

**THE CATHOLIC FOUNDATION OF
WEST MICHIGAN**

FINANCIAL STATEMENTS
June 30, 2007 and 2006

THE CATHOLIC FOUNDATION OF WEST MICHIGAN
Grand Rapids, Michigan

FINANCIAL STATEMENTS
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Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

Most Reverend Walter A. Hurley
The Catholic Foundation of West Michigan
Grand Rapids, Michigan

We have audited the accompanying statements of financial position of The Catholic Foundation of West Michigan (Foundation) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation'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 financial position of The Catholic Foundation of West Michigan as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Chizek AND Company LLC

Crowe Chizek and Company LLC

Grand Rapids, Michigan
September 25, 2007

THE CATHOLIC FOUNDATION OF WEST MICHIGAN
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 117,076	
Money market funds	<u>310,380</u>	\$ 500,510
Total cash and cash equivalents	427,456	500,510
Investments (Note 3)	<u>32,516,142</u>	<u>27,466,338</u>
Total assets	<u>\$ 32,943,598</u>	<u>\$ 27,966,848</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Deposits (Note 4)	\$ 30,699,779	\$ 26,559,826
Accounts payable	<u>26,661</u>	<u>27,595</u>
Total liabilities	30,726,440	26,587,421
Net assets - unrestricted	<u>2,217,158</u>	<u>1,379,427</u>
Total liabilities and net assets	<u>\$ 32,943,598</u>	<u>\$ 27,966,848</u>

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION OF WEST MICHIGAN
STATEMENTS OF ACTIVITIES
Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Interest and dividends	\$ 1,090,629	\$ 928,548
Net change in fair value of investments (Note 3)	<u>2,891,182</u>	<u>146,161</u>
	3,981,811	1,074,709
Earnings allocated to participant accounts (Note 2)	<u>3,652,092</u>	<u>991,192</u>
Excess of revenues over allocated earnings	329,719	83,517
Other revenues (expenses)		
Contributions	700,000	1,379,374
Distribution of contributed funds	(66,525)	
Administrative expenses	<u>(125,463)</u>	<u>(91,564)</u>
	<u>508,012</u>	<u>1,287,810</u>
Change in unrestricted net assets	837,731	1,371,327
Net assets at beginning of year - unrestricted	<u>1,379,427</u>	<u>8,100</u>
Net assets at end of year - unrestricted	<u>\$ 2,217,158</u>	<u>\$ 1,379,427</u>

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION OF WEST MICHIGAN
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Change in unrestricted net assets	\$ 837,731	\$ 1,371,327
Adjustments to reconcile the change in unrestricted net assets to net cash from operating activities		
Net change in fair value of investments	(2,891,182)	(146,161)
Change in accounts payable	<u>(934)</u>	<u>(2,615)</u>
Net cash from operating activities	(2,054,385)	1,222,551
 Cash flows from investing activities		
Net change in pooled investments	(2,158,622)	(3,167,410)
 Cash flows from financing activities		
Deposits received	4,718,952	2,813,813
Deposits withdrawn	<u>(578,999)</u>	<u>(686,393)</u>
Net cash from financing activities	<u>4,139,953</u>	<u>2,127,420</u>
 Net change in cash and cash equivalents	(73,054)	182,561
 Cash and cash equivalents at beginning of year	<u>500,510</u>	<u>317,949</u>
 Cash and cash equivalents at end of year	<u>\$ 427,456</u>	<u>\$ 500,510</u>

See accompanying notes to financial statements.

THE CATHOLIC FOUNDATION OF WEST MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 1 - OVERVIEW OF THE FOUNDATION

The Catholic Foundation of West Michigan ("Foundation") is a not-for-profit corporation established for the exclusive benefit of the Roman Catholic Diocese of Grand Rapids ("Diocese") and its Catholic parishes, schools and organizations (collectively known as participants). Its purpose is to provide for the collective investment of funds deposited by the participants in order to maximize the returns on these funds. The Foundation has no discretion over the use of amounts received from participants and, accordingly, it records such amounts received and earnings allocated thereon as deposit liabilities.

Certain administrative and support services are provided, without charge, by Diocesan staff and are not significant to the financial statements.

These financial statements are not intended to, and do not, reflect the activities of the Roman Catholic Diocese of Grand Rapids as a whole.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting: Revenues and expenses are recorded on the accrual basis of accounting.

Financial Statement Presentation: Net assets are classified as unrestricted since they are available for support of current operations.

Cash and Cash Equivalents: Cash and cash equivalents consist of bank deposit accounts and money market funds, which may, at times, exceed federally insured limits.

Investments: Investments are carried at fair value, determined by quoted market prices, plus any accrued interest.

Earnings Allocated to Participant Accounts: Earnings allocated to participant accounts consist of interest and dividends, the net appreciation (depreciation) in the fair value of investments, less administrative expenses of the Foundation.

Contributions: Contributions are recorded as income when an unconditional promise to give has been received.

Income Tax Status: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(Continued)

THE CATHOLIC FOUNDATION OF WEST MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 3 - INVESTMENTS

Investments consist of:

	<u>2007</u>	<u>2006</u>
Michigan Catholic Conference Socially Responsible Investment Pool		
Fixed income securities	\$ 14,377,330	\$ 15,792,800
Equity securities	18,112,151	11,644,493
Corporate obligations	<u>26,661</u>	<u>29,045</u>
	<u>\$ 32,516,142</u>	<u>\$ 27,466,338</u>

The Michigan Catholic Conference Socially Responsible Investment Pool was established in order to allow Michigan Dioceses and related organizations to pool funds for investment in the fixed income and equity markets using socially responsible investment guidelines.

Net realized and unrealized gains (losses) on investments reflected in the statements of activities were as follows:

	<u>2007</u>	<u>2006</u>
Michigan Catholic Conference Socially Responsible Investment Pool		
Fixed income securities	\$ 268,579	\$ (501,983)
Equity securities	<u>2,622,603</u>	<u>648,144</u>
	<u>\$ 2,891,182</u>	<u>\$ 146,161</u>

NOTE 4 - DEPOSITS

The Foundation's deposits are from related organizations and consist of the following:

	<u>2007</u>	<u>2006</u>
Parishes and organizations	\$ 19,015,473	\$ 16,089,660
Roman Catholic Diocese of Grand Rapids	<u>11,684,306</u>	<u>10,470,166</u>
	<u>\$ 30,699,779</u>	<u>\$ 26,559,826</u>
