

Office of Catholic Education

Narrative Explaining Audited Financial Statements for the Year Ended June 30, 2023.

This narrative accompanies the audited financial statements for the year ended June 30, 2023 for the Office of Catholic Education entities including the High Schools (see audited financial statements for Archdiocese of Philadelphia Office of Catholic Education High Schools), Schools of Special Education (see audited financial statements for Archdiocese of Philadelphia Office of Catholic Education Schools of Special Education), and the OCE Administration Account (see Archdiocese of Philadelphia Office of Catholic Education Administration Account). The High Schools include financial statements for the fifteen high schools owned by the Archdiocese. The Schools of Special Education include the financial statements for the three schools for children with special needs. A more detailed description of the entities, including those that are not included in the financial statements, appears in Note A of each set of financial statements.

The audited financial statements for all three entities provide information on the fiscal year ended June 30, 2023 (Fiscal 2023) and year ended June 30, 2022 (Fiscal 2022).

High Schools

The High Schools financial statements report the overall financial position and results for the 15 high schools owned by the Archdiocese, which educated 10,123 students in Fiscal 2023 and 10,231 students in Fiscal 2022. Tuition and fees were the primary source of revenue that supports administrative and instructional salaries and benefits along with plant expenses. Other revenue includes donations, fund-raising, ticket sales, rental income, and commissions as well as net assets released from restriction.

As shown in the table below, there was a total increase in net assets of \$34,383,348 for Fiscal 2023, which is an increase from the change in net assets of (\$3,578,297) in Fiscal 2022.

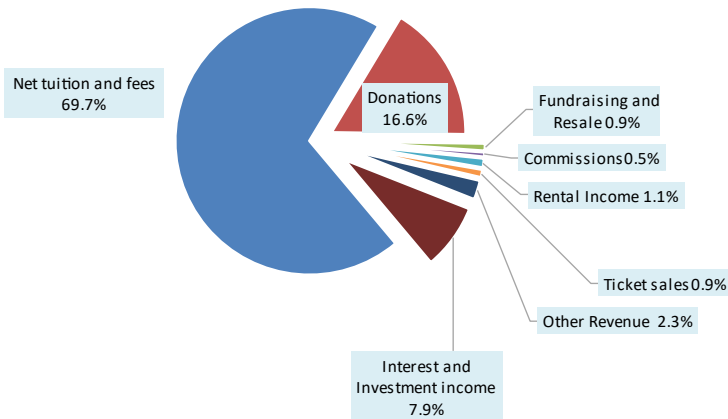
Figure 1 Archdiocese Honors 129 High School Seniors for Academic Achievements at Award Ceremony



(Photo by Sarah Webb)

	Fiscal 2023	Fiscal 2022
Change in Net Assets Without Donor Restrictions	\$ 22,813,743	\$ 13,245,026
Change in Net Assets With Donor Restrictions	11,569,605	(16,823,323)
Total Change in Net Assets	\$ 34,383,348	\$ (3,578,297)

Total High School Revenue 2022-2023

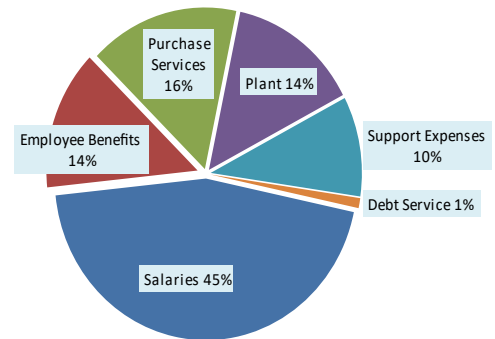


In Fiscal 2023, tuition and fee revenue accounted for 69.7% of the revenue generating \$95.8 million. Donations generated another \$22.8 million or 16.6%. We are thankful for the generosity of our alumni and other benefactors who support our high schools. Most of the funds generated from alumni are used to help provide tuition assistance.

In Fiscal 2023, High School operating expenses totaled \$113 million, thus the average total cost per student, including the cost of extracurricular activities, was \$11,167, an increase of \$105 from Fiscal 2022. Actual tuition and fee charges were lower since other sources of funding supplemented the difference.

Salary expenses make up the largest expense at 45%, followed by Purchase services at 16% of total operating expenses and then employee benefits and plant both at 14% of the total costs.

High School Operating Expenses 2022-2023



While net assets without donor restriction were \$111.5 million at June 30, 2023, it should be noted that not all of this total was cash available for operations. Property and equipment represented \$103.6 million of total assets, there was long term debt of \$31.5 million for the construction of new schools. Thus, \$72 million of this total is net property and equipment. In addition, the development funds are only available for use at specific schools.

Funds with donor restrictions have time or use restrictions that the High Schools must follow in the use of these funds. As described in Note H to the financial statements, these funds are typically restricted for tuition assistance or operations and improvements.

The funds with donor restrictions include funds where the donor-imposed restrictions require that the asset to be maintained in perpetuity, but which allow the High Schools to spend all or part of the income. As described in Note H to the financial statements, the endowments are generally for tuition assistance or for operations and improvements. The largest fund is the endowment from the Catholic Life 2000 campaign which totaled \$25.9 million at June 30, 2023. The high schools used \$1,529,405 for operations and maintenance from the earnings on this endowment in Fiscal 2023.

During the fiscal year ended June 30, 2023, two properties were sold, resulting in a net gain on sale of property of \$8.4 million.

Schools of Special Education

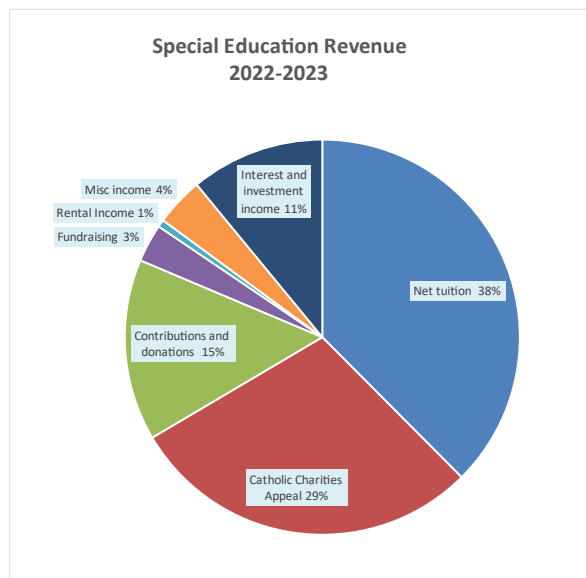
The Schools of Special Education include St. Lucy School, St. Katherine School and Our Lady of Confidence School. These schools provide a Catholic education to students with autism spectrum disorder and cognitive impairments and students with sensory impairments such as visual loss. The students receive specially designed instruction that includes supplementary aids and services in the least restrictive environment, as well as the full benefits of a Catholic education. In Fiscal 2023, the schools enrolled 143 students.

As shown in the table below, there was an increase in total net assets of \$32,651 for Fiscal 2023, versus a total net decrease of \$606,928 in Fiscal 2022.



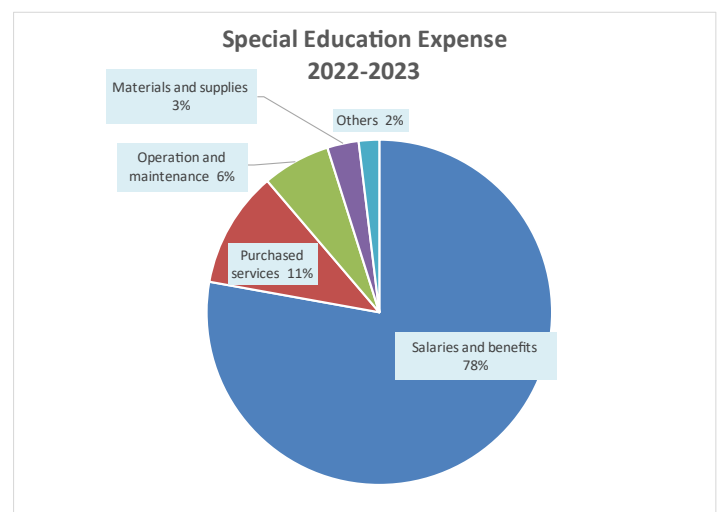
Figure 2 Archbishop Wood and Our Lady of Confidence win 2023 Bovino Cup in Unified Sports bocce match (Photo by AOP Athletics)

	Fiscal 2023	Fiscal 2022
Change in Net Assets Without Donor Restrictions	\$ (63,926)	\$ (261,441)
Change in Net Assets With Donor Restrictions	96,577	(345,487)
Total Change in Net Assets	\$ 32,651	\$ (606,928)



Contributions from Catholic Charities accounted for 29% of revenue, and net tuition accounted for 38% of the revenue for the special education schools. Tuition revenue was \$1,537,981, an increase of \$77,314 from Fiscal 2022. Catholic Charities provided \$1,186,442 in Fiscal 2023, an increase of \$150,583 from Fiscal 2022. Donations raised by the local schools generated \$608,383 or 15% of total revenue. Net investment return for the year was \$449,105 an increase of \$1,166,900 from Fiscal 2022.

Salaries and benefits represented the largest portion of expenses at 78%, followed by purchased services at 11%. The average cost per student was \$28,392 in Fiscal 2023. With the support of the Catholic Charities Appeal, tuition charges are well below this cost.



Office of Catholic Education Administration

The Office of Catholic Education is responsible for providing administrative support to elementary, special education, and high schools. The Office provides services and training for teachers and administrators and direction on curriculum and instruction and the use of technology in instruction.

In Fiscal 2023, there was a change in net assets of \$2,149,854 as contrasted with the change in net assets of (\$5,159,963) in Fiscal 2022. The value of a beneficial trust held by a third party increased by \$892,494 in Fiscal 2023 and decreased by (\$4,083,606) in Fiscal 2022, which is a year over year change of \$4,976,100.

	Fiscal 2023	Fiscal 2022
Change in Net Assets Without Donor Restrictions	\$ 240,696	\$ 441,037
Change in Net Assets With Donor Restrictions	1,909,158	(5,601,000)
Total Change in Net Assets	\$ 2,149,854	\$ (5,159,963)

Elementary schools are operated at the local level by parishes or regional boards, so their financial results are not included in any of the financial reports of the Office of Catholic Education. Similarly, the report does not include the financial activity of parish religious education programs.

During Fiscal 2023, revenue for the office came from the following sources:

High Schools, Special Education Schools and Parishes	54%
Distribution from Sullivan Trust	13%
Investment return, net	12%
Donations	10%
Change in Beneficial Trust	8%
Ambassador Fund for Catholic Education	1%
Program Revenues	1%
Other	1%

Net assets subject to time or use donor-imposed restrictions at June 30, 2023 include \$9,617,982 (see Note F to the financial statements) to be used for tuition assistance or programs. Net assets with donor-restrictions related to funds held in perpetuity include \$ 33,783,845 (see Note F to the financial statements) to be used for programs and tuition assistance. The net assets with donor-restrictions related to funds held in perpetuity include the Francis W. Sullivan Trust which is managed by an outside trust which provides annual support for tuition assistance and educational programs for all levels of education. The tuition assistance funds included in the Office of Catholic Education financial statements support elementary programs or provide for general funding at any level of education. Funds, which can only be used in high schools or special education schools, are included in those financial statements.