



Narrative Accompaniment to Catholic Health Care Services Audited Financial Statements for Fiscal Year Ended June 30, 2014

Catholic Social Services, as an umbrella organization, contains corporate entities and programs serving the needs of the most vulnerable and needy among us. This report contains financial statements for those entities.

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 vast range of services to meet the needs of children, adults and families in need.

The Catholic Social Services Corporate entity exists as a self-contained unit within the larger Catholic Social Services umbrella of corporations. It posted a negative change in net assets – expenses exceeding revenues – of \$1.3 million for the fiscal year ending June 30, 2014. The two largest components of CSS's operating revenue of \$16 million were governmental programs (\$9.8 million) and fees for services (\$4 million). Such revenues alone would not support the \$25.7 million in expenses incurred in fiscal 2014.

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 from the Catholic faithful in the Archdiocese. Revenue from the Catholic Charities Appeal (\$3.4 million), donations and bequests (\$3.3 million) and other revenue (\$1.7million) provided additional funding in the fiscal year.

Other corporations under the CSS umbrella, which are separately organized, are reported below.

Don Guanella Village provides residential services to 125 intellectually disabled men daily. This has been a significant transition year as we move from the campus to community-based, smaller homes. Its operating revenues were \$14.9 million (governmental programs represents \$14.7 million) with operating expenses of \$19.1 million.

Divine Providence Village provides residential, community-based and day programs for 300 intellectually disabled men and women daily. Its operating revenues total \$24.6 million (governmental programs represent \$24.2 million) with operating expenses of \$24 million.

St. Edmond's Home for Children provides residential services to 40 children with developmental and physical disabilities. They receive intense medical care as well as physical, speech, recreational and music therapies. Its operating revenues were \$8.7 million (governmental programs represent \$8.6million) with operating expense of \$9.5 million.

Residential services for dependent and court adjudicated youth continued to struggle due to static governmental reimbursements and underutilization. Included among these corporations are St. Gabriel's System and St. Francis-St. Joseph Homes. In fiscal 2014, the Youth Services division sustained operational losses of \$2 million on \$36.9 million in revenue and \$38.9 million in expenses. This is a significant improvement from the previous fiscal year, due primarily to increased governmental revenue for youth in the St. Gabriel's System.

Catholic Community Services, our newest non-profit corporation, provides services and programs for at-risk children in Northeast Philadelphia who are referred by the Department of Human Services. This Community Umbrella Agency is part of Philadelphia's child welfare system's new model involving services located directly in communities and responsible for geographic areas defined by police districts. Its operating revenues were \$2.7 million with operating expenses of \$2.7 million.

The growth in investment value this fiscal year allowed CSS to fund ongoing operations.