

Foundation Background

The Conrad N. Hilton Foundation was founded in 1944, originally as a Trust, with Conrad N. Hilton as the founder and grantor. In 1950 all assets were transferred to a nonprofit corporation. The Foundation remained relatively small until Mr. Hilton's death in 1979. Through his Last Will and Testament, he left virtually all of his estate to the Foundation.

Mission

Inspired by Mr. Hilton's concern for the less fortunate, the Foundation's mission is the alleviation of human suffering—a lofty charge with endless possibilities. To translate this vast goal into manageable and meaningful day-to-day practice, the Board of Directors has selected priority areas upon which to focus its efforts, including Blindness, Safe Water Development, Homelessness, Catholic Sisters, Early Childhood Development, Substance Abuse, and Hotel and Restaurant Management Education. In addition, the Foundation established the Conrad N. Hilton Humanitarian Prize, the world's largest humanitarian award that is presented annually to an organization that is making extraordinary contributions toward alleviating human suffering. Some entities have been supported by both the Foundation and the Conrad N. Hilton Fund.



Grantmaking Approach

The Foundation neither encourages nor generally considers unsolicited proposals. Rather, the Foundation initiates and develops major long-term projects and then seeks out the appropriate organizations that can best implement them. The Foundation believes that a proactive, major project approach provides the most promising opportunity to positively impact society. In the spirit of collaboration, the participation of additional funding sources is encouraged to help ensure the long-term stability of these projects.



Conrad N. Hilton Foundation Board of Directors (l to r): standing - Conrad N. Hilton III, William B. Hilton, Jr., Eric M. Hilton, Hawley Hilton McAuliffe, James R. Galbraith; seated - John L. Notter, Gregory R. Dillon, Barron Hilton, Steven M. Hilton, Robert Buckley, M.D. (now deceased), William G. Ouchi.

Photo: Bart Bartholomew

President's Message

Steven M. Hilton



Photo: Bert Bartholomew

As I look to the future with optimism, I look back on this past year with pride. It was a year of remarkable growth and accomplishment and one of comings and goings.

Conrad N. Hilton Foundation and Conrad N. Hilton Fund assets increased by more than one-half billion dollars as a result of an infusion of funds from two related trusts and an increase in valuation of Hilton Hotels stock. This development will significantly increase the potential scale of our grantmaking.

The Foundation and Fund approved \$77 million in grants, the largest amount in our history. This year also saw our highest ever combined payout—\$56.3 million. Similar to last year, more than half of our total payout supported international efforts.

We initiated activities locally, nationally, and internationally that build upon the success of several of our existing grant programs. They include expansion of a local organization serving individuals with blindness and other disabilities, innovative collaborations in three states for homeless young mothers and their children, and development of safe water in East Africa. Given the Foundation and Fund's history of providing substantial support to Catholic Sisters who minister to the poor, we embarked upon a project to enhance the leadership and management skills of Sisters in developing countries. Descriptions of these and other endeavors may be found in the following pages.

Finally, I would like to mention a number of transitions that have occurred in the Hilton family and Foundation. We are saddened by the loss, at age 91, of a true lady of grace, Mrs. Frances K. Hilton, beloved widow of my grandfather, Conrad Hilton. We also mourn the loss of Robert Buckley, M.D., whose warm heart and willing spirit touched many lives during nearly 40 years of service as a director. Both shall be missed. We welcomed two new directors, Hawley Hilton McAuliffe and William G. Ouchi, to assist us in advancing our mission of alleviating human suffering throughout the world. Lastly, in recognition of his strong, steady leadership spanning more than 50 years as a board member and his solid business judgment, I am pleased to share that my father, Barron Hilton, has been elected Chairman of the Conrad N. Hilton Foundation and Fund.

Steven M. Hilton

Priority Program Areas

Blindness

Children Who Are Blind or Multiply Disabled

Parents play a vital role in building their children's confidence and encouraging self-reliance. A \$500,000 grant to the American Foundation for the Blind is facilitating completion of a website for parents of children with visual impairment, bringing relevant resources to those who might not otherwise have access. Developed in partnership with the National Association for Parents of Children with Visual Impairments, the comprehensive website will provide authoritative information, practical advice, and networking opportunities.

www.afb.org

When Therapeutic Living Centers for the Blind (TLC) was founded in 1975 in Southern California, programs for multi-disabled blind individuals were virtually non-existent. Since 1983, the Foundation has supported TLC's efforts to address the complex health needs and behavioral challenges of this population through highly specialized residential programs for adults and day programs for adults and school-age children challenged by multiple disabilities including blindness. Recognizing a need to extend services to young children who are blind, a \$4.8 million grant is enabling TLC to add support services for infants and toddlers, establish a pre-school and transform this local agency into a regional resource that serves lifetime needs.

www.tlc4blind.org

In many parts of the developing world, children who are deafblind or blind with multiple disabilities are often considered unworthy of an education and forgotten. Grants totaling more than \$60 million from the Foundation have enabled the Perkins School for the Blind to establish and improve services internationally for children who are deafblind or blind with multiple disabilities. Whereas few or no services existed prior to the inception of the Hilton/Perkins Program in 1989, projects now operate in more than 260 schools and agencies and 17 universities within more than 60 developing countries and the United States. With support from Hilton/Perkins, more than 25,000 children have

received education, more than 15,000 personnel have received in-service training and at least 1,800 teachers have received formal university education in their home regions.

Accomplishments of the past year include the development of a national training project in the Philippines, new services for deafblind children in Malawi, a national training for administrators in China, new programs for children and for the training of personnel in Serbia and Macedonia, and some emerging projects in the Middle East. International participants in Hilton/Perkins administrative training courses have begun to influence their respective country's policies on service provision in concert with the United Nations Millennium Development Goal of achieving education for all. Also, the Hilton/Perkins Program achieved considerable success at attracting additional sources of financial support.

www.perkins.org



Mother teaches child with deafblindness to make a sign.

Trachoma

Typically affecting persons living in overcrowded conditions and with limited access to water and health care, trachoma is the world's leading cause of preventable blindness. The foremost method of combating trachoma is the World Health Organization-endorsed SAFE strategy (Surgery, Antibiotics, Facial cleanliness, Environmental improvement). Over the past decade, the Conrad N. Hilton Foundation and Fund have committed more than \$24 million to the activities of organizations that are tackling this easily transmittable eye disease. Descriptions of current programs follow.

The Carter Center is mobilizing communities, largely through latrine construction and clean village competitions, and facilitating training in Ethiopia, Ghana, Mali, Niger, Nigeria, and Sudan. Its teams are also providing technical expertise and support for surveys, monitoring, and evaluation of programs worldwide.

www.cartercenter.org

Helen Keller International (HKI) is focusing largely upon behavioral change and curriculum development while it helps the governments of Burkina Faso, Cambodia, Mali, Nepal, Niger, Nigeria, and Tanzania incorporate the SAFE strategy into their national strategies.

www.hki.org



Face washing at a school in Burkina Faso.

Photo: Back Pack Productions, courtesy of Helen Keller International

In Ethiopia, World Vision is performing eyelid surgeries, treating cases of active trachoma, training health workers, and educating communities on personal hygiene and sanitation. In Niger, it is partnering with the Ministry of Health and Johns Hopkins University to help determine the impact of water and health education on trachoma.

www.worldvision.org

The International Rescue Committee is broadening its healthcare work to include blindness treatment and prevention activities in its four refugee camps in Ethiopia, serving conflict-affected individuals in a country whose rates of blindness are among the highest in the world.

www.theirc.org

Safe Water Development

One in six people in the world lacks access to clean drinking water and more than two in six lack adequate sanitation services; moreover, contaminated water and poor sanitation contribute to nearly 90% of all diseases in the developing world. Since 1990, the Conrad N. Hilton Foundation and Fund have committed \$62 million to provide clean, sustainable sources of water in Africa in order to eradicate Guinea worm and decrease the prevalence of trachoma and diarrheal disease. Three of the four countries receiving Hilton support rank in the bottom 10 of the 177 countries listed in the United Nations Human Development Index.

Water Partnership Initiatives

After spearheading its formation in 2002, the Foundation launched the West Africa Water Initiative (WAWI) to provide potable water, sanitation, and hygiene to rural villages in Ghana, Mali, and Niger. WAWI has become a \$52 million public-private partnership of more than a dozen organizations, each having a complementary role that takes advantage of their unique strengths. They include Cornell International Institute for Food, Agriculture, and Development, Desert Research Institute, Helen Keller International, Lions Clubs International Foundation, The Carter Center, UNICEF, United States Agency for International Development, WaterAid, Winrock International,

World Chlorine Council, and World Vision. WAWI is playing a vital part in helping to reach the United Nations Millennium Development Goal to “halve, by 2015, the proportion of people without sustainable access to safe drinking water.” By 2008, the

WAWI partners expect to provide a minimum of 825 new water boreholes, 100 alternative water systems, and 9,000 latrines, reaching more than one-half million people. In addition, thousands of adults, children, and teachers are being instructed in

Photo: Courtesy of World Vision



*In Niger, clean water
frees up time for
school and play.*

Guinea Worm Eradication

water management and safe hygiene and sanitation practices. This year, more than 175 wells were drilled, more than 1,600 latrines were constructed, and more than 146,000 people in 274 communities are able to lead more healthy lives. World Vision administers the WAWI Secretariat.

www.wawipartnership.info

Based on the success of this collaborative model, the water portfolio has been extended to East Africa. This year, Conrad N. Hilton Foundation and Fund awarded \$7 million to the Millennium Water Program to directly benefit 120,000 villagers in Ethiopia over the next four years. Program objectives include providing clean water, promoting sanitation, facilitating hygiene education, and building local government capacity. Participating organizations are CARE, Living Water International, WaterAid, and World Vision; CARE is managing the Secretariat.

www.care.org

Additionally, a \$5.2 million grant from the Fund will enable World Vision to carry out supplemental water and sanitation programming in Ethiopia that aligns with World Vision's trachoma-related activities but falls outside of its Millennium Water Program geography. Over the next five years, 340,000 rural Ethiopians will be provided with safe water and 170,000 people will gain access to improved sanitation.

www.worldvision.org

Guinea worm disease is contracted by drinking water contaminated with fleas carrying infective larvae. The parasite typically lives in the human body for one year, growing up to three feet in length. Victims experience excruciating pain as the worm emerges incrementally through the skin during a period that can last from weeks to months. It adversely affects not only health but agriculture as well, when victims are incapacitated at the time of year when they would ordinarily plant or harvest crops.

In addition to WAWI-related Guinea worm eradication efforts, active Foundation grants to three organizations exceed \$3.3 million and are aimed at eradicating Guinea worm disease in areas of Ghana that fall outside of the WAWI-targeted region. UNICEF's efforts focus on drilling and repairing boreholes, constructing rainwater tanks and ensuring that Guinea worm eradication ranks high on that country's political agenda. To expedite the provision of safe water, Desert Research Institute is lending its technical expertise to UNICEF and UNICEF's subcontractor by recommending locations for boreholes based on hydro-geological analysis, maintaining a spatially referenced database, and assisting with the development of water quality assurance protocols. The Carter Center is responsible for surveillance, hygiene education, community mobilization, the application of larvicide to water sources, and advocacy. President Carter's February 2007 trip to Ghana brought increased political attention to the issue resulting in

Photo: Courtesy of World Vision



With clean water for washing and drinking, health improves and lives are saved.

the President of Ghana appointing a special advisor for Guinea worm eradication, declaring Guinea worm disease a national emergency, and pledging \$1 million to its ministries to combat Guinea worm disease.

www.unicef.org
www.dri.edu
www.cartercenter.org

Homelessness

Without a stable place to live and a support system to help them address their underlying problems, most homeless people bounce from one emergency system to the next at extremely high cost in human and economic terms. The Foundation is supporting a new effort to stabilize young homeless families in housing and mitigate the effects of homelessness on child development. Ongoing Foundation programs focus largely on providing supportive housing for homeless mentally ill individuals. Supportive housing is a cost-effective combination of permanent affordable housing with flexible support services that helps people live more stable, healthy lives.

Homeless Young Mothers

This year, the Foundation launched a new initiative, Strengthening At Risk and Homeless Young Mothers and

Children, aimed at improving the housing, health, and development of young at-risk and homeless mothers and children. Systems serving the housing and child development needs of homeless families will be better integrated through four innovative, locally based collaborations in Chicago, Los Angeles, and Minneapolis/St. Paul. To increase capacity and promote high-quality service delivery, training and technical assistance will be provided and best practices will be strategically disseminated nationwide. The Foundation's \$7.5 million grant to The National Center on Family Homelessness will be leveraged by matching local funds of more than \$3.5 million. The initiative was developed and will be implemented in collaboration with the National Alliance to End Homelessness and the Child Welfare League of America.

www.familyhomelessness.org

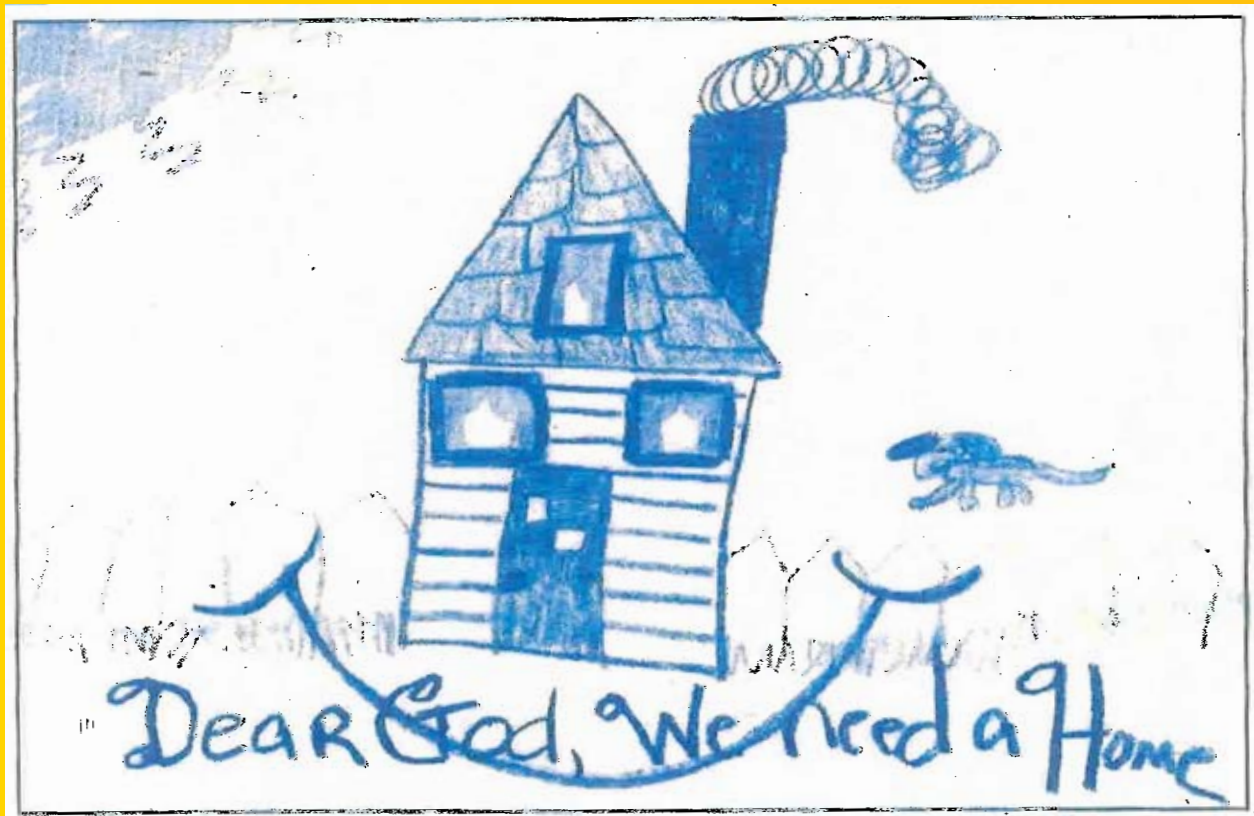


Illustration: Amanda, age 9, courtesy of Salem-Keizer Public Schools

Mentally Ill Homeless

To date, the Foundation has awarded \$20 million to the Corporation for Supportive Housing (CSH) to address the needs of mentally ill homeless people through supportive housing in Los Angeles and nationally. The Los Angeles initiative has stimulated the creation of nearly 1,100 units of supportive housing for individuals and families, many of whom have been homeless for years and suffer from serious mental illness. With the Foundation's \$1 million program-related investment as the initial funding, CSH also established the Los Angeles Supportive Housing Loan Fund. Due in part to the Foundation's convening local government and financial institutions in order to spark interest, the Loan Fund has grown to \$30 million. Nationally, a central priority for CSH is engaging leaders from all levels of government, philanthropy, and the private sector. The Foundation's support enabled CSH to hold the third annual Supportive Housing Leadership Forum, where nearly 200 delegates from 28 states shared ideas about how to coordinate resources and make supportive housing easier to develop, fund, and operate.

www.csh.org

As a national network of more than 3,000 providers and public agencies, the National Alliance to End Homelessness represents the largest coalition dedicated to ending homelessness in the United States. The National Alliance is a key partner in CSH's effort to win public acceptance of taking supportive housing to scale—a central solution for the mentally ill homeless. Matched 3:1, a \$250,000 grant to the National Alliance is facilitating its dissemination of information and solutions to local social service systems, state-level agencies, and opinion leaders to significantly reduce the national incidence of homelessness among people with mental illness. Elements include community planning, prevention strategies, media relations, and coalition building.

www.endhomelessness.org

National and Local Leadership

With the goal of ending homelessness nationwide rather than merely managing it, the Foundation co-founded the Partnership to End Long Term Homelessness in 2004. This national collaboration of foundations, nonprofit organizations, and financial institutions is leveraging funding to provide services, stimulate development of 150,000 units of permanent supportive housing nationwide, and generate the philanthropic commitment necessary to transform policy.

www.endlongtermhomelessness.org

Together with two major local homelessness funders, the Foundation is supporting efforts to strengthen communication between, and encourage regular convenings of, local government leaders.

Catholic Sisters

Recent trends reveal a noticeable increase in the number of Roman Catholic Sisters ministering in Africa, where they are emerging as a strong sense of hope in the face of critical needs. While these dedicated Sisters are often schooled in their particular ministry (education, health care, agriculture, etc.), many lack the leadership and management skills needed to most effectively administer programs and mobilize resources. Though the Conrad N. Hilton Fund for Sisters is our usual conduit for Sisters funding, this year the Foundation also supported two new educational opportunities to help Sisters realize their potential and, consequently, have a greater positive impact on those they serve.

Marywood University

A \$2 million grant to Marywood University created the Sisters Leadership Development Initiative to increase the technical, management, and leadership skills for Sisters ministering in Africa. In collaboration with the African Sisters Education Collaborative, training will be developed, delivered, monitored, and evaluated in the areas

of leadership, management, finance, grant writing, project evaluation, technology, and business English. During the three-year pilot phase, 340 African Sisters in Ghana, Kenya, Nigeria, Tanzania, and Uganda will attend a series of two-week courses in their respective countries; each, in turn, will be expected to share her newly gained knowledge with a minimum of three other Sisters, resulting in more than 1,020 additional beneficiaries. Should it prove successful, the geographic scope of the Sisters Leadership Development Initiative may be expanded in the future.

www.marywood.edu

DePaul University

A \$480,000 grant to DePaul University is facilitating the creation of a bachelor's degree program in Kenya designed for African Sisters from Catholic religious congregations. Students will earn a DePaul University degree at Tangaza College in Nairobi. During the initial five years, courses will prepare an estimated 60 students for leadership and management positions in faith-based and community-based organizations working in human development in Africa. Funds will support program development, operating costs, and student scholarships.

www.depaul.edu

Photo: Courtesy of Women Development Project – Enugu, Nigeria



New training and education opportunities are being developed for growing numbers of Catholic Sisters in Africa.

Early Childhood Development

Local

Poverty, family strife, substance abuse, and maternal depression can adversely impact both family dynamics and the healthy brain development of young children. Since multiple challenges often require multiple interventions, six social service agencies in West Los Angeles have partnered together as the Westside Infant-Family Network (WIN) to enable such families to more easily access the spectrum of services needed to increase the likelihood of children reaching their full potential within the safety of permanent, nurturing families. Pooling its resources with an alliance of local funders, the Foundation's \$400,000 grant to the Westside Children's Center has added to WIN a much-needed mental health component that will reach 250 at-risk families with children prenatal through age three over the next four years.

www.winla.org

National

With Foundation grants of nearly \$19 million, the Hilton/Early Head Start Training Program continues to positively impact infants and toddlers with disabilities, their low-income families, and their service providers nationwide. Managed by the California Institute on Human Services, Sonoma State University, the Program helps staff of Early Head Start and Migrant and Seasonal Head Start and their community partners increase their skill and comfort level educating and caring for these children. Concurrently, families instilled with hope and knowledge learn to enhance child development, access resources, and become potent advocates. Over nine years, 550 teams have shared their training with more than 200,000 others.

www.specialquest.org

International

One of the most impoverished countries in the world, Zambia is also among those hardest hit by an AIDS pandemic that has left multitudes of orphaned and vulnerable children in its wake. A \$1 million grant is enabling CARE to enhance early childhood development through an approach encompassing cognitive development, emotional support, nutrition, health, and child protection. Working through community schools, this two-year project will provide holistic and sustainable services to 3,500 orphaned and vulnerable children aged two through six in Zambian communities heavily impacted by AIDS and poverty. It is anticipated that this service model will influence the future course of early childhood development in Zambia.

www.care.org

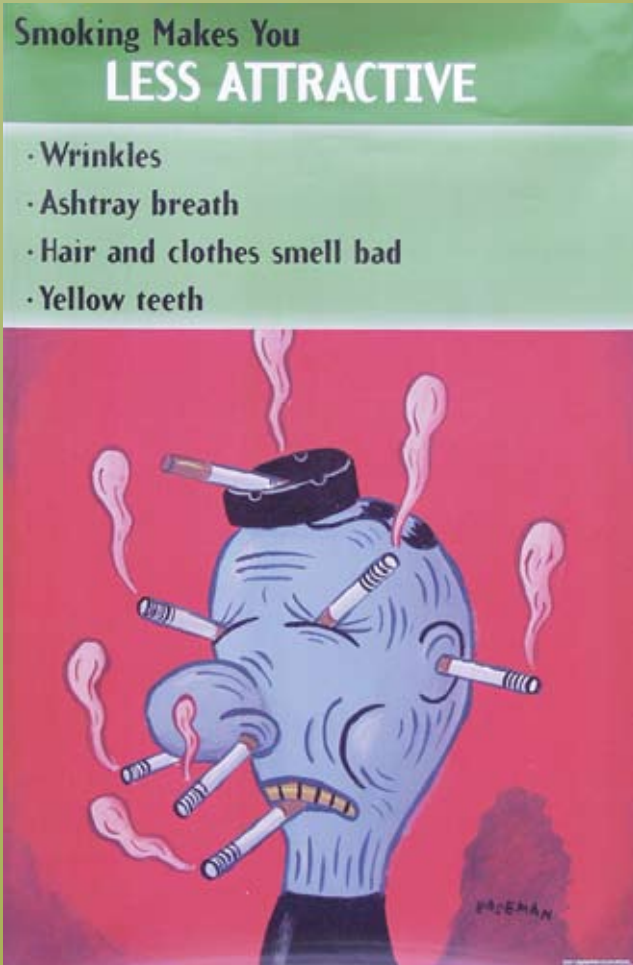
Photo: Phyllis Kanyemba / CARE Zambia



Pupils line up for a health inspection before class in Zambia.

Substance Abuse

Image © BEST Foundation for a Drug-Free Tomorrow



One of twelve classroom posters included with the Project ALERT curriculum.

Project ALERT

Middle school students are a group vulnerable to social influences but not typically heavy users of alcohol, cigarettes, marijuana, or other drugs. The goal of Project ALERT is to keep non-users from experimenting with these substances and to keep experimenters from becoming regular users. An evidence-based curriculum, Project ALERT uses participatory activities and trigger videos to help middle grade students resist pro-drug pressures and establish non-drug-using norms. Generally delivered by trained teachers in a classroom setting, Project ALERT aligns with key National Health Education Standards and is designated an Exemplary Program by the U.S. Department of Education. The Substance Abuse and Mental Health Services Administration's National Registry of Effective Programs and Practices awarded Project ALERT a perfect 4.0 score for quality of research and a 3.8 score for readiness for dissemination. The program is recognized for having made the journey from "science to service." More than 25,000 teachers in a quarter of the nation's school districts currently utilize Project ALERT.

Conrad N. Hilton Foundation and Fund grants in excess of \$53 million to two institutions have made possible the creation and implementation of Project ALERT. RAND, one of the nation's leading think tanks, developed and tested the curriculum and proved it to be effective. Since 1990, the BEST Foundation for a Drug-Free Tomorrow has disseminated Project ALERT, providing curriculum materials, teacher training (workshop or on-line), ongoing technical assistance, and free curriculum updates.

www.projectalert.com

Hotel and Restaurant Management Education

Conrad N. Hilton College of Hotel and Restaurant Management University of Houston

As one of 14 colleges that comprise the University of Houston, the Conrad N. Hilton College of Hotel and Restaurant Management is a leader in providing world class education and executive development in the hospitality industry. The Conrad N. Hilton Foundation has been providing funds to the College since its elevation from a small hospitality program in 1969. Grants from the Foundation and Fund have assisted in the building, renovation, furnishing and equipping of facilities, creation of endowed chairs, and funding of scholarships, as well as a multitude of other student and alumni-related activities.

Photo: Michael Scott, Conrad N. Hilton College of Hotel and Restaurant Management



Gourmet Night affords Hilton College students an opportunity to manage every aspect of a sophisticated banquet.

To date, grants in excess of \$45 million have been committed to the College, many of which have leveraged other donations through matching programs. These matching programs have assisted the College in bringing in new donors and creating new or adding to existing endowments, thus furthering its ability to not only serve students of today, but also to ensure that students of tomorrow will be able to achieve a high-quality education.

www.hrm.uh.edu

The Culinary Institute of America

The Culinary Institute of America (CIA) opened in 1946 with an enrollment of 50 students and a faculty consisting of a chef, a baker, and a dietitian. In the ensuing decades, the college has firmly established itself as the premier institution of its kind in the United States. Today, the CIA has graduated more than 37,000 food and hospitality professionals and offers four degree programs, including the first-ever bachelor's degree dedicated to culinary arts.

Photo: Sandy Powers/San Antonio Woman © San Antonio Woman



Students at The Culinary Institute of America showcase their final projects.

The Foundation's contributions to the CIA include a transformational gift to establish the Conrad N. Hilton Library, housing the largest private collection of culinary publications in the nation other than the Library of Congress. The Foundation's recent grant of \$130,000 for The Waldorf=Astoria Distinguished Alumni Endowed Scholarship Fund in Honor of Eugene R. Scanlan will support students demonstrating the greatest financial need and those from inner cities. It brings the Foundation's cumulative giving over 37 years to nearly \$5 million.

www.ciachef.edu

Conrad N. Hilton Humanitarian Prize



The year 2006 celebrated the eleventh year of the Conrad N. Hilton Humanitarian Prize. It remains today the world's largest humanitarian award, at \$1.5 million. After a rigorous review process, a prestigious international jury selects the organizations that are deemed to be making extraordinary contributions toward alleviating human suffering anywhere in the world. The Hilton Prize was created in 1996 to advance the work of exceptional organizations and to focus attention on the increasing need for humanitarian aid worldwide.



Presentation of the 2006 Conrad N. Hilton Humanitarian Prize (l to r): Prize ceremony keynote speaker, President Václav Havel, Women for Women International Founder, Zainab Salbi, and Steven M. Hilton.

The current international jury members are: **Princess Salimah Aga Khan**, International Ambassador for SOS-Kinderdorf International; **Gro Harlem Brundtland, M. P. H.**, Former Director General, World Health Organization; Former Prime Minister of Norway; **Mr. Gregory R. Dillon**, Director, Conrad N. Hilton Foundation; **William H. Foege, M.D., M.P.H.**, Chairman, Global Health Council and Senior Advisor, Bill and Melinda Gates Foundation; **Eric M. Hilton**, Director, Conrad N. Hilton Foundation, and son of our founder, Conrad N. Hilton; **Olara A. Otunnu**, former United Nations Special Representative for Children and Armed Conflict; and **Professor Amartya Sen**, Lamont University Professor at Harvard University, Nobel Laureate in Economics (1998). The Conrad N. Hilton Foundation is particularly proud that **Professor Muhammad Yunus**, who served on the Jury until last year, was awarded the 2006 Nobel Peace Prize.

The recipient of the 2006 Hilton Prize was **Women for Women International**. Founded in 1993 by Zainab

Salbi, herself a survivor of war and conflict in Iraq, Women for Women International today works with women survivors of wars and conflicts in nine countries. Picking up where humanitarian aid leaves off, Women for Women International has served more than 70,000 women and distributed approximately \$28 million in direct aid and micro-credit loans, assisting 380,000 family members.

Recipient organizations of the Hilton Prize include: **Partners In Health** (USA, 2005), **Heifer International** (USA, 2004), **International Rehabilitation Council for Torture Victims** (Denmark, 2003), **SOS Children's Villages** (Austria, 2002), **St. Christopher's Hospice** (UK, 2001), **Casa Alianza** (USA, 2000), **African Medical & Research Foundation** (USA, 1999), **Doctors Without Borders** (France, 1998), **International Rescue Committee** (USA, 1997), and **Operation Smile** (USA, 1996).

The Hilton Prize is presented annually in conjunction with an international humanitarian symposium sponsored by the Foundation. It is an intellectual forum for preeminent leaders in the humanitarian and human rights fields to discuss and debate critical global crises and new strategies for solutions. The 2006 symposium was held in New York City, under the theme "Democracy and Development: Political, Economic, and Human Rights." Administrator of the United Nations Development Programme, **Kemal Derviş** was the keynote speaker of the symposium, and **Václav Havel**, former President of the Czech Republic, gave the keynote address at the Hilton Humanitarian Prize Dinner Ceremony.

Hilton Prize Laureates

In 2006, ten Hilton Prize Laureates came together to launch a groundbreaking initiative—to explore collaborative partnerships at the field level within countries where they are working. The combined work of the Laureates' organizations covers the globe, and five to seven at any time are often supporting numerous projects within the same countries. In a joint statement, the Laureates said they were inspired by each other's work to alleviate human suffering and believed the potential of such a diverse group to join forces could establish a new model for the NGO community.

Other Significant Initiatives

While the majority of the Foundation and Fund's giving is devoted to major long-term projects, grants are also awarded for worthy endeavors that fall outside of priority program areas. A number of these grants, some of which pay tribute to Hilton family members, are described below.

Social Services

St. Joseph Center

Through a continuum of social service programs that nurture hope, self-reliance, and well being, St. Joseph Center assists thousands of low-income and homeless men, women, and children at eight locations on the Westside of Los Angeles. Founded in 1976 by the Sisters of St. Joseph of Carondelet, the Center has outgrown its present site, a former school owned by the Archdiocese of Los Angeles. The Foundation awarded \$1.5 million toward construction of a new headquarters facility that will house administration, family-based programs, a food pantry, and a culinary training program.

www.stjosephctr.org

Three Square

Serving as catalyst and convener, the Foundation brought stakeholders together to develop a vision for addressing hunger in the Las Vegas Valley. Building on the momentum of a Foundation-funded assessment and successful planning process, Three Square was established in 2006 to help end hunger in Southern Nevada while providing wholesome food for hungry people. A \$2 million grant to the Nevada Community Foundation is supporting the development of Three Square as a state-of-the-art, comprehensive food facility that will collect, produce, and distribute healthy meals to nonprofit food-serving agencies in Southern Nevada.

www.threesquare.org

Three Square's truck delivers nutritious meals during the "Proof of Concept" phase.

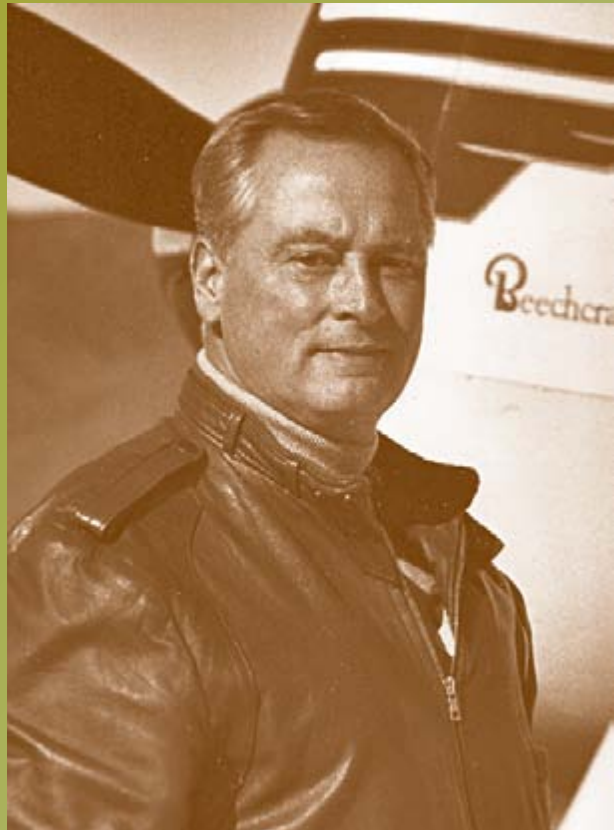


Education

In addition to being a successful business leader, Barron Hilton is also an aviation enthusiast. As a boy in Dallas, Texas, he was mesmerized by the frequent take-offs and landings at Love Field, and went on to receive his pilot's license as a young adult. Thus began a lifelong passion for aviation and desire to share his love for flying with others. In 1955, he founded Air Finance Corporation to lease and sell commercial aircraft, and in 1981, he co-founded the Barron Hilton Cup international soaring competition. He was also a major force in the race to fly non-stop around the world in a balloon.

In recognition of his numerous contributions to the field of aviation, the Foundation's \$10 million grant to the Smithsonian Institution has established, in perpetuity, the Barron Hilton Endowed Fund. Payout from the endowed fund will greatly enhance the Smithsonian's National Air and Space Museum, often referred to as the world's most visited museum. Specifically, funds will be utilized to upgrade and maintain the popular Pioneers of Flight Gallery, adding new displays and incorporating dynamic, interactive technology. Further, programming and curricula for young children, ages three to eight, will be added where little existed before, to educate and inspire them about the wonders of flight.

www.nasm.si.edu



As a pilot himself, Barron Hilton has been a leading supporter of civil aviation throughout his adult life.

Cancer Research

The direct cause of death in the majority of cancer patients is metastasis—cancer cells migrating to other parts of the body to initiate new tumors. A \$4.5 million grant to the Ludwig Institute for Cancer Research will support the development of the Hilton Ludwig Cancer Metastasis Initiative. The Institute will collaborate with six widely recognized and respected cancer research institutions in the United States with the goal of understanding and controlling the complex challenges of metastasis.

www.licr.org

Multiple Sclerosis

Though some people with multiple sclerosis (MS) remain stable, most become increasingly debilitated as the disease progresses. Such was the case with Mrs. Barron (Marilyn) Hilton, mother of eight, who was diagnosed with multiple sclerosis in the prime of her life. Consequently, the Foundation has supported multiple sclerosis research, treatment, and services for decades. Recent contributions include \$2 million to the Mayo Foundation to study myelin repair in patients with MS, as well as a series of grants to the National Multiple Sclerosis Society, Southern Cal-

ifornia Chapter to create and sustain the Marilyn Hilton MS Achievement Center at UCLA. A collaboration of the UCLA Department of Neurology and the Chapter, the Center was opened in 2001 to complement the medical management of the disease by enhancing the physical, mental, social, and spiritual health of individuals with MS. It is currently developing an on-line version of its wellness course and promoting the replication of its comprehensive approach.

www.mayo.edu

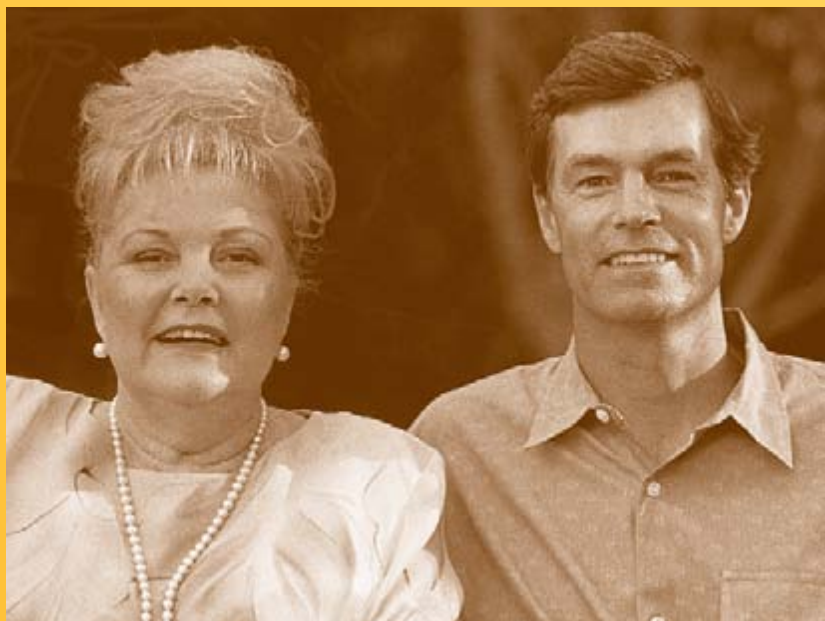
www.msac.ucla.edu

www.nationalmssociety.org/cal

In Memoriam

The Hilton family has had a long-standing relationship with Saint John's Health Center. Conrad Hilton served as the first president of its Men's Committee and Barron Hilton is a lifetime trustee. Mrs. Frances K. Hilton, widow of Conrad Hilton, was hospitalized at Saint John's in 2006 shortly before passing away at age 91. In tribute, the Foundation has awarded \$1 million to Saint John's capital campaign, directed to the construction of the Frances Hilton Endoscopy Center and to the creation of the Conrad N. Hilton Foundation Charitable Care Endowment.

www.stjohns.org



Marilyn Hilton (1928-2004) and son Steven M. Hilton. "Although her condition became worse over the years, my mother's positive spirit continued to radiate."

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Statements of Financial Position

Conrad N. Hilton Foundation
(A Nonprofit Corporation)

February 28,	2007	2006
Assets		
Cash and cash equivalents	\$ 39,868,195	\$ 91,353,749
Amounts receivable from sale of investments	1,803,544	3,217,215
Dividends and interest receivable	1,682,608	1,328,228
Program related advances	24,100,000	24,150,000
Long-term investments	990,372,061	769,459,030
Other assets	246,931	260,221
Total	\$1,058,073,339	\$889,768,443
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 829,047	\$ 740,056
Amounts payable for the purchase of investments	2,818,394	1,062,410
Grants payable	78,862,474	63,066,638
Total liabilities	82,509,915	64,869,104
Net assets	975,563,424	824,899,339
Total	\$1,058,073,339	\$889,768,443

Copies of complete audited financial statements are available upon request.

Statements of Activities

Conrad N. Hilton Foundation
(A Nonprofit Corporation)

February 28,	2007	2006
Changes in Net Assets		
Revenues and gains		
Operating revenues	\$ 48,462,411	\$ 31,031,722
Net realized/unrealized gains on long-term investments	50,122,477	48,101,695
Contributions received	116,937,208	31,921,686
Total revenues and gains	215,522,096	111,055,103
Less investment expenses	2,216,405	2,521,422
Net revenues and gains	\$213,305,691	\$108,533,681
Expenses		
Approved grants	\$ 56,100,722	\$ 26,554,809
Operating expenses	4,870,884	4,348,028
Excise taxes	1,670,000	625,000
Total expenses	62,641,606	31,527,837
Increase in net assets	150,664,085	77,005,844
Net assets -- beginning of year	824,899,339	747,893,495
Net assets -- end of year	\$975,563,424	\$824,899,339
Grants paid in current year	\$ 40,269,173	\$ 39,108,321

Copies of complete audited financial statements are available upon request.

Fund Background

During the fiscal year ended February 28, 1995, the Conrad N. Hilton Foundation made a distribution of cash and stock to endow the Conrad N. Hilton Fund. The Conrad N. Hilton Fund is a separate nonprofit organization.

Mission

The Conrad N. Hilton Fund has various programmatic interests, primarily the human services works of Roman Catholic Sisters.

Grantmaking Approach

The Conrad N. Hilton Fund is a supporting organization. It was established to provide grants and financial assistance to a specified number of organizations designated by name in its charter. The Conrad N. Hilton Fund for Sisters is the primary beneficiary; eleven other named organizations also are eligible to receive grants from the Conrad N. Hilton Fund. Some entities have been supported by both the Foundation and the Fund. Unsolicited proposals from organizations other than those named in the charter cannot be considered.



Photo: Courtesy of Beijing Jirde Social Services Center

Rice distribution in Yunnan Province, China.

Conrad N. Hilton Fund for Sisters

Sisters throughout the world devote their lives and work in service to God by offering hope, opportunity, and assistance to the poor and suffering members of society so that they, too, may live healthier more productive lives. While the Sisters often spend long, tireless days carrying out their mission in dilapidated, unsanitary, and ill-equipped medical clinics, schools, and social service facilities, their dedication and creativity are boundless. Somehow, with the help of even the smallest grants and donations, the Sisters are able to bring hope and healing to others.

The Conrad N. Hilton Fund for Sisters, principal beneficiary of the Conrad N. Hilton Fund, was established in 1986 specifically to support the ministries of Roman Catholic Sisters. The Fund for Sisters carries on Conrad Hilton's tradition of supporting the Sisters and is the only foundation dedicated exclusively to funding Sisters' projects throughout the world. Operating under the auspices of the Archdiocese of Los Angeles, the Fund for Sisters has, since its inception, awarded more than 5,400 grants totaling more than \$54 million to Sisters' projects in over 132 countries around the globe. Most grants are less than \$15,000; currently, the average grant is approximately \$10,000. In recent years, as Sisters have gained access to e-mail and cellular telephones, the volume of applications received and the number of grants



Photo: Courtesy of Centro "Cendi Santa Rosa"

Kindergarten in San Miguel Teotongo near Mexico City.

awarded have increased dramatically. This year, the Fund for Sisters awarded 755 grants totaling \$6.8 million to Sisters' projects in 78 countries; nearly half of the total giving was awarded to educational projects. Nearly 90% of grants were awarded overseas; thirty percent of total funding went to projects in countries designated as least developed by the United Nations Conference on Trade and Development (UNCTAD).

To qualify for funding, a project must directly serve the poor and disadvantaged and have at least one vowed member of an officially recognized Roman Catholic congregation of women religious directly involved in a full-time capacity. Areas of interest include: literacy and education; job creation, training, and development of small business enterprises; maternal and infant health care; HIV/AIDS education, treatment, and support; water purification, nutrition, and agricultural projects; violence prevention and rehabilitation; aid to refugees, immigrants, orphans, and others in special need; technical assistance; disaster response aid; and effective intercommunication assistance grants for Sisters. For details and application information, contact the Conrad N. Hilton Fund for Sisters at (310) 785-0746, fax (310) 785-0166, or e-mail info@hiltonfundforsisters.org.

www.hiltonfundforsisters.org

Statements of Financial Position

Conrad N. Hilton Fund
(A Nonprofit Corporation)

	February 28,	2007	2006
Assets			
Cash and cash equivalents		\$ 3,575,559	\$ 6,894,464
Amounts receivable from sale of investments		74,288	504,683
Dividends and interest receivable		889,072	145,874
Long-term investments		962,678,980	761,977,488
Total		\$967,217,899	\$769,522,509
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued liabilities		\$ 187,785	\$ 152,803
Amounts payable for the purchase of investments		592,557	-
Grants payable		7,297,100	5,606,879
Total liabilities		8,077,442	5,759,682
Net assets		959,140,457	763,762,827
Total		\$967,217,899	\$769,522,509

Copies of complete audited financial statements are available upon request.

Statements of Activities

Conrad N. Hilton Fund
(A Nonprofit Corporation)

February 28,	2007	2006
Revenues and gains		
Operating revenues	\$ 18,905,078	\$ 11,393,607
Net realized/unrealized gains on long-term investments	194,817,382	90,451,753
Total revenues and gains	213,722,460	101,845,360
Less investment expenses	(550,555)	(373,073)
Net revenues and gains	\$213,171,905	\$101,472,287
Expenses		
Approved grants	\$ 17,746,013	\$ 11,505,722
Operating expenses	48,262	46,178
Total expenses	17,794,275	11,551,900
Increase in net assets	195,377,630	89,920,387
Net assets -- beginning of year	763,762,827	673,842,440
Net assets -- end of year	\$959,140,457	\$763,762,827
Grants paid in current year	\$ 16,055,792	\$ 10,688,637

Copies of complete audited financial statements are available upon request.

Combined Assets

The following is presented for informational use only. It has not been subject to audit and is presented to provide the reader with an indication of the current asset value of the Conrad N. Hilton Foundation, Conrad N. Hilton Fund, and related trusts, of which the Conrad N. Hilton Foundation is the beneficiary.

It should be noted that during the past fiscal year, Mrs. Frances K. Hilton passed away and the Frances K. Hilton Trust was terminated, with assets transferred to the Foundation. During the course of the year, Mr. Barron Hilton created and began to fund the 2006 Barron Hilton Charitable Remainder Unitrust. The new trust, along with a growth in underlying investment assets, caused the overall current value of the Foundation, Fund, and related entities to grow by over one-half billion dollars.

Combined Assets		
February 28,	2007	2006
Conrad N. Hilton Foundation	\$1,058,073,339	\$ 889,768,443
Conrad N. Hilton Fund	967,217,899	769,522,509
W. Barron Hilton Charitable Remainder Unitrust	864,469,398	864,300,000
2006 Barron Hilton Charitable Remainder Unitrust	238,768,050	-
Frances K. Hilton Trust	-	66,500,000
Total	\$3,128,528,686	\$2,590,090,952

Copies of complete audited financial statements are available upon request.

Conrad N. Hilton

The story of the Conrad N. Hilton Foundation begins with the man for whom the Foundation is named.

Hard work, faith in God, an abiding patriotic confidence in the United States and the capacity to dream as large as his imagination would allow were the cornerstones of Conrad Hilton's life.

Born in a primitive adobe dwelling on Christmas Day, 1887, in San Antonio, New Mexico Territory, Conrad Hilton was one of seven children born to a Norwegian immigrant father and a German-American mother. Working at his father's general store, the young boy developed entrepreneurial skills that would guide him for a lifetime.

The most enduring influence to shape Mr. Hilton's philanthropic philosophy beyond that of his parents was the Roman Catholic Church and its Sisters. He credits his mother, Mary, with guiding him to prayer and the Church whenever he was troubled or dismayed—from a boyhood loss of a beloved pony to severe financial losses during the Great Depression. His mother continually reminded him that prayer was the best investment he would ever make.

Conrad Hilton was recognized worldwide for his leadership and vision during the Depression and World War II as well as in prosperity. Using extraordinary instinct, enthusiasm, and business acumen, he created the largest and most profitable international hotel empire of his time.

Beginning with his first purchase, the 40-room Mobley Hotel in Cisco, Texas, in 1919, to the thousands of guest rooms at Hilton properties throughout the world at the time of his death, his name remains synonymous with hotels. He capitalized on this global success by taking advantage of his role as an entrepreneurial statesman to promote a post-World War II philosophy of reconciliation and nonviolence, as reflected in a Hilton corporate motto of that time, "World Peace Through International Trade and Travel."

Conrad Hilton successfully combined a lifetime of professional achievement together with a genuine feeling of concern and responsibility toward the less fortunate. This most sensitive of human qualities is reflected beautifully in his Last Will and Testament wherein he creates a legacy by directing that his wealth be eternally reinvested to alleviate human suffering throughout the world.

