



INDEPENDENT AUDITOR'S REPORT

THE COUNCIL ON FINANCE AND ADMINISTRATION AND
THE BOARD OF TRUSTEES
THE NEW ENGLAND ANNUAL CONFERENCE OF
THE UNITED METHODIST CHURCH
Lawrence, Massachusetts

We have audited the accompanying statement of financial position of The New England Annual Conference of the United Methodist Church as of December 31, 2006, and the related statements of activities and 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. The prior year summarized comparative information has been derived from the Conference's and the Trustees' separate 2005 financial statements and in our reports dated April 13, 2006, we expressed an unqualified opinion on the Conference's financial statements and a qualified opinion on the Trustees' financial statements with respect to certain real property transferred to the Conference in 1993 as described in the third paragraph and in Note D.

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.

As described in Note D, the value of certain real property transferred to the Conference in 1993 was estimated by management as being \$5,849,459. We were not able to verify independently the fair market value of these real properties.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the fair market value of the real property transferred to the Conference in 1993, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of The New England Annual Conference of the United Methodist Church at December 31, 2006, and its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

July 20, 2007

Parent, McLaughlin & Nangle
Certified Public Accountants, Inc.

160 Federal Street
Boston, MA 02110-1713
617/426-9440
Fax No. 617/423-3955

100 Cummings Center
Suite 335G
Beverly, MA 01915-6106
978/921-0005
Fax No. 978/927-3428

85 Rangeway Road
Forest Ridge Office Park, Bldg #1
Billerica, MA 01862-2105
978/663-9750
Fax No. 978/663-5151

Ten Commerce Way
Raynham, MA 02767-1017
508/880-4955
Fax No. 508/823-6976

THE NEW ENGLAND ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2006

(With Comparative Totals for 2005)

	December 31	
	2006	2005
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,314,258	\$ 2,668,903
Accounts receivable	1,021,568	1,247,037
Investments, at fair value	22,835,314	20,159,413
Notes receivable, less allowance for doubtful accounts of \$300,000 in both 2006 and 2005	851,463	908,376
Unconditional promises to give, net	9,626,702	2,533,588
Property, plant and equipment, net	9,002,561	9,405,078
Other assets	24,586	9,535
Total assets	<u>\$ 46,676,452</u>	<u>\$ 36,931,930</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 7,596	\$ 1,095,221
Notes payable	304,480	316,229
Other liabilities	384,787	147,931
Total liabilities	<u>696,863</u>	<u>1,559,381</u>
Net Assets:		
Unrestricted:		
Board designated	17,008,438	15,730,936
Other	19,930,644	14,185,351
Total unrestricted	<u>36,939,082</u>	<u>29,916,287</u>
Temporarily restricted	3,852,694	1,531,468
Permanently restricted	5,187,813	3,924,794
Total net assets	<u>45,979,589</u>	<u>35,372,549</u>
Total liabilities and net assets	<u>\$ 46,676,452</u>	<u>\$ 36,931,930</u>

See notes to financial statements.

THE NEW ENGLAND ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2006

(With Comparative Totals for 2005)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
REVENUES, GAINS AND OTHER SUPPORT:					
Churches:					
Mission Shares	\$ 7,390,343	\$ -	\$ -	\$ 7,390,343	\$ 7,374,367
Health insurance	7,122,018	-	-	7,122,018	6,502,209
New England insurance plan	2,012,136	-	-	2,012,136	1,702,752
Workers' compensation insurance	229,163	-	-	229,163	196,764
Missional remittance	189,262	-	-	189,262	194,692
Total churches	16,942,922	-	-	16,942,922	15,970,784
Registrations, general church, gifts and other contributions	1,303,154	-	-	1,303,154	1,058,909
Camping fees and gifts	1,051,443	-	-	1,051,443	1,027,504
Contribution for pensions	500,000	-	-	500,000	500,000
Grant income	218,076	-	-	218,076	471,282
Contributions to capital campaign	5,426,561	3,070,173	1,000,000	9,496,734	3,218,149
Investment income	810,214	142,321	-	952,535	665,264
Net realized and unrealized appreciation (depreciation) on investments	938,130	3,895	330,541	1,272,566	(41,759)
Gain on sale of property	109,596	-	-	109,596	-
Proceeds from sales of abandoned church properties	627,721	-	-	627,721	448,962
Rental income, net	42,352	-	-	42,352	60,990
Other income	-	-	-	-	2,500
Net endowment allocation (Note I)	67,522	-	(67,522)	-	-
Net assets released from restrictions: Satisfaction of program restrictions	895,163	(895,163)	-	-	-
Total revenues, gains and other support	28,932,854	2,321,226	1,263,019	32,517,099	23,382,585
EXPENSES:					
Program:					
World service and Conference benevolences	1,377,662	-	-	1,377,662	1,368,619
Ministerial support	6,838,963	-	-	6,838,963	6,980,550
Camps, Conference Center	1,133,842	-	-	1,133,842	1,248,947
Other causes	9,573,403	-	-	9,573,403	9,211,225
Capital campaign disbursements:					
Local church	728,189	-	-	728,189	44,032
International covenants	20,000	-	-	20,000	-
Total capital campaign disbursements	748,189	-	-	748,189	44,032
Conference property expenses:					
Building repairs and maintenance	122,204	-	-	122,204	224,066
Depreciation and amortization	287,884	-	-	287,884	288,861
Utilities	27,594	-	-	27,594	55,978
Insurance	21,963	-	-	21,963	17,330
Interest	16,840	-	-	16,840	13,954
Total Conference property expenses	476,485	-	-	476,485	600,189
Scholarships	38,037	-	-	38,037	34,297
Distributions paid	70,443	-	-	70,443	72,519
Other	47,526	-	-	47,526	134,466
Total program	20,304,550	-	-	20,304,550	19,694,844
Fundraising	618,699	-	-	618,699	833,661
Management and general	986,810	-	-	986,810	1,199,060
Total expenses	21,910,059	-	-	21,910,059	21,727,565
CHANGE IN NET ASSETS	7,022,795	2,321,226	1,263,019	10,607,040	1,655,020
NET ASSETS, beginning of year	29,916,287	1,531,468	3,924,794	35,372,549	33,717,529
NET ASSETS, end of year	\$ 36,939,082	\$ 3,852,694	\$ 5,187,813	\$ 45,979,589	\$ 35,372,549

See notes to financial statements.