

## Roman Catholic Diocese of Memphis

### 2023 Financial Report Highlights

- The financial statements of the Diocese of Memphis are independently audited by Watkins-Uiberall of Memphis. The entire report is given below, reflecting the fiscal health of the Diocese for the period beginning July 1, 2023, and ending June 30, 2024.
- As has been the case since the Diocese first started to be audited years ago, the results reflect a “qualified opinion”, which means that the auditors were unable to give an unqualified, or clean, audit opinion due to one or more issues in the financial statements. In the case of the Diocese, the reasons for the qualified opinion are as follows:
  - The Diocese did not receive the records needed to record the acquisition cost of land and buildings associated with the establishment of the Diocese in 1971.
  - Disposals, retirements, and related gains and losses for fixed assets have not been fully recorded.
  - The Diocese has tracked acquired assets only since Watkins-Uiberall has been the auditor of record.
  - Additionally, the Diocese has elected not to book depreciation of assets since they are incomplete.

To approximate these missing values, insurance appraisals or current tax estimates are used as net values for these assets. For a more detailed discussion, please see Page 2 of the audit report. This qualified opinion is understood by our lenders and creditors.

Currently, the diocese has engaged CBIZ Dallas office to approximate the original cost of the assets when acquired. The basic process is to start with the appraisal values and then step the asset values down based upon historical inflation, building costs, etc. Watkins Uiberall auditors are working with us to ensure they are comfortable with the process and then entries will be made to reflect the updated costs of assets as well as the life to date depreciation. The diocese expects this to be completed in time to reflect it in the 2024-25 audit and thus obtain a clean audit report.

- Other than the reasons for the qualified opinion, Watkins-Uiberall believes that the Diocesan Financial Statements present fairly the financial position of the Diocese and the changes in its net assets and cash flow for the year.
- These audited financial statements include activities and cash flows of all the parishes and missions, grade schools, high school, cemeteries, retreat center and the Chancery. Various religious orders, lay societies, and religion organizations that operate within the Diocese, but are not fiscally responsible to the bishop, are excluded. Additionally, Catholic Charities of West Tennessee is audited as a separate entity and is excluded from these figures. To see a copy of the Catholic Charities audit report, please visit their website at [www.ccwtn.org](http://www.ccwtn.org).
- Total assets of the Diocese (see page 5) increased by \$31.4 million from the prior year. This is due to an increase in cash of \$1 million, investments growth of \$13.7 million, property and equipment growth of \$5 million associated with parish spending of United in Faith campaign funds, and the pension asset growth of \$14.9 million. This is offset partially by the unconditional promises to give at St. Paul of \$3.8 million. For more information, see Notes 3 (Unconditional Promises to Give) and 15 (Retirement Plans).

- Total liabilities of the Diocese (see page 5) declined by \$2.8 million due mainly to \$1.8 million decrease in related parties' payables (debts from parishes conducting combined campaigns within United in Faith) and a decrease in long term bank debt of \$1.2 million.
- For the end of the fiscal period, the Diocese reported an increase in net assets of \$34.2 million (see page 5) as the change in assets outlined above outpaced the liabilities.
- Operating expenses (page 6) for the year were \$68.2 million, which is up from the \$66.1 million incurred in the prior year – mainly due to an increase in ministry and education expenses.
- There was a non-operating gain of \$23.8 million versus a non-operating gain of \$19.7 million last year. This is driven by an increase in the pension plan (see Note 15).
- The Diocesan Finance Council meets regularly and serves as the primary advisory body to the bishop in financial administration. In addition to reviewing the annual budget and the annual audit, canon law requires that the council be consulted on acts of extraordinary financial administration, such as the purchase or sale of real estate, the borrowing of large amounts of funds, and major new construction projects. The membership, meeting agendas, and statutes can be found on the CDOM website in the Finance department.
- The Finance office has the responsibility of supporting and assisting the bishop in the stewardship of the temporal resources needed to carry out the mission of the Diocese. It fulfills this responsibility by seeing that the resources of the Catholic Center offices, as well as those of the parishes, schools, and Diocesan-affiliated entities are administered in a prudent manner in accordance with church law. It also includes onsite evaluations of the financial practices of parishes and schools to ensure their assets are properly safeguarded, that proper internal controls are in place, and that there is compliance with Diocesan financial policies.
- Should you have any questions concerning the audit report, please contact the Finance Department at [FinanceDept@cc.cdom.org](mailto:FinanceDept@cc.cdom.org) or call us at 901-373-1200.

God bless you,



David Zaleski  
Chief Financial Officer