



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

Catholic Charities of the Archdiocese of Philadelphia, operating as Catholic Social Services of the Archdiocese of Philadelphia ("Catholic Social Services") established in 1919, is a multifaceted social services organization whose departments offer a wide range of services to meet the needs of children, adults and families including adoption and foster care programs. Catholic Social Services functions as a self-contained entity and maintains separate financial statements for each of its operations.

The accompanying financial statements include programs operated and administered by Catholic Social Services.

Catholic Social Services posted a negative change in net assets – expenses exceeding revenues – of \$1.1 million for the fiscal year ending June 30, 2013. Two of CSS' largest components of its operating revenue of \$15.3 million were governmental programs (\$10.0 million) and fees for services (\$3.7 million). Such revenues alone would not support the \$25 million in expenses incurred in 2013.

Key to the ability of CSS to continue its ministry of providing a broad range of social services to the homeless, intellectually disabled, at-risk youth, families, seniors and all residents of Southeastern Pennsylvania (regardless of creed) are contributions of the Catholic faithful in the archdiocese. Revenue from the Catholic Charities Appeal (\$3.8 million), donations and bequests (\$3.5 million) and other revenue (\$1.8 million) provided additional funding in the fiscal year.

Other corporations under the CSS umbrella are separately organized and reported.

St. Edmond's Home for Children provides residential services to 40 children with developmental and physical disabilities. They receive physical, speech, recreational and music therapies. Its operating revenues were \$9.5 million (governmental programs represent \$9.4 million) with operating expense of \$9.2 million.

Residential services for dependent and court adjudicated youth continue to struggle due to static governmental reimbursements and underutilization. Included among these corporations are St. Gabriel's System, St. Francis/St. Joseph Homes and St. Vincent Home. Current governmental policies prioritize serving youth in their homes/ communities and this factor has reduced commitment of children to group homes and congregated care. In Fiscal 2013, the Youth Services

division sustained operational losses of \$5 million on \$39.5 million in revenue and \$44.5 million in expenses.

The growth in investment value this fiscal year allowed CSS to fund on-going operations.