

East Wisconsin Pension Trust

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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, 2004 and 2003, 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, 2004 and 2003, 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 9, 2005

East Wisconsin Pension Trust

Statements of Net Assets

December 31, 2004 and 2003

Assets	2004	2003
Investments, at fair value		
United States treasury notes	\$ 1,960,630	\$ 1,920,563
Common and preferred stocks	3,323,160	3,594,609
	<u>5,283,790</u>	<u>5,515,172</u>
Accrued Interest	12,927	17,937
Prepaid Insurance	1,326	1,326
Cash	<u>636,306</u>	<u>423,793</u>
Total assets	<u>5,934,349</u>	<u>5,958,228</u>
Liabilities		
Agreement to Gift (see Note 5)	100,000	100,000
Accounts Payable	<u>6,281</u>	<u>6,306</u>
Total liabilities	<u>106,281</u>	<u>106,306</u>
Net assets	<u>\$ 5,828,068</u>	<u>\$ 5,851,922</u>
Net Assets		
Reserve Fund Designated by Trustees	\$ 266,000	\$ 266,000
Designated for Ultimate Distribution to the Wisconsin Annual Conference - The United Methodist Church	<u>5,562,068</u>	<u>5,585,922</u>
	<u>\$ 5,828,068</u>	<u>\$ 5,851,922</u>

See Notes to Financial Statements.

East Wisconsin Pension Trust

Statements of Changes in Net Assets
Years Ended December 31, 2004 and 2003

	2004	2003
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
United States treasury notes	\$ (57,816)	\$ (43,724)
Common and preferred stocks	302,102	641,324
Interest	83,670	92,347
Dividends	59,838	59,223
	<u>387,794</u>	<u>749,170</u>
Less investment expenses	24,464	23,586
Net investment income	<u>363,330</u>	<u>725,584</u>
Deductions:		
Benefits paid	253,034	257,300
Administrative expenses	34,150	33,776
Agreement to gift (see Note 5)	100,000	200,000
Total deductions	<u>387,184</u>	<u>491,076</u>
Net increase (decrease)	(23,854)	234,508
Net assets:		
Beginning	<u>5,851,922</u>	<u>5,617,414</u>
Ending	<u>\$ 5,828,068</u>	<u>\$ 5,851,922</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. Effective January 1, 2005, an amount equal to 100 percent of the supplemental pension payments received by a retired minister shall be designated as a rental/housing allowance.

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, 2004 and 2003, that represent 5 percent or more of the Trust's net assets.

	2004	2003
Investments at fair value as determined by quoted market price:		
U.S. treasury note, 4.75%, due February 15, 2004	\$ -	\$ 301,313
U.S. treasury note, 5.875%, due November 15, 2004	-	15,422
U.S. treasury note, 5.75%, due November 15, 2005	410,240	429,500
U.S. treasury note, 3.25%, due August 15, 2007	450,630	459,000
U.S. treasury note, 3.125%, due April 15, 2009	295,440	-
U.S. treasury note, 3.50%, due December 15, 2009	398,040	-

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, 2004 and 2003, is shown below and results in no amount due for either year.

	2004	2003
Interest income	\$ 83,670	\$ 92,347
Dividend income	59,838	59,223
Benefits paid	(253,034)	(257,300)
Investment expenses	(24,464)	(23,586)
Administrative expenses	(34,150)	(32,991)
Deficit	<u>\$ (168,140)</u>	<u>\$ (162,307)</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 1994	\$ 1,173,664	\$ 2,048,335
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
2004	-	253,034
	<u>\$ 1,174,814</u>	<u>\$ 4,356,701</u>

Note 5. Gift and Commitment

In April 2003, 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 2004. In February 2004, 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 2005, 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 9, 2005

East Wisconsin Pension Trust

Summary of Investments and Related Income
Year Ended December 31, 2004

	Fair Value					2004 Income
	Balance December 31, 2003	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)	
Summary						
U.S. Treasury Notes	\$ 1,920,563	\$ 697,883	\$ 600,000	\$ 10,620	\$ (68,436)	\$ 1,960,630
Preferred Stocks	8,349	-	9,172	1,196	(373)	-
Common Stocks	3,586,260	745,744	1,310,123	355,284	(54,005)	3,323,160
	<u>\$ 5,515,172</u>	<u>\$ 1,443,627</u>	<u>\$ 1,919,295</u>	<u>\$ 367,100</u>	<u>\$ (122,814)</u>	<u>\$ 5,283,790</u>
U.S. Treasury Notes						
4.75%, due 02/15/04	\$ 301,313	-	\$ 300,000	\$ 185	\$ (1,498)	\$ -
5.875%, due 11/15/04	312,000	-	300,000	10,435	(22,435)	-
5.75%, due 11/15/05	429,500	-	-	-	(19,260)	410,240
4.625%, due 05/15/06	212,000	-	-	-	(7,400)	204,600
3.5%, due 11/15/06	206,750	-	-	-	(5,070)	201,680
3.25%, due 08/15/07	459,000	-	-	-	(8,370)	450,630
3.125%, due 4/15/09	-	298,742	-	-	(3,302)	295,440
3.50%, due 12/15/09	-	399,141	-	-	(1,101)	398,040
	<u>\$ 1,920,563</u>	<u>\$ 697,883</u>	<u>\$ 600,000</u>	<u>\$ 10,620</u>	<u>\$ (68,436)</u>	<u>\$ 1,960,630</u>
Totals						
	\$ 8,349	\$ -	\$ 9,172	\$ 1,196	\$ (373)	\$ -
Preferred Stocks						
News Corp LTD	\$ 8,349	\$ -	\$ 9,172	\$ 1,196	\$ (373)	\$ -
	<u>\$ 8,349</u>	<u>\$ -</u>	<u>\$ 9,172</u>	<u>\$ 1,196</u>	<u>\$ (373)</u>	<u>\$ -</u>
Totals						
	\$ 8,349	\$ -	\$ 9,172	\$ 1,196	\$ (373)	\$ 30

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2004

	Fair Value						2004 Income
	Balance December 31, 2003	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)	Balance December 31, 2004	
Common Stock							
Ace LTD	\$ 82,840	\$ -	\$ 82,821	\$ 19,924	\$ (19,943)	\$ -	\$ 380
Affiliated Computer SVCS	32,676	-	-	-	3,438	36,114	-
Alberto Culver Co.	75,696	-	14,560	1,944	9,775	72,855	660
Amerus Group Co.	76,934	-	89,559	19,917	(7,292)	-	-
Applebees International Inc.	-	23,663	-	-	2,787	26,450	-
Aptargroup Inc.	81,900	-	35,263	12,736	14,519	73,892	924
Axis Capital Holdings LTD	-	56,680	-	-	3,512	60,192	150
Bemis Co., Inc.	60,000	-	-	-	9,816	69,816	1,536
Boston Specific Corp.	-	34,422	-	-	1,128	35,550	-
Bristol Myers Squibb Co.	85,800	-	-	-	(8,940)	76,860	3,360
Brown & Brown Inc.	65,220	-	38,552	34,179	(17,297)	43,550	360
CVS Corp.	73,324	-	30,776	8,879	4,009	55,436	432
Cardinal Health Inc.	61,588	20,189	14,264	2,791	(117)	70,187	121
Chevrontexaco Corp.	-	47,295	-	-	5,215	52,510	800
Cintas Corp.	50,100	-	-	-	(6,240)	43,860	290
Clear Channel Communications, Inc.	70,245	18,412	-	-	(21,677)	66,980	750
Davita Inc.	39,000	-	-	-	20,295	59,295	-
Dentsply Intl. Inc.	40,653	-	-	-	9,927	50,580	189
Direct TV Group	40,862	-	-	-	469	41,331	-
Subtotals - forward	\$ 936,838	\$ 200,661	\$ 305,795	\$ 100,370	\$ 3,384	\$ 935,458	\$ 9,952

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2004

	Fair Value						2004 Income
	Balance December 31, 2003	Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)	Balance December 31, 2004	
Subtotals - forwarded	\$ 936,838	\$ 200,661	\$ 305,795	\$ 100,370	\$ 3,384	\$ 935,458	\$ 9,952
Emerson Electric Co.	64,750	-	61,789	13,984	(16,945)	-	800
Family Dollar Stores Inc.	-	33,527	-	-	(2,297)	31,230	170
Fifth Third Bancorp	-	33,288	-	-	(178)	33,110	-
First Merit Corp.	54,220	-	-	-	2,760	56,980	2,120
Firsey Inc.	-	28,831	-	-	(698)	28,133	-
Forest Laboratories	-	48,717	-	-	(3,857)	44,860	-
General Mills Inc.	90,600	-	89,672	9,477	(10,405)	-	1,968
Genuine Parts Co.	73,040	-	88,506	34,193	(18,727)	-	2,329
Harris Corp.	45,540	-	38,128	19,939	9,723	37,074	528
HCA Inc.	42,960	-	37,578	7,573	(12,955)	-	280
Health Care Property Investors Inc.	-	23,950	-	-	3,740	27,690	1,253
Hewitt Assocs Inc.	35,880	-	-	-	2,532	38,412	-
Home Depot Inc.	53,235	-	-	-	10,875	64,110	488
Hormel Foods Corp.	77,430	-	22,986	1,544	12,982	68,970	1,260
IAC/interactive Corp.	54,288	13,782	-	-	(7,306)	60,764	-
IMS Health, Inc.	49,720	-	-	-	(3,300)	46,420	160
Subtotals - forward	\$ 1,578,501	\$ 382,756	\$ 644,454	\$ 187,080	\$ (30,672)	\$ 1,473,211	\$ 21,308

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2004

	Balance December 31, 2003	Fair Value				Balance December 31, 2004	2004 Income
		Purchases and Exchanges	Proceeds from Sales	Realized Gain (Loss)	Unrealized Increase (Decrease)		
Subtotals - forwarded	\$ 1,578,501	\$ 382,756	\$ 644,454	\$ 187,080	\$ (30,672)	\$ 1,473,211	\$ 21,308
Kinder Morgan Inc. Kans	65,010	-	-	-	15,433	80,443	2,475
Kohl's Corp.	-	51,737	-	-	7,267	59,004	-
Lancaster Colony Corp	40,644	-	-	-	(2,061)	38,583	846
Liberty Media Corp. New Com Series A	98,925	(14,550)	-	-	6,979	91,354	-
Liberty Media International Inc. Series A	-	14,550	420	420	4,682	19,232	-
Manpower Inc.	94,160	-	28,254	3,639	(1,925)	67,620	420
Marshall & Ilsley Corp.	107,100	-	45,999	45,003	(35,384)	70,720	1,638
Merck & Co. Inc.	64,680	-	38,475	(25,325)	(880)	-	2,086
Mercury General Corp.	93,100	-	64,659	60,763	(47,260)	41,944	1,776
Montpelier Re Holdings Limited	-	35,229	-	-	3,221	38,450	340
Nabor Industries Limited	-	27,620	-	-	3,154	30,774	-
National Commerce Bancorp.	54,560	-	62,134	24,807	(17,233)	-	800
Nationwide Financial Services	66,120	-	-	-	10,340	76,460	1,340
O'Reilly Automotive Inc.	-	30,056	29,266	13,527	1,479	31,535	-
Outback Steakhouse Inc.	66,315	-	-	-	(9,374)	41,202	546
Partnerre Ltd.	75,465	-	-	-	5,057	80,522	1,768
Pfizer Inc.	70,660	13,933	-	-	(17,368)	67,225	1,360
Pier 1 Imports Inc.	54,650	18,820	-	-	(4,520)	68,950	1,150
Protective Life Corp.	72,282	-	-	-	18,904	91,186	1,463
Subtotals - forward	\$ 2,602,172	\$ 560,151	\$ 913,661	\$ 309,914	\$ (90,161)	\$ 2,468,415	\$ 39,316

East Wisconsin Pension Trust

Summary of Investments and Related Income (Continued)
Year Ended December 31, 2004

	Balance December 31, 2003	Purchases and Exchanges	Proceeds from Sales	Fair Value			2004 Income
				Realized Gain (Loss)	Unrealized Increase (Decrease)	Balance December 31, 2004	
Subtotals - forwarded	\$ 2,602,172	\$ 560,151	\$ 913,661	\$ 309,914	\$ (90,161)	\$ 2,468,415	\$ 39,316
Qlogic Corp.	-	29,577	35,494	5,917	-	-	-
RPM Incorporated	60,178	-	-	-	11,699	71,877	2,084
Renal Care Group	41,200	-	-	-	12,785	53,985	-
St. Paul Travelers Companies Inc.	75,510	-	8	8	(3,223)	72,287	1,812
Sara Lee Corp.	-	61,143	-	-	1,621	62,764	-
Schering Plough Corp.	52,170	-	53,819	(1,883)	3,532	-	330
Service Master Co.	72,813	-	-	-	13,376	86,189	2,688
Shire Pharmaceutical	58,120	-	60,048	(7,786)	9,714	-	-
Supervalu Inc.	57,180	-	56,343	22,434	(23,271)	-	-
Target Corp.	57,600	-	65,261	9,781	(2,120)	-	105
Teleflex Inc.	67,662	-	68,050	8,079	(7,691)	-	896
University Healthy Rity	42,140	-	-	-	2,842	44,982	2,800
Universal Healthy Club	48,348	22,105	-	-	(8,153)	62,300	368
Verizon Communications	70,158	-	-	-	10,862	81,020	3,080
Vishay Intertechnology Inc.	-	47,550	-	-	(2,490)	45,060	-
Waddell & Reed	75,072	-	-	-	1,376	76,448	1,920
Walgreen Company	43,656	-	-	-	2,388	46,044	230
Washington Mutual, Inc.	60,181	-	57,439	8,820	(11,562)	-	1,933
Willis Group Hldgs LTD	68,140	-	-	-	14,200	82,340	1,450
Wyeth	33,960	-	-	-	112	34,072	736
XTO Energy Inc.	-	25,218	-	-	10,159	35,377	60
Total - common stocks	\$ 3,586,260	\$ 745,744	\$ 1,310,123	\$ 355,284	\$ (54,005)	\$ 3,323,160	\$ 59,808