay Leader, participated at the World UMC Conference in Seoul, South Korea.

The District welcomed Rev. Jerry Smith as the new District Superintendent.

Don Barr, Co-Chair

Retired Clergy Association **Report to the Annual Conference**

Number on Agency: 20. Number present when voting: 15.
Number voting for: 15. Number voting against: 0.
Number abstaining: 0. Date adopted: March 14, 2007.
Number of meetings held: 2.

2006 ACHIEVEMENTS

The Retired Clergy Association added 12 new retirees and enjoyed more growth and activity in 2006. The RCA continued its responsibility for many Annual Conference activities and ceremonies for conference claimants. Our \$1,000 Memorial Scholarships were presented to two candidates for ordained ministry, Jola Bortner and Alison Hendley. About 200 attended our annual conference luncheon where the music of Janice Steele was enjoyed. We support the Committee on Memoirs by providing full staff support, funding the Book of Memoirs, and co-creating the Memorial Service.

The "Spring Fling," our annual retreat in April for retired clergy and spouses, featured S. Wesley Ariarajah. We publish a newsletter, "Days of Grace," and maintain a website, keeping everyone informed about events and about those within our fellowship. Clusters gather at Christmas and other times for face-to-face fellowship. RCA Executive Officer Chuck Myer keeps contact with over 600 retirees and spouses, giving personal assistance to those with special needs through the Retiree Health Care Support Fund. Until she left in September, Board of Pensions liaison Linda Lasell assisted greatly in this area.

We are indebted to the Conference Claimants' Endowment Board for their support of retiree pensions, for the health care fund and for the annual grant to RCA at the rate of 6% of the amount presented to the Annual Conference.

Many retired clergy and spouses are active as faithful disciples in numerous conference, local church, and community activities. We are planning a UMVIM trip to New Orleans in the fall of 2007.

Nadine DeWitt, President

Archives and History
Report to the Annual Conference

Number on Agency: 14 Number Present and Voting: 9
Voting Against: 0 Number Abstaining: 0
Date Adopted: March 10, 2007 Number of Meetings Held: 3

Archives and History have had 3 meetings a year. We are working on finding a place for some of our materials. University of the Pacific needs the space that the conference was given for our Conference materials.

We have found room for some things, and we are on the road to processing the other group of materials.

The book sale has been an ongoing project. We had four tables full, and on Saturday, we had nine boxes left that went to the Philippines.

This year we will sponsor the Western Jurisdiction for Archives and History in April in Sacramento.

Steven Yale has been a wonderful Archivist and has kept the Conference materials in excellent order. He is an asset to the Commission. We look forward to keeping the Commission and keeping Archives and History an ongoing Committee.

Naoma R Bodin
Chairperson, Archives and History

Angola Partnership Committee **Report to the Annual Conference**

Number on Committee: 13 Number of Meetings in 2006: 3

The California-Nevada and West Angola Conferences continue a partnership in ministry begun in 2004. Our Angola Partnership Committee provides planning, coordination and support for the ministry and also facilitates fundraising. These activities are based on an ongoing dialog with the West Angola Conference leadership. At present, the partnering ministry includes the following areas of opportunity for service and support:

- (1) *Volunteer In Mission (VIM) teams* - traveling to Western Angola to address facility, educational and medical needs;
- (2) *Spiritual Ministry* - praying for the churches of the Western Angola Conference, partnering church to church;
- (3) *Children's Education Support* - providing funding to support the continuing outreach ministry of the West Angola Conference Social Program with Children;
- (4) *Pastoral Support* - providing contributions to support the unpaid pastors in the West Angola Conference; and
- (5) *Agricultural Support* - providing funding toward the purchase of trees to be planted by the people of Angola, and toward the funds needed to provide for irrigation.

In 2006, some of our congregations contributed funds for construction at Cabala in Western Angola, where a United Methodist church has been built and other building projects are planned by the West Angola Conference for the village of Cabala itself. Also, the VIM Director and one committee member visited West Angola to discuss their needs and priorities.

In the spring and summer 2007, three VIM teams will travel to Angola: Team 1 from mid-May to mid-June to teach English as a second language and for community-based health care; Team 2 also from mid-May to mid-June for facility construction; and Team 3 from June 29 to mid-July for a connectional visit to learn about the culture and the situation in East and West Angola and to understand better the needs and priorities of United Methodists there.

As these new volunteer teams prepare for work in Angola, United Methodists on two continents reflect what it means to bind us together in love.

Submitted by L. Charles Hebel, Acting Chairman

California-Nevada Methodist Home's

**Report to the Annual Conference
FY 2006 Annual Report**

201- 19th Street, Suite 200
Oakland, CA 94612

BOARD OF TRUSTEES:

Total membership:

15 Board Members and 3 Corporate Officers

The adoption of the classes 2007, 2008 and 2009 of the Board of Trustees and the Corporate Officers took place at the Annual Meeting on November 17, 2006. There were 11 members of the Board of Trustees present at this meeting.

BOARD OFFICERS: No changes

James C. Riewerts, Chair

Gary W. Bales, Vice Chair

Marlene P. Getchell, Secretary

CLASS OF 2009

Resignations

Gary B. Cross* laity

Dr. Pat Gary* laity

Paul S. Thomsen

John L. Pearson* laity

Robert A. Quinn* laity

Dr. Roy Kuramoto* laity Resigned November 17, 2006

Walter D. Lucas Resigned April 20 2006

CLASS OF 2008 No change_

Rev. Dale W. Baker* clergy

Marlene P. Getchell

Dr. Richard Ice clergy

James C. Riewerts

Rev. James Lockwood-Stewart* clergy

CLASS OF 2007 No change

Gary W. Bales

Leo Lin* laity

Herman A. Trutner

James R. Wark

Rev. Mark Wendland* clergy

(*) In compliance with our by-laws, Article III, Section I, eight members of the Board of Trustees are "members in good standing" with the Methodist Church.

CORPORATE OFFICERS: No change

Robert E. Hubbard, President & CEO

Robert L. Leeper, Vice President and CFO

Loretta Heden, Corporate Secretary

RESIDENT REPRESENTATIVES:

Robert Lilly - Forest Hill Manor

Mabel Hom - Lake Park Retirement Residence

CALIFORNIA-NEVADA METHODIST HOMES CONFERENCE
PERSONNEL REPORT Fiscal Year 2006

Professional Staff Persons:

President and Chief Executive Officer: Robert E. Hubbard
Vice President and Chief Financial Officer: **Robert L. Leeper**
Controller: **Teresa Saria**

Corporate Secretary: **Loretta Heden**

Forest Hill Manor Retirement Residence Executive Director: **Beverly Power**

Lake Park Retirement Residence Executive Director: **Stephen Jacobson**

Salaries and funding:

Base annual salary range for the listed staff is \$43,000.00 – \$171,000.00. CNMH is a self-sufficient organization. All operating expenses, including salaries, are paid from fees paid by its residents.

Procedures for review and evaluation:

The Board of Trustees evaluates the President/CEO annually. Their immediate supervisor evaluates the management staff annually.

California-Nevada Methodist Homes Highlights of 2006

March

The Board of Trustees of CNMH approved the conversion to continuing care from life care style of residency agreements. New agreements include the popular 90% refund option.

May

Corporation closed on 42 million tax-exempt bond financing for the expansion at the Forest Hill Manor campus and the new health center wing at Lake Park.

June

Forest Hill Manor held groundbreaking ceremonies for the new expansion on June 2. The completion of the eight cottage units is set for April 2007. The four-story building, containing state-of-the-art skilled and assisted living floors and 24 residential apartments, has an estimated completion date of March 2008. When fully completed, the expanded FHM campus will serve approximately 160 residents in its continuum of care.

Demolition of existing assisted living facility began to make way for the construction. The temporary transfer of the residents to a neighboring facility was completed.

Ongoing Goals

Corporation continues to update programs, services and their physical plants to meet the changing requirements of senior living housing.

Candler School of Theology **Report to the Annual Conference**

Candler School of Theology is grounded in the Christian faith and shaped by the Wesleyan tradition of evangelical piety, ecumenical openness, and social concern. Its mission is *to educate—through scholarship, teaching, and service—faithful and creative leaders for the church’s ministries in the world*. Candler, uniquely located in a top twenty research university and committed to educating pastoral and academic leadership, is actively playing a role in the positive transformation of the church and world.

Candler’s faculty is among the most distinctive in theological education with 46 full-time, 6 part-time, and 15 adjunct members. Bishops Woodie White and Jack Meadors serve as Bishops in Residence. This year, enrollment was 510, with 396 in the Master of Divinity program and 59 in the Master of Theological Studies program. Eighty-three % of students are full-time, 23% US ethnic minority, 10% international, and 51% women. More than 50 denominations are represented with 56% of MDiv students being United Methodist from 34 Annual Conferences.

This spring’s Groundbreaking on our new building will provide faculty and administrative offices, state-of-the-art classrooms, new library facilities, a teaching chapel, and Emory’s Ethics Center. When complete, Emory’s rich religious resources will be drawn together to create a “religious complex” centered on Candler.

I am honored to serve as Candler’s dean as of January 2007 and deeply grateful for the leadership of Russell Richey. He will continue to be a powerful presence at Candler as a leading scholar of Methodism, teacher, and one who makes significant contributions to the church. Thank you for your many expressions of welcome and for your support of Candler.

Sincerely and with thanks,



Jan Love
Dean and Professor of Christianity and World Politics
Candler School of Theology