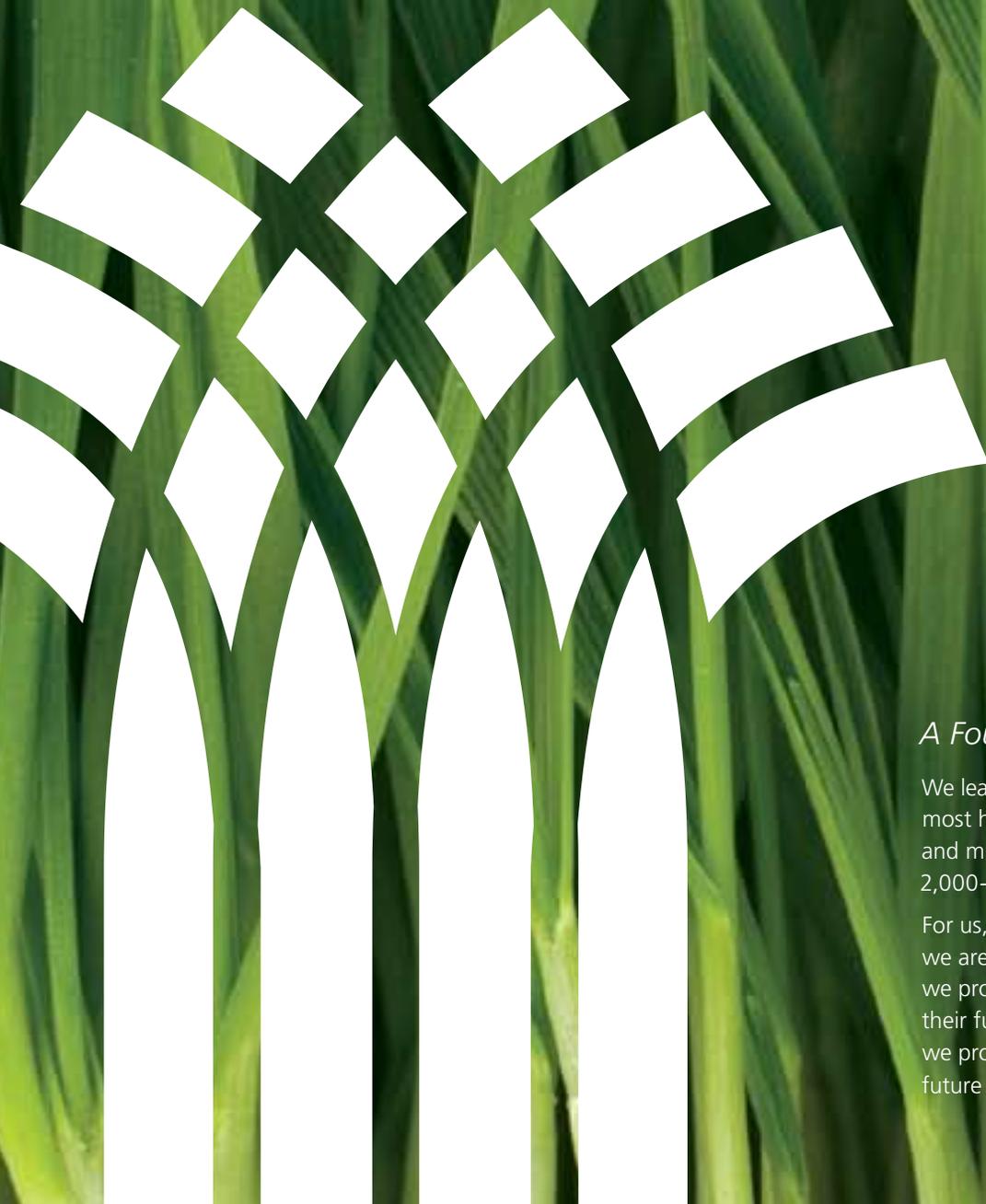


The Catholic Community Foundation  
2007 Annual Report





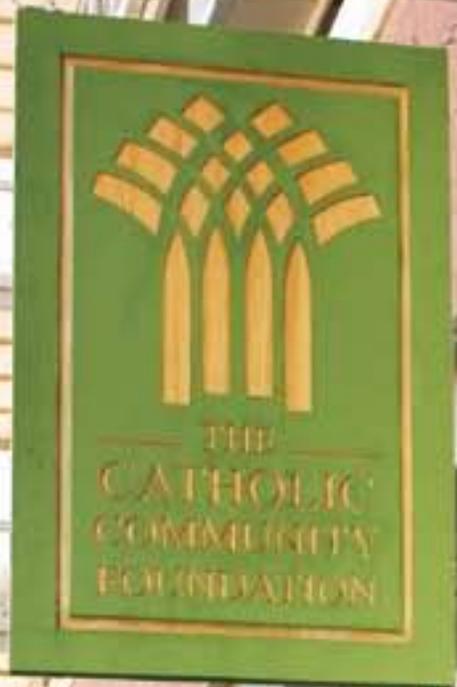
### *A Foundation for Perpetual Compassion*

We learned everything we know about giving from Christ's example. From the most humble beginnings, His word and His message have spanned the miles and millennia to grow and multiply worldwide. You are a vital part of that 2,000-year legacy of love.

For us, giving is more than tradition and mission. It is not what we do; it is who we are. The Catholic Community Foundation exists for two reasons: For donors, we provide financially and socially responsible investment options to ensure that their funds offer maximum benefit to their favorite causes. For grant recipients, we provide ongoing support to help them grow and multiply Christ's legacy for future generations.



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Dear Friends,

We talk a lot about numbers and organizations and commitment, as we should. This is, after all, our annual report. But what does it all mean in human terms? We provide funds that inspire new beginnings. This is not a symbol or a metaphor. These gifts feed people. They heal people. They educate people. There is no higher calling.

As you know, The Catholic Community Foundation was established to help our donors carry forward their love for those causes about which they care the most. We all have the opportunity to help others, especially those in our faith community. This year, through our grants program and with the generous support of our donors, we were able to award grants of \$408,050 throughout Southeastern Wisconsin. We believe that through our grants we renew our commitment to enriching lives, both physically and spiritually.

The Foundation experienced another year of growth, with assets at the end of the fiscal year totaling more than \$28.8 million, thus increasing our assets by almost \$4 million. We continue to help our donors fulfill their philanthropic goals throughout their lives and even beyond through their estate plans. As our invested resources grow, so too does the distribution of grants to support our faith community and other charitable causes.

We continue to be blessed by those donors whose funds within the Foundation are making a difference in the everyday lives of those in need, and we welcome others who want to join in helping us revitalize our efforts throughout the community. We also are very appreciative of those Catholic organizations, parishes, and schools that have entrusted their endowment funds to the Foundation. They rely on us to provide socially responsible investment management expertise that allows for future growth and prosperity.

2007 is a year of new beginnings for our organization as well. This summer, in order to better serve our donors and friends, the Foundation completed its move into new offices at 637 East Erie Street in Milwaukee's Historic Third Ward. We cordially invite you to stop by at any time.

On behalf of the entire Board, we offer our thanks and appreciation for your continuing commitment to growing our legacies of faith in the community, and for your trust in The Catholic Community Foundation.



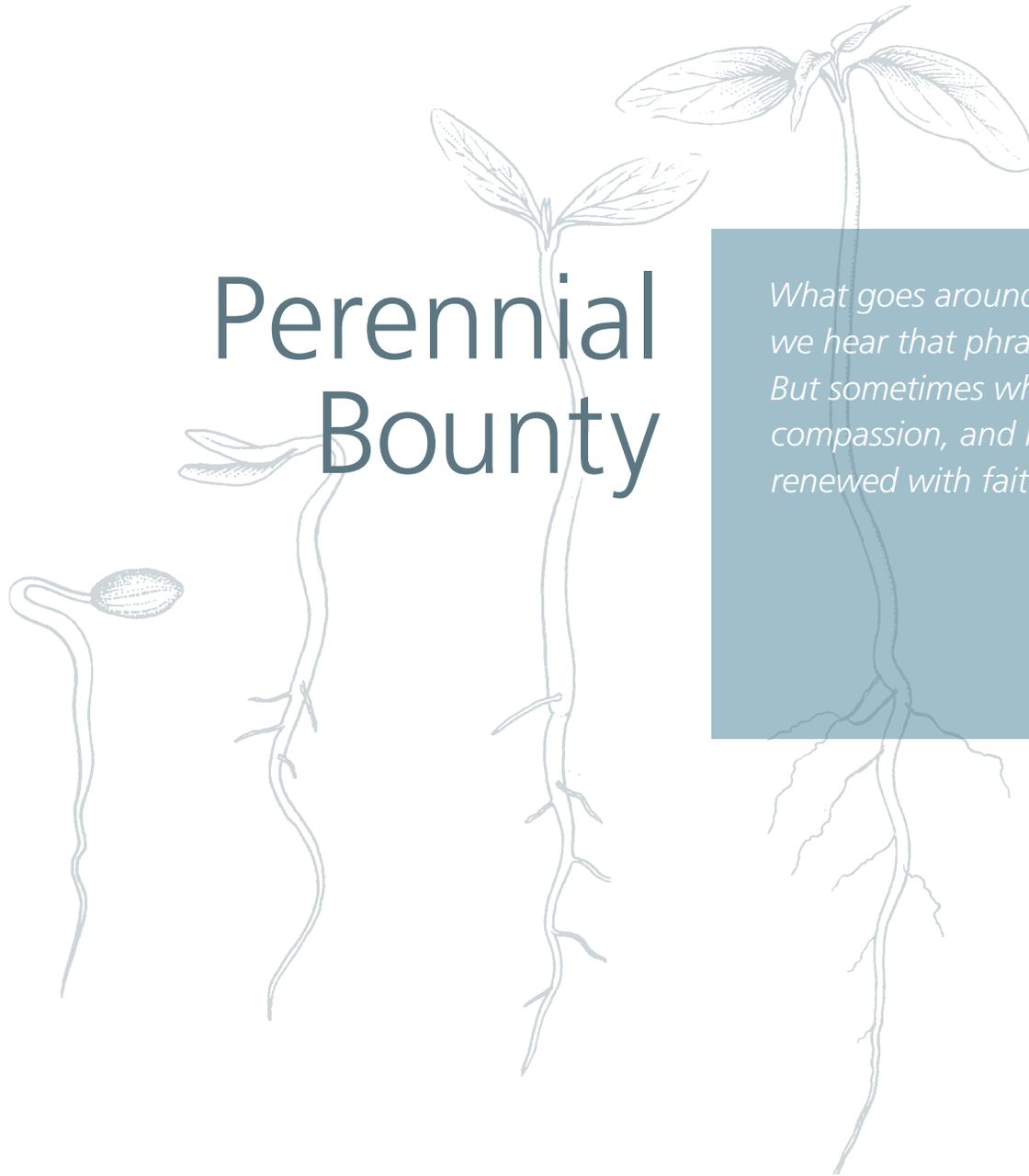
*P. Michael Mahoney*  
Chairman of the Board



*Mary Ellen Markowski*  
President

# Perennial Bounty

*What goes around comes around. Usually we hear that phrase in a negative context. But sometimes what goes around is compassion, and it comes back around renewed with faith.*





## *John C. (Jack) and Hildegard A. Heegeman Scholarship Fund*

Jack has lived the majority of his life in Europe, yet he has always felt connected to his roots in Racine, Wisconsin. He wanted to be sure that he gave back to those who helped him and his family when he was young.

Jack's parents felt it was very important that their children receive a Catholic education, but they just didn't have the money. The sisters at Sacred Heart Catholic Grade School took Jack, his brother and four sisters into their school and gave them an education anyway.

After graduating from William Horlick High School in Racine, Jack was drafted by the Army. He spent two-and-a-half years overseas during the invasion of France and was there on D-Day, June 6, 1944.

After spending some time back home in Racine, Jack enlisted in the Air Force in 1955. He was in Germany at the end of 1964 where he met and married Hildegard. He was stationed in Vietnam for a year and then asked to go back to Germany where he retired on January 1, 1973. During his time in the service and while stationed in Germany, Jack and Hildegard traveled extensively throughout Europe.

Jack always had an interest in the stock market so when they retired, he and Hildegard bought a house and a car, and used the remaining money to invest in the market. It paid off. The compassion of the sisters at Sacred Heart had come full circle. They loaned that compassion to Jack, and he has paid it back with generous interest. Better still, he has found a way to keep paying it back even beyond his own life by establishing a donor advised fund with The Catholic Community Foundation.

By establishing the John C. (Jack) and Hildegard A. Heegeman Scholarship Fund, Jack is able to provide scholarship support now, knowing that it will be carried on after his death. Their fund will continue to educate many children in the Racine grade school and high schools, and even help some students realize their dream of a college education.



*Ti Gaede, Fifth Grader  
John Paul II Academy*



## Jack's Legacy

*Jack's gifts are still hard at work at Sacred Heart Catholic School, now John Paul II Academy. Ti Gaede is a shining example. For now, he is an active fifth-grader with an enthusiastic love of sports and a serious inclination toward math. But thanks to the ongoing generosity of Jack and Hildegard Heegeman, Ti can grow in faith, and become a man worthy of the legacy that began with one generous act at his very own school.*

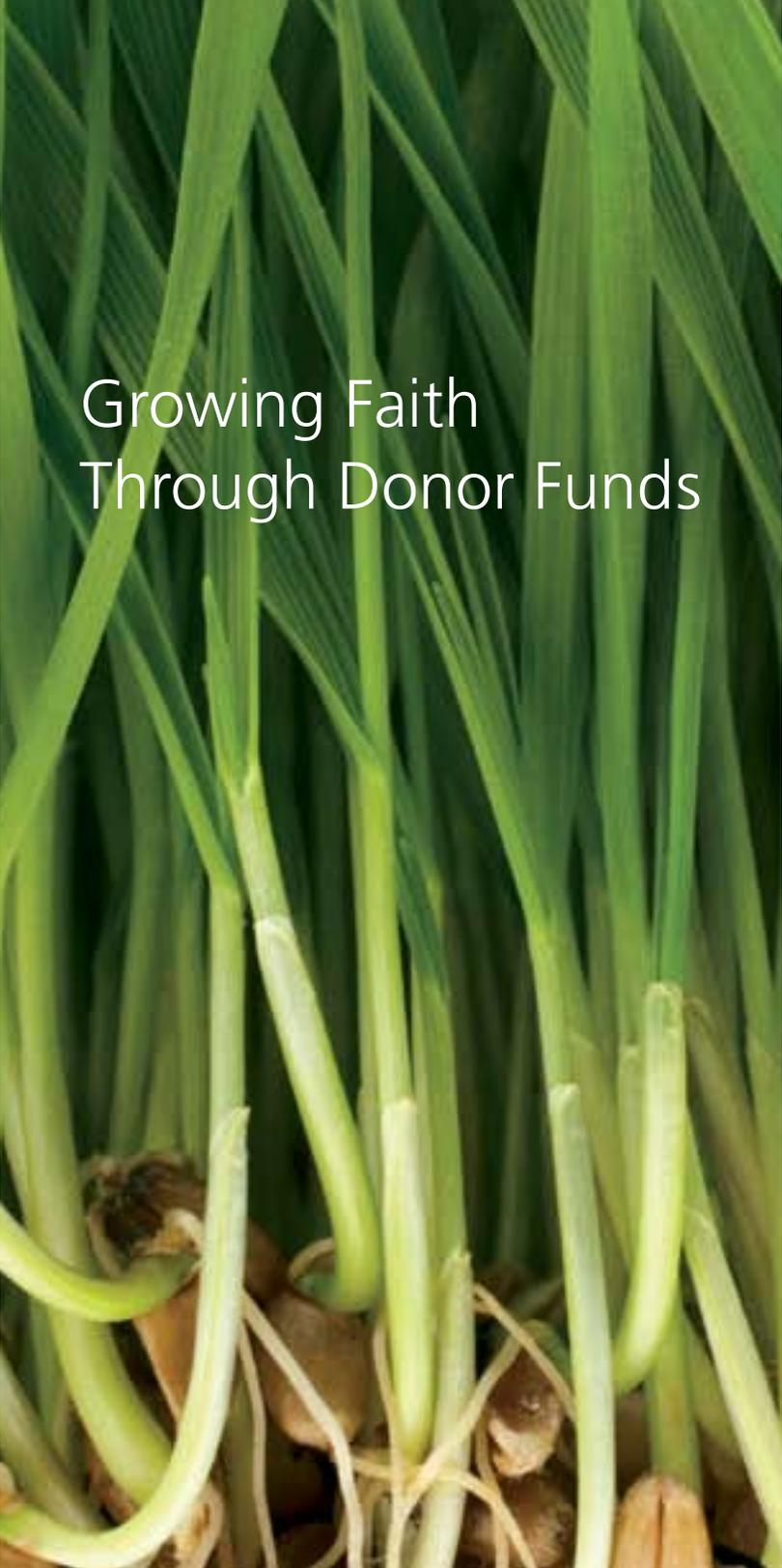


*Mike Muratore represents the next generation of Jack's story. The sisters at Sacred Heart planted a seed nearly a hundred years ago. Jack Heegeman nurtured it to fruition. Now it's Mike's turn. Mike is a freshman business student at Marquette University, where he plays intramural tennis and volunteers for Midnight Run. Mike and the other volunteers serve meals and work in area meal programs and shelters.*



*Mike Muratore, Freshman  
Marquette University*





## Growing Faith Through Donor Funds



*The Catholic Community Foundation welcomes gifts of cash, securities, retirement plan assets, bequests and life income arrangements to establish a fund within the Foundation. The gifts are tax deductible. Some gifts allow the donor to retain income for life, avoid certain capital gain taxes, and still make a large gift to establish a fund.*

Donors make a gift which is invested in a permanent endowment and each year grants are awarded from the fund. A donor can establish one of the following types of funds within the Foundation and give it a name and purpose that reflects their philanthropic intentions.

**Advised Fund** Grants are awarded to charitable organizations that are recommended by the donor and/or family member. These funds may be more favorable than starting a private foundation.

**Field of Interest Fund** Grants are awarded in a particular charitable area specified by the donor. The Foundation board makes sure it carries out the wishes of the donor.

**Designated Fund** The donor specifies one or more charitable agencies or organizations to which grants are awarded.

**Unrestricted Fund** The board is given full discretion in awarding grants based on the Foundation's priorities.

**Supporting Foundations** A private foundation may wish to become a part of the Foundation.

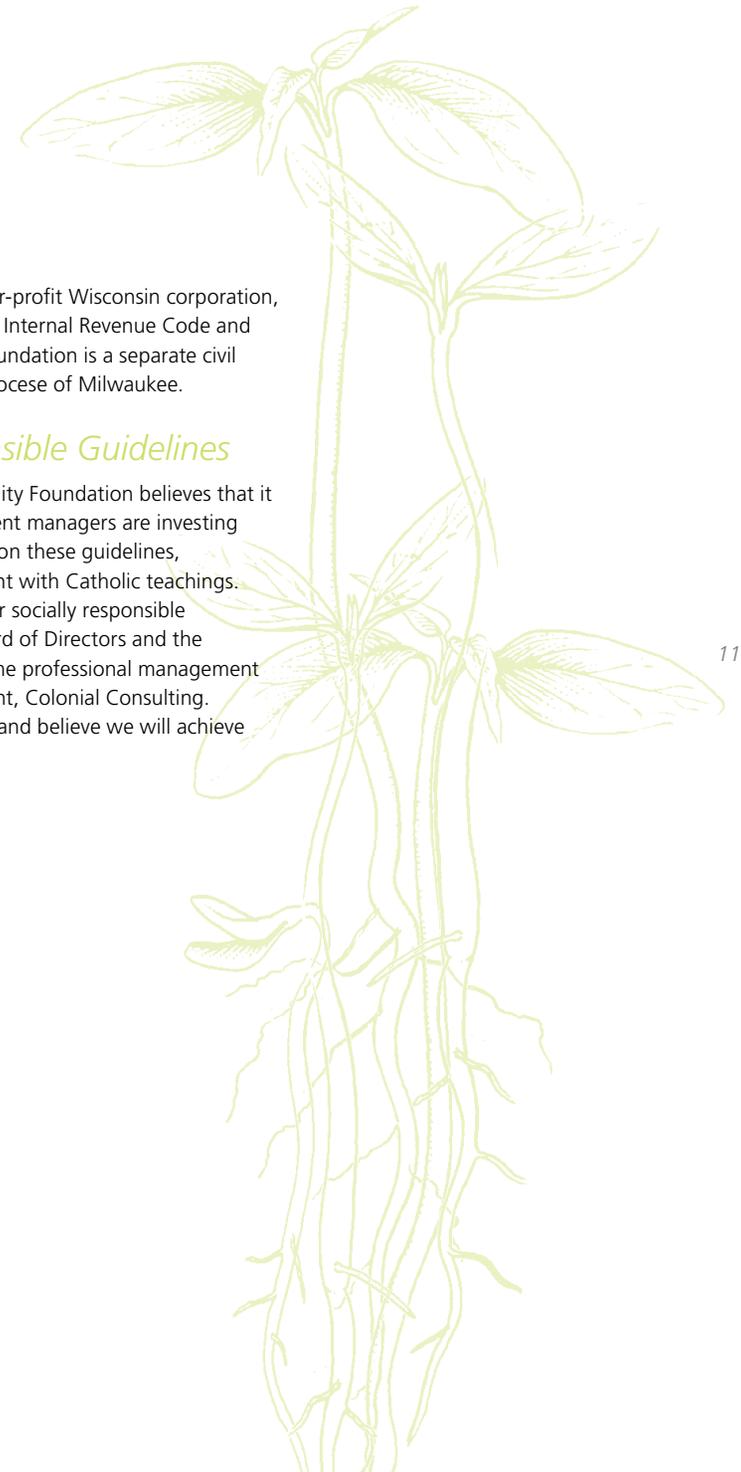
**Agency Endowed Fund** Agencies, such as parishes, schools or other Catholic organizations are able to incorporate their funds, most typically their endowments, into the Foundation while still maintaining ownership. They benefit from investment management expertise and administrative services provided by the Foundation.

### *A Separate Structure*

The Catholic Community Foundation is a not-for-profit Wisconsin corporation, tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and governed by its own Board of Directors. The Foundation is a separate civil and canonical entity independent of the Archdiocese of Milwaukee.

### *Investing with Socially Responsible Guidelines*

The Board of Directors of the Catholic Community Foundation believes that it is our responsibility to be sure that our investment managers are investing based on socially responsible guidelines. Based on these guidelines, investments in the Foundation shall be consistent with Catholic teachings. Our investment managers must comply with our socially responsible guidelines and it is the responsibility of the Board of Directors and the investment committee to provide oversight of the professional management of all funds along with our investment consultant, Colonial Consulting. We have a goal of providing long-term growth and believe we will achieve this through a diversified mix of investments.



# Donor Funds within the Foundation

## **Joseph F. and Catherine M. Bennett Family Fund**

A field of interest fund to support the areas of greatest need in central city Catholic schools.

**Fred and Karen Bersch Family Fund** An advised fund to provide support for homelessness, housing and hunger, primarily within the ten counties of Southeastern Wisconsin.

**Bishop Brust Memorial Fund** A field of interest fund established to assist the needs of retired priests in the memory of Bishop Brust, an auxiliary bishop of the Archdiocese of Milwaukee.

**Building the Faith General Fund** An unrestricted fund for charitable purposes and/or the administration of the Foundation as the Foundation's Board, in its discretion, may determine.

**Reverend Leslie Darneider Scholarship Fund** A field of interest fund to provide scholarships to children of Catholic school teachers whose children attend a Catholic school. Father Darneider was a respected supporter of Catholic education.

**DePorres Scholarship Fund** A field of interest fund to provide scholarships and grants-in-aid to central city Catholic school students.

**Directors Legacies of Faith Fund** An unrestricted fund established by the Board of Directors for charitable purposes and/or the administration of the Foundation as the Foundation's Board, in its discretion, may determine.

**Henry and Francine Ducat Fund** A designated fund established to support Gesu Parish, and in particular, their meal program, as well as those charitable purposes determined by the Foundation's Board of Directors.

**Education Endowment Fund** A field of interest fund to provide tuition for needy children in any school in the Archdiocese of Milwaukee.

**Brian D. Hanley Fund** An advised fund established in memory of Brian Hanley who passed away from cancer. By establishing this fund, Brian's family wishes to continue to provide funds for causes he supported during his lifetime. Some of these causes include Marquette University, Catholic Memorial High School, organizations working in cancer research or charitable organizations consistent with the interests of the fund advisors.

**Father Gerald B. Hauser and John and Ruth Kegel Priesthood Scholarship Fund** An advised fund in the name of Father Hauser, a diocesan priest, and Mr. and Mrs. Kegel to support the training of priesthood candidates, a cause to which Father Hauser and Mr. and Mrs. Kegel have provided long-time support.

**John C. (Jack) and Hildegard A. Heegeman Scholarship Fund** An advised fund for Catholic primary and secondary schools in Racine, Wisconsin, as well as Catholic colleges and universities within the greater Milwaukee area to provide financial assistance for students from Racine, Wisconsin. It is the intention of Mr. and Mrs. Heegeman to give back to the community that helped Mr. Heegeman's parents provide an education for himself and his brother and sisters.

**JCC Fund** A field of interest fund, established through this donor's estate, which continues the charitable giving to those causes this philanthropist cared most about and supported during his lifetime.

**Mission Fund** A designated fund established by the donor to provide support for the Office of the Propagation of Faith of the Archdiocese of Milwaukee for their program that supports lay missionaries serving in foreign missions.

**Marilyn C. Schmit, PhD Fund** Monsignor Ralph K. Schmit established this field of interest fund in memory of his sister, Marilyn, to provide educational support for Catholic high schools located within the ten counties of the Archdiocese of Milwaukee.

**St. Aemilian Fund** A field of interest fund to provide for the establishment of facilities in the Archdiocese of Milwaukee for orphans, dependent, neglected and delinquent children; for rehabilitation, treatment and other welfare services needed for such ends and the promotion of education, charity and religion.

**St. Anthony Fund** A field of interest fund that supports agencies providing medical assistance to the poor and indigent in Milwaukee.

**Archbishop Rembert G. Weakland Fund** A designated fund established by a number of donors to provide support for the Catholic Stewardship Appeal.

**Whelandale Trust** An advised fund that provides annual awards for the outstanding work of parish priests in the following areas: Liturgy, Preaching, Justice and Peace Ministry.

**Charles and Sara Wieber Family Fund** An unrestricted fund established by Mr. and Mrs. Wieber to focus on those organizations with the greatest needs as determined by the Foundation's Board of Directors.

**Yaniak Fund** A field of interest fund that provides support for the education and training of priesthood candidates and support for the necessities of living for retired priests. Father Frank J. Yaniak, who served the Archdiocese at parishes from his ordination in 1949 through his retirement in 1999, aspired to aid his brother priests and also promote interest in the priesthood.

### *Agency Accounts\**

Catholic Charities  
Divine Savior Holy Angels High School  
Dominican High School  
Mary B. Finnigan Fund in Memory of Eleanor H. Boheim  
Marquette University High School  
Andrew L. Nelson Alumni/AE Chair on Christian Ethics Fund  
Our Lady of Divine Providence, Milwaukee  
Helen Rapp Trust Fund  
Rosalie Manor Community and Family Services  
St. Alphonsus, Greendale  
St. Andrew, Delavan  
St. Bernard, Wauwatosa  
St. Boniface, Germantown  
St. Dominic, Brookfield  
St. Edward, Racine  
St. Eugene, Fox Point  
Saint Francis Seminary  
St. John Vianney, Brookfield  
St. Leonard, Muskego  
St. Margaret Mary, Milwaukee  
St. Martin de Porres, Milwaukee  
Ss. Peter and Paul, Milwaukee  
St. Roman, Milwaukee  
Sheboygan County Catholic Fund, Inc.  
Sr. Lucy Ann Scholarship Fund  
Three Holy Women, Milwaukee  
Mary Kane Weakland Education Fund

\* Grants at the discretion of the agency.

# A seed of giving. A harvest of grace.



*Fred, Karen and Peter Bersch*

## *Fred and Karen Bersch Family Fund*

Simple things often have a meaningful impact on our lives: a sincere smile; a warm dinner. Something as small as a loaf of bread can mean a fresh start. The Bersch family helps provide that through the Fred and Karen Bersch Family Fund within The Catholic Community Foundation.

Throughout his life, Fred Bersch has encountered many people of simple means who freely share their abundance. They share their love, compassion and charity, often putting service ahead of their personal needs. These people have helped him understand that we often have enough without openly admitting it. Sometimes we believe that success will come when we have just a little more. Unfortunately, when we continuously seek to have more we never get around to having enough to share. Our faith requires us to substitute "have" with "give."

With that in mind, the Bersch family decided to establish a donor advised fund with The Catholic Community Foundation. The small economic sacrifice associated with giving a financial legacy early in life seemed like a natural step towards fulfilling their personal commitment to service.

The Bersch family is not new to giving. Their children Paul and Katie, snug in their stroller, became fixtures at Habitat for Humanity work sites. Nine-year-old Peter began asking to work at shelters and food pantries before he was six. The Fred and Karen Bersch Family Fund is an extension of their own faith, and an expression of unity with the Catholic community in support of charitable giving.



2 hours a week  
20 volunteers  
800 cases of  
canned goods  
200 loaves of  
fresh bread  
1,200 families fed  
per month

### *St. Hyacinth Food Pantry*

In its first year, the Bersch Family Fund was able to make small grants to four organizations, including St. Hyacinth Food Pantry, directed by Jim Luther. The food pantry takes in food from a variety of sources and distributes it to people in need, providing food for as many as 1,200 families in a given month.

St. Hyacinth is a vital illustration of our funds and our people in action. It is proof that one simple act of kindness can grow and bear fruit. This is the essence of The Catholic Community Foundation; we nurture growing compassion. One family gives what they can, and a thousand families benefit.

This year, the Bersch family hopes to expand the number and size of the grants as they continue to add resources to the fund. Fred is pleased to know that the fund will continue to change lives well beyond his ability to contribute personally.

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*St. Hyacinth Food Pantry is operated by volunteers.*

*They could use your help. St. Hyacinth is located at 1414 West Becher. You can find Jim Luther there each Wednesday for most of the day. Distribution takes place Wednesdays from 4-6 PM. Say hello to the Bersch family while you're there; they support St. Hyacinth with their time as well as their fund.*

## THE CATHOLIC COMMUNITY FOUNDATION GRANTS

Providing education.  
Nurturing leadership.  
Strengthening families.  
Supporting health care.

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*In awarding discretionary grants, the Foundation is focusing on four grant priorities for the foreseeable future.*

### *Teaching Through Catholic Generosities*

Education has always been an important mission of the Catholic Church. The Foundation will support Catholic schools and religious education programs that provide formation for students in kindergarten through twelfth grade.

### *Sharing the Faith Through Leadership*

The Church needs effective leaders if it is to move boldly into the new millennium. Parishes, schools and agencies must have leaders who are able to engage people in creating a shared vision for the future while developing sound strategies and infrastructures to achieve the vision.

### *Strengthening the Foundation of the Church*

To help build strong, supportive communities, the Foundation will support initiatives that strengthen families, parishes and those suffering from poverty, discrimination and violence.

### *Health Care Support Begins at the Heart*

The Foundation awards grants from a fund established by St. Anthony Foundation to support those organizations that are engaged in providing health care services in the City of Milwaukee, with particular attention being given to the central portions of the city that were formerly served by St. Anthony Hospital.

### *Grantmaking Policies*

The primary geographic area served by The Catholic Community Foundation is the ten counties of the Archdiocese of Milwaukee. At least seventy-five percent of all unrestricted grant dollars are made to organizations located in Milwaukee, Waukesha, Ozaukee, Washington, Dodge, Racine, Kenosha, Walworth, Sheboygan and Fond du Lac counties. Recipient organizations may not necessarily be Catholic, but their missions are required to be consistent with the work of the Roman Catholic Church. The Board of Directors has established a grants committee that reviews grant proposals and recommends distributions of the Foundation's unrestricted and field of interest funds in accordance with established policies and procedures. The committee also reviews distribution of grants from donor advised funds and parish endowment funds. The Board of Directors gives final approval to all grants.

## Grant Recipients

The Foundation distributed grants of \$408,050 in fiscal 2006/07. The following organizations received grants from funds within the Foundation.

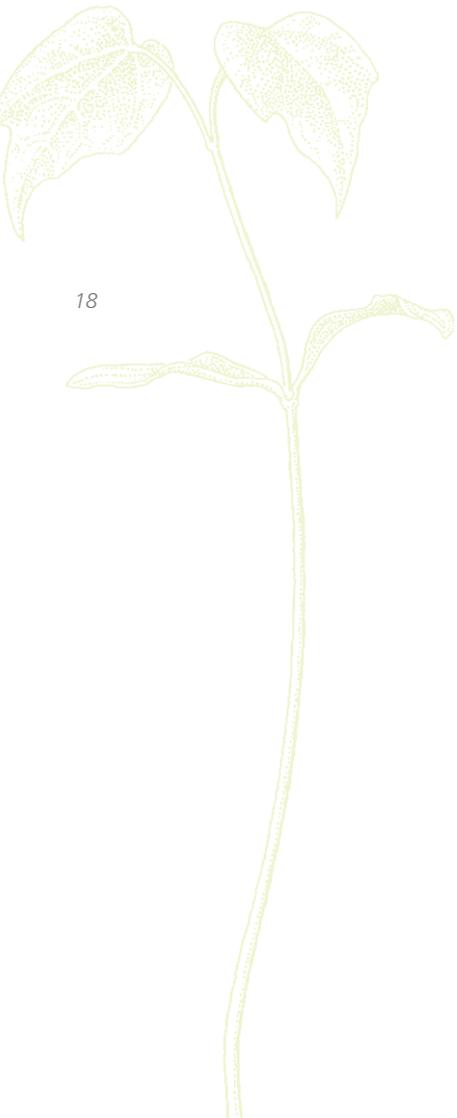
Adult Learning Center	\$10,000	Congregation of the Great Spirit	\$500	Pregnancy Help Center of Milwaukee, Inc.	\$13,700
Agape Community Center	\$5,000	CORE/El Centro	\$10,000	Rosalie Manor Community and Family Services	\$11,000
AIDS Resource Center of Wisconsin	\$10,000	CorpCare Distributions, Inc.	\$7,750	St. Ben's Clinic at the Cathedral Center	\$11,500
Alverno College	\$5,000	The Gathering of Southeast Wisconsin, Inc.	\$5,000	St. Ben's Community Meal	\$10,000
Angel of Hope Clinic	\$10,000	Gesu Parish	\$2,790	St. Catherine Residence	\$5,000
Archdiocese of Milwaukee – Catholic Stewardship Appeal	\$1,840	Holy Apostles Parish School	\$4,000	St. Catherine High School, Racine – Literacy Program	\$5,000
Archdiocese of Milwaukee – Priest Service Awards	\$2,000	House of Peace – Community Nursing Center	\$10,000	St. Catherine High School, Racine	\$3,000
Archdiocese of Milwaukee – Retired Priests' Needs	\$16,660	House of Peace – Holiday Gift Basket Program	\$10,000	Saint Francis Seminary	\$9,500
Archdiocese of Milwaukee – Total Ministering Communities Program	\$10,000	John Paul II Academy, Racine	\$6,000	St. Hyacinth Parish	\$500
Archdiocese of Milwaukee – Ministry Formation Program for Catholic Deaf Adults	\$2,250	Madre Angela Dental Clinic	\$10,000	St. Lawrence Seminary, Mt. Calvary	\$3,000
ARISE	\$1,800	Marquette University – Manresa Project	\$12,960	St. Paul Catholic Church and School, Genesee Depot	\$2,500
Benedict Center	\$5,000	Marquette University	\$2,500	Ss. Peter and Paul Congregation	\$10,000
Casa Guadalupe Education Center, Inc., West Bend	\$7,500	Medical College of Wisconsin – Saturday Clinic for the Uninsured	\$10,000	St. Rose Catholic Urban Academy	\$10,000
Casa Romero Renewal Center	\$5,000	Messmer Catholic Schools	\$2,400	St. Vincent de Paul Society of Milwaukee	\$10,000
The Cathedral Center, Inc.	\$16,000	Milwaukee Christian Center	\$6,500	San Juan Diego Middle School, Racine	\$10,000
Catholic Charities of the Archdiocese of Milwaukee, Inc.	\$10,000	Milwaukee Habitat for Humanity	\$1,000	School Sisters of Notre Dame	\$10,000
Catholic Memorial High School, Waukesha	\$1,000	Mosaic Partnerships Program	\$10,000	SHADE Foundation of America, Scottsdale, Arizona	\$500
Circle of Life Foundation – Parish Nurse Program	\$10,000	Near South Side Catholic Schools Association	\$10,000	S.E.T. Ministry, Inc.	\$10,000
		Penfield Children's Center	\$10,000	Tyme Out Youth Center, Nashotah	\$5,000
		Philippine Cultural and Civic Center Foundation	\$5,000	Waukesha Catholic School System	\$2,400



# The Catholic Community Foundation

## Statement of Financial Position June 30, 2007 and 2006

	YE 2007	YE 2006
<b>Current Assets</b>		
Cash and cash equivalents	\$ 111,250	\$ 88,161
Accounts receivable	35,653	24,522
Prepaid expense	2,000	–
<b>Total Current Assets</b>	<b>\$ 148,903</b>	<b>\$ 112,683</b>
<b>Property and Equipment</b>	<b>\$ 16,989</b>	<b>\$ 16,742</b>
<b>Investments</b>		
Long-term investments	15,633,221	13,833,903
Agency funds	13,139,417	10,933,175
<b>Total Investments</b>	<b>\$ 28,772,638</b>	<b>\$ 24,767,078</b>
<b>Total Assets</b>	<b>\$ 28,938,530</b>	<b>\$ 24,896,503</b>
<b>Current Liabilities</b>	<b>YE 2007</b>	<b>YE 2006</b>
Accounts payable	\$ 72,008	\$ 62,611
Accrued liabilities	27,689	17,660
<b>Total Current Liabilities</b>	<b>\$ 99,697</b>	<b>\$ 80,271</b>
<b>Long-term Liabilities</b>		
Agency funds	13,139,417	10,933,175
<b>Total Liabilities</b>	<b>\$ 13,239,114</b>	<b>\$ 11,013,446</b>
<b>Net Assets</b>		
Unrestricted	7,361,403	6,392,674
Temporarily restricted	8,338,013	7,490,383
<b>Total Net Assets</b>	<b>\$ 15,699,416</b>	<b>\$ 13,883,057</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,938,530</b>	<b>\$ 24,896,503</b>



Statement of Activities Years Ending June 30, 2007 and 2006

<b>Public Support and Revenue</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2007 Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2006 Total</b>
Contributions	\$ 266,442	–	\$ 266,442	\$ 683,436	–	\$ 683,436
Contributed facility/services from Archdiocese	8,908	–	8,908	9,300	–	9,300
Interest and dividend income	203,735	235,595	439,330	145,668	182,915	328,583
Realized gain (loss) on investments	199,642	228,585	428,227	342,853	429,766	772,619
Unrealized gain (loss) on investments	676,628	785,269	1,461,897	(47,980)	(40,427)	(88,407)
Investment management fees	(42,936)	(49,612)	(92,548)	(33,037)	(41,672)	(74,709)
Administrative fee on agency funds	59,995	–	59,995	54,465	–	54,465
Net assets released from restrictions	352,207	(352,207)	–	332,757	(332,757)	–
<b>Total Public Support and Revenue</b>	<b>\$ 1,724,621</b>	<b>\$ 847,630</b>	<b>\$ 2,572,251</b>	<b>\$ 1,487,462</b>	<b>\$ 197,825</b>	<b>\$ 1,685,287</b>
<b>Grants and Expenses</b>						
Grants approved for charitable purposes	\$ 408,050	–	\$ 408,050	\$ 332,274	–	\$ 332,274
Program related expenses	131,873	–	131,873	116,674	–	116,674
<i>Supporting services:</i>						
Administrative expenses	215,969	–	215,969	200,273	–	200,273
<b>Total Grants and Expenses</b>	<b>\$ 755,892</b>	<b>–</b>	<b>\$ 755,892</b>	<b>\$ 649,221</b>	<b>–</b>	<b>\$ 649,221</b>
<b>Change in Net Assets</b>	<b>\$ 968,729</b>	<b>\$ 847,630</b>	<b>\$ 1,816,359</b>	<b>\$ 838,241</b>	<b>\$ 197,825</b>	<b>\$ 1,036,066</b>
<b>Net Assets—Beginning of Year</b>	<b>\$ 6,392,674</b>	<b>\$ 7,490,383</b>	<b>\$ 13,883,057</b>	<b>\$ 5,554,433</b>	<b>\$ 7,292,558</b>	<b>\$ 12,846,991</b>
<b>Net Assets—End of Year</b>	<b>\$ 7,361,403</b>	<b>\$ 8,338,013</b>	<b>\$ 15,699,416</b>	<b>\$ 6,392,674</b>	<b>\$ 7,490,383</b>	<b>\$ 13,883,057</b>

## INVESTMENT ALLOCATION

*We take the responsibility of being good stewards very seriously. To effectively live up to the high standards expected of us, we have formulated a long-term investment philosophy that aligns our fiscal goals with our social ones.*

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### *Our Approach*

We have been hired by the Foundation to assist the Board with investing donor and agency funds in a prudent manner that is consistent with Catholic teachings. To accomplish this goal, we have worked with the Foundation in developing an investment policy that focuses on maintaining the purchasing power of the assets over the long-term. In addition, the assets are invested in a way that maximizes long-term returns while assuming a reasonable level of risk.

To this end, the portfolio is invested in seven distinct asset categories. Such broad diversification allows the portfolio to perform well under a wide variety of economic and market conditions. Seven specialized investment managers have been chosen to implement the strategy, each of whom invests in a manner that is consistent with Catholic teachings, so as not to give rise to serious questions about social justice and moral principles.

We feel this approach has served the Foundation and its donors well over time. Over the past fiscal year, the portfolio returned 16.8%, a full 0.60% over the target benchmark and more than 8% over the long-term investment objective of earning inflation + 5%.

During the course of this fiscal year, the portfolio reached its five-year anniversary. Over those five years, the Foundation is well ahead of the inflation + 5% benchmark, returning 9.7%, beating the benchmark by 1.5%. In addition, the Foundation's five-year return is in the top half of the 151 community foundations that reported to the Council on Foundations 2006 annual survey.

It is our goal to continue to work with the Board in producing strong results going forward. Solid investments assist the Foundation by providing continued support for current activities related to the mission, as well as providing resources for future efforts and growth.

*Amita Schultes, Director  
Colonial Consulting, LLC  
The Foundation's investment advisor based in New York City*

*Summary of Investments as of June 30, 2007*

<b>Investments 2007</b>	<b>Cost</b>	<b>Market Value</b>
Cash and cash equivalents	\$ 52,365	\$ 52,365
Large cap equities and socially screened S&P 500 index fund	\$ 8,080,500	\$ 10,233,362
Domestic small/mid cap common stocks	\$ 3,417,889	\$ 3,865,491
International equities	\$ 3,783,811	\$ 5,034,892
Bond mutual funds	\$ 8,476,000	\$ 8,216,313
Commodities	\$ 1,350,000	\$ 1,370,215
<b>Totals</b>	<b>\$ 25,160,565</b>	<b>\$ 28,772,638</b>

*Summary of Investments as of June 30, 2006*

<b>Investments 2006</b>	<b>Cost</b>	<b>Market Value</b>
Cash and cash equivalents	\$15,459	\$15,459
Large cap equities and socially screened S&P 500 index fund	\$ 8,068,462	\$ 8,693,605
Domestic small/mid cap common stocks	\$ 4,250,909	\$ 4,418,821
International equities	\$ 2,725,343	\$ 3,299,704
Bond mutual funds	\$ 8,721,473	\$ 8,339,489
Commodities	—	—
<b>Totals</b>	<b>\$ 23,781,646</b>	<b>\$ 24,767,078</b>

*The investment market values were determined by JP Morgan Chase Bank, N.A. as of June 30, 2007 and 2006 respectively.*

# Notes to Financial Statements

## *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## *Tax-exempt Status*

Archdiocese of Milwaukee Catholic Community Foundation, Inc. has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

## *Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Archdiocese of Milwaukee Catholic Community Foundation, Inc. are classified and reported as follows:

### ***Unrestricted Net Assets***

Net assets that are not subject to donor-imposed stipulations.

### ***Temporarily Restricted Net Assets***

Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Archdiocese of Milwaukee Catholic Community Foundation, Inc. pursuant to those stipulations.

### ***Permanently Restricted Net Assets***

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Archdiocese of Milwaukee Catholic Community Foundation, Inc.

## *Agency Endowment Funds*

Certain Catholic parishes and other organizations have transferred funds to the Foundation for management. These funds are invested with the other funds of the Foundation, but the title is retained by the transferring organization and is reflected in the statements of financial position of the Archdiocese of Milwaukee Catholic Community Foundation, Inc. as a long-term liability.

*The Catholic Community Foundation, Inc. is audited annually. Copies of the complete audit reports are available upon request.*

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