

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Financial Statements

To the Board of Trustees
East Wisconsin Pension Trust
Eau Claire, Wisconsin

We have audited the accompanying statements of net assets of East Wisconsin Pension Trust as of December 31, 2003 and 2002, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of East Wisconsin Pension Trust as of December 31, 2003 and 2002, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Madison, Wisconsin
May 3, 2004

2004 Wisconsin Conference Journal

East Wisconsin Pension Trust

Statements of Net Assets
December 31, 2003 and 2002

Assets	2003	2002
Investments, at fair value		
United States treasury notes	\$ 1,920,563	\$ 2,215,374
Common and preferred stocks	3,594,609	2,992,606
	<u>5,515,172</u>	<u>5,207,980</u>
Accrued Interest	17,937	18,557
Prepaid Insurance	1,326	1,226
Cash	423,793	395,597
	<u>5,958,228</u>	<u>5,623,360</u>
Total assets	5,958,228	5,623,360
Liabilities		
Agreement to Gift (see Note 5)	100,000	-
Accounts Payable	6,306	5,946
	<u>106,306</u>	<u>5,946</u>
Total liabilities	106,306	5,946
Net assets	\$ 5,851,922	\$ 5,617,414
Net Assets		
Reserve Fund Designated by Trustees	\$ 266,000	\$ 266,000
Designated for Ultimate Distribution to the Wisconsin Annual Conference - The United Methodist Church	5,585,922	5,351,414
	<u>\$ 5,851,922</u>	<u>\$ 5,617,414</u>

See Notes to Financial Statements.

East Wisconsin Pension Trust

**Statements of Changes in Net Assets
Years Ended December 31, 2003 and 2002**

	2003	2002
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
United States treasury notes	\$ (43,724)	\$ 53,376
Common and preferred stocks	641,324	(821,826)
Interest	92,347	109,348
Dividends	59,223	45,379
	<u>749,170</u>	<u>(613,723)</u>
Less investment expenses	23,586	24,691
Net investment income (loss)	<u>725,584</u>	<u>(638,414)</u>
Deductions:		
Benefits paid	257,300	254,380
Administrative expenses	33,776	31,036
Agreement to gift (see Note 5)	200,000	-
Total deductions	<u>491,076</u>	<u>285,416</u>
Net increase (decrease)	234,508	(923,830)
Net assets:		
Beginning	<u>5,617,414</u>	<u>6,541,244</u>
Ending	<u>\$ 5,851,922</u>	<u>\$ 5,617,414</u>

See Notes to Financial Statements.

East Wisconsin Pension Trust

Notes to Financial Statements

Note 1. Description of the Trust

The following brief description of the East Wisconsin Pension Trust is provided for general information only. Participants should refer to the Trust agreement for more complete information.

General: The East Wisconsin Pension Trust (the Trust) was established in 1969 to assist in the funding of pensions for retired ministers of the then East Wisconsin Conference of the Methodist Church and their surviving spouses and dependent children. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits: The Trust provides benefits to retired ministers and their surviving spouses and dependent children in an amount each year sufficient to supplement by 25 percent that portion of the established pension rate of the Wisconsin Annual Conference - The United Methodist Church, which is based upon each year of membership in the East Wisconsin Conference prior to January 1, 1970. Benefits are limited to the annual net income of the Trust and the amount in the reserve fund discussed in the following paragraph. In the event the annual net income and reserve fund is insufficient to pay the full amount of benefits, all benefit amounts shall be scaled down pro rata.

Reserve Fund: The Trustees may designate a reserve fund for the estimated amount of one year's payment of benefits. The amount retained is identified on the accompanying statements of net assets as reserve fund designated by Trustees.

Trust Distributions and Termination: When the number of persons eligible to receive benefits are reduced in number to such an extent that it is no longer necessary to retain the full amount of the Trust's assets, the Trustees may, from time to time and at their discretion, pay portions of the Trust's assets to the Wisconsin Annual Conference - The United Methodist Church. Furthermore, when the recipients of benefits are reduced in number to such a point that it is impractical or uneconomical to continue this Trust, the Trustees may make provisions for such recipients by way of annuities or otherwise to the end that the Trust can be terminated. Upon the death of the last beneficiary of the Trust, all remaining assets of the Trust shall revert to the Wisconsin Annual Conference - The United Methodist Church, and the Trust shall be terminated.

Note 2. Summary of Accounting Policies

The following are the significant accounting policies followed by the Trust:

Valuation of Investments: Investments are valued at fair market value based on quoted market prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Payment of Benefits: Benefit payments to participants are recorded when paid.

East Wisconsin Pension Trust

Notes to Financial Statements

Note 2. Summary of Accounting Policies (Continued)

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Note 3. Investments

The following table presents the fair value of investments held at December 31, 2003 and 2002 that represent 5 percent or more of the Trust's net assets.

	2003	2002
Investments at fair value as determined by quoted market price:		
U.S. treasury note, 4.75%, due February 15, 2004	\$ 301,313	\$ 311,719
U.S. treasury note, 5.875%, due November 15, 2004	312,000	324,000
U.S. treasury note, 5.75%, due November 15, 2005	429,500	442,125
U.S. treasury note, 3.25%, due August 15, 2007	459,000	512,343

Note 4. Obligation to Distribute Any Excess Earnings

The Trust agreement provides that for each year, any excess of interest and dividend income over benefits paid and investment and administrative expenses of the Trust shall be paid to the Wisconsin Annual Conference - The United Methodist Church. Such payments are restricted for the payment by the Wisconsin Annual Conference - The United Methodist Church of certain pension responsibilities and are free of restrictions when the specified pension obligations have been fulfilled. The calculation of the excess for the years ended December 31, 2003 and 2002, is shown below and results in no amount due for either year.

	2003	2002
Interest income	\$ 92,347	\$ 109,348
Dividend income	59,223	45,379
Benefits paid	(257,300)	(254,380)
Investment expenses	(23,586)	(24,691)
Administrative expenses	(32,991)	(31,036)
Deficit	<u>\$ (162,307)</u>	<u>\$ (155,380)</u>

East Wisconsin Pension Trust

Notes to Financial Statements

Note 4. Obligation to Distribute Any Excess Earnings (Continued)

The following is a summary of payments to the Conference Board of Pensions and benefits paid to retirees since 1970:

Years	Payments to Conference Board of Pensions	Benefits Paid to Retirees
Prior to 1993	\$ 1,164,508	\$ 1,908,439
1993	9,156	139,896
1994	783	146,526
1995	367	151,861
1996	-	166,553
1997	-	171,761
1998	-	181,218
1999	-	225,398
2000	-	242,357
2001	-	257,978
2002	-	254,380
2003	-	257,300
	<u>\$ 1,174,814</u>	<u>\$ 4,103,667</u>

Note 5. Gift and Commitment

In December 2001, the Board of Trustees approved an agreement to gift the Wisconsin Annual Conference - The United Methodist Church \$100,000 in quarterly installments of \$25,000. This agreement to gift, to be used for health insurance for retired pastors and surviving spouses of the Wisconsin Annual Conference - The United Methodist Church, was paid during 2003. In April 2003, the Board of Trustees approved an additional agreement to gift the Wisconsin Annual Conference - the United Methodist Church \$100,000 in quarterly installments of \$25,000 in 2004, to be used for health insurance for retired pastors and surviving spouses of the Wisconsin Annual Conference - The United Methodist Church.

Note 6. Income Taxes

The Trust is exempt from federal and Wisconsin income tax because it is a grantor trust. Accordingly, the grantor, the Wisconsin Annual Conference - The United Methodist Church, is responsible for any taxable income.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Supplementary Information

To the Board of Trustees
East Wisconsin Pension Trust
Eau Claire, Wisconsin

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary investment information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Madison, Wisconsin
May 3, 2004

East Wisconsin Pension Trust

Summary of Investments and Related Income
Year Ended December 31, 2003

	Fair Value					2003 Income
	Balance December 31, 2002	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)	
Summary						
U.S. Treasury Notes	\$ 2,215,374	\$ -	\$ 251,087	\$ 2,162	\$ (45,886)	\$ 1,920,563
Preferred Stocks	-	7,976	-	-	373	8,349
Common Stocks	2,992,606	825,308	872,605	(254,236)	895,187	3,586,260
	<u>\$ 5,207,980</u>	<u>\$ 833,284</u>	<u>\$ 1,123,692</u>	<u>\$ (252,074)</u>	<u>\$ 849,674</u>	<u>\$ 5,515,172</u>
						<u>\$ 150,665</u>
U.S. Treasury Notes						
5.5%, due 02/28/03	\$ 201,375	-	\$ 200,000	\$ 856	\$ (2,231)	\$ -
4.75%, due 02/15/04	311,719	-	-	-	(10,406)	301,313
5.875%, due 11/15/04	324,000	-	-	-	(12,000)	312,000
5.75%, due 11/15/05	442,125	-	-	-	(12,625)	429,500
4.625%, due 05/15/06	215,687	-	-	-	(3,687)	212,000
3.5%, due 11/15/06	208,125	-	-	-	(1,375)	206,750
3.25%, due 08/15/07	512,343	-	51,087	1,306	(3,562)	459,000
	<u>\$ 2,215,374</u>	<u>\$ -</u>	<u>\$ 251,087</u>	<u>\$ 2,162</u>	<u>\$ (45,886)</u>	<u>\$ 1,920,563</u>
Totals						<u>\$ 91,442</u>
Preferred Stocks						
News Corp LTD	\$ -	\$ 7,976	\$ -	\$ -	\$ 373	\$ 8,349
	<u>\$ -</u>	<u>\$ 7,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ 8,349</u>
Totals						<u>\$ -</u>

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2003

	Balance December 31, 2002	Purchases and Exchanges	Fair Value			Unrealized Increase (Decrease)	Balance December 31, 2003	2003 Income
			Proceeds from Sales	Realized Gain (Loss)				
Common Stock								
Ace LTD	\$ 58,680	\$ -	\$ -	\$ -	\$ 24,160	\$ 82,840	\$ 1,440	
Affiliated Computer SVCS	-	29,695	-	-	2,981	32,676	-	
Alberto Culver Co.	87,462	-	35,009	7,925	15,318	75,696	693	
Amerus Group Co.	62,194	-	-	-	14,740	76,934	880	
Anadarko Petroleum Corp.	47,900	-	40,841	(20,091)	13,032	-	300	
Aptargroup Inc.	65,604	-	-	-	16,296	81,900	546	
Bemis Co., Inc.	34,741	22,540	-	-	2,719	60,000	1,344	
Black Box Corp.	31,360	-	30,837	(3,631)	3,108	-	140	
Bristol Myers Squibb Co.	69,450	-	-	-	16,350	85,800	3,360	
Brown & Brown Inc.	64,640	-	-	-	580	65,220	485	
CVS Corp.	50,689	-	-	-	22,635	73,324	467	
Cardinal Health Inc.	35,928	22,945	-	-	2,715	61,588	101	
Check Point Software Technologies	15,564	-	22,362	(16,366)	23,164	-	-	
Cintas Corp.	45,750	-	-	-	4,350	50,100	270	
Clear Channel Communications, Inc.	29,832	28,334	-	-	12,079	70,245	80	
Davita Inc.	-	35,987	-	-	3,013	39,000	-	
Dentsply Intl. Inc.	-	33,552	-	-	7,101	40,653	130	
Disney Walt Company	24,465	-	31,149	(5,553)	12,237	-	315	
Subtotals - forward	\$ 724,259	\$ 173,053	\$ 160,198	\$ (37,716)	\$ 196,578	\$ 895,976	\$ 10,551	

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2003

	Fair Value						2003 Income
	Balance December 31, 2002	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)	Balance December 31, 2003	
Subtotals - forwarded	\$ 724,259	\$ 173,053	\$ 160,198	\$ (37,716)	\$ 196,578	\$ 895,976	\$ 10,551
Dollar General Corp.	40,332	-	61,443	4,542	16,569	-	309
Echostar Communication Corp.	22,260	-	26,188	3,123	805	-	-
Emerson Electric Co.	50,850	-	-	-	13,900	64,750	1,577
First Merit Corp.	43,320	-	-	-	10,900	54,220	2,040
Gallagher & Co.	64,635	-	59,479	(11,704)	6,548	-	1,122
General Mills Inc.	93,900	-	-	-	(3,300)	90,600	2,200
Genuine Parts Co.	67,760	-	-	-	5,280	73,040	2,585
Guidant Corp.	24,680	-	32,057	1,583	5,794	-	64
Harris Corp.	31,560	-	-	-	13,980	45,540	432
HCA Inc.	-	30,005	-	-	12,955	42,960	60
Hewitt Assocs Inc.	-	29,692	-	-	6,188	35,880	-
Home Depot Inc.	-	31,927	-	-	21,308	53,235	390
Hormel Foods Corp.	69,990	-	-	-	7,440	77,430	1,260
Hughes Electronics Corp.	-	39,908	7,976	921	8,009	40,862	-
IMS Health, Inc.	32,000	-	-	-	17,720	49,720	160
Interpublic Group Company Inc.	50,689	-	44,339	(58,996)	52,646	-	-
Subtotals - forward	\$ 1,316,235	\$ 304,585	\$ 391,680	\$ (98,247)	\$ 393,320	\$ 1,524,213	\$ 22,750

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2003

	Balance December 31, 2002	Purchases and Exchanges	Proceeds from Sales	Fair Value			Balance December 31, 2003	2003 Income
				Realized Gain (Loss)	Unrealized Increase (Decrease)	December 31, 2003		
Subtotals - forwarded	\$ 1,316,235	\$ 304,585	\$ 391,680	\$ (98,247)	\$ 393,320	\$ 1,524,213	\$ 22,750	
Kinder Morgan Inc. Kans	-	60,727	-	-	4,283	65,010	680	
King Pharmaceutical Inc.	20,628	-	13,132	(28,105)	20,609	-	-	
Kroger Company	29,355	-	26,632	(12,057)	9,334	-	-	
LSI Logic Corp.	17,309	-	18,234	(21,152)	22,077	-	-	
Lancaster Colony Corp	-	35,078	-	-	5,566	40,644	567	
Liberty Media Corp.	74,381	-	-	-	24,544	98,925	-	
Manpower Inc.	63,800	-	-	-	30,360	94,160	400	
Marshall & Ilsley Corp.	76,664	-	-	-	30,436	107,100	1,960	
Merck & Co. Inc.	45,288	27,825	2,316	271	(6,388)	64,680	1,160	
Mercury General Corp.	75,160	-	-	-	17,940	93,100	2,640	
National Commerce Bancorp.	71,550	-	20,714	2,051	1,673	54,560	1,760	
Nationwide Financial Services	57,300	-	-	-	8,820	66,120	1,040	
Outback Steakhouse Inc.	51,660	-	-	-	14,655	66,315	735	
Partnerre Ltd.	41,456	24,910	-	-	9,099	75,465	1,115	
Penney J.C. Co. Inc.	41,419	-	38,635	(7,438)	4,654	-	675	
Pfizer Inc.	30,570	31,655	-	-	8,435	70,660	750	
Pier 1 Imports Inc.	28,395	17,495	-	-	8,760	54,650	700	
Plantronics Inc.	30,260	-	52,337	7,191	14,886	-	-	
Priority Healthcare Corp.	32,480	-	33,859	(2,966)	4,345	-	-	
Protective Life Corp.	58,783	-	-	-	13,499	72,282	1,346	
Subtotals - forward	\$ 2,162,693	\$ 502,275	\$ 597,539	\$ (160,452)	\$ 640,907	\$ 2,547,884	\$ 38,278	

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2003

	Balance December 31, 2002	Purchases and Exchanges	Proceeds from Sales	Fair Value			Balance December 31, 2003	2003 Income
				Realized Gain (Loss)	Unrealized Increase (Decrease)	Balance December 31, 2003		
Subtotals - forwarded	\$ 2,162,693	\$ 502,275	\$ 597,539	\$ (160,452)	\$ 640,907	\$ 2,547,884	\$ 38,278	
Province Healthcare Co.	17,514	-	14,513	(19,392)	16,391	-	-	
RPM Incorporated	55,864	-	-	-	4,314	60,178	1,938	
Renal Care Group	31,640	-	-	-	9,560	41,200	-	
SBC Communications, Inc.	73,197	-	59,096	(37,020)	22,919	-	3,692	
Scheming Plough Corp.	44,400	17,237	-	-	(9,467)	52,170	1,525	
Service Master Co.	69,375	-	-	-	3,438	72,813	2,625	
Shire Pharmaceutical	37,780	-	-	-	20,340	58,120	-	
Supervalu Inc.	33,020	-	-	-	24,160	57,180	1,150	
Target Corp.	24,000	27,683	-	-	5,917	57,600	257	
Teleflex Inc.	30,023	26,278	-	-	11,361	67,662	966	
Texas Instruments, Inc.	16,511	-	24,773	(32,485)	40,747	-	70	
Travelers Property Casualty Corp.	43,950	24,531	-	-	7,029	75,510	960	
USA Interactive	55,008	-	27,092	12,425	13,947	54,288	-	
Universal Healthy Rity	-	38,087	-	-	4,053	42,140	1,379	
Universal Health Club	40,590	-	-	-	7,758	48,348	72	
Verizon Communications	47,275	65,840	45,396	(23,944)	26,383	70,158	939	
Vulcan Materials Co.	60,000	-	61,866	(4,517)	6,383	-	784	
Waddell & Reed	62,944	-	-	-	12,128	75,072	1,753	
Walgreen Company	35,028	-	-	-	8,628	43,656	194	
Washington Mutual, Inc.	51,794	-	-	-	8,387	60,181	2,100	
Willis Group Hldgs LTD	-	61,699	-	-	6,441	68,140	325	
Wendy's Intl Inc.	-	31,181	42,330	11,149	-	-	216	
Wyeth	-	30,497	-	-	3,463	33,960	-	
Total - common stocks	\$ 2,992,606	\$ 825,308	\$ 872,605	\$ (254,236)	\$ 895,187	\$ 3,586,260	\$ 59,223	