



ARCHDIOCESE OF ST. LOUIS

# 2022 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 pleasure to reflect upon the engagements of the past year and present you with the 2022 Combined Financial Report of the Archdiocese of St. Louis. During this year of intense planning and consultation, it fills me with great joy to consider our impact on this community and the sincere outpouring of support from the faithful. There is no doubt that we have challenges ahead and changes on the horizon. And yet, the people of the Archdiocese of St. Louis continue to demonstrate a commitment to our shared Catholic beliefs and a deep sense of responsibility for those in our community and in our flock who find themselves in need.

With your generous giving spirit, our Annual Catholic Appeal was a great suc-

cess this year. This year's appeal, themed "Brothers and Sisters All," saw almost 37,000 households contribute more than \$17 million dollars in support of those in need, through grants in the areas of human dignity and social responsibility, Catholic education, missionary discipleship and culture of leadership. Because of your overwhelming generosity, all of the grants promised by the appeal will be fulfilled. We remain intensely humbled and eternally thankful for your support.

Catholic Charities of St. Louis continues offering vital assistance to people of all ages, impacting more than 100,000 people annually. Catholic Charities



ministries offer the healing, help and hope of Jesus Christ by serving children who are abused and neglected; adults who are unhoused or at risk of homelessness; women who are abused, and others in need; by bridging cultural and linguistic divides; protecting the legal rights of people who cannot afford an attorney, and much more. This year,

Catholic Charities' Disaster Services team responded immediately after July floods impacted our region, disbursing aid to many who were impacted by the disaster. Catholic Charities continues to serve the Archdiocese with dignity, service, compassion, hospitality and excellence.

As you consider the contents of the

2022 Combined Financial Report, I hope that you recognize the great gifts that God has given us and the responsibility of stewardship, which is entrusted to us all. We endeavor to use these resources both with great financial care and with heartfelt compassion for those in our archdiocese who need assistance. And of course, we thank you for the many ways in which you support 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, 2022 and 2021. 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 – The Catholic Charities Federation of St. Louis consists of eight agencies that provide social services to residents of the eleven counties of the Archdiocese through three primary areas: elderly services, children services and family and community services.

- 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](http://www.archstl.org/finance).

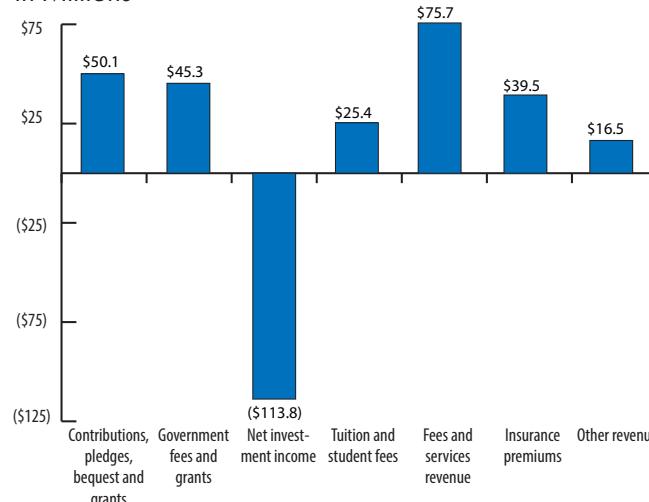
The combined financial statements of the Archdiocese of St. Louis and the financial statements of The St. Louis Archdiocesan Fund were audited by independent certified public accountants. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America. 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, 2022 and 2021 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 2022 and 2021 are to the Archdiocese’s fiscal years ended June 30, 2022 and 2021.

## REVENUES AND EXPENSES

Unrestricted revenues, gains (losses), and other support for the year ended June 30, 2022 were \$160.2 million (\$412.6 million for 2021). The most significant change was a decrease in investment income (\$262.3 million) compared to prior year. Expenses for the year ended June 30, 2022 were \$215.3 million versus \$257.8 million for 2021, a decrease of \$42.5 million or 16.5%. The most significant decrease was a reduction in other benefit plan related costs (\$30.0 million) primarily due to decreases in our projected pension obligation for priests driven by a change in underlying assumed discount rates, and a decrease in interest expense (\$27.1 million) primarily due to lower investment returns that are distributed to our parishes.

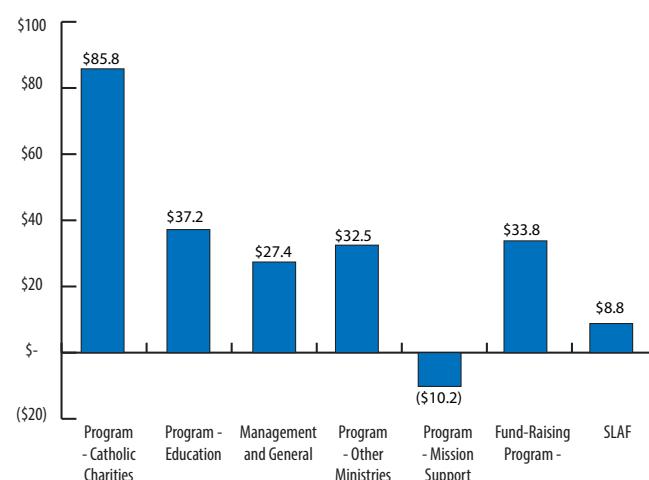
### Revenues by Type — Fiscal Year 2022

In Millions



### Expenses by Category — Fiscal Year 2022

In Millions



The majority (80% in 2022) of the expenses of the Archdiocese are for the various programs it sponsors. For the year ended June 30, 2022, total program expenses were \$172.7 million.

For the year ended June 30, 2022, unrestricted revenues, gains (losses) and other support fell short of expenses for operating activities by \$55.1 million, a decrease of (\$210.0 million) from the \$154.9 million surplus in 2021. The majority of this decrease was attributable to lower investment earnings (\$262.3 million) versus prior year, partially offset by lower expenses (\$42.5 million) 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, 2022 were \$608.5 million, of which \$117.1 million represented net assets with donor restrictions, \$116.2 million represented funds designated for property and equipment and \$398.3 million represented funds designated for other purposes. An additional \$4.3 million represents non-controlling interests in subsidiaries. The balance presented in the combined financial statements at June 30, 2022 for undesignated net assets was a negative \$27.4 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, 17 individuals serve on the Finance Council and 26 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

The greater St. Louis community continued their generosity throughout 2022 in support of the works of the Church and the needs of the people in our region. With your continued support and through our All Things New initiative, we are committed to continuing to support a vibrant parish, school, evangelization, and service footprint for the people of St. Louis.

# COMBINED FINANCIAL REPORT • ARCHDIOCESE OF ST. LOUIS



## Condensed Combined Statement of Financial Position

As of June 30, 2022 and 2021 (in millions)

	2022	2021
Cash and investments	\$902.1	\$1,015.8
Accounts and other receivables	27.1	30.3
Other assets	26.4	27.3
Property and equipment	172.3	168.0
<b>Total assets</b>	<b>\$1,127.9</b>	<b>\$1,241.4</b>

## Liabilities and net assets

Accounts payable and accrued expenses	\$32.8	\$35.3
Deferred revenue	17.8	15.7
Accrued future care costs	67.4	63.8
Deposit liabilities	206.8	204.0
Notes payable and other liabilities	83.8	96.2
Priests' retirement liability	110.8	142.5
<b>Total liabilities</b>	<b>519.4</b>	<b>557.5</b>
Net assets without donor restrictions	491.4	546.5
Net assets with donor restrictions	117.1	137.4
<b>Total net assets</b>	<b>608.5</b>	<b>683.9</b>
<b>Total liabilities and net assets</b>	<b>\$1,127.9</b>	<b>\$1,241.4</b>

## Condensed Combined Statement of Activities

For the years ended June 30, 2022 and 2021 (in millions)

Changes in Unrestricted Net Assets	2022	2021
Revenues gains and losses:		
Contributions, pledges, bequests, and grants	\$50.1	\$50.1
Government fees and grants	45.3	51.4
Net investment gains/(losses), net of fees	(113.8)	148.5
Tuition and student fees	25.4	26.8
Fees and services	75.7	74.1
Insurance premiums	39.5	38.4
Net gain/(loss) on sale of property	10.7	(0.5)
Other revenues	5.8	1.7
Total revenues and gains w/o donor restrictions	138.7	390.5
Net assets released from restrictions	21.5	22.2
Total revenues, gains and other support without donor restrictions	160.2	412.7
Expenses:		
Program	172.7	216.0
Management and general	33.8	33.5
Fund-raising	8.8	8.3
Total expenses	215.3	257.8
<b>Change in net assets w/o donor restrictions</b>	<b>(55.1)</b>	<b>154.9</b>
<b>Change in net assets w/donor restrictions</b>	<b>(20.3)</b>	<b>20.9</b>
Change in net assets	(75.4)	175.8
Net assets at beginning of year	683.9	508.1
<b>Net assets at end of year</b>	<b>\$608.5</b>	<b>\$683.9</b>

## Condensed Combined Summary of Expenses

For the years ended June 30, 2022 and 2021 (in millions)

Expenses:	2022	2021
Salaries and related expenses	\$115.1	\$113.3
Occupancy	12.4	11.4
Supplies and equipment	13.0	13.2
Fees and services	24.6	19.6
Assistance to individuals	12.0	14.0
Insurance claims and premiums paid	42.2	40.1
Grants and assessments	15.3	14.6
Interest expense (income)	(9.8)	17.3
Other expenses	2.7	2.1
Provision (recovery) for doubtful accounts	(0.2)	(2.9)
Provision for future care costs	7.6	4.5
Depreciation	10.9	11.1
Other benefit plan related costs	(30.5)	(0.5)
<b>Total expenses</b>	<b>\$215.3</b>	<b>\$257.8</b>



## 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 13 trustees who are charged with the responsibility of ensuring SLAF functions in a professional and prudent manner. The trustees focus principally on making prudent 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 \$314.4 million at June 30, 2022, an increase for the year then ended of \$14.0 million or 4.7%.

Average annual interest rates earned by depositors in the Depositors’ Fund for the year ended June 30, 2022 ranged from 0.1% to 0.8%.

Deposits in the Investment Fund were \$444.1 million at June 30, 2022, a decrease for the year then ended of (\$67.7 million), or a loss of (13.2%). The average annual return (including unrealized gains and losses) earned on these deposits for 2022 was (14.2%). 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		Number of Instruments	
	2022	2021	2022	2021
Endowed Funds	\$ 150.5	\$ 178.3	283	281
Annuities	2.9	3.8	184	197
Non-Endowed Funds	290.7	329.7	81	75
Totals	<u>\$ 444.1</u>	<u>\$ 511.8</u>	<u>548</u>	<u>553</u>



PHOTO BY JERRY NAUNHEIM JR.

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 portfolio (including cash and cash equivalents) at June 30, 2022 was 49.8% equity securities and 50.2% fixed income securities.

Returns for the portfolio, net of investment fees, for the year ended June 30, 2022 were as follows:

	Equities	Fixed Income	Composite
One year	(15.5%)	(10.1%)	(12.6%)
Three years	5.0%	(0.3%)	2.9%
Five years	4.6%	1.5%	3.4%

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.

### The St. Louis Archdiocesan Fund

#### Condensed Statement of Financial Position

June 30, 2022 and 2021 (in millions)

	2022	2021
<b>Assets</b>		
Cash and investments	\$890.2	\$1,002.2
Loans, net	8.4	10.0
Other assets	2.8	2.8
<b>Total assets</b>	<b>\$901.4</b>	<b>\$1,015.0</b>
<b>Liabilities and net assets</b>		
Deposits	758.5	812.2
Other liabilities	1.0	3.4
Total liabilities	759.5	815.6
Net assets without donor restrictions	141.9	199.4
<b>Total liabilities and net assets</b>	<b>\$901.4</b>	<b>\$1,015.0</b>

#### Condensed Statement of Activities

For the years ended June 30, 2022 and 2021 (in millions)

	2022	2021
Changes in Unrestricted Net Assets		
Revenues and gains:		
Net gain (loss) on investments	\$(140.8)	\$158.6
Interest and dividends, net of fees	12.3	13.0
Fees and other	5.2	5.0
<b>Total revenues and other changes</b>	<b>(123.3)</b>	<b>176.6</b>
<b>Expenses:</b>		
Program		
Interest on Depositors' Fund	0.9	1.0
Allocation of investment earnings to Investment Fund	(72.8)	104.2
Grants	5.4	6.4
Recovery of uncollectible loans	(0.6)	(2.0)
Other	0.9	0.9
Management and General	0.4	0.4
<b>Total expenses</b>	<b>(65.8)</b>	<b>110.9</b>
Change in net assets without donor restrictions	(57.5)	65.7
Net assets at beginning of year	199.4	133.7
<b>Net assets at end of year</b>	<b>\$141.9</b>	<b>\$199.4</b>