



# Cathedral of the Immaculate Conception

## Annual Financial Report & Nine Month Update

JULY 1, 2016—MARCH 31, 2018

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## From the Pastor's Desk

Dear brothers and sisters in Christ,

The following pages contain financial reports for the Cathedral of the Immaculate Conception and the Immaculate Conception Cathedral School for the 2016-17 Fiscal Year (July 1, 2016 to June 30, 2017) and for the first nine months of the 2017-18 Fiscal Year. It would have been my preference to have presented these earlier in my tenure. But, due to the complexity of the Cathedral's financial structure, a thorough assessment that accurately portrays the Cathedral's financial status could not be completed until now.

Both the Parish and School have significant operating deficits due to several factors. These include:

- Falling behind schedule on the payment of invoices, such as for insurance premiums and for basic obligations that each parish owes to the Diocese.
- Neglecting ongoing maintenance and repairs that will only worsen if not addressed.

Summarized in this report are the amounts owed by the Parish and School, as well as a list of maintenance issues and repairs. In getting to this point, it should be noted that over the past nine months all past-due invoices have been paid (excluding insurance premiums) and ongoing invoices are being and will be met in a timely fashion.

Since this past January, cafeteria (health) benefits for all employees have been paid on time, though we still owe the Diocese for past obligations. We also struggle to hold the line on expenses, and I am committed to reducing them to the extent possible. The Diocese, which is – at this point – our principal creditor, has been patient with us and understands that repaying our obligations will take time.

We continue to face other challenges. One is keeping our Parish Census current. We presently do not have sufficient information on our active families that will enable us to plan for the future. A second is that our School faces increasing competition from public, private and charter schools. Thirdly, we have not maintained sufficient ties with the School's alumni base, which complicates our Annual Fund Drive efforts. We seek your help with all of these matters.

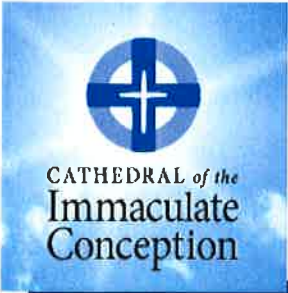
To all of you who are taking the time to read this report, I thank you for your commitment to and support of both the Parish and the School. When I arrived at the Cathedral, I did not expect that the financial affairs of the Parish and School would occupy so much of my time. I appreciate your patience and your support as we face these challenges together. May the love of God and our Patroness, the Blessed Virgin Mary, continue to surround you and your family.

Sincerely in Christ,

Reverend Robert W. Marshall, Jr.  
Pastor



CATHEDRAL of the  
Immaculate  
Conception



# Cathedral of the Immaculate Conception

## July 2016-June 2017 Income and Expenses

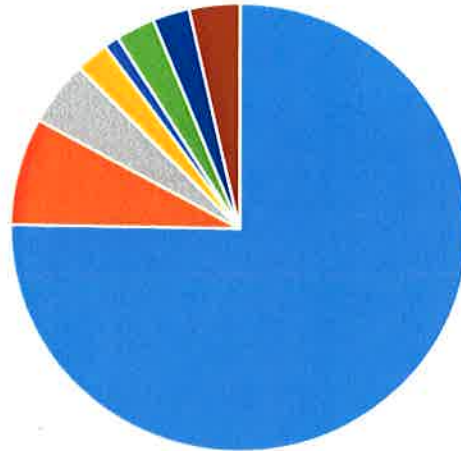
Thank you to the 491 of the approximately 935 registered families who financially support our parish and ensure the continuation of our parish mission and purpose.

As these charts show, we receive between 78% and 83% of our parish income from our weekly offertory collection (including amounts contributed electronically). Your regular generosity sustains the ministries of the Cathedral parish.

While salaries and benefits are our largest single expenditure, we need to spend more on preventative maintenance and on our pastoral ministries.

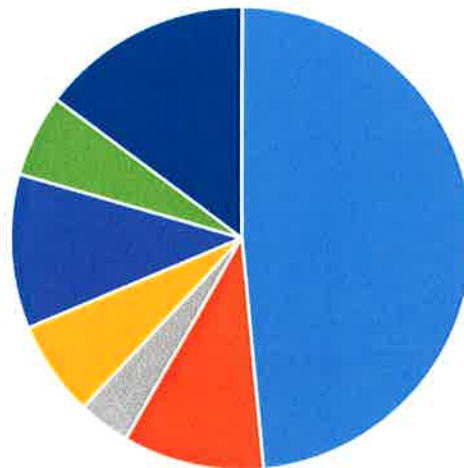
Parish schools are always a major parish expense, but we need to budget our subsidies rather than just covering unplanned shortfalls.

Parish Sources of Income – 7/1/2016-6/30/2017



- Offertory-Envelopes - 75%
- Offertory-Loose - 8%
- Grants - 5%
- National Collections - 2%
- Capital Campaign - 1%
- Special Collections-Parish - 3%
- Event Revenue - 3%
- Other Revenue - 3%

Parish Expenses – 7/1/2016-6/30/2017



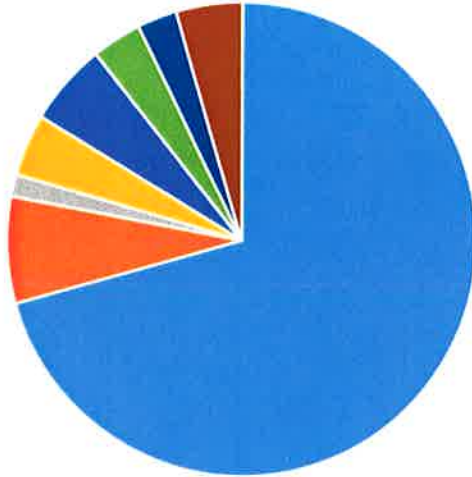
- Salaries & Benefits - 48%
- Administrative & General - 10%
- Pastoral - 3%
- Plant Operation & Maintenance - 7%
- Diocesan Assessments & Other - 11%
- Utilities - 6%
- School Subsidy & Covered Expenses - 15%



**From July 1, 2016 — June 30, 2017, Expenses Exceeded Income by \$17,600 (Exclusive of School Subsidy)**

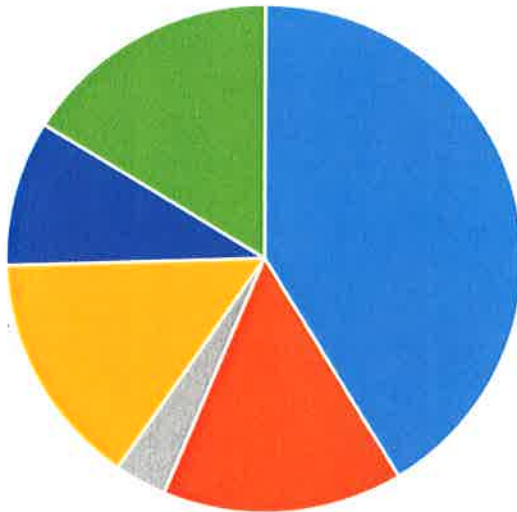
# Cathedral of the Immaculate Conception July 2017-March 2018 Income and Expenses

Parish Sources of Income - 7/1/2017-3/31/2018



- Offertory-Envelopes - 71%
- Offertory-Loose - 7%
- Special Parish Collections - 1%
- Capital Campaign - 4%
- Extraordinary Revenue - 6%
- Event Revenue - 3%
- Insurance Proceeds - 3%
- Other Revenue - 5%

Parish Expenses - 7/1/2017-3/31/2018



- Salaries & Benefits - 41%
- Administrative & General - 15%
- Pastoral - 3%
- Plant Operations & Maintenance - 15%
- Assessments & Other - 9%
- School Subsidy & Covered Expenses - 17%

**From July 1, 2017 — March 31, 2018, Expenses Exceeded Income by \$31,300 (Exclusive of School Subsidy)**



Average monthly collection (envelopes, loose, & electronic) is **\$63,000**

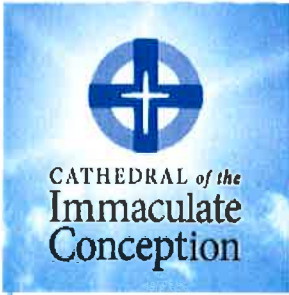
Average monthly payroll (salary, wages & benefits) for Cathedral employees is **\$40,000**

Average monthly support from parish to ICCS is **\$15,800**

Average monthly expense for maintenance and repairs is **\$6,200**

Average monthly utility bill for the Cathedral and the Parish Offices is **\$5,900**

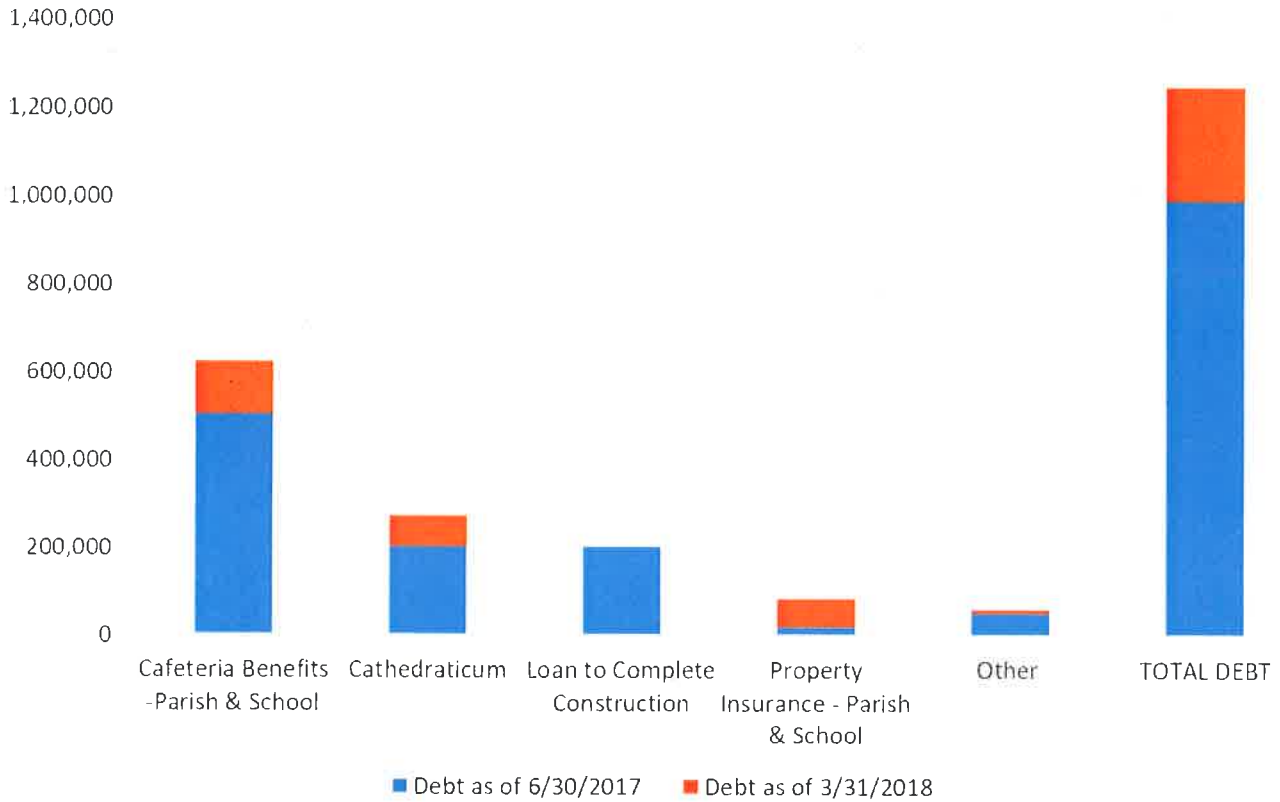




# Cathedral of the Immaculate Conception

## Summary of Indebtedness as of March 31, 2018

Parish and School Debt



### MAJOR COMPONENTS OF PARISH DEBT

**CAFETERIA BENEFITS** — The amounts owed by the Cathedral (and by ICCS) to pay for the health insurance, dental insurance, and various other benefits given to all employees. Though all IC and ICCS employees have been fully covered, the Cathedral and ICCS owe the diocese some amounts for Cafeteria Benefits from 2012 through December 2017.

**CATHEDRATICUM** — The percentage of offertory collections owed to the diocese by each parish. These amounts (presently 11% for IC) are to be remitted monthly. The Cathedral owes the diocese for some Cathedraticum dating back to 2012.

**CONSTRUCTION LOAN** — In 2016, the Cathedral took out a loan from the diocese to pay the remaining costs to complete the Cathedral Center. Eventually, the loan balance grew to \$208,066. To date, only minimal payments have been made on that loan.

**PROPERTY INSURANCE** — Catholic Mutual Insurance, a national company, provides property and casualty insurance on the entire Cathedral campus. The Cathedral did not pay its full premium in 2016-17 and neither the Cathedral nor ICCS have paid the insurance premiums for the current year.

# Cathedral of the Immaculate Conception

## Maintenance & Repair Priorities



### APPROXIMATELY \$100,000

**CATHEDRAL ROOF REPLACEMENT AND GUTTER REPAIR** — The shingled portion of the roof predates the 2000 restoration and has been badly damaged by wind. Replacing the upper portion of the roof alone would cost approximately \$60,000. We have received over \$19,000 from our insurance carrier toward the repair or replacement of the roof.



### APPROXIMATELY \$130,000

**REPLACEMENT OF AUXILIARY AIR CONDITIONING UNITS IN THE CATHEDRAL** — In addition to the main units that cool the sanctuary and nave of the Cathedral, many of the seven (7) smaller units that cool sacristies, meeting rooms and Marian Hall are past their useful life. Some are not functioning now. Each unit would cost between \$15,000 and \$25,000 to replace.



### APPROXIMATELY \$50,000

**CATHEDRAL EXTERIOR PAINTING AND WINDOW CAULKING** — Although there are only a few exterior painted areas of the Cathedral, they are difficult to reach. Repainting and recaulking the windows are necessary to prevent further water damage.



### APPROXIMATELY \$30,000-50,000

**RESURFACING THE PARKING LOTS OF THE CATHEDRAL CAMPUS** — Our parking lots are showing their age and have been patched over the years. They need to be resurfaced and restriped. The variation in the approximate cost listed takes into account that ground repairs may be minimal or significant.



### APPROXIMATELY \$50,000

**ROOF REPAIR OR REPLACEMENT FOR ELEMENTARY SCHOOL BUILDING, MULLOY HALL (HIGH SCHOOL BUILDING) AND OLD CONVENT** — Repairing the roof of the Elementary School building is a priority as we approach our Centennial celebration in 2022. Repairing or replacing the roofs of the other buildings are needed to prevent further deterioration of the property. Mulloy Hall is usable space for classrooms and meeting rooms. A use for the Convent building for other than storage should be part of a campus masterplan.



Immaculate  
Conception  
CATHEDRAL SCHOOL

# Immaculate Conception Cathedral School July 2016-June 2017 Income and Expenses

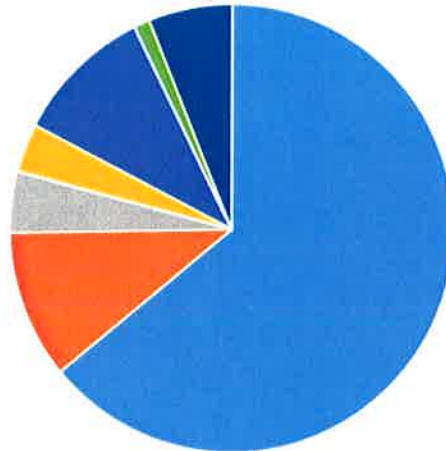
Immaculate Conception Cathedral School has educated generations of Memphians for 95 years. From our strong pre-school to our all-girl parish high school, the student population of ICCS is one of the most diverse in the city. Our goal is to provide an educational environment steeped in the Catholic tradition – an environment that promotes learning and spiritual growth for each of our students. Our administration, staff, and faculty care about our students and work hard to offer them an excellent Catholic education.

We have a dedicated school community, including parents who are actively involved in their children's education and spiritual formation. The leadership of ICCS works to collaborate with our parents in this important work.

As the charts to the right show, we are heavily dependent on tuition for our income. Since so many of our families cannot afford to pay the full tuition, we strive to offer some financial aid. Unfortunately, our resources are limited and we will only be able to offer financial aid packages as long as we receive support in our Annual Fund and in our Scholarship Fund.

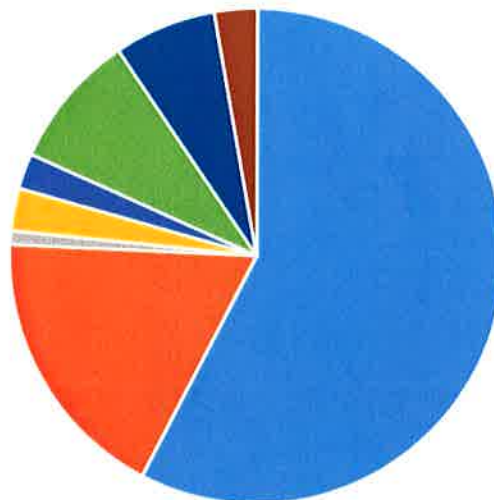


ICCS Sources of Income – 7/1/2016-6/30/2017



- Net Tuition Revenue - 64%
- Income for Scholarships - 11%
- Activity & Registration Fees - 4%
- After Care - 4%
- Other Revenue and Fees - 10%
- Annual Fund - 1%
- Parish Subsidy and Covered Expenses - 6%

ICCS Expenses – 7/1/2016-6/30/2017



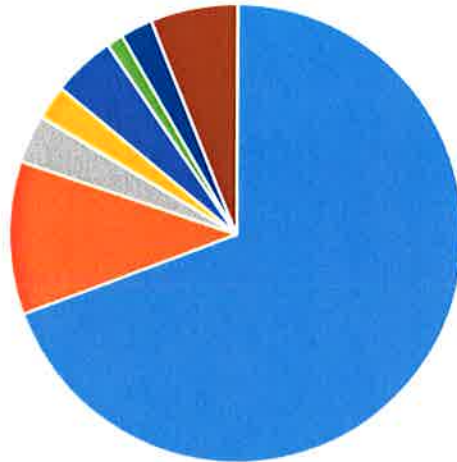
- Salaries and Wages - 57%
- Benefits - 18%
- Insurance - 1%
- Administrative & General - 3%
- Advertising & Promotion - 2%
- Utilities, Maintenance & Repairs - 9%
- Education Expenses - 7%
- After Care - 3%

**From July 1, 2016 — June 30, 2017, ICCS Expenses Exceeded Income by \$361,900**

# Immaculate Conception Cathedral School July 2017-March 2018 Income and Expenses

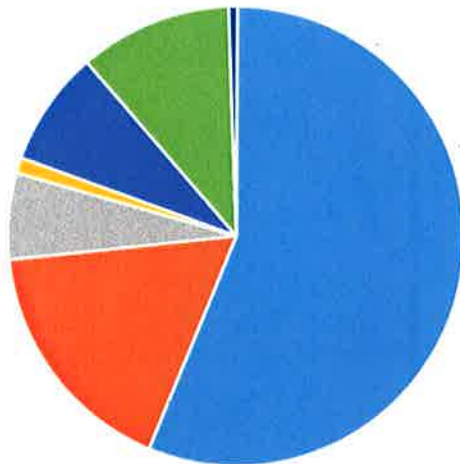


ICCS Sources of Income - 7/1/2017-3/31/2018



- Net Tuition Revenue - 69%
- Annual Fund - 3%
- Summer Camp/Extended Care - 4%
- Fees & Other Revenue - 2%
- Income for Scholarships - 11%
- Other Donations & Fundraising - 2%
- Insurance Proceeds - 1%
- Parish Subsidy & Covered Expenses - 6%

ICCS Expenses - 7/1/2017-3/31-2018



- Salaries - 56%
- Administrative & General - 6%
- Utilities, Maintenance & Repairs - 8%
- Summer Camp & Extended Care - 1%
- Benefits - 17%
- Insurance - 1%
- Education Expenses - 11%

**From July 1, 2017 through March 31, 2018, ICCS Expenses Exceeded Income by \$293,300**

Average monthly ICCS collectible tuition is  
**\$176,600**

Average monthly ICCS payroll (salaries, wages & benefits) is  
**\$198,600**

Average monthly ICCS educational supplies expense is  
**\$ 29,400**

Average monthly ICCS administrative expense is  
**\$ 19,400**

Average monthly utility bill for the ICCS school buildings is  
**\$ 14,800**

Average monthly ICCS maintenance expense is  
**\$ 7,200**

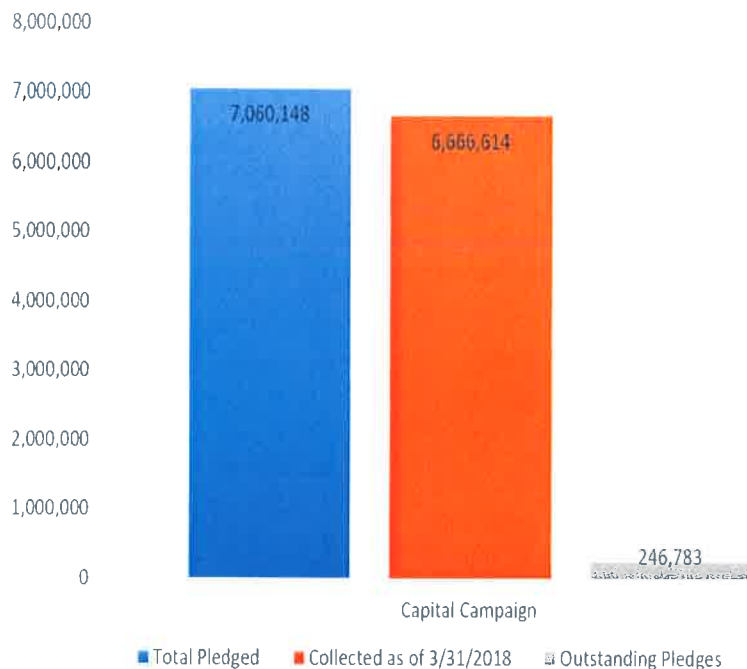




Immaculate  
Conception  
CATHEDRAL SCHOOL

## Faith in Our Future Progress Report

### Faith in Our Future Capital Campaign



The "Faith in Our Future" capital campaign was established in 2012 for the primary purpose of raising \$4.5 million for the construction of the Cathedral Center, a modern new building to house the Early Childhood classrooms. Construction began in 2014 and the building was ready for occupancy in August 2015.

Also as part of the campaign, an additional \$1.5 million was spent on improvements to the existing school facilities in 2013, and \$500,000 was to be raised for financial aid and scholarships for ICCS students.

Donations and pledges came from foundations, parishioners, school parents, alumni and friends of the Cathedral and ICCS. Ultimately, the campaign raised over \$7 million, over 95% of which has been collected to date.

## How Can I Help the Cathedral and ICCS?

- Register as a parishioner of the Cathedral by visiting [iccathedral.org](http://iccathedral.org).
- Update your registration if you have new contact information — a new mailing address, phone number, email address or a new contact preference.
- Sign-up for electronic giving by visiting [iccathedral.org](http://iccathedral.org) and clicking on "Giving."
- If you are an alumna of our High School, or an alumnus/a of our elementary school, add your name to our database at [myiccs.org/alumni-update](http://myiccs.org/alumni-update).
- Please consider increasing your weekly offering to the Cathedral or making a donation to the ICCS Annual Fund.