



Dear Donors and Friends,

The Catholic Community Foundation of the Archdiocese of Milwaukee completed its second year of operation on June 30, 2003. This is our first Annual Report, and we are proud of what we have accomplished for our donors in so short a period of time.

This past year has been a busy one. We have conducted a series of presentations to potential donors and professional advisors throughout the Archdiocese. These have enhanced their understanding of the Foundation's priorities, which you will see elsewhere in this report. The grants the Foundation made this year totaled \$273,998. They were directed to 29 Catholic-related programs, from indigent healthcare to programs for our Catholic schools and parishes, to prayer books for prisoners.

Our funds have grown by \$1.9 million to \$17.1 million this past year. These include donor gifts and funds of parishes and Catholic agencies that we manage. Our sophisticated, socially responsible investment management is designed to protect and grow the contributed assets.

This annual report includes comments from a few of our donors and grant recipients. As you can see, we are positioned to help donors create a lasting legacy for their philanthropy. We have the privilege of helping the donors to support much needed and effective programs that perform Christ's work in our Archdiocese.

Sincerely,



Stephen N. Graff
Chairman of the Board



BOARD OF DIRECTORS:

Stephen N. Graff
Chairman of the Board
Retired Managing Partner, Arthur Andersen LLP

Mary Ellen Markowski
President

Peter W. Bruce
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John Callan
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Chief Financial Officer, Archdiocese of Milwaukee

James Simon
Retired Vice President, Giddings & Lewis

The Most Reverend Richard J. Skiba
Auxiliary Bishop, Archdiocese of Milwaukee

STAFF:

Mary Ellen Markowski
President

John Bickel
Accountant

Julie Kurer
Administrative Coordinator



The Foundation logo color, green, represents growth and prosperity. The logo element was created to look like a tree or piece of wheat, symbolizing outward growth, while at the same time alluding to the stained glass windows of the Church.





"We know that we have been blessed and we want to give something back to the Church. We are establishing a component fund in the Catholic Community Foundation through our estate plans because it is a way for us to continue supporting our favorite Catholic charities in the future."

*Tom and Fran Winkel
Pewaukee, WI*

Establishing a Fund

Ways to Give

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 may establish a fund for \$25,000 or more during their lifetime and can work with the staff in choosing the type of named fund that most closely reflects their interests. Donors can also give bequests from their estate and can bequeath a percentage of the residue of the estate or a specific amount of money or property to the Foundation to establish a named fund. Charitable remainder trusts, charitable lead trusts, charitable gift annuities and gifts of life insurance are among the most tax effective ways to establish a permanent fund. Charitable remainder trusts and charitable gift annuities also provide added income and tax benefits for the donor before the assets are used for their charitable purposes.

Types of Funds

The following types of funds, that are given a name and a purpose, can be established by a donor in the Foundation:

- **Advised fund** – Grants are awarded to organizations that are recommended by the donor. 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.

- **Designated fund** – The donor indicates one or more 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. These priorities may change over time.

- **Supporting Foundations** – A private foundation may wish to become a part of the Catholic Community 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 and administrative services provided by the Foundation.

Tax Advantage to Donor

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.

Professional Fund Management

A diversified mix of equity and bond investments is managed by our investment advisors with a goal of providing long-term growth. It is the responsibility of the investment managers to comply with our socially responsible guidelines. The Board of Directors and the Investment Committee provide oversight of the professional management of all funds along with our Investment Consultant, Colonial Consulting.



DONOR FUNDS WITHIN THE FOUNDATION

Bishop Brust Memorial Fund

A field of interest fund established to assist the needs of retired priests.

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.

DePorres Scholarship Fund

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

Education Endowment Fund

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

St. Aemilian Fund

A field of interest fund to provide for rehabilitation, treatment and other welfare services, and promote education, charity and religion for emotionally disturbed dependent or delinquent children, or for any other purpose as determined by the Archbishop.

St. Anthony Fund

A field of interest fund that supports agencies that provide medical assistance to the poor and indigent in Milwaukee.

Archbishop Rembert G. Weakland Fund

A designated fund established by the Campanile Society to provide funds for the Catholic Stewardship Appeal.

Whelandale Trust

An advised fund that provides yearly awards to parish priests for outstanding work in the area of Liturgy, Preaching, Justice and Peace Ministry.

"We are delighted to be able to use the Catholic Community Foundation as an agent for a portion of our investment portfolio. The Foundation is able to provide investment management services with appropriate socially responsible screens."

Mr. Thomas W. VanHimbergen

*Director of Finance and Administration
Saint Francis Seminary, Milwaukee, WI*

AGENCY FUNDS *

Catholic Charities Endowment Fund

An agency endowment established to provide a consistent source of funding for social services for the poor and vulnerable in the counties of southeastern Wisconsin.

Dominican High School

An agency endowment fund established by the Sinsinawa Dominican congregation to assist students with demonstrated financial need to attend Dominican High School.

Marquette University High School

An agency endowment for the charitable gift annuity program.

Andrew L. Nelson Alumni/AE Chair on Christian Ethics Fund

An agency endowment fund in Christian ethics established by Salesianum Alumni/AE Association.

Rosalie Manor

An agency endowment fund for community and family services.

St. Andrew-Delavan

An agency endowment fund for the parish and cemetery.

St. Bernard-Wauwatosa

An agency endowment fund for the parish.

St. Boniface-Germantown

An agency endowment fund for the parish.

St. Dominic-Brookfield

An agency endowment fund for the parish.

St. Edward-Racine

An agency endowment fund for the parish.

St. Eugene-Fox Point

An agency endowment fund for the parish.

St. Francis Seminary

An agency endowment fund for the seminary.

Sr. Lucy Ann Scholarship Fund

An agency endowment fund established by St. Roman parish for education.

St. Roman-Milwaukee

An agency endowment fund for the parish.

St. Vincent Palotti-Milwaukee

An agency endowment fund for the parish.

Three Holy Women-Milwaukee

An agency endowment fund for the parish.

Mary Kane Weakland Education Fund

An agency endowment fund established for World Mission.

* Grants at the discretion of the agency.



GRANT RECIPIENTS

The Foundation made grants of \$273,998 to 29 organizations in fiscal year 2002/03. The following organizations received grants from the funds within the Foundation.

General Grants

Archdiocese of Milwaukee	\$ 2,000
Archdiocese of Milwaukee Catholic Stewardship Appeal	\$ 1,498
The Cathedral Center, Inc.	\$ 20,000
Catholic Charities of the Archdiocese of Milwaukee	\$ 5,000
Child Development Center of St. Joseph	\$ 10,000
CommonGround Ministry, Inc.	\$ 10,000
DISMAS Ministry	\$ 13,500
Dominican High School	\$ 20,000
Franciscan Peacemakers, Inc.	\$ 2,500
Holy Family Parish, Fond du Lac, WI	\$ 11,000
Our Lady of the Lakes Catholic School, Random Lake, WI	\$ 5,000
St. Phillip Neri School, Milwaukee, WI	\$ 7,500

St. Anthony Fund Grants

The Benedict Center, Inc.	\$ 5,000
Catholic Charities of the Archdiocese of Milwaukee	\$ 12,000
Centro Primo-Prime Center, Inc.	\$ 10,000
The Guest House of Milwaukee, Inc.	\$ 10,000
House of Peace Community Center, UWM	\$ 14,000
Interfaith Older Adult Programs, Inc.	\$ 8,000
Marquette University College of Nursing	\$ 10,000
Medical College of Wisconsin	\$ 5,000
Rosalie Manor Community & Family Services	\$ 10,000
S.E.T. Ministry, Inc.	\$ 10,000
STD Specialties Clinic, Inc.	\$ 20,000
St. Francis Foundation-Angel of Hope Clinic	\$ 10,000
St. Francis Foundation-Parish Nurse Program	\$ 5,000
St. Joseph Regional Medical Center Foundation	\$ 5,000
St. Mary Foundation-Adult Learning Center	\$ 10,000
St. Mary Foundation-Madre Angela Dental Clinic	\$ 10,000
St. Mary Foundation-St. Ben's Clinic	\$ 12,000

"The grant from the Catholic Community Foundation enabled our Learning Resource Center to offer some critical programming for students at risk. Today several students are in college who might not have made it without the support received. We are extremely grateful."

*Paul M. McNerny, Ph.D., President
Dominican High School, Milwaukee, WI*



Grantmaking Policies

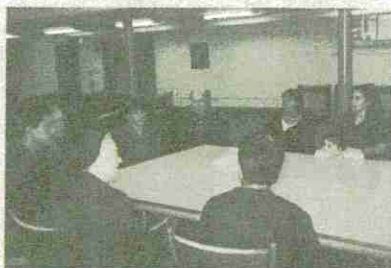
The primary geographic area served by the Catholic Community Foundation is the ten counties of the Archdiocese of Milwaukee. At least seventy-five percent of all unrestricted grant dollars are made to organizations located in Milwaukee, Waukesha, Ozaukee, Washington, Dodge, Racine, Kenosha, Walworth, 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.

Grantmaking Priorities

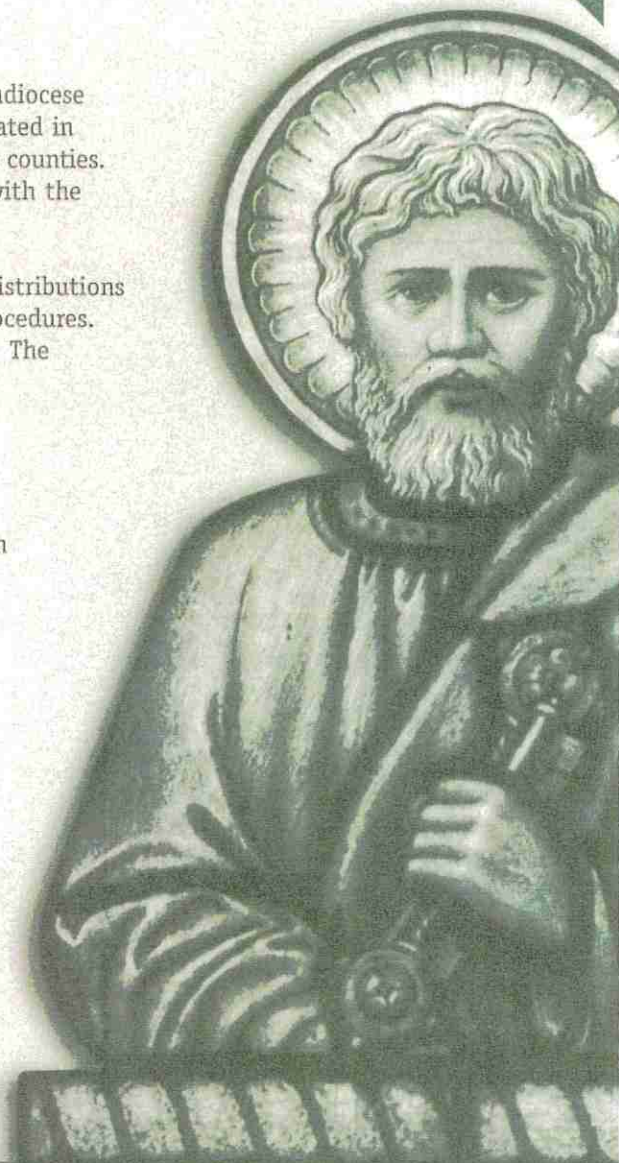
The Foundation's focus in awarding discretionary grants is based on three broad goals:

- To sustain and spread our faith tradition and values through effective primary and secondary education programs. Special emphasis is given to religious instruction for youth in Catholic day schools and religious education programs as well as support for Catholic schools serving at-risk populations.
- To advance the work of the Church by developing effective leaders. The Foundation supports efforts in the areas of clergy education and training as well as staff and volunteer training.
- To help build strong, supportive communities that reflect gospel values. To accomplish this the Foundation supports initiatives that strengthen families, parishes and society.



"Without this grant from the Catholic Community Foundation, we would not have been able to begin our Leadership Formation Program. This program is essential for the future of a vibrant ministry to our growing Hispanic community. This grant has also given us the opportunity to fund training for our parish youth ministry. Needless to say, we are very grateful."

*Deacon Ricardo Muñoz, Hispanic Pastoral Minister
Holy Family Parish, Fond du Lac, WI*



Statements of Financial Position • Years Ended June 30, 2003 and 2002

Assets

<i>Current Assets</i>	<i>YE 2003</i>	<i>YE 2002</i>
Cash and Cash Equivalents	\$ 53,074	\$ 61,566
Accounts Receivable	6,745	15,802
Total Current Assets	59,819	77,368
Property and Equipment	30,690	34,396
<i>Other Assets</i>		
Investments at Fair Value	10,326,744	10,485,440
Agency Endowment Funds	6,727,177	4,649,019
Total Other Assets	17,053,921	15,134,459
Total Assets	\$ 17,144,430	\$ 15,246,223

Liabilities and Net Assets

<i>Current Liabilities</i>	<i>YE 2003</i>	<i>YE 2002</i>
Accounts Payable	\$ 61,764	\$ 7,931
Accrued Liabilities	11,520	11,978
Grants Payable	10,000	--
Total Current Liabilities	83,284	19,909
<i>Long-Term Liabilities</i>		
Agency Endowment Funds	6,727,177	4,649,019
Total Liabilities	6,810,461	4,668,928
<i>Net Assets</i>		
Unrestricted Funds	3,805,429	3,837,414
Temporarily Restricted Funds	6,528,540	6,739,881
Total Net Assets	10,333,969	10,577,295
Total Liabilities and Net Assets	\$17,144,430	\$15,246,223



Statements of Activities • Years Ended June 30, 2003 and 2002

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>2002/2003 Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>2001/2002 Total</i>
Public Support and Revenue						
Contributions	\$ 20,962	\$ 3,922	\$ 24,884	\$ 4,395,214	\$ 6,742,881	\$ 11,138,095
Contributed Facility	20,700	--	20,700	--	--	--
Interest and Dividend Income	94,262	157,950	252,212	97,027	153,696	250,723
Realized Gains (Losses) on Investments	(75,744)	(128,327)	(204,071)	46,999	77,122	124,121
Unrealized Gains (Losses) on Investments	93,839	149,195	243,034	(159,833)	(278,789)	(438,622)
Investment Management Fees	(16,693)	(28,127)	(44,820)	(22,889)	(26,943)	(49,832)
Administrative Fee on Agency Endowment Funds	24,765	--	24,765	8,128	--	8,128
Loss on Investment in Excess of Restricted Balance	127,416	(127,416)	--	(127,416)	127,416	--
Net Assets Released from Restrictions	238,538	(238,538)	--	55,502	(55,502)	--
Total Public Support and Revenue	\$ 528,045	\$ (211,341)	\$ 316,704	\$ 4,292,732	\$ 6,739,881	\$ 11,032,613
Expenses						
Grants Approved for Charitable Purposes	\$ 273,998	\$ --	\$ 273,998	\$ 204,000	\$ --	\$ 204,000
Program Related Expenses	81,227	--	81,227	67,028	--	67,028
Supporting Services:						
Administration Expenses	204,805	--	204,805	184,290	--	184,290
Total Expenses	560,030	--	560,030	455,318	--	455,318
Change in Net Assets	(31,985)	(211,341)	(243,326)	3,837,414	6,739,881	10,577,295
Net Assets – Beginning of Year	\$ 3,837,414	\$ 6,739,881	\$ 10,577,295	\$ --	\$ --	\$ --
Net Assets – End of Year	\$3,805,429	\$ 6,528,540	\$10,333,969	\$3,837,414	\$ 6,739,881	\$10,577,295



Notes to Financial Statements • Years Ended June 30, 2003 and 2002

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 Funds

The Foundation offers to Catholic parishes and other Catholic organizations the service of managing their endowment type funds. These funds are invested with the other funds of the Foundation, but they are not assets of the Archdiocese of Milwaukee Catholic Community Foundation, Inc. and are reflected in the Statements of Financial Position as a long-term liability.

Related Party Transactions

It is the policy of the Foundation that all Board members and staff personnel avoid any conflict between their own individual interests and the interests of the Foundation. The Foundation has a conflict-of-interest policy whereby Board members must advise the Board of any direct or indirect interest in any transaction or relationship with the Foundation and abstain from voting for the approval or denial of any grants or expenditures that affect their individual, professional, or business interests. During the year ended June 30, 2003, the Foundation awarded grants of \$13,500 to related-party organizations.

The Catholic Community Foundation, Inc. is audited annually by Virchow, Krause & Company, LLP. Copies of the complete audit reports are available upon request.



Summary of Investments as of June 30, 2003 and 2002

2003	Cost or Gift Value	Total Investments at Fair Value
Large Cap Socially Screened S&P 500 Index Fund	\$ 6,083,732	\$ 5,468,188
Small/Mid Cap Common Stocks	2,486,695	2,639,804
International Equity Common Trust Fund	1,975,017	1,847,414
Fixed Income Mutual Fund	5,723,058	5,920,204
Cash and Cash Equivalents	1,178,311	1,178,311
Totals	\$17,446,813	\$17,053,921

2002	Cost or Gift Value	Total Investments at Fair Value
Large Cap Socially Screened S&P 500 Index Fund	\$ 5,662,741	\$ 5,064,332
Small/Mid Cap Common Stocks	2,543,465	2,377,889
International Equity Common Trust Fund	1,900,017	1,918,051
Fixed Income Mutual Fund	5,682,678	5,620,608
Cash and Cash Equivalents	153,579	153,579
Totals	\$15,942,480	\$15,134,459

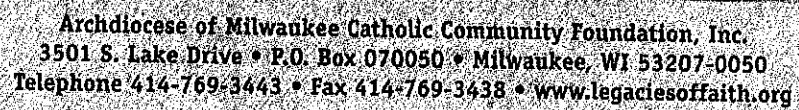
All investment market values were determined by U.S. Bank Milwaukee.

Cash and Cash Equivalents consist of pending investment cash and First American Prime Obligations Money Market Fund. Small/Mid Cap Common Stocks are managed by J.L. Kaplan & Associates, and StoneRidge Investment Partners. Fixed Income Mutual Fund is managed by Baird Advisors in an Intermediate-Term Bond Fund. International Equity Common Trust Fund is managed by Christian Brothers Investment Services, Inc. Large Cap Socially Screened S&P 500 Fund is managed by State Street Global Advisors.





THE
CATHOLIC
COMMUNITY
FOUNDATION



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