



# Financial Report of the Archdiocese of Philadelphia

## Archbishop Charles Chaput's Letter, June 2012

Dear Friends in Christ,

This annual financial report of the Archdiocese of Philadelphia and its related entities and offices covers the fiscal year ended June 30, 2011. While the report has been delayed by the extraordinary events of the last 15 months, these pages will hopefully offer a sense of the vast scope of our ministerial work in Southeastern Pennsylvania. In the years ahead, I intend this annual report to be a timely and candid tool to keep our people informed and to ensure the responsible use of our resources.

For the Church to perform her mission well, we need to steward our financial resources with improved openness and professionalism. This should help all of the faithful understand the challenges and issues we face and will overcome together. Allow me to highlight some of the central matters relating to the financial condition of the Archdiocese, and some of the issues that remain.

Our service to the poor continues to flourish through the programs and agencies of Catholic Social Services (CSS), the largest faith-based provider of social services in Southeastern Pennsylvania. In fiscal 2011, we served more than 170,000 needy individuals through CSS. Our Nutritional Development Services (NDS) also fed more than 7.8 million meals to children, two-thirds of whom were in financial need. Catholic Health Care Services (CHCS), which offers nursing and long-term care in seven facilities, is recognized as a leading provider of quality services to Pennsylvania's elderly and infirm. During fiscal 2011, CHCS facilities showed an occupancy level of roughly 96 percent — an extraordinary witness to their excellence.

While there are many positive stories to share, as I explained in my December letter to the faithful, serious challenges remain.

In February 2011, the Archdiocese was the subject of a grand jury report issued by the Philadelphia District Attorney's Office. Among its other actions, the prosecution indicted a former senior archdiocesan official for allegedly endangering children by allowing priests accused of sexual abuse to remain in ministry. To address these serious charges, my predecessor, Cardinal Justin Rigali, responded by immediately securing the counsel of a veteran child abuse prosecutor and a spectrum of other experts to rebuild our procedures for helping victims, cooperating with law enforcement and protecting children. He also removed 26 priests from ministry and initiated a full investigation into each one of these cases.

Following the grand jury report, nine separate civil

lawsuits were filed in Philadelphia County against the Archdiocese and certain individual defendants based on alleged clergy sexual abuse of minors. As fiscal 2011 closed, the Archdiocese learned that its former CFO had embezzled nearly \$1 million over a period of years.

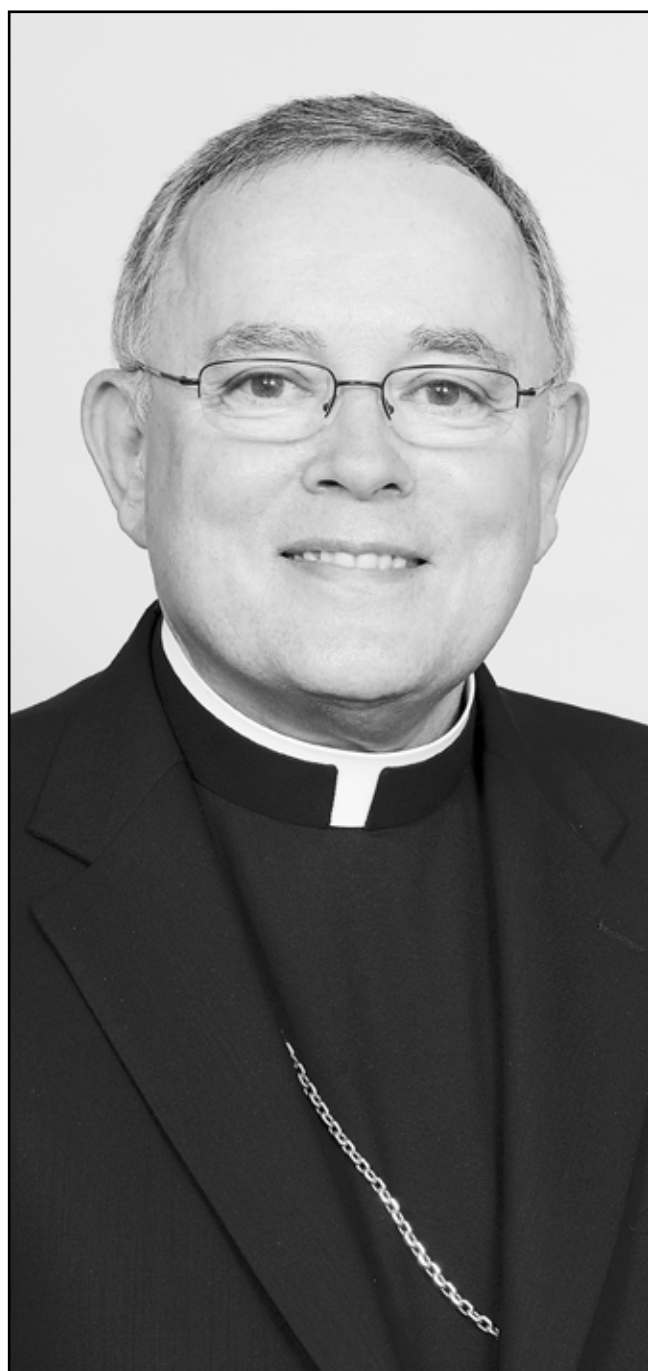
The cost of responding to the grand jury report, the investigations related to priests on administrative leave, the subsequent criminal and civil legal proceedings and the investigation into the embezzlement has been heavy. The expense is funded solely by an entity known as our Office of Financial Services (OFS), which represents the central administrative functions of the Archdiocese. While roughly \$1.6 million of these extraordinary costs took place during fiscal 2011, most of the financial burden will be reflected in the fiscal year ending June 30, 2012 and thereafter. For the nine months ending March 31, 2012, legal and other professional fees for these extraordinary costs exceeded \$10.0 million.

The resources to pay for these costs have not — and will not — come from contributions to the Catholic Charities Appeal (CCA) or Heritage of Faith-Vision of Hope (HOF-VOH). Rather, they are being funded through cash and investment reserves, cash proceeds generated from the sale of excess real estate holdings or other assets owned by the Archdiocese itself.

In addressing our difficulties, we need to remember that our highest priority is leading people to Jesus Christ. We cannot do that without a vigorous commitment to helping victims heal, and to protecting children and families. We have rededicated ourselves as a Church to that task — now and always. In fiscal 2011 alone, we provided sexual abuse prevention training to an additional 6,287 people, including clergy, seminarians, teachers, employees, parents and volunteers. Since 2003, more than 80,000 people have been trained through archdiocesan safety programs. We continue to look for ways to help victims heal and have recently established "*Honesty, Healing and Hope in Christ*" as a support initiative for those parishes directly impacted by allegations of abuse.

The current gap between our apostolic needs and our available resources is sobering. Our Catholic schools face serious challenges in their enrollment and in aging infrastructures. Many of our parishes struggle financially due to changed demographics and a decrease in Mass attendance and offertory contributions. Existing buildings and ministry programs often place a heavy strain on our parishes, which then cannot meet their financial obligations to the wider archdiocesan community. Some parishes now struggle to

(LETTER continued on page B2)



Archbishop Charles J. Chaput, O.F.M. Cap.  
Archbishop of Philadelphia

## Introduction

The financial statements contained in this report have been summarized and condensed from financial statements prepared in accordance with generally accepted accounting principles except as disclosed within the accompanying financial statements. The following overview of the Archdiocese is an accounting of its stewardship. The accompanying presentation encompasses 15 offices and non-profit corporations within the territory of the Archdiocese. These offices and nonprofit

corporations are governed by separate boards and/or committees.

This is **not** a complete representation of the nonprofit corporations or charitable trusts within the territory of the Archdiocese. In fact, there are three significant non-profit corporations that are not included in the accompanying report – Catholic Charities Appeal Fund (the Appeal Fund), Heritage of Faith-Vision of Hope (HOF-VOH) and The Catholic Standard and Times (CS&T). **Financial disclosures regarding the fundraising activities of the Appeal Fund and HOF-VOH as well as the**

**operating activities of the CS&T will be presented in an upcoming issue as soon as their respective financial statements are completed, reviewed and approved.**

The accompanying financial statements do not include the assets, liabilities or activities of the 266 parishes located in the territory of the Archdiocese. The parishes are separate canonical operating entities distinct from the offices and ecclesiastical entities of the Archdiocese. The parishes maintain separate accounts and carry on their own ministry programs.

## Archdiocesan Finance Council and its Subcommittees

Canon law requires every diocese to have a finance council to advise the archbishop. In the Archdiocese of Philadelphia, the Archdiocesan Finance Council (AFC) functions in accordance with a written charter to advise Archbishop Charles J. Chaput, O.F.M. Cap.

The AFC provides policy guidance for the work of the subcommittees. Currently, eight individuals serve on the AFC, including seven lay people. In addition, 25 lay, clergy and religious leaders serve on its various committees, which include an Investment Committee, a Real Estate Committee and the Audit Committee.

The AFC meets at least quarterly and functions as an advisory board to the archbishop. Its duties include reviewing the financial and operational performance of the Archdiocese and all public juridic persons established by canon law and the archbishop. Such review is conducted through a series of reports submitted by the committees that are intended to advise the archbishop on significant financial matters.

Council members represent a broad cross section of Catholic business executives from small, medium and large-sized companies in the five-county area. Professionals practicing in the fields of law, accounting, investment and real estate management are also members. Most serve

or have served on their respective parish councils, Catholic agencies or other nonprofit boards of directors.

The Archdiocese also has a governing body of priests, which serves as the archbishop's College of Consultors and provides advice and guidance on the finances of the Archdiocese. The work of the three committees

of the AFC is an important element in developing and fine-tuning the strategy used to address the various financial issues confronting the Archdiocese. Each committee chairperson is a member of the AFC and provides quarterly updates on his or her respective committees' activities to the council.

### Glossary of Terms

**Net assets** – the net assets of an organization are computed by subtracting liabilities from assets. Net assets are categorized by type, for example, “unrestricted” or “temporarily restricted.”

**Parish assessments** – in accordance with canon law, parishes within the Archdiocese contribute to the mission of the local Church through the parish assessment. Parishes pay an assessment of 10.5 percent of their average offertory income over the prior three years, net of certain defined credits.

**Permanent restrictions** – a donor-imposed restriction that stipulates that resources be maintained permanently but permits the Archdiocese to expend part or all of the income derived from donated assets.

**Statement of activities** – reports the amount of change in net assets for a period of time. Revenues, expenses, gains and losses, increase or decrease net assets. Other events, such as expiration of donor-imposed restrictions, that simultaneously increase one class of net assets and

decrease another are reported as separate items.

**Statement of financial position** – reflects the assets, liabilities and net assets of an entity at a particular point in time.

**Temporary restrictions** – a donor-imposed restriction that permits the Archdiocese to use up or expend the donated assets as specified either by the passage of time or by actions of the Archdiocese.

**Unrestricted** – support and revenue that has no donor restriction as to use or purpose.

# Letter of Archbishop Charles Chaput

(**LETTER** continued from page A1)

pay even their routine costs like heating, electricity and other services.

Unfortunately, this has a ripple effect: When local parishes fail to make timely payments for their assessments, their insurance costs and other shared needs handled by the Archdiocese, it weakens our ability to fund programs and services designed for the whole local Church. As of March 31, 2012, receivables due to the Archdiocese from parishes — not including parish loans from the archdiocesan Trust and Loan Fund — totaled more than \$60 million. Simply put, the ongoing viability of many of our parishes is unclear.

Immediately after my installation as Archbishop in September 2011, I began a thorough review of the financial condition of the Archdiocese and its ministry programs, related entities and offices. Through this effort I learned that some of our entities are managed well. But it is also clear that we need to greatly improve our financial procedures and habits of thought, starting with an end to deficit spending. Like any responsible family, spending more than we receive can't be sustained in the long-term. We've reached a point where many of our ministries and programs, primarily funded by the Office of Financial

Services, will need to be carefully reevaluated. The decisions we need to make for a sound fiscal 2013 will therefore be difficult, but we simply cannot continue our work without a spirit of rigorous reassessment and prudent financial planning to govern our choices. We owe at least that much and more to our people, who make all of the Church's services possible by their generosity.

We have recently hired a new and highly qualified Chief Financial Officer and an equally skilled Controller. They continue to implement best practices for financial management within the Archdiocese, using standards of business excellence as a guide. They will also challenge our existing accounting and financial reporting practices. Additionally, the Archdiocese has secured a new, independent accounting firm to provide audit and accounting advisory services to its offices and related entities.

Despite these serious challenges and the beginning steps that we have taken to date, the Archdiocese of Philadelphia has a pool of talent and strength that should give us confidence for the work ahead. All that has been achieved in the history of this great Catholic community could not have been done without the generous support of many, many good people. I want to thank the many employees of the Archdiocese and its related entities and offices, along with those of our parishes, who have served

the Church with integrity under very difficult conditions. Without their dedication, the work of the Church could not have continued.

Above all though, I want to thank the people of the Archdiocese for their generosity, good will and faith over the past very demanding year. The issues I've outlined in this letter are sobering. They can and will be remedied. But the work can't be accomplished without your prayers and support. I ask for both in the months ahead. The history of the Archdiocese of Philadelphia is finally a story of God's fidelity and his people's response. God is always faithful. Therefore the future depends on us. It remains to us as a Church to answer his love with a witness of zeal, integrity and service — to God, to the poor and to one another.

With God's blessing upon you and your families, I am

Gratefully yours in the Lord,

Most Reverend Charles J. Chaput, O.F.M. Cap.  
Archbishop of Philadelphia

## Office for Financial Services

The Archdiocese of Philadelphia was proclaimed a Catholic diocese in 1808 and raised to an Archdiocese in 1875. The Archdiocese oversees the activities of the Roman Catholic Church for the five counties of Philadelphia, Bucks, Chester, Delaware and Montgomery in the southeastern part of the Commonwealth of Pennsylvania and is operated in accordance with the provisions of the 1983 Code of Canon Law, as amended, of the Church.

The Archdiocese of Philadelphia’s Office for Financial Services (OFS) comprises over 40 archdiocesan ministry programs in the territory of the Archdiocese, and the offices of the archbishop, the auxiliary bishops, directors and others who collaborate in the administration of the Archdiocese.

The financial statements of the OFS include the following distinct funds:

**Current Fund** – Includes the accounts of 40 separate ministry departments of the Archdiocese. The fund also includes all unrestricted and restricted resources available for support of the archdiocesan operations.

**Current II Fund** – Includes unrestricted funds designated for the purpose of building Pope John Paul II High School and to facilitate future construction projects.

**Plant Fund** – Includes those resources for future property acquisitions and amounts invested in plant facilities (property and equipment).

**Trust and Loan** – Represents a cooperative lending and investment program established primarily for the benefit of the parishes whereby parishes and other entities deposit their excess funds and receive a competitive investment return. In turn, these funds are loaned to other parishes for construction and other projects at an affordable interest rate.

**Custodian Fund** – Includes funds received and held by the Archdiocese for others.

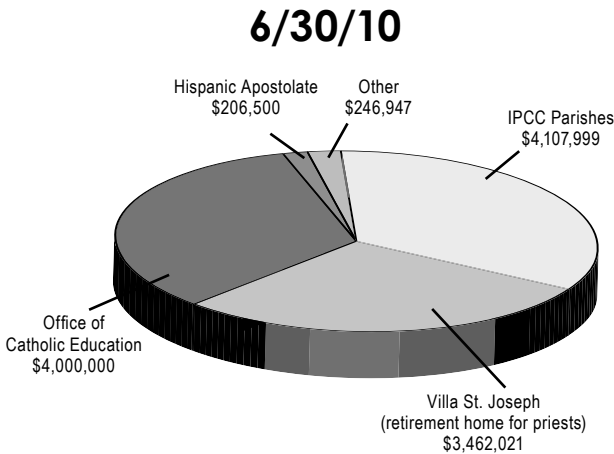
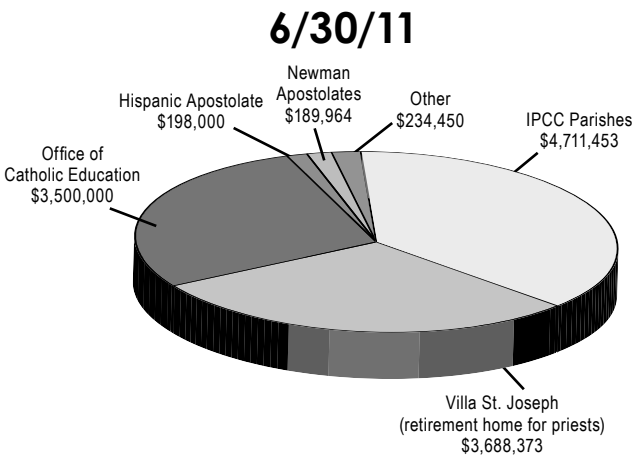
**Insurance Fund** – Represents the risk management program of the Archdiocese, including property, general liability and workmen’s compensation policies covering substantially all participating archdiocesan entities as well as management of all related claims.

**Interparochial Cooperation Commission (IPCC)** – Receives grants from Catholic Life 2000 and archdiocesan assessments to provide support for the benefit of struggling parishes.

OFS is funded primarily through parish assessments, contributions and donations, fees for services and investment income. For the year ended June 30, 2011 these funding sources offset by operating expenses resulted in an operating loss of approximately \$12.4 million. The increase in the operating loss in fiscal 2011 is primarily attributable to an increase in legal and professional fees of \$2.4 million, an increase in bad debt expense of \$3.4 million, an increase in self-insured loss reserves of \$2.0 million for insurance claims, and other cost increases throughout OFS.

One of the major financial challenges of OFS is the collection of receivables from parishes that are due for billings related to property, casualty and other insurance coverages and parish assessments. Management of OFS is currently working on a plan to solve this issue and ensure future financial stability.

The following chart shows the subsidies provided to archdiocesan programs and ministries for the fiscal years ended June 30, 2011 and 2010:



Archdiocese of Philadelphia  
Office for Financial Services  
Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$13,015,530	\$12,435,222
Parish and other related party receivables; net	36,536,498	34,516,722
Loans and interest receivable, net	71,710,799	52,898,045
Investments - designated for Trust and Loan	57,550,873	63,664,845
Investments - other	19,176,272	17,192,519
Investments - permanently restricted	1,189,141	1,022,779
Property, plant and equipment	166,267,131	164,297,383
Other assets	3,700,797	9,149,446
<b>Total assets</b>	<b>\$369,147,041</b>	<b>\$355,176,961</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$35,554,848	\$30,532,191
Related party payables	24,072,851	28,320,558
Deposits from parishes and other related parties	191,132,870	182,261,321
Bonds payable	71,917,098	72,917,098
Loan payable to Catholic Cemeteries Office	9,300,000	9,450,000
Other liabilities	2,706,947	2,788,713
<b>Total liabilities</b>	<b>334,684,614</b>	<b>326,269,881</b>
<b>Net assets:</b>		
Unrestricted	29,352,945	24,533,314
Temporarily restricted	3,916,987	3,347,633
Permanently restricted	1,192,495	1,026,133
<b>Total net assets</b>	<b>34,462,427</b>	<b>28,907,080</b>
<b>Total liabilities and net assets</b>	<b>\$369,147,041</b>	<b>\$355,176,961</b>

Archdiocese of Philadelphia  
Office for Financial Services  
Statements of Activities and Changes in Net Assets

	For the Years Ended June 30,	
	2011	2010
<b>Operating revenue:</b>		
Parish assessments	\$19,076,364	\$19,069,155
Contributions from related parties	4,894,744	6,639,422
Fees for services	8,910,673	8,951,149
Intradiocesan income, net	4,163,085	2,192,228
Contributions for High Schools	4,237,126	3,960,058
Self insurance premium and insurance billings to Archdiocesan agencies and parishes	32,030,878	30,922,929
Other income	3,019,085	2,858,963
<b>Total operating revenues</b>	<b>76,331,955</b>	<b>74,593,904</b>
<b>Operating expenses:</b>		
Payroll and related benefits	18,585,709	16,662,108
Subsidies of Archdiocesan programs and ministries (see chart)	12,522,240	12,023,467
Purchased services	14,650,319	9,027,309
Intradiocesan expenses	1,533,115	1,591,038
Support expenses	7,305,773	7,032,930
Interest expense	4,587,421	3,831,793
Insurance premiums, claims and related expenses	29,507,472	27,311,196
<b>Total operating expenses</b>	<b>88,692,049</b>	<b>77,479,841</b>
<b>Operating loss</b>	<b>(12,360,094)</b>	<b>(2,885,937)</b>
<b>Non-operating revenue (expense):</b>		
Investment income, including realized and unrealized gains (losses) on investments, net	16,357,051	8,994,857
Other non-operating income (expense), net	1,558,390	(979,436)
<b>Total non-operating revenue</b>	<b>17,915,441</b>	<b>8,015,421</b>
<b>Increase in net assets</b>	<b>\$5,555,347</b>	<b>\$5,129,484</b>

Effective July 1, 2011, OFS ceased its funding of the Office of Catholic Education - High School Operations due, in part, to the decline in timely payment of billings for parish assessments and insurance services. It should

also be noted that OFS does not follow generally accepted accounting principles as it does not record depreciation expense as a cost to the utilization of property, plant and equipment.

Catholic Health Care Services

Catholic Health Care Services (CHCS) is a Pennsylvania non-profit corporation. CHCS is the sole corporate member to the following nursing facilities which are established as separate non-profit entities: St. John Neumann Nursing Home, Immaculate Mary Home, St. Mary Manor, St. Martha Manor, St. Francis Country House and St. Monica Manor. These long-term care facilities, along with Villa St. Martha, an independent/assisted living facility, are owned and operated by Catholic Health Care Services.

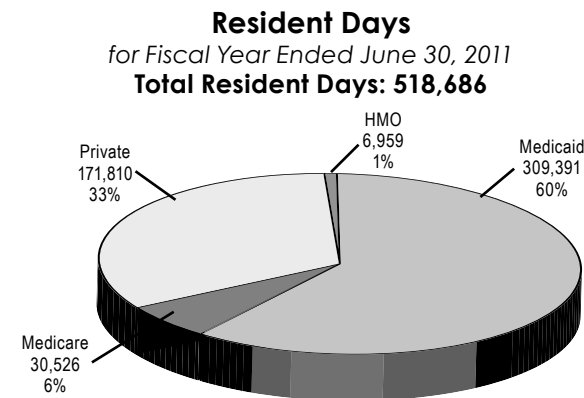
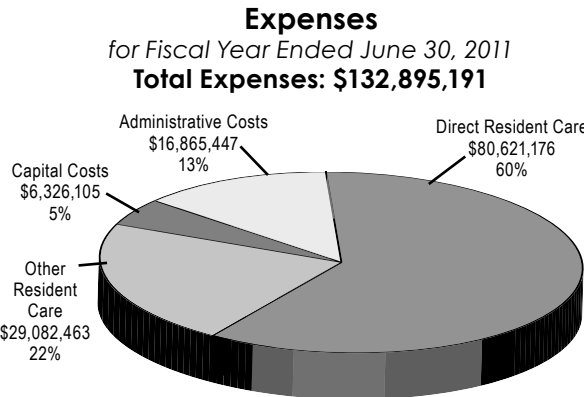
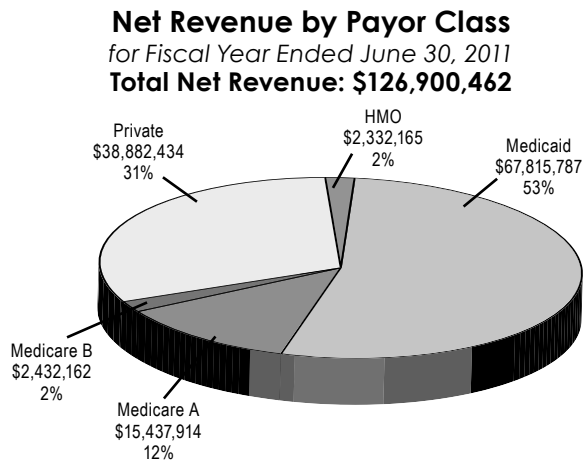
Skilled nursing care is rendered to the sick and elderly on a 24-hour basis, regardless of the source of payment. Each nursing facility is a certified provider under the Medicare, Medicaid and certain federally designated Medicare HMO programs in the area.

The facilities have a combined 1,487 beds for a potential of 542,755 resident days during the year, of which 518,686 resident days were utilized for 95.6 percent capacity.

For the fiscal year ended June 30, 2011, CHCS incurred an operating loss of \$5.1 million compared to operating income of \$1.2 million for the year ended June 30, 2010. This was primarily due to an increase in the cost for professional care of residents and other operating expenses. However, net assets increased \$9.6 million from an increase in non-operating revenues which includes realized and unrealized gains on investments.

During fiscal 2011, St. Monica Manor received a loan from a third party financial institution to renovate and redesign the property. There was \$4,301,032 outstanding under this loan as of June 30, 2011.

The following charts show the revenue, resident days and expense break-out by type:



Catholic Health Care Services  
Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$5,390,786	\$6,599,042
Short term investments - restricted	1,000,516	3,775,516
Accounts receivable, net	11,801,556	11,069,429
Related party receivables	129,260	3,976
Other current assets	5,766,411	4,188,552
<b>Total current assets</b>	<b>24,088,529</b>	<b>25,636,515</b>
Investments - unrestricted	71,957,523	62,266,902
Investments - depreciation reserve fund	12,221,850	10,200,173
Investments - temporarily restricted	3,092,030	2,687,138
Investments - permanently restricted	163,779	151,513
Property, plant and equipment, net	77,419,424	70,750,720
Other assets	3,046,705	2,927,640
<b>Total assets</b>	<b>\$191,989,840</b>	<b>\$174,620,601</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$20,896,954	\$16,235,591
Deferred revenues	132,931	149,636
Bonds payable	10,780,250	10,780,250
<b>Total current liabilities</b>	<b>31,810,135</b>	<b>27,165,477</b>
Loan payable	4,301,032	-
Mortgage payable	4,960,000	4,960,000
Other liabilities	3,113,604	3,397,601
<b>Total liabilities</b>	<b>44,184,771</b>	<b>35,523,078</b>
Minority interest	9,581,946	10,446,541
Net assets:		
Unrestricted	132,423,319	120,698,091
Temporarily restricted	4,117,543	6,462,654
Permanently restricted	1,682,261	1,490,237
<b>Total net assets</b>	<b>138,223,123</b>	<b>128,650,982</b>
<b>Total liabilities and net assets</b>	<b>\$191,989,840</b>	<b>\$174,620,601</b>

Catholic Health Care Services  
Statements of Activities

	For the Years Ended June 30,	
	2011	2010
<b>Change in Unrestricted Net Assets</b>		
<b>Operating revenues</b>	<b>\$126,900,462</b>	<b>\$125,756,117</b>
<b>Operating expenses:</b>		
Professional care of residents	58,524,739	54,986,224
Depreciation	6,063,723	6,003,489
Plant operations maintenance	9,300,207	9,008,883
Housekeeping and laundry	6,048,614	5,797,373
Dietary	11,545,956	11,015,001
Nurse administration	7,322,463	6,881,770
Administration	9,318,786	9,044,291
Other operating expenses	24,770,703	22,738,308
<b>Total operating expenses</b>	<b>132,895,191</b>	<b>125,475,339</b>
Minority interest	864,682	901,088
<b>Operating (loss) income</b>	<b>(5,130,047)</b>	<b>1,181,866</b>
<b>Non-operating revenues:</b>		
Investment income, including realized and unrealized gains (losses) on investments	13,120,096	5,614,859
Other non-operating revenue	3,735,178	1,009,582
<b>Total non-operating revenues</b>	<b>16,855,274</b>	<b>6,624,441</b>
<b>Increase in unrestricted net assets</b>	<b>11,725,227</b>	<b>7,806,307</b>
<b>Decrease in temporarily restricted net assets</b>	<b>(2,345,111)</b>	<b>(1,239,875)</b>
<b>Increase in permanently restricted net assets</b>	<b>192,024</b>	<b>67,512</b>
<b>Increase in net assets</b>	<b>\$9,572,140</b>	<b>\$6,633,944</b>

# Catholic Social Services

Catholic Social Services is one of the largest private non-profit providers of social services in Southeastern Pennsylvania. Previously known as Catholic Charities of the Archdiocese of Philadelphia, this multi-faceted social services agency was established in 1919 and became known as Catholic Social Services (CSS) in 1964 to more fully describe the broad range of services offered.

Since that time, other charitable institutions founded by religious congregations of men or women have been

subsumed under the Catholic Social Services management umbrella. These other corporations provide residential and community-based programs for dependent and delinquent youth, and administer residential and community-based supportive care for persons with developmental disabilities.

The 10 separately incorporated agencies (seven of which still conduct operations) that now fall under the umbrella of CSS offer programs dedicated to serving men, women and children in need, as an organized expression of the

charitable works within the Archdiocese.

During the fiscal year ended June 30, 2011, CSS directly served almost 50,000 clients and positively impacted the lives of over 170,000 individuals in Philadelphia and its four surrounding counties in Southeastern Pennsylvania. Motivated by its mission to serve the most vulnerable members of our community, Catholic Social Services provides help and creates hope for people in need regardless of their faith.

## Catholic Social Services (incorporated as Catholic Charities of the Archdiocese of Philadelphia)

This Pennsylvania non-profit corporation includes foster care and adoption along with the Community-Based and Housing and Homeless Services divisions, and has the highest client volume among the corporations that make up the agency. Programs include family support services, after-school programs, immigration services, individual and family counseling, senior community centers and visitation to the homebound elderly, shelters and transitional housing for the homeless, and residential care for medically fragile men and women.

In fiscal 2011, these programs provided direct services to 38,355 clients, which impacted an additional 108,265 beneficiaries when considering families and household members of clients. Essentially, this division represents the vital contribution of the Church to the local social safety net. For fiscal 2011 government reimbursements in this division were practically flat, which in the face of increased operational costs that included double-digit health care increases, resulted in a net 12 percent increase in operating loss.

While these services have always received some government funding from a variety of sources, they have required a significant infusion of private funds from the annual Catholic Charities Appeal and an additional archdiocesan subsidy that has steadily grown over the last decade.

Catholic Social Services Statements of Financial Position		
As of June 30,		
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$833,450	\$1,066,626
Accounts receivable, net	3,274,199	2,229,721
Related party receivables	15,219,621	11,722,060
Other current assets	987,262	1,287,704
<b>Total current assets</b>	<b>20,314,532</b>	<b>16,306,111</b>
Investments - unrestricted	10,748,247	13,801,948
Investments - temporarily restricted	5,713,667	5,275,535
Investments - permanently restricted	255,310	239,175
Property, plant and equipment, net	5,181,013	5,286,059
<b>Total assets</b>	<b>\$42,212,769</b>	<b>\$40,908,828</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$1,745,254	\$1,745,225
Related party payable	13,300,000	13,300,000
Other liabilities	713,379	1,039,772
<b>Total liabilities</b>	<b>15,758,633</b>	<b>16,084,997</b>
Net assets:		
Unrestricted	20,013,021	18,570,923
Temporarily restricted	6,185,805	6,013,733
Permanently restricted	255,310	239,175
<b>Total net assets</b>	<b>26,454,136</b>	<b>24,823,831</b>
<b>Total liabilities and net assets</b>	<b>\$42,212,769</b>	<b>\$40,908,828</b>

Catholic Social Services Statements of Activities and Changes in Net Assets		
For the Years Ended June 30,		
	2011	2010
<b>Operating revenues</b>	<b>\$16,784,970</b>	<b>\$17,354,493</b>
<b>Operating expenses:</b>		
Administrative and general expenses	21,753,642	21,341,713
Occupancy	3,239,657	3,138,089
Direct expenses of care	1,870,068	1,848,166
<b>Total operating expenses</b>	<b>26,863,367</b>	<b>26,327,968</b>
<b>Operating loss</b>	<b>(10,078,397)</b>	<b>(8,973,475)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	3,931,886	3,703,335
Investment income, including realized and unrealized gains (losses) on investments, net	3,117,649	1,177,696
Donations, bequests and other income	4,659,167	2,974,551
<b>Total non-operating revenue</b>	<b>11,708,702</b>	<b>7,855,582</b>
<b>Increase (decrease) in net assets</b>	<b>\$1,630,305</b>	<b>\$(1,117,893)</b>





St. Vincent Homes (incorporated as St. Vincent's Orphan Asylum of Tacony, Philadelphia)

St. Vincent's Orphan Asylum of Tacony was established in 1855 with help of St. John Neumann, and later supported by funds from the Drexel family. It was once a large campus-based residence in the Tacony section of Philadelphia, serving orphans and staffed by the School Sisters of Notre Dame. Over the past 10 years, the programs of two corporations with an affinity of mission — St. Vincent's Services for Women and Children and St. Joseph Catholic Home for Children — were consolidated into St. Vincent's Home concurrent with needs of the city Department of Human Services (DHS) for residential services for adolescent girls.

Following a move from the main campus in 2010, St. Vincent Homes today is a system of five community-based group homes whose clients are dependent teenage girls who have been removed from their homes by the Department of Human Services due to abuse and neglect, many of whom have serious behavioral health issues requiring more intensive care. Some of these young women, who range in age from 12 to 18, are either pregnant and/or have children already. This represents a vital part of the Church's historic mission to protect children, as this is the sole corporation that provides residential services to teenage girls.

The facilities were used at near capacity in 2011 by 384 residential clients served and an additional 1,190 beneficiaries counted among their family members and households. In the second year of operations under the group home model, start up costs for the new services delivery model are complete and staffing/programming was more closely aligned to meet the needs of the youth.

St. Vincent's Orphan Asylum of Tacony  
Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$10,000	\$10,000
Accounts receivable, net	1,164,777	1,313,102
Other current assets	48,973	35,972
<b>Total current assets</b>	<b>1,223,750</b>	<b>1,359,074</b>
Investments - permanently restricted	1,224,128	1,052,305
Property, plant and equipment, net	2,310,350	2,663,087
<b>Total assets</b>	<b>\$4,758,228</b>	<b>\$5,074,466</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$254,032	\$387,963
Related party payable	1,355,205	2,087,912
<b>Total liabilities</b>	<b>1,609,237</b>	<b>2,475,875</b>
Net assets:		
Unrestricted	1,924,863	1,546,286
Permanently restricted	1,224,128	1,052,305
<b>Total net assets</b>	<b>3,148,991</b>	<b>2,598,591</b>
<b>Total liabilities and net assets</b>	<b>\$4,758,228</b>	<b>\$5,074,466</b>

While this resulted in a 45 percent decrease in operating loss compared to the previous year, the net result is still a \$1.1 million deficit due to flat reimbursement rates, and in particular inadequate per diem rates to care for

St. Vincent's Orphan Asylum of Tacony  
Statements of Activities and Changes in Net Assets

	For the Years Ended June 30,	
	2011	2010
<b>Operating revenues</b>	<b>\$4,117,126</b>	<b>\$3,723,267</b>
<b>Operating expenses:</b>		
Administrative and general expenses	4,253,250	4,694,388
Occupancy	557,437	583,045
Direct expenses of care	431,837	459,204
<b>Total operating expenses</b>	<b>5,242,524</b>	<b>5,736,637</b>
<b>Operating loss</b>	<b>(1,125,398)</b>	<b>(2,013,370)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	75,000	75,000
Donations, bequests and trusts	1,428,975	1,379,195
<b>Total non-operating revenue</b>	<b>1,503,975</b>	<b>1,454,195</b>
<b>Increase in permanently restricted net assets - primarily investment income</b>	<b>171,823</b>	<b>47,486</b>
<b>Increase (decrease) in net assets</b>	<b>\$550,400</b>	<b>\$(511,689)</b>

the infants in the Mother-Baby residence. This program is subsidized by using the fund balances of supporting organizations, St. Vincent's Services for Women and Children and St. Joseph Catholic Home for Children.

St. Edmond's Home for Children (incorporated as St. Edmond's Home for Crippled Children)

St. Edmond's Home for Children provides comprehensive care for 40 boys and girls with intellectual developmental disabilities, cerebral palsy and various genetic disorders. Established as St. Edmond's Home for Crippled Children in 1916 in response to the polio epidemic, the facility was originally located in West Philadelphia and staffed for much of its history by the Sisters of Bon Secours.

Dedicated lay staff continue that mission today on a beautiful suburban campus in Rosemont. St. Edmond's offers 24-hour nursing and therapeutic care to meet disabled children's physical, occupational, speech and recreational therapy needs in a multi-sensory environment with state-of-the-art facilities and equipment.

Social workers, nurses and direct-care staff assist families to be fully involved in the ongoing care of their children while in residence. Volunteers from the Women's Auxiliary generously give of their time and talent to raise funds each year that help ensure the highest quality of life and care for each child.

In fiscal 2011, the program served 58 children including both those in residence and those from the local community who participated in Camp Rainbow for the summer.



These services benefitted an additional 167 parents and family households, who are among the most committed and involved supporters of St. Edmond's Home.

The fiscal 2011 surplus of \$1.6 million from operations represents a 280 percent improvement as compared with the prior year's \$890,000 deficit, which must be under-

St. Edmond's Home for Children  
Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$325	\$325
Accounts receivable, net	3,458,717	1,212,003
Related party receivables	4,400,000	4,400,000
Other current assets	131,614	97,268
<b>Total current assets</b>	<b>7,990,656</b>	<b>5,709,596</b>
Investments - unrestricted	17,137,244	14,537,141
Investments - temporarily restricted	1,143,731	1,014,215
Investments - permanently restricted	1,313,089	1,107,533
Property, plant and equipment, net	2,603,116	2,828,921
<b>Total assets</b>	<b>\$30,187,836</b>	<b>\$25,197,406</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$361,031	\$532,881
Related party payables	534,635	480,568
Other liabilities	31,925	30,862
<b>Total liabilities</b>	<b>927,591</b>	<b>1,044,311</b>
Net assets:		
Unrestricted	26,803,425	22,031,347
Temporarily restricted	1,143,731	1,014,215
Permanently restricted	1,313,089	1,107,533
<b>Total net assets</b>	<b>29,260,245</b>	<b>24,153,095</b>
<b>Total liabilities and net assets</b>	<b>\$30,187,836</b>	<b>\$25,197,406</b>

St. Edmond's Home for Children  
Statements of Activities and Changes in Net Assets

	For the Years Ended June 30,	
	2011	2010
<b>Operating revenues</b>	<b>\$9,609,850</b>	<b>\$6,835,994</b>
<b>Operating expenses:</b>		
Administrative and general expenses	5,918,249	5,804,039
Other operating expenses	2,078,130	1,926,103
<b>Total operating expenses</b>	<b>7,996,379</b>	<b>7,730,142</b>
<b>Operating income (loss)</b>	<b>1,613,471</b>	<b>(894,148)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	50,000	50,000
Investment income, including realized and unrealized gains (losses) on investments, net	2,811,288	1,264,767
Other non-operating revenue	297,319	505,938
<b>Total non-operating revenue</b>	<b>3,158,607</b>	<b>1,820,705</b>
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>129,516</b>	<b>(42,844)</b>
<b>Increase in permanently restricted net assets</b>	<b>205,556</b>	<b>99,784</b>
<b>Increase in net assets</b>	<b>\$5,107,150</b>	<b>\$983,497</b>

Divine Providence Village

Divine Providence Village began as St. Mary’s Center in Elverson, a residence for young women with mental retardation founded by the Daughters of St. Mary of Providence in 1948. The program was first incorporated under its new name of Divine Providence Village when it moved to its current Springfield, Delaware County, campus in 1984, where six community-style cottages can house 16 women each.

Ninety-six residents with mild to severe developmental disabilities receive 24-hour nursing supervision, personal care assistance and individualized programs of physical, occupational, speech and behavioral therapy along with daily religious services in a campus chapel and a full range of recreational and social activities.

Over time, DPV added services including eight Community Living Arrangement (CLA) group homes and two apartments that support developmentally disabled women, a Life Sharing through Family Living Program with adult “foster care” homes for adults with disabilities, Family In-Home Support, a Community Outreach Program and program workshops for day clients.

In fiscal 2011, 366 clients were served by DPV programs, with an additional 450 family members positively impacted as beneficiaries of these supportive services. Non-operating revenue was realized as a result of a waiver appeal settlement with the Pennsylvania Office of Development Programs for costs over revenue for the years 2003 through 2009.

This infusion of “back payments” totaling \$1,285,271, will partially replenish fund balance withdrawals to cover deficits for those years.

Divine Providence Village Statements of Financial Position		
	As of June 30,	
	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$2,900	\$2,900
Accounts receivable, net	2,646,615	1,896,544
Related party receivables	-	85,563
Other current assets	450,809	238,715
<b>Total current assets</b>	<b>3,100,324</b>	<b>2,223,722</b>
Investments - unrestricted	5,511,738	4,100,930
Investments - temporarily restricted	76,589	75,544
Property, plant and equipment, net	4,783,719	4,917,843
<b>Total assets</b>	<b>\$13,472,370</b>	<b>\$11,318,039</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$996,920	\$1,327,034
Related party payables	866,531	-
Capital lease obligation - current	212,624	191,986
Mortgage payable - current	75,458	75,458
Other liabilities	260,827	230,687
<b>Total liabilities</b>	<b>2,412,360</b>	<b>1,825,165</b>
Capital lease obligation	4,544,356	4,756,980
Mortgage payable	406,201	451,211
<b>Total liabilities</b>	<b>7,362,917</b>	<b>7,033,356</b>
Net assets:		
Unrestricted	6,030,864	4,209,139
Temporarily restricted	78,589	75,544
<b>Total net assets</b>	<b>6,109,453</b>	<b>4,284,683</b>
<b>Total liabilities and net assets</b>	<b>\$13,472,370</b>	<b>\$11,318,039</b>

Divine Providence Village Statements of Activities and Changes in Net Assets		
	For the Years Ended June 30,	
	2011	2010
<b>Operating revenues</b>	<b>\$19,084,932</b>	<b>\$17,556,924</b>
<b>Operating expenses:</b>		
Intermediate care facility for the mentally retarded expenses	10,393,724	9,720,846
Community living arrangement expenses	4,557,067	4,384,740
Family living room expenses	2,012,687	2,039,184
Other operating expenses	1,840,223	1,607,028
<b>Total operating expenses</b>	<b>18,803,701</b>	<b>17,751,798</b>
<b>Operating income (loss)</b>	<b>281,231</b>	<b>(194,874)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	50,000	50,000
Investment income, including realized and unrealized gains (losses) on investments, net	744,808	282,217
Other non-operating revenue	747,686	795,007
<b>Total non-operating revenue</b>	<b>1,542,494</b>	<b>1,127,224</b>
<b>Increase in temporarily restricted net assets</b>	<b>1,045</b>	<b>1,125</b>
<b>Increase in net assets</b>	<b>\$1,824,770</b>	<b>\$933,475</b>

Don Guanella Village (incorporated as Don Guanella Village of the Archdiocese of Philadelphia)

Don Guanella Village is located in Springfield, Delaware County, and was built in 1960 with a \$1 million contribution from the archdiocesan Catholic Charities Appeal as a residence for boys with developmental disabilities.

Staffed by the Servants of Charity, a religious congregation of men founded by St. Louis Guanella to serve developmentally disabled children, Don Guanella School was originally a two-story building with classrooms and four residential areas that eventually served as many as 200 students.

As the boys grew into adulthood, there was a need for a companion residence for men that resulted in the Cardinal Krol Center being built on the campus, which opened in 1976 and now serves 131 developmentally disabled men. The Don Guanella School program is now exclusively residential and provides therapeutic services for teenage boys with developmental delays.

In fiscal 2011, 226 clients were served at Don Guanella Village in residential and day programs, with an additional 310 family members positively impacted as beneficiaries of these supportive services for their loved ones.

The operating deficit in fiscal 2011 of nearly \$1.9 million was driven by an increasing number of men in residential care “aging in place” with corresponding higher rates of Alzheimer’s and dementia that require more intensive, one-on-one supervision, and costly medical care.

Additional financial challenges have arisen due to the necessity of increased capital expenditures in the form of replacing an outdated phone system and the purchase of a back-up generator necessary to support critical medical support services.

Don Guanella Village Statements of Financial Position		
	As of June 30,	
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$2,796	\$1,896
Accounts receivable, net	4,333,137	4,239,901
Related party receivable	70,649	70,649
Other current assets	515,436	688,352
<b>Total current assets</b>	<b>4,922,018</b>	<b>5,000,798</b>
Investments - unrestricted	8,971,828	7,694,950
Property, plant and equipment, net	5,502,004	5,347,134
<b>Total assets</b>	<b>\$19,395,850</b>	<b>\$18,042,882</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$1,074,296	\$1,367,056
Related party payable	4,012,194	2,474,311
Capital lease obligation - current	186,876	172,633
Other current liabilities	323,700	517,909
<b>Total current liabilities</b>	<b>5,597,066</b>	<b>4,531,909</b>
Capital lease obligation	6,265,067	6,451,942
<b>Total liabilities</b>	<b>11,862,133</b>	<b>10,983,851</b>
<b>Net assets:</b>		
Unrestricted	7,463,068	6,988,382
Temporarily restricted	70,649	70,649
<b>Total net assets</b>	<b>7,533,717</b>	<b>7,059,031</b>
<b>Total liabilities and net assets</b>	<b>\$19,395,850</b>	<b>\$18,042,882</b>

Don Guanella Village Statements of Activities and Changes in Net Assets		
	For the Years Ended June 30,	
	2011	2010
<b>Operating revenues</b>	<b>\$16,226,103</b>	<b>\$16,429,299</b>
<b>Operating expenses:</b>		
Intermediate care facility for the mentally retarded expenses	13,641,571	13,094,793
Administrative and general expenses	3,261,264	3,210,723
Other operating expenses	1,213,096	1,117,030
<b>Total operating expenses</b>	<b>18,115,931</b>	<b>17,422,546</b>
<b>Operating loss</b>	<b>(1,889,828)</b>	<b>(993,247)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	100,000	100,000
Investment income, including realized and unrealized gains (losses) on investments, net	1,400,378	625,751
Other non-operating revenue	864,136	834,614
<b>Total non-operating revenue</b>	<b>2,364,514</b>	<b>1,560,365</b>
<b>Increase in net assets</b>	<b>\$474,686</b>	<b>\$567,118</b>

St. Francis-St. Joseph Homes for Children (originally incorporated as St. John’s Orphan Asylum)

St. Joseph’s House for Homeless Industrious Boys and St. Francis de Sales Industrial School were each established in 1888 to care for orphaned and abandoned boys. St. Joseph was founded by the Archdiocese and originally located in North Philadelphia, and staffed by the Holy Ghost Fathers for most of its history. St. Francis was founded with assistance from the Drexel family and staffed by the Christian Brothers in Eddington, Bucks County.

These separate institutions merged in 2002 to become one corporation called St. Francis-St. Joseph Homes for Children, which now operates five cottages on its main campus in Bensalem and an additional five group homes that together provide services to dependent, neglected, or emotionally troubled boys between the ages of 10 and 21 years.

St. Francis-St. Joseph offers an individualized program with comprehensive case management and therapy to assist clients with various behavioral health issues. Caring staff provide residential supervision, recreational activities, spiritual and moral guidance, and career advisement, as well as on-campus education at St. Katharine Drexel School. Young men ages 18-21 who are unable to be reunited with their own families enjoy supported independent living in community-based apartments.

In fiscal 2011, St. Francis-St. Joseph Homes served 277 young men, with an additional 858 family members positively impacted by services delivered. An operating loss of \$1.5 million was incurred and is primarily attributable to the underutilization of residential capacity. In addition, the costs of care rose due to the need for more intensive services to effectively serve youth with more demanding mental and behavioral health needs, without comparable revenue increases to cover those costs.

St. Francis - St. Joseph Homes for Children Statements of Financial Position		
As of June 30,		
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$66,727	\$34,930
Accounts receivable, net	2,464,020	1,996,579
Other current assets	131,674	132,026
<b>Total current assets</b>	<b>2,662,421</b>	<b>2,163,535</b>
Investments - unrestricted	8,884,373	8,816,205
Investments - temporarily restricted	263,882	224,156
Investments - permanently restricted	542,147	465,836
Property, plant and equipment, net	4,677,447	5,061,906
Other long-term assets	60,931	63,977
<b>Total assets</b>	<b>\$17,091,201</b>	<b>\$16,795,615</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$440,297	\$759,079
Related party payables	1,861,992	1,671,613
Bond payable	6,343,568	6,543,568
Other liabilities	732,260	881,737
<b>Total liabilities</b>	<b>9,378,117</b>	<b>9,855,997</b>
Net assets:		
Unrestricted	6,895,143	6,237,714
Temporarily restricted	275,794	236,068
Permanently restricted	542,147	465,837
<b>Total net assets</b>	<b>7,713,084</b>	<b>6,939,619</b>
<b>Total liabilities and net assets</b>	<b>\$17,091,201</b>	<b>\$16,795,616</b>

St. Francis - St. Joseph Homes for Children Statements of Activities and Changes in Net Assets		
For the Years Ended June 30,		
	2011	2010
<b>Operating revenues</b>	<b>\$9,011,234</b>	<b>\$10,746,240</b>
<b>Operating expenses:</b>		
Administrative and general expenses	8,965,840	11,207,925
Occupancy	942,094	1,069,499
Direct expenses of care	639,618	736,816
<b>Total operating expenses</b>	<b>10,547,552</b>	<b>13,014,240</b>
<b>Operating loss</b>	<b>(1,536,318)</b>	<b>(2,268,000)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	100,000	100,000
Investment income, including realized and unrealized gains (losses) on investments, net	1,347,238	653,584
Other non-operating revenue	746,509	244,140
<b>Total non-operating revenue</b>	<b>2,193,747</b>	<b>997,724</b>
<b>Increase in temporarily restricted net assets</b>	<b>39,726</b>	<b>24,161</b>
<b>Increase in permanently restricted net assets</b>	<b>76,310</b>	<b>31,437</b>
<b>Increase (decrease) in net assets</b>	<b>\$773,465</b>	<b>\$(1,214,678)</b>

St. Gabriel’s System (incorporated as Philadelphia Protectory for Boys)

The Philadelphia Protectory for Boys opened in 1898 in Audubon, Montgomery County, to serve delinquent youth, with most boys assigned to the facility by juvenile court but some being referred by parish priests. In 1962, the name was changed to St. Gabriel’s Hall, which now only serves young men ages 10 to 18 adjudicated by the Philadelphia court system.

Staffed from its beginnings by de La Salle Christian Brothers, they and dedicated lay people provide a structured residential setting where 200 youth receive transformative therapeutic and educational support. Students can earn a high school diploma, prepare for the GED, gain industry-standard certification in various trades and receive job placement assistance.

In 1972 two academic day treatment programs were opened to provide a community-based alternative to residential placement — De LaSalle Vocational in Bensalem and De LaSalle in Towne in Philadelphia. Renamed St. Gabriel’s System, program expansion continued in 1998 with the addition of the Mitchell Program, a short-term residence with a focus on education and agriculture, and Brother Rousseau Academy, a day program for young first-time juvenile offenders.

Reintegration services to those leaving placement and returning home is also provided, along with community-based counseling and conflict management services.

In fiscal 2011, residential and community-based day programs served 2,725 clients which had a positive impact on an additional 3,753 family members from each youth’s household. A \$629,000 increase to the operating deficit over the previous year (34 percent) was driven by flat reimbursement rates, which has been a continuing problematic issue for all CSS entities providing services to delinquent or dependent youth.

Expenses increased due to double-digit increases in health care costs, along with rising pension fund contributions, without sufficient corresponding rate increases

St. Gabriel's System Statements of Financial Position		
As of June 30,		
	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$17,920	\$17,920
Accounts receivable, net	14,217,413	11,531,264
Other current assets	413,071	399,435
<b>Total current assets</b>	<b>14,648,404</b>	<b>11,948,619</b>
Investments - unrestricted	7,838,929	9,217,505
Investments - temporarily restricted	375	375
Investments - permanently restricted	230,359	227,888
Property, plant and equipment, net	8,897,758	9,497,814
Other assets	87,327	91,693
<b>Total assets</b>	<b>\$31,703,152</b>	<b>\$30,983,894</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$2,275,916	\$2,615,402
Related party payable	6,595,610	5,108,750
Bond payable	9,959,084	10,259,084
Other liabilities	1,148,046	1,380,625
<b>Total liabilities</b>	<b>19,978,656</b>	<b>19,363,861</b>
Net assets:		
Unrestricted	11,493,762	11,391,770
Temporarily restricted	375	375
Permanently restricted	230,359	227,888
<b>Total net assets</b>	<b>11,724,496</b>	<b>11,620,033</b>
<b>Total liabilities and net assets</b>	<b>\$31,703,152</b>	<b>\$30,983,894</b>

St. Gabriel's System Statements of Activities and Changes in Net Assets		
For the Years Ended June 30,		
	2011	2010
<b>Operating revenues</b>	<b>\$28,391,019</b>	<b>\$27,689,793</b>
<b>Operating expenses:</b>		
Administrative and general expenses	27,060,178	25,877,385
Other operating expenses	3,839,195	3,689,448
<b>Total operating expenses</b>	<b>30,899,373</b>	<b>29,566,833</b>
<b>Operating loss</b>	<b>(2,508,354)</b>	<b>(1,877,040)</b>
<b>Non-operating revenue:</b>		
Appropriation from Catholic Charities Appeal	100,000	100,000
Investment income, including realized and unrealized gains (losses) on investments, net	1,399,428	579,440
Other non-operating revenues	1,113,389	(17,338)
<b>Total non-operating revenue</b>	<b>2,612,817</b>	<b>662,102</b>
<b>Increase (decrease) in net assets</b>	<b>\$104,463</b>	<b>\$(1,214,938)</b>

to cover those costs.

Despite a \$2.5 million operating loss during fiscal 2011 that required a significant fund balance contribution, St. Gabriel’s System continues to be the largest provider of juvenile justice services in the region, hav-

ing earned national level recognition for employing a “trauma-informed model of care” and career technical education into service delivery. Their positive outcomes have garnered performance-based incentives from numerous funders.



# Nutritional Development Services

Nutritional Development Services (NDS) is a Pennsylvania non-profit corporation founded in 1972. The mission of NDS is to provide meals, food assistance and additional technical support to organizations that serve preschool and school-age children or men, women and children who are struggling to feed themselves and their families. NDS is able to accomplish its mission through two separate programs.

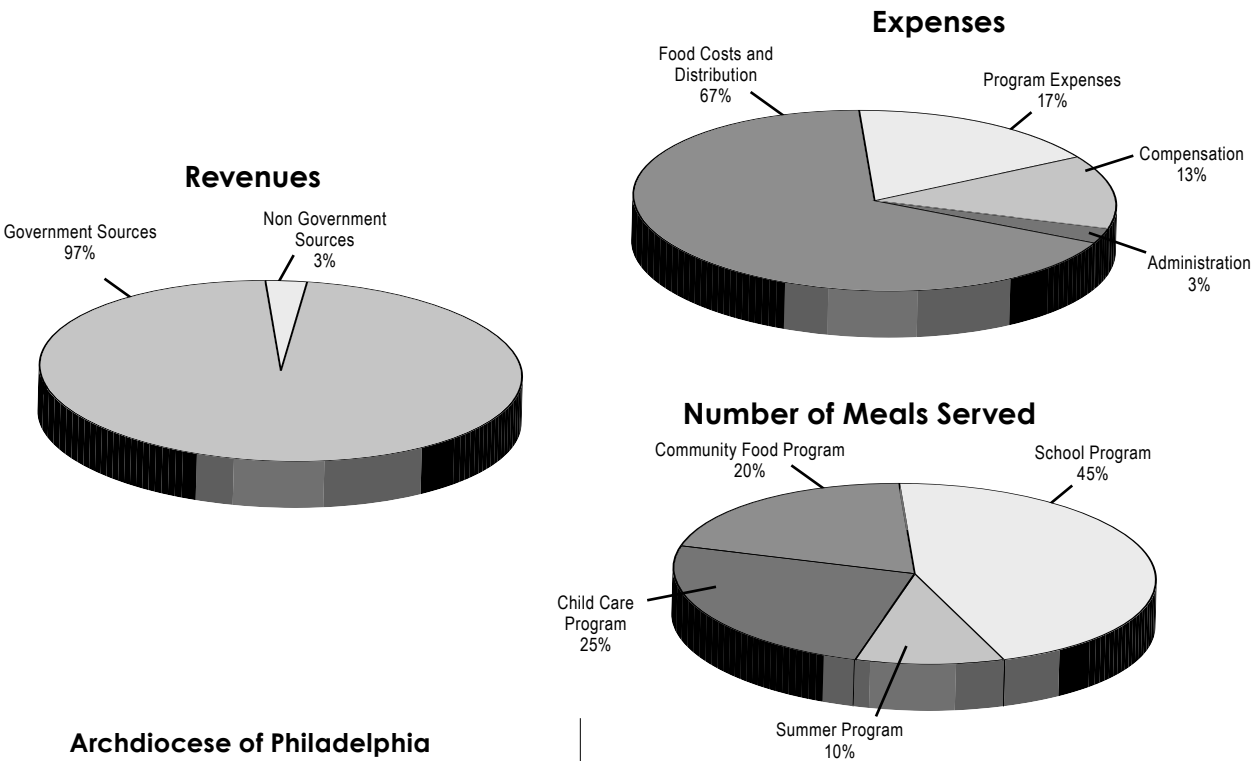
NDS is a sponsor of various child nutrition programs funded by the U.S. Department of Agriculture and monitored by the Pennsylvania Department of Education. NDS offers its programs throughout the Archdiocese. During the fiscal year ended June 30, 2011, more than 7.8 million meals were served to children through these programs.

NDS provides healthy, affordable meals to students attending 121 Catholic, charter and private elementary schools throughout Southeastern Pennsylvania. In fiscal 2011, NDS served over 3.9 million meals to school children. Over 66 percent of these children qualified for free or reduced priced meals. During the summer months, NDS also provided over 991,000 meals to children participating in 500 summer programs. NDS also serves after school programs and licensed day care centers; over 2.4 million meals were served to participants in these diverse programs.

The Community Food Program of NDS is funded by an allocation from the annual Catholic Charities Appeal, Operation Rice Bowl, private foundations and other private financial support. Without this generosity, the Community Food Program would not be able offer its services.

NDS also conducts food drives in parishes, religious education programs and schools throughout the Archdiocese and at some charter schools. Donated food is distributed to 38 food cupboards throughout the Archdiocese. In fiscal year 2011, the equivalent of 1.9 million meals was provided to the hungry throughout the Archdiocese.

Additionally, archdiocesan promotion of Catholic Relief Services and raising awareness of the hungry in our local community is a responsibility of NDS. These goals are attained through participation and leadership in various anti-hunger organizations in the Philadelphia region.



Archdiocese of Philadelphia  
Nutritional Development Services  
Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Restricted cash	\$2,481,529	\$2,962,149
Grants receivable-government programs	3,360,650	3,180,811
Other receivables	567,717	402,213
Other assets	406,740	382,967
Equipment, net	1,398,042	1,439,265
<b>Total assets</b>	<b>\$8,214,678</b>	<b>\$8,367,405</b>
<b>Liabilities and Net Assets</b>		
Current liabilities -		
Accounts payable and accrued expenses	\$1,994,156	\$2,424,991
Long term liabilities - Other	201,876	-
<b>Total liabilities</b>	<b>2,196,032</b>	<b>2,424,991</b>
<b>Net assets</b>		
Unrestricted	(90,993)	(93,016)
Temporarily restricted	6,109,639	6,035,430
<b>Total net assets</b>	<b>6,018,646</b>	<b>5,942,414</b>
<b>Total liabilities and net assets</b>	<b>\$8,214,678</b>	<b>\$8,367,405</b>

Archdiocese of Philadelphia  
Nutritional Development Services  
Statements of Activities and Changes in Net Assets

	For the Year Ended June 30,	
	2011	2010
<b>Revenues</b>		
Government sources		
Federal and state grants	\$16,918,261	\$16,363,000
Non-government sources		
Catholic Charities Appeal Fund	80,001	105,000
Operation Rice Bowl receipts	60,147	65,396
Individual grants	346,122	53,653
Donations	43,234	43,528
<b>Total Revenues</b>	<b>17,447,765</b>	<b>16,630,577</b>
<b>Expenses</b>		
Food cost and distribution	11,626,620	10,837,333
Salaries and benefits	2,217,266	2,129,643
Administrative costs	595,740	664,656
Program costs	2,931,907	2,804,215
<b>Total Expenses</b>	<b>17,371,533</b>	<b>16,435,847</b>
<b>Increase in net assets</b>	<b>\$76,232</b>	<b>\$194,730</b>



Office of Catholic Education — High School Operations and President’s Accounts

When students become part of one of our secondary school communities, they begin a journey of opportunity and excellence. United in faith and goals, our professional and dedicated faculties endeavor to teach as Jesus did so that our students will be productive members in a community of faith, knowledge and service. The Office of Catholic Education (OCE) provides academic offerings that balance the humanities, natural sciences, business, the arts and social sciences, and they meet the requirements necessary to pursue college.

Both the High School Operations and President’s Accounts include funds generated from and designated for the operations of the 17 archdiocesan Catholic high schools and the summer school program. The High School Operations Accounts are managed by the Office of Catholic Education on behalf of the high schools, while the high school President’s Accounts are managed by each individual high school.

This system allows for economies of scale to be realized in which the Office of Catholic Education centralizes certain functions efficiently while each high school

maintains funds generated by the local school for related expenditures. This system has allowed the high schools to keep tuition rates below the national average.

The property and related debt of the high schools is included in the Office for Financial Services financial statements, although OCE is primarily responsible for funding the debt obligation which totals over \$70 million as of June 30, 2011. The High Schools Operations Account made payments of \$2,736,610 and \$1,843,879 to the Office for Financial Services for debt service during

the years ended June 30, 2011 and 2010, respectively.

The Office of Financial Services has historically provided additional funding to the Office of Catholic Education (\$3.5 and \$4.0 million for the years ended June 30, 2011 and 2010). However, for the year ending June 30, 2012, funding from the OFS will cease.

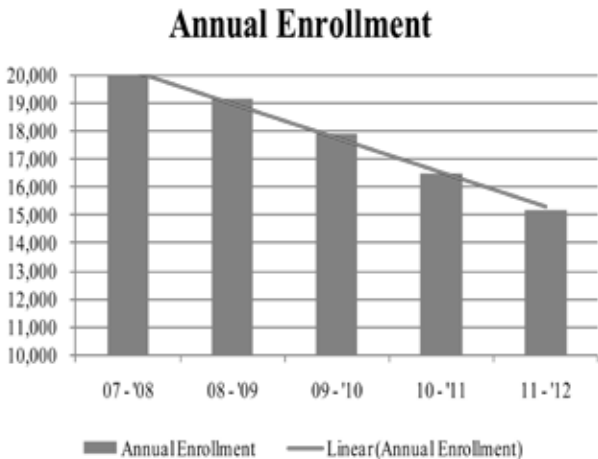
It should be noted that OCE does not follow generally accepted accounting principles with respect to the recognition of contribution revenue and expense related to the rent-free use of school buildings and facilities.

Archdiocese of Philadelphia  
Office of Catholic Education –  
High School Operations and Presidents Accounts  
Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Cash & cash equivalents	\$30,848,378	\$27,444,650
Tuition receivables, net	3,337,135	3,004,816
Other receivables	358,253	4,648,932
Due from related parties	6,102,072	5,857,581
Prepaid expenses	2,959,179	1,394,085
Investments - unrestricted	1,540,991	1,648,250
Investments - temporarily restricted	15,871,067	9,826,046
Investments - permanently restricted	32,900,442	32,542,188
Other assets	1,129,203	1,071,150
<b>Total assets</b>	<b>\$95,046,720</b>	<b>\$87,437,698</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$11,205,554	\$15,247,920
Accrued retirement and other benefits	4,821,633	5,494,478
Deferred revenues	2,996,700	2,711,587
Due to related parties	882,885	967,074
<b>Total liabilities</b>	<b>19,906,772</b>	<b>24,421,059</b>
<b>Net assets:</b>		
Unrestricted	15,282,139	12,072,312
Temporarily restricted	26,209,030	17,862,453
Permanently restricted	33,648,779	33,081,874
<b>Total net assets</b>	<b>75,139,948</b>	<b>63,016,639</b>
<b>Total liabilities and net assets</b>	<b>\$95,046,720</b>	<b>\$87,437,698</b>

Archdiocese of Philadelphia  
Office of Catholic Education –  
High School Operations and Presidents Accounts  
Statements of Activities and Changes in Net Assets

	For the Years Ended June 30,	
	2011	2010
<b>Revenue:</b>		
Tuition, net	\$89,192,740	\$91,639,338
Diocesan assessment	3,500,000	4,000,000
Student activity fees and athletics	17,033,980	17,567,066
Contributions and donations	8,990,560	6,444,649
Fundraising, net of expenses	4,332,413	4,225,949
Contributed services and other revenues	5,726,214	5,812,199
<b>Total revenues</b>	<b>128,775,907</b>	<b>129,689,201</b>
<b>Expenses:</b>		
Instruction	52,508,145	54,784,013
Administration	16,574,727	17,363,789
Employee Benefits	23,216,673	23,622,270
Operations and maintenance of plant	13,325,300	13,766,259
Student activities and athletics	10,058,002	10,782,846
Debt Service and other costs	3,806,632	5,521,674
Building renovations	4,238,289	4,285,341
<b>Total operating expenses</b>	<b>123,727,768</b>	<b>130,126,192</b>
<b>Operating income (loss)</b>	<b>5,048,139</b>	<b>(436,991)</b>
<b>Non-operating income (expense):</b>		
Investment income, including realized and unrealized gains (losses), net	8,406,652	3,859,099
Other	(1,331,482)	(2,180,569)
<b>Total non-operating income (expense)</b>	<b>7,075,170</b>	<b>1,678,530</b>
<b>Increase (decrease) in net assets</b>	<b>\$12,123,309</b>	<b>\$1,241,539</b>



## Office of Catholic Education — Schools of Special Education

The Schools of Special Education consist of the following: St. Lucy Day School (for the visually impaired children), Archbishop Ryan School for Children with Hearing Impairment, Our Lady of Confidence Day School (for children with cognitive impairments) and St. Katherine Day School (for children with cognitive impairments).

The enrollment at these schools for the 2011-2012 school year is 28, 9, 84 and 90, respectively. These schools are funded primarily through the Catholic Charities Appeal, other donations and tuition.

It should be noted that OCE - Schools of Special Education does not follow generally accepted accounting principles with respect to the recognition of contribution revenue and expense related to the rent-free use of school buildings and facilities.



### Archdiocese of Philadelphia Office of Catholic Education Schools of Special Education Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Cash & cash equivalents	\$754,598	\$909,427
Accounts receivable, net	83,799	66,307
Related party receivables	113,477	-
Other assets	73,589	35,202
Investments - temporarily restricted	2,488,451	2,237,487
<b>Total assets</b>	<b>\$3,513,914</b>	<b>\$3,248,423</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$253,378	\$298,258
Related party payables	15,268	69,671
Other current liabilities	122,309	107,107
<b>Total liabilities</b>	<b>390,955</b>	<b>475,036</b>
<b>Net assets</b>		
Unrestricted	128,722	(4,155)
Temporarily restricted	2,994,237	2,777,542
<b>Total net assets</b>	<b>3,122,959</b>	<b>2,773,387</b>
<b>Total liabilities and net assets</b>	<b>\$3,513,914</b>	<b>\$3,248,423</b>

### Archdiocese of Philadelphia Office of Catholic Education Schools of Special Education Statements of Activities and Changes in Net Assets

	For the Years Ended June 30,	
	2011	2010
<b>Revenue:</b>		
Tuition, net	\$545,479	\$545,012
Other revenue	895,206	925,423
<b>Total revenue</b>	<b>1,440,685</b>	<b>1,470,435</b>
<b>Operating expenses:</b>		
Administrative	378,214	383,766
Instruction	1,699,510	1,873,634
Occupancy	217,438	225,200
Employee benefits	547,013	621,273
<b>Total operating expenses</b>	<b>2,842,175</b>	<b>3,103,873</b>
<b>Operating loss</b>	<b>(1,401,490)</b>	<b>(1,633,438)</b>
<b>Non-operating income (expense):</b>		
Subsidy from Catholic Charities Appeal	1,389,000	1,424,000
Investment income, including realized and unrealized gain (loss) on investments, net	362,062	124,305
<b>Total non-operating income (expense)</b>	<b>1,751,062</b>	<b>1,548,305</b>
<b>Increase (decrease) in net assets</b>	<b>\$349,572</b>	<b>\$(85,133)</b>

## The Philadelphia Theological Seminary of St. Charles Borromeo

The Philadelphia Theological Seminary of St. Charles Borromeo (the Seminary), is a Pennsylvania non-profit corporation and operates for the benefit of the Roman Catholic community in general and the Roman Catholic Archdiocese of Philadelphia in particular. The Seminary's principal function is the academic and spiritual preparation of future priests. To fulfill this objective, the Seminary operates a four-year liberal arts college and a four-year school of theology. Other educational programs have been developed for summer and evening students are provided by the Graduate School of Theology.

During the year ended June 30, 2011, the Seminary was supported by 25,012 generous donors who contributed over \$3,756,000. The sources of these contributions are: annual Seminary Appeal, estate gifts, Mass enrollments, priest alumni donations, Stewards of St. John Neumann donations, Vision of Hope capital campaign donations, general and memorial gifts, and restricted gifts (such as the Scholarship Fund).

Three men were ordained priests for Philadelphia in 2011. Total spring 2011 enrollment was 152 seminarians, including 47 studying for the Archdiocese of Philadelphia.

Beginning in the fiscal 2011, the Office for Financial Services started to pay for scholarships offered to Philadelphia seminarians, resulting in increased revenue. Prior to fiscal 2011, the scholarships were awarded with no reimbursement to the Seminary. Further, fiscal 2011 was the first year the Seminary recorded depreciation expense resulting in an increase in general and administrative expenses.

### The Philadelphia Theological Seminary of St. Charles Borromeo Statements of Financial Position

	As of June 30,	
	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$948,382	\$136,637
Restricted cash	415,834	53,670
Accounts receivable, net	353,283	71,265
Related party receivables	511,842	-
Other assets	94,294	157,097
Investments - unrestricted	1,865,278	3,813,764
Investments - temporarily restricted	8,408,495	6,473,820
Investments - permanently restricted	5,402,104	5,401,047
Property, plant and equipment, net	10,205,953	11,507,222
<b>Total assets</b>	<b>\$28,205,465</b>	<b>\$27,614,522</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$758,192	\$656,682
Note payable to OFS	2,736,678	3,528,714
Other liabilities	534,655	554,292
<b>Total liabilities</b>	<b>4,029,525</b>	<b>4,739,688</b>
<b>Net assets:</b>		
Unrestricted	10,050,108	11,067,015
Temporarily restricted	8,724,785	6,406,772
Permanently restricted	5,401,047	5,401,047
<b>Total net assets</b>	<b>24,175,940</b>	<b>22,874,834</b>
<b>Total liabilities and net assets</b>	<b>\$28,205,465</b>	<b>\$27,614,522</b>



### The Philadelphia Theological Seminary of St. Charles Borromeo Statements of Activities and Changes in Net Assets

	For the Years Ended June 30,	
	2011	2010
<b>Revenue:</b>		
Tuition, net	\$3,104,199	\$1,589,241
Other revenue	6,395,776	6,014,888
<b>Total revenue</b>	<b>9,499,975</b>	<b>7,604,129</b>
<b>Operating expenses:</b>		
Program services	2,967,561	2,966,156
General and administrative	7,961,429	5,902,579
<b>Total operating expenses</b>	<b>10,928,990</b>	<b>8,868,735</b>
<b>Operating loss</b>	<b>(1,429,015)</b>	<b>(1,264,606)</b>
<b>Non-operating income (expense):</b>		
Investment income, including realized and unrealized gains (losses) on investments	2,730,121	1,236,450
<b>Total non-operating revenue</b>	<b>2,730,121</b>	<b>1,236,450</b>
<b>Increase (decrease) in net assets</b>	<b>\$1,301,106</b>	<b>\$(28,156)</b>



Office for Community Development, Catholic Human Services

The Office for Community Development (OCD) was established in 2001 to serve as a catalyst for community revitalization of distressed neighborhoods within the Archdiocese. In partnership with parishes and neighborhood groups, the work of OCD has strengthened the relationships among those who reside, worship and conduct business in these communities — Catholics and non-Catholics alike.

The work of OCD has been supported by state and local tax credits, federal government grants and funds from the Catholic Campaign for Human Development. Notable achievements in recent years include the following:

**The Visitation Gateway Neighborhood:** economic corridor and neighborhood greening in Kensington, a 10-year \$1.5 million project ongoing until 2014.

**St. Hugh Neighborhood Revitalization:** rehabilitation of 17 formerly vacant homes to offer affordable homeownership opportunities for first-time home buyers in the Fairhill neighborhood of Philadelphia; a \$1.5 million project completed in 2008.

**St. John Neumann Place:** conversion of a former Catholic high school into 75 units of affordable senior housing in South Philadelphia, utilizing IRS Section 42 low-income housing tax credits; a \$17 million project with Catholic Health Care Services completed in 2008.

**Nativity B.V.M. Place:** current project with Catholic Health Care Services to convert a former parish school in Port Richmond into 63 units of affordable senior housing, utilizing \$9.8 million of Section 202 grant funding by the U.S. Department of Housing and Urban Development.

Office for Community Development Statements of Financial Position		
As of June 30,		
	2011	2010
<b>Assets</b>		
Accounts receivable - other	\$55,026	\$47,200
Due from Catholic Social Services	198,298	373,226
Due from unrestricted fund	73,849	107,951
<b>Total assets</b>	<b>\$327,173</b>	<b>\$528,377</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$352	\$31,984
Due to temporarily restricted fund	73,849	107,951
<b>Total liabilities</b>	<b>74,201</b>	<b>139,935</b>
<b>Net assets</b>		
Unrestricted	179,123	280,491
Temporarily restricted	73,849	107,951
<b>Total net assets</b>	<b>252,972</b>	<b>388,442</b>
<b>Total liabilities and net assets</b>	<b>\$327,173</b>	<b>\$528,377</b>

Despite a relatively modest annual operating budget within Catholic Human Services of the Archdiocese, OCD has successfully leveraged over \$35 million in public-private partnership funds to plan and implement the aforementioned projects. OCD projects have had a substantial community impact in anchoring and empowering communities to reclaim their vitality and future.

During the fiscal year ended June 30, 2011, a \$100,000 corporate grant was realized for use in development activities in the Visitation Gateway Neighborhood. This represents an installment payment from a 10-year, \$1

Office for Community Development Statement of Activities		
For the Years Ended June 30,		
	2011	2010
<b>Revenue</b>		
Campaign for Human Development	\$43,680	\$43,680
Corporate grants, donations and bequests	100,000	202,000
Office of Housing and Community Development	55,431	60,041
<b>Total operating revenue</b>	<b>199,111</b>	<b>305,721</b>
<b>Operating Expenses –</b>		
Operating and General expenses	334,581	359,127
<b>Decrease in Net assets</b>	<b>\$(135,470)</b>	<b>\$(53,406)</b>

million tax credit commitment from contractor JJ White Inc. that will expire in fiscal 2014. A similar five-year \$500,000 tax credit commitment from Beneficial Bank ended in 2010, accounting for the decrease in corporate grants between fiscal 2010 and 2011.

Ongoing funding from the City of Philadelphia’s Office of Housing and Community Development continues to be received. Such funding supports planning studies for the development of neighborhood planning, senior housing, creating community green space and business corridor cleaning, town watches and other safety initiatives, and working with local businesses to access business improvement funds.

Office of Catholic Cemeteries

The origin of the archdiocesan Catholic Cemeteries Office (the Cemeteries Office) dates back to the founding of Cathedral Cemetery in 1849 located at 48th and Lancaster Avenue in West Philadelphia. Since that time, the Cemeteries Office has carried out the sacred duty of providing a dignified Christian burial for all of our beloved faithful departed.

The Cemeteries Office provides for the burial of the faithful according to the rites and disciplines of the Catholic Church, and for the care and maintenance of their resting places. There are currently 11 cemetery locations in Southeastern Pennsylvania with two locations purchased for future use.

During the fiscal years ended June 30, 2011 and 2010, the Cemeteries Office provided burial services to 7,303 and 7,085 families, respectively. The price per grave opening was increased by \$100 as of July 1, 2010, which along with the increase in burial services, resulted in a \$1 million increase in operating revenues.

Included in the burial service data above are gratis services for families suffering financial hardship offered to 285 and 266 families for the years ended June 30, 2011 and 2010, respectively, representing a contribution of approximately \$415,000 and \$385,000, respectively.

The Cemeteries Office continued its long-standing practice of funding other ministry programs in the Archdiocese by providing contributions of \$2 million to the Office for Financial Services for each of the years ended June 30, 2011 and 2010. Likewise, it continues to offer assistance in an advisory capacity to parishes within the territory of the Archdiocese who maintain their own parish cemeteries.

Management of the Cemeteries Office is conducting an extensive review of its operations in light of significant changes in burial trends in recent years, including the increasing popularity of cremation. It is anticipated that the operating losses incurred over the past few years will be significantly curtailed by implementing new cost



Archdiocese of Philadelphia Office of Catholic Cemeteries Statements of Financial Position		
As of June 30,		
	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$148,596	\$194,377
Restricted cash	317,577	26,479
Accounts receivable, net	1,661,174	1,452,125
Related party receivable	10,074,272	10,234,000
Other assets	210,958	206,173
Investments - unrestricted	17,720,432	15,250,877
Investments - permanently restricted	23,700,590	28,694,885
Property, plant and equipment	27,693,081	26,819,092
<b>Total assets</b>	<b>\$81,526,680</b>	<b>\$82,878,008</b>
<b>Liabilities and Net Assets</b>		
Liabilities - Accounts payable and accrued expenses	\$460,184	\$627,370
<b>Net assets</b>		
Unrestricted	51,861,611	54,340,013
Permanently restricted	29,204,885	27,910,625
<b>Total net assets</b>	<b>81,066,496</b>	<b>82,250,638</b>
<b>Total liabilities and net assets</b>	<b>\$81,526,680</b>	<b>\$82,878,008</b>

controls, seeking new revenue sources and promoting its services to parishes within the Archdiocese. It should also be noted that the Cemeteries Office does not follow

Archdiocese of Philadelphia Office of Catholic Cemeteries Statements of Activities and Changes in Net Assets		
For the Years Ended June 30,		
	2011	2010
<b>Operating revenue</b>	<b>\$12,314,642</b>	<b>\$11,288,712</b>
<b>Operating expenses:</b>		
Salaries and benefits	12,241,155	11,651,281
Other operating expenses	3,304,230	3,703,432
<b>Total operating expenses</b>	<b>15,545,385</b>	<b>15,354,713</b>
<b>Operating loss</b>	<b>(3,230,743)</b>	<b>(4,066,001)</b>
<b>Non-operating income (expense):</b>		
Archdiocese assessment	(2,000,000)	(2,000,000)
Investment income, including realized and unrealized gains (losses) on investments, net	2,529,143	894,639
Other non-operating income	301,709	2,409,438
Other non-operating expense	(78,511)	(29,794)
<b>Total non-operating income</b>	<b>752,341</b>	<b>1,274,283</b>
<b>Increase in permanently restricted net assets</b>	<b>1,294,260</b>	<b>729,579</b>
<b>Decrease in net assets</b>	<b>\$(1,184,142)</b>	<b>\$(2,062,139)</b>

generally accepted accounting principles as it does not record depreciation expense as a cost to the utilization of property, plant and equipment.