



ARCHDIOCESE OF ST. LOUIS

2023 COMBINED FINANCIAL REPORT



PHOTO BY JACOB WIEGAND

TO THE FAITHFUL OF THE ARCHDIOCESE OF ST. LOUIS

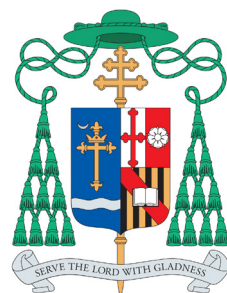
Dear Brothers and Sisters in Christ,

As we celebrate the season of Christmas, it is my privilege to reflect upon the successes of the past year and present you with the 2023 Combined Financial Report of the Archdiocese of St. Louis. During this year of implementation and change, I have been encouraged by the deep faith of our community and the many fruits of our labor. We have called our flock to overcome great challenges this year, and the faithful of the archdiocese have answered this call, recommitting ourselves to service to others and the celebration our Catholic faith.

Once again, the Annual Catholic Appeal was a distinct area of success this year. This year's appeal, themed "Reach

out in Love," saw 33,500 households contribute 16.7 million dollars in support, through grants in the areas of affordable housing, human dignity and social responsibility, support for Catholic education, service to our youth and those who have served us. Because of the immense generosity of the people of our archdiocese, all of the appeal grants will be fulfilled once again, and those in our community will feel the impact of Christ's love. We are humbled and most grateful for your ongoing support.

This year, 100,000 of our brothers and sisters were impacted by services



of Catholic Charities of St. Louis, offering vital assistance to people of all ages and backgrounds. Through Catholic Charities, the Archdiocese of St. Louis brings the healing, help, and hope of Jesus Christ to those in need, serving the residents of the eleven counties of the Archdiocese through services in mental health and wellness,

housing, workforce development, disaster relief, senior care, addiction recovery, services for immigrants, family and children support services and legal aid.

As you review the details of our 2023 Combined Financial Report, I hope that you can feel the impact of the gifts we

have been given and our careful stewardship of this immense responsibility.

We are committed to great financial care and heartfelt compassion for those in our community who need our assistance and share in our faith. And we thank you for the countless ways in which you support and promote these efforts.



Sincerely yours in Christ,

+ Mitchell T. Rozanski

*Most Reverend Mitchell T. Rozanski
Archbishop of St. Louis*

COMBINED FINANCIAL REPORT • ARCHDIOCESE OF ST. LOUIS

This Annual Financial Review presents the combined financial information of the Archdiocese of St. Louis for the fiscal years ended June 30, 2023 and 2022. The combined financial statements include the accounts of all significant archdiocesan entities (excluding parishes), which report to the Archbishop of St. Louis and which operate under the auspices of the Archdiocese of St. Louis (Archdiocese). The parishes and parish-related entities are excluded from the combined financial statements because the Archdiocese does not maintain an economic interest in the parishes. Parishes report separately to their parishioners. In preparing the combined statements, the results of each archdiocesan entity are added together and all intra-diocesan transactions among these entities are eliminated. This report summarizes the financial position and statement of activities, fulfilling an ongoing commitment to financial transparency.

The Archdiocese groups over 70 entities into segments according to similarity of objectives:

- **Catholic Charities** – Catholic Charities of the Archdiocese of St. Louis is one ministry bringing the healing, help, and hope of Jesus Christ to those in need and serving the residents of the eleven counties of the Archdiocese through services in mental health and wellness, housing, workforce development, disaster relief, senior care, addiction recovery, services for immigrants, family and children support services and legal aid.

- **Education** – Includes the Office of Catholic Education and Formation, archdiocesan and regional high schools, archdiocesan elementary schools (excluding parish schools), Department of Special Education, and St. Mary's Special Services, all of which maintain a mission to deliver high quality Catholic education to the residents of the Archdiocese.

- **Other Ministries** – Comprised of entities that service the other needs of the residents of the Archdiocese. Included are Catholic Cemeteries, Kenrick-Glennon Seminary, clergy-related offices, St. Louis Review, Mission Office, Evangelization Parish Ministry and many more.

- **Mission Support** – Entities of the Archdiocese which provide administrative services and financial support to parishes, schools and agencies of the Archdiocese. And,

- **The St. Louis Archdiocesan Fund** – A separate charitable trust that encompasses the majority of the financial and investment activities of the Archdiocese.

Separate financial statements are prepared for The St. Louis Archdiocesan Fund, but not for the other four segments. This financial report of the Archdiocese of St. Louis is also available at www.archstl.org/finance.

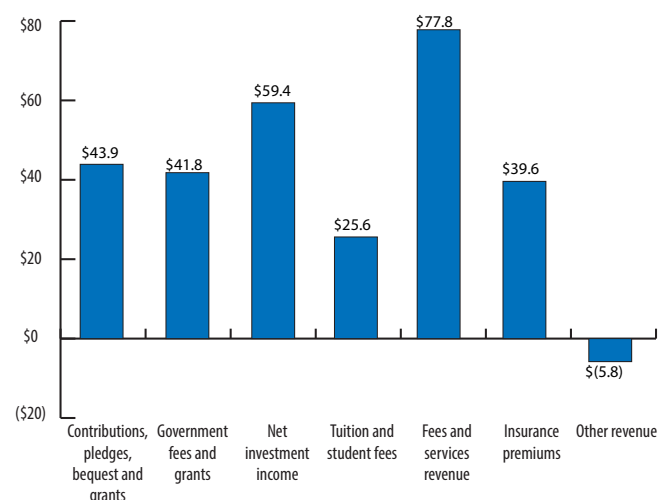
The combined financial statements of the Archdiocese of St. Louis and the financial statements of The St. Louis Archdiocesan Fund were audited by independent certified public accountants. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America. The audited financial statements present the financial position and changes in net assets and cash flows of the Archdiocese of St. Louis and of The St. Louis Archdiocesan Fund for the years ended June 30, 2023 and 2022 in conformity with accounting principles generally accepted in the United States of America. The independent auditors rendered unmodified opinions on the audited financial statements. References to 2023 and 2022 are to the Archdiocese's fiscal years ended June 30, 2023 and 2022.

REVENUES AND EXPENSES

Unrestricted revenues, gains(losses), and other support for the year ended June 30, 2023 were \$309.8 million (\$160.2 million for 2022), due primarily to investment income increases (\$173.2 million). Expenses for the year ended June 30, 2023 were \$283.6 million versus \$215.3 million for 2022, an increase of \$68.3 million or 31.7%. The most significant increase was attributed to compensation related costs \$36.0 million, and an increase in interest expense \$20.7 million. Compensation increased primarily due to last year's sizable reduction in the projected pension obligation for our priests due to changes in assumed discount rates. Interest expense increased primarily due to higher investment returns that are ultimately distributed to parishes. We classify our revenue types as follows:

Revenues by Type — Fiscal Year 2023

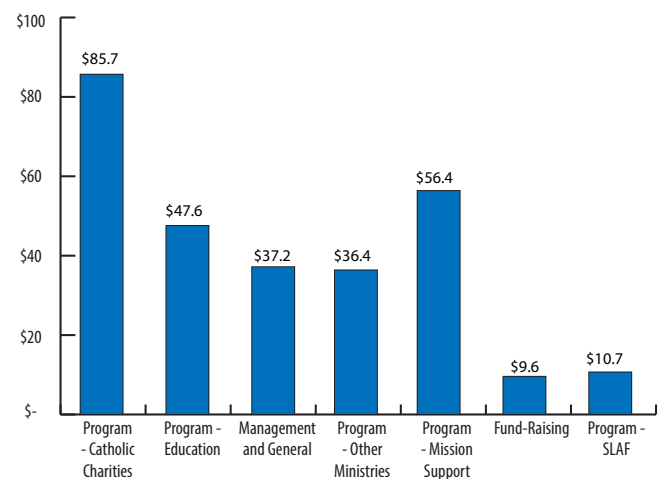
In Millions



The majority (83.5% in 2023) of the expenses of the Archdiocese relate to the various programs it sponsors. For the year ended June 30, 2023, total program expenses were \$236.8 million, and are classified by category as follows:

Expenses by Category — Fiscal Year 2023

In Millions



For the year ended June 30, 2023, unrestricted revenues, gains(losses) and other support exceeded expenses for operating activities by \$26.2 million, an increase of \$81.3 million from the (\$55.1) million deficit in 2022. The majority of this increase was attributable to higher investment earnings (\$152.5 million), partially offset by the higher compensation cost \$36.0 million, both as described previously.

NET ASSETS

In keeping with generally accepted accounting principles for not-for-profit entities, the Archdiocese categorizes its net assets as “without donor restriction” and “with donor restriction”. Net Assets without donor restriction are those that are not restricted by donors. Also included in this category are amounts designated by the Archdiocese for specific purposes. Once designated, these amounts generally are not available for other uses. However, these designations can be reversed by the Archdiocese at any time. Net Assets with donor restrictions are those that have been restricted by donors for specific purposes and are not available for other purposes.

Combined net assets of the Archdiocese at June 30, 2023 were \$650.7 million, of which \$133.2 million represented net assets with donor restrictions, \$114.1 million represented funds designated for property and equipment and \$420.9 million represented funds designated for other purposes. An additional \$3.6 million represents non-controlling interests in subsidiaries. As a result, balance presented in the combined financial statements at June 30, 2023 for undesignated net assets was a negative \$21.0 million.

FINANCE COUNCIL

Canon law requires every diocese to have a finance council. In St. Louis, the Finance Council functions in accordance with written statutes requiring the Council to operate with a maximum of twenty-five members: fifteen to nineteen lay people, three to five officials of the Archdiocese (lay or clergy), two to four pastors, and the Archbishop. The Council provides policy guidance for the work of six committees, each chaired by a lay Council member.

Currently, 18 individuals serve on the Finance Council and 25 additional lay and clergy leaders serve on the committees. The Council meets at least quarterly and is advisory to the Archbishop. Its duties include reviewing financial and operational performance through a series of written and verbal reports submitted by the committees and advising the Archbishop on significant financial matters. While discussions at the Council meetings are strictly confidential, they are open and candid and usually result in unanimous recommendations to the Archbishop.

Council members represent a broad cross-section of Catholic senior business executives from small, medium, and large-sized St. Louis-based companies as well as professionals practicing in the fields of law, accounting, investment, and real estate management. Most have served at one time on their respective parish councils, Catholic agencies or other not-for-profit boards of directors.

CONCLUSION

As we conclude the reporting of this fiscal year, let us not only celebrate the success in numbers but also the spirit of generosity and compassion that has guided our mission. Through the collective efforts of the St. Louis community and the grace of our faith, we continue to fund education, support social ministries and serve our wonderful community through numerous other archdiocesan programs. As is God's will, let us continue to Reach out in Love and let all know Him through our embrace.

COMBINED FINANCIAL REPORT • ARCHDIOCESE OF ST. LOUIS



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Condensed Combined Statement of Financial Position

June 30, 2023 and 2022 (in millions)

Assets	2023	2022
Cash and investments	\$964.7	\$902.1
Accounts and other receivables	41.4	27.1
Other assets	32.6	26.4
Property and equipment	169.7	172.3
Total assets	\$1,208.4	\$1,127.9
Liabilities and net assets		
Accounts payable and accrued expenses	\$38.4	\$32.6
Deferred revenue	19.4	17.8
Accrued future care costs	73.3	67.4
Deposit liabilities	227.5	206.8
Notes payable and other liabilities	86.5	84.0
Priests' retirement liability	112.6	110.8
Total liabilities	557.7	519.4
Net assets without donor restrictions	517.6	491.4
Net assets with donor restrictions	133.1	117.1
Total net assets	650.7	608.5
Total liabilities and net assets	\$1,208.4	\$1,127.9

Condensed Combined Statement of Activities

For the years ended June 30, 2023 and 2022 (in millions)

Changes in Unrestricted Net Assets	2023	2022
Revenues gains and losses:		
Contributions, pledges, bequests, and grants	\$43.9	\$50.1
Government fees and grants	41.8	45.3
Net investment gains(losses), net of fees	59.4	(113.8)
Tuition and student fees	25.6	25.4
Fees and services	77.8	75.7
Insurance premiums	39.6	39.5
Net gain/(loss) on sale of property	(7.0)	10.7
Other revenues	1.2	5.8
Total revenues and gains w/o donor restrictions	282.3	138.7
Net assets released from restrictions	27.5	21.5
Total revenues, gains and other support without donor restrictions	309.8	160.2
Expenses:		
Program	236.8	172.7
Management and general	37.2	33.8
Fund-raising	9.6	8.8
Total expenses	283.6	215.3
Change in net assets w/o donor restrictions	26.2	(55.1)
Change in net assets w/ donor restrictions	16.0	(20.3)
Change in net assets	42.2	(75.4)
Net assets at beginning of year	608.5	683.9
Net assets at end of year	\$650.7	\$608.5

Condensed Combined Summary of Expenses

For the years ended June 30, 2023 and 2022 (in millions)

Expenses:	2023	2022
Salaries and related expenses	\$119.9	\$115.1
Occupancy	14.5	12.4
Supplies and equipment	13.4	13.0
Fees and services	27.9	24.6
Assistance to individuals	12.1	12.0
Insurance claims and premiums paid	33.8	42.2
Grants and assessments	20.6	15.3
Interest expense	10.9	(9.8)
Other expenses	3.0	2.7
Provision (recovery) for doubtful accounts	0.7	(0.2)
Provision for future care costs	10.4	7.6
Depreciation	10.9	10.9
Other benefit plan related costs	5.5	(30.5)
Total expenses	\$283.6	\$215.3

THE ST. LOUIS ARCHDIOCESAN FUND

The St. Louis Archdiocesan Fund (“SLAF”) is a separate charitable trust and acts as a financial institution for archdiocesan entities. SLAF is under the direction of an independent Board of Trustees appointed by the Archbishop. Parishes, agencies, offices and institutions accountable civilly and canonically to the Archbishop deposit funds with SLAF and, with appropriate review and recommendation by members of the Property and Financing Committee, are authorized to borrow funds for capital asset acquisitions and other purposes. SLAF also functions as the investment manager for marketable securities.

SLAF’s primary purpose is to provide financial services that enable parishes and other church organizations to fulfill their missions. The assets of SLAF for the most part are derived from deposits and other types of investments that SLAF holds on behalf of parishes and organizations. An effort is made to pay returns to depositors that are similar to returns that could be earned at commercial financial institutions. Parishes and agencies are required by archdiocesan policies and statutes to deposit in SLAF all funds in excess of normal operating needs.

SLAF has 12 trustees and who are charged with the responsibility of ensuring SLAF functions in a professional and prudent manner. The trustees focus principally on making sound lending decisions that further the various missions of the Church and on ensuring the investment portfolio is invested in a manner that maximizes returns, limits risk, and is in accord with Catholic moral teaching.

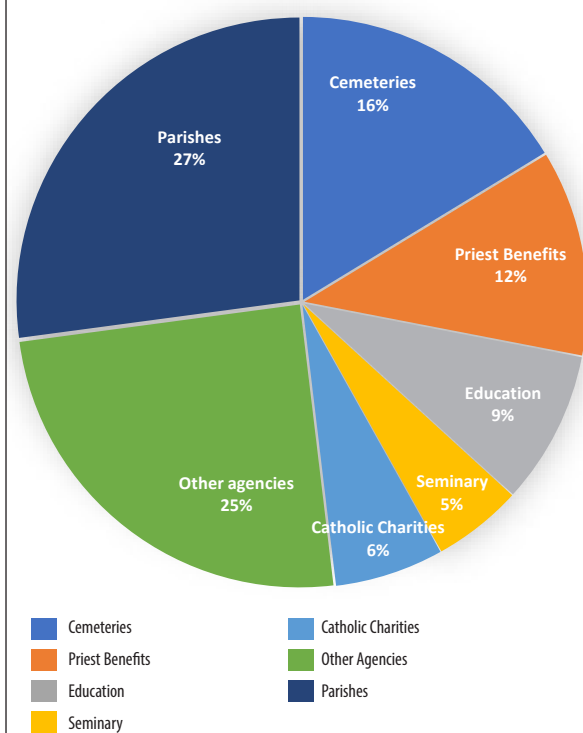
Available types of deposit accounts in the Depositors’ Fund are demand, money market, and six-month to five-year time deposits. Total deposits were \$332.2 million at June 30, 2023, an increase for the year then ended of \$17.8 million or 5.7%.

Average annual interest rates earned by depositors in the Depositors’ Fund for the year ended June 30, 2023 ranged from 0.1% to 3.6%.

Deposits in the Investment Fund were \$477.6 million at June 30, 2023, an increase for the year then ended of \$33.5 million, or 7.5%. The fiscal year-to-date return (including unrealized gains and losses) earned on these deposits for 2023 was 9.8%. Deposits in the Investment Fund are invested in the pooled investment portfolio of SLAF and bear the full risks and rewards of their proportionate share of the investment earnings, losses, and market value fluctuations of the investment portfolio. The excess of deposits over loans are invested by SLAF in accordance with its written investment policies. The following chart summarizes the Investment Fund deposits.

Category	Investment Fund Deposits (in millions)		Number of Instruments	
	2023	2022	2023	2022
Endowed Funds	\$ 164.5	\$150.5	282	283
Annuities	2.8	2.9	173	184
Non-Endowed Funds	310.3	290.7	78	81
Totals	\$ 477.6	\$444.1	533	548

Deposits by Depositor



Investments are carried at fair value. Professional portfolio managers, under guidelines established by the Trustees and the Investment Committee, manage the investments. Current investment guidelines allocate the investment portfolio to fixed income securities and equity securities, depending on the aggregate of the investment mixes selected by the various account holders. Current guidelines permit account holders to select from a choice of several investment mixes, ranging from a mix of 25% fixed income securities and 75% equity securities to a mix of 75% fixed income securities and 25% equity securities. The aggregate mix of the Investment Fund Portfolio (including cash and cash equivalents) at June 30, 2023 was 63% equity securities and 37% fixed income securities.

Returns for the Investment Fund Portfolio, net of investment fees, for the year ended June 30, 2023 were as follows:

	Equities	Fixed Income	Composite
One year	15.9%	(0.5%)	9.8%
Three years	11.2%	(2.8%)	5.9%
Five years	6.1%	1.3%	4.6%

Composite returns are affected by changes in investment mix and vary each year depending on the changes in the mix.

Management believes its investment policies are sound and that its investments are well positioned for the future.



PHOTO BY TRENTON ALMGREN-DAVIS

The St. Louis Archdiocesan Fund

Condensed Statement of Financial Position June 30, 2023 and 2022 (in millions)

Assets	2023	2022
Cash and investments	\$953.6	\$890.2
Loans, net	12.0	8.4
Other assets	3.6	2.8
Total assets	\$969.2	\$901.4
Liabilities and net assets		
Deposits	809.8	758.5
Other liabilities	2.7	1.0
Total liabilities	812.5	759.5
Net assets without donor restrictions	156.7	141.9
Total liabilities and net assets	\$969.2	\$901.4

Condensed Statement of Activities

For the years ended June 30, 2023 and 2022 (in millions)

	2023	2022
Changes in Unrestricted Net Assets		
Revenues and gains:		
Net gain (loss) on investments	\$54.5	\$(140.8)
Interest and dividends, net of fees	15.6	12.3
Fees and other	4.8	5.2
Total revenues and other changes	74.9	(123.3)
Expenses:		
Program		
Interest on Depositors’ Fund	2.4	0.9
Allocation of investment earnings to Investment Fund	49.8	(72.8)
Grants	6.3	5.4
Provision expense/ (Recovery of uncollectible loans)	0.1	(0.6)
Other	1.0	0.9
Management and General	0.4	0.4
Total expenses	60.0	(65.8)
Change in net assets without donor restrictions	14.9	(57.5)
Net assets at beginning of year	141.9	199.4
Net assets at end of year	\$156.8	\$141.9