



Narrative Accompaniment to Catholic Health Care Services Audited Financial Statements for Fiscal Year Ended June 30, 2013

Catholic Health Care Services (CHCS) of the Archdiocese of Philadelphia is the sole corporate member of the following entities: St. John Neumann Nursing Home, Immaculate Mary Home, St. Mary Manor, St. Martha Manor, St. Francis Country House and St. Monica Manor (collectively the “Facilities”). Each of these long-term care facilities are owned and operated by Catholic Health Care Services. Skilled nursing care is rendered to the sick elderly on a 24-hour basis, regardless of payer source. Each facility is a certified provider under Medicare, Medicaid and certain federally designated Medicare HMO programs in the area. Catholic Health Care Services is also the sole member of Villa Saint Martha an independent/personal care facility owned and operated by Catholic Health Care Services. In Fiscal Year 2013, CHCS provided 502,984 resident days of cares. The cornerstone of the mission of Catholic Health Care Services (CHCS) is to provide for the needs of the frail poor elderly in a safe and secure environment, and over 60% of our resident days were billed under the Medicaid Program, which serves these individuals. However, rapidly changing demographics, specifically the significant increase of the elderly population, obligates CHCS to look beyond traditional nursing homes for innovative ways to meet the needs of our seniors seeking quality services. New programs under development will allow seniors to remain in their homes as long as possible, thereby recognizing and respecting their wishes to continue to remain independent while maintaining their well-being. Community involvement and support are essential to the future success of CHCS

St. John Neumann Place is a 75 unit facility which provides affordable housing to the elderly community. St. John Neumann Place, a nonprofit corporation, entered into a partnership joint venture for this project, identified as St. John Neumann Place LP, and is the general partner, owing 0.01% interest of the partnership. St. John Neumann Place is a controlled entity.

Catholic Health Care Services is a non-profit corporation whose members consist of the following: The Archbishop of Philadelphia, The Moderator of the Curia, and The Vicar for Clergy.

Catholic Health Care Services manages both Villa Saint Joseph, a personal care facility for retired priests, and St John Vianney Center, a residential treatment facility, both of which are owned by the Archdiocese of Philadelphia.

Catholic Health Care Services receives an annual fee for administrative support services from Villa Saint Joseph, and St. John Vianney Center (an affiliated entity) in exchange for management services rendered. The fees from the Facilities are eliminated in the consolidation.

The financial statements for fiscal year 2013 audited by Grant Thornton indicate an operating excess of revenue over expenses before interest, depreciation and amortization expense of \$3.9 million. The outstanding performance of CHCS in fiscal 2013 is also indicated with an increase in cash of \$2.5 million, approximately. CHCS has continued its commitment to upgrade our resident care environments, investing due primarily to strong operating cash flow \$6.4 million in ongoing renovation and expansion. CHCS employs approximately 2,300 full, part time and occasional staff, with its budget reflecting that over 65% of all expenses relate to salaries and benefits.