



DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2018

My dear brothers and sisters in Christ,

On Sunday, October 14, 2018, Giovanni Battista Montini, better known to most of us as Pope Paul VI, was canonized by Pope Francis. In addition to his obvious humility and holiness of life, St. Paul VI is remembered for his visionary leadership during the Second Vatican Council, his prophetic voice in preserving the integrity of the family by protecting the dignity of every human life, and his oft-repeated declaration that “the Church exists to evangelize.”

This Gospel truth has always been our mission as Church: to evangelize the world around us by proclaiming the word of God, especially in and through our deeds. The mission is about the Church — you and me — being active in the present while planning for the future through our Catholic Leadership Institute (CLI) efforts; catechizing the young and old alike in the ways of the faith; visiting with and ministering to the sick, the imprisoned, and elderly; as well as serving the poor, advocating for the stranger, and protecting the most vulnerable among us, especially through the Parish Social Ministry programs of Catholic Charities Maine.

This mission, the work of the Gospel, is made possible by the perennial generosity of the Catholic faithful in the Diocese of Portland. And for that generosity, I express my profound thanks. In the midst of the crisis that the Church is currently confronting, I am especially humbled by and grateful for your ongoing fidelity, which expresses itself in your attendance at weekend Masses in your local parishes, through the various ways in which you volunteer and minister on behalf of one another, and by your financial sacrifices.

This annual financial report of the diocese, which I am pleased to present to you, reminds us that we rely on every member of our Church family to support this mission — through prayer, through personal involvement, through contributions. This part of the mission also requires transparency and accountability and depends on the selfless day-to-day service of our priests and parish leadership, the expertise of the diocesan finance office, and the wise guidance of the Diocesan Finance Council.

While this report reminds all of us to be grateful, it also serves as a reminder that the mission the Lord has entrusted to his Church isn't complete and must continue. We are called to evangelize every woman, man, and child — those who live in poverty as well as prosperity, those on the margins and in the mainstream of society — because every human heart has the God-given right to receive and embrace the Lord's message of salvation.

With prayerful best wishes for a blessed Christmas and New Year for you and those you love, I remain,

Sincerely yours in Christ,

† Most Reverend Robert P. Deeley, J.C.D.
Twelfth Bishop of Portland

Roman Catholic Diocese of Portland – Finance Council

We are pleased to present you with this summary financial report for the Roman Catholic Diocese of Portland (including its parishes, schools and cemeteries) for the fiscal year ended June 30, 2018.

The Diocese of Portland Finance Council is one of three primary advisory bodies to the Bishop, along with the Pastoral Council and the Presbyteral (Priests) Council. The establishment of the council by the Bishop is required by canon law. Its membership consists of the Bishop, the Moderator of the Curia, the Chancellor and a majority of volunteer laypeople, often with professional backgrounds in areas such as civil law, finance, development, communications, investments, insurance and real estate. Its purpose is to advise the Bishop on the development and implementation of strategies designed to ensure the financial soundness of the diocese, oversee (but not manage) diocesan financial operations, and assist the Bishop in achieving transparency in diocesan financial reporting. The Finance Council makes specific recommendations to the Bishop on policies, procedures, and actions, and monitors the implementation of recommendations that have been accepted by the Bishop.

Gregg H. Ginn, Finance Council Chair

A subset of the Finance Council is the Audit & Budget Committee comprised entirely of volunteer laypeople. Committee members are knowledgeable and experienced in accounting, auditing, and financial management. The primary responsibilities of the committee are to oversee development of the diocesan budget and to oversee the annual audit process.

Independent external auditors meet with the Audit & Budget Committee as part of their planning process for the annual examination of diocesan finances. Upon completion of the audit, the committee again meets with the auditors to review their findings and recommendations. It also meets with the diocesan internal auditor to assure that internal audits of parishes, schools, and cemeteries are adequately performed. The committee reports the results of these meetings to the Finance Council, with the external auditors present, and calls for any action needed to ensure sound fiscal management.

At all meetings, we encourage open and sincere discussions with and among members, and we are grateful for their commitment, sacrifice, and dedication.

Robert Blaisdell, Audit & Budget Committee

Message from the Chief Financial Officer

Fiscal Year 2018 was a good year for the diocese financially. Investments grew by \$4.45 million and retiree pension and health obligations fell by \$3.9 million. Unrestricted net assets increased \$6.0 million after increasing \$9.7 million last year. Unrestricted - designated net assets were up \$445,000. Temporarily restricted and permanently restricted net assets grew by about \$1.5 million and \$582,000, respectively. Total net assets improved by \$8.8 million.

Financial results from ordinary operations show a \$6.0 million surplus, with \$1.1 million coming from the sale of property. Thankfully, parish offertory grew for the third year in a row, rising by about \$631,000. That uptick in offertory, coupled with another \$185,000 increase in the Catholic Appeal, is cause for optimism. The annual Catholic Appeal brought in just under \$3.5 million on a gross basis. Total operating revenue declined by roughly \$243,000 as a result of decreases in capital campaign gifts and school tuition.

With offertory and the appeal still working their way back to historical levels, investment return has become more critical. Thankfully, though tempered by the sharp market drop in October, investment performance was strong across most investment asset classes last year. With the parishes and the diocese dependent on income from savings and endowments to pay bills, distributions are



made based on 4% of a 12-month trailing average, and consequently, distributions are generally not impacted greatly from year to year as long as the long-term trend is positive. To keep pace with rising costs, it is essential that we grow our endowment investments so the income from those investments grows. We encourage the faithful to add to endowments benefitting parishes, schools, the diocese, and other Catholic entities by giving to the diocese or to the Catholic Foundation of Maine, now or in their wills, for the benefit of those entities.

Retirement obligations improved by declining \$3.9 million this year. The discount rate used by actuaries to project pension and clergy retiree health obligations is based on prevailing interest rates. A higher discount rate pushes down retirement obligations. The discount rate increased slightly this year. The slightly higher discount rate, coupled with strong investment returns and plan contributions greater than called for by our actuaries, brought about the improvement.

In summary, good results from operations, investment gains, and decreases in retirement obligations all contributed positively to sound financial performance for the year. Offertory and the annual Catholic Appeal grew and need to continue to grow. Without increased offertory and appeal support, parish and diocesan programs will be cut, and cuts usually prove to be detrimental to the mission of the Church, i.e. spreading of the Gospel and living the Gospel in how we teach and care for others.

Costs for Sexual Abuse

For the year, the cost attributable to sexual misconduct was \$168,796 for victim assistance, victim counseling, legal and investigation expenses. Of that amount, \$148,564 was for investigation and legal costs, which was paid by the insurance program. The remaining balance, virtually all for victim assistance and assistance to the accused, was paid from diocesan reserves and investment income. An additional \$228,372 was spent on child protection programs. Hopefully, these claims will decline going forward.

The Financial Statements

A Combined Statement of Financial Position is shown in Exhibit I on the next page. Investment assets increased in value by \$4.45 million from investment gains less the distributions made for program support. Retirement plan obligations fell by \$3.9 million.

The Combined Statement of Activities shown in Exhibit II depicts the revenues and expenses for the entire diocese. Net operating revenue went from a \$7.4 million surplus to a surplus of \$6.0 million. Total net assets increased by \$8.8 million.

Exhibit III provides some insight into the size of chancery operations. Sources of revenue and functional expenses are depicted.

Commitment to Accountability

Our resources are provided through the generosity of the faithful. In return, we must be accountable for the use of those resources. It is our intention to continue publishing similar information on an annual basis. I hope this financial report is informative. Thank you for your support!

David P. Twomey
Chief Financial Officer

Financial Information

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Financial Position June 30, 2018 and 2017

	2018	2017
Assets:		
Cash and cash equivalents	11,851,707	11,519,086
Investments	141,331,512	136,884,501
Due from affiliated organizations	1,176,870	533,147
Pledges receivable, net of reserve for uncollectible pledges	2,068,387	2,112,517
Accounts receivable	822,130	954,545
Real estate held for investment	3,651,151	3,966,063
Other assets	2,495,902	2,348,181
Beneficial interests in trusts held by others	3,570,802	3,456,627
Total Assets	166,968,461	161,774,667

Liabilities:		
Accounts payable and accrued expenses	2,213,130	2,204,421
Other liabilities	865,157	736,670
Insurance claims payable	489,104	416,526
Reserve for insurance claims incurred but not reported	2,962,556	2,991,591
Accrued pension obligations	16,285,651	18,790,219
Accrued other postretirement benefits	7,654,580	9,041,669
Deferred revenue	3,992,026	3,912,742
Total Liabilities	34,462,204	38,093,838

Net Assets:		
Unrestricted	33,806,410	27,830,258
Unrestricted - designated	6,650,831	6,205,059
Unrestricted - limited in use - cemetery perpetual care	14,069,951	13,774,840
Temporarily restricted	42,222,193	40,696,027
Permanently restricted	35,756,872	35,174,645
Total Net Assets	132,506,257	123,680,829

Total Liabilities and Net Assets	166,968,461	161,774,667
---	--------------------	--------------------

Management Compiled

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2018

	2018	2017
Operating Revenues and Support:		
Collections - freewill offerings	26,859,617	26,147,850
Capital campaign contributions	2,664,482	3,163,034
Other contributions and bequests	3,754,925	3,774,192
Interest and dividends	1,396,373	1,155,010
Parochial school revenues	13,180,137	13,529,365
Religious education revenues	205,483	177,067
Cemetery operating revenues	1,860,039	1,819,024
Charges for insurance to affiliates	1,543,780	1,251,533
Proceeds from sale of property	1,096,197	855,678
Parish fundraising events	1,004,578	1,006,405
Rental income	1,854,437	1,758,859
Other revenue	3,214,201	3,753,086
Total Operating Revenue	58,634,249	59,391,103

Expenses:		
Program services:		
Pastoral	8,375,218	8,397,651
Educational	16,338,040	16,546,183
Social services	1,874,731	1,848,753
Religious personnel development	640,201	604,602
Cemeteries	1,819,150	1,927,339
Total Program Services	29,047,340	29,324,528

Supporting services:		
General and administration	8,414,428	7,757,488
Building repairs and maintenance	6,944,394	6,780,126
Insurance expense	6,622,004	5,266,554
Fundraising expenses	1,594,912	1,857,541
Total Supporting Services	23,575,738	21,661,709
Total Expenses	52,623,078	50,986,237

Excess (Deficiency) of Revenue	6,011,171	7,404,866
---------------------------------------	------------------	------------------

Pension/health liability adjustments	3,479,989	4,192,406
Property and equipment	(7,233,170)	(5,282,959)
Gain/(loss) on investments	6,567,438	10,453,688

Change in Total Net Assets	8,825,428	16,768,001
Net assets July 1	123,680,829	106,912,828
Net assets June 30	132,506,257	123,680,829

Management Compiled

Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2018 and June 30, 2017

	2018	2017
Revenues:		
Parish Assessments	2,002,263	1,892,862
Catholic Appeal	3,382,241	3,196,860
Unrestricted Bequests	177,209	130,828
Trust Funds	637,398	977,963
Insurance Income	791,141	851,074
Grants	222,300	289,650
Investment Income	165,023	157,175
Total Revenue	7,377,575	7,476,412

Expenses:		
Vicar General's Office	452,401	444,963
Catholic Schools	659,686	666,356
Finance	444,080	420,354
Property Management	148,130	173,434
Lifelong Faith Formation	326,370	418,534
Leadership Training Initiative	131,250	135,676
Tribunal	344,628	295,361
Clergy Health & Pension	693,722	679,744
Native American Missions	75,624	75,624
Communications & Public Policy	411,658	420,094
Clergy Education & Development	182,647	161,298
Clergy Relief	66,846	157,581
Counseling & Support	42,623	35,320
Bahamas Mission	10,000	10,000
Christian Life Center	25,000	25,000
Development	395,274	419,961
Parish Support	65,004	65,004
Hospital Chaplains	260,005	252,702
Campus Ministry	176,573	169,874
St. André Home	10,000	10,000
Catholic Charities Maine	729,634	701,044
Vocation Development & Seminarian Education	558,285	579,497
Prison Ministry	11,711	10,731
Hispanic Ministry	119,208	110,511
Risk Management	299,922	322,958
Safe Environment	219,792	261,075
Professional Responsibility	87,321	82,713
USCCB Assessment	45,242	44,585
Total Expenses	6,992,636	7,149,994

Excess of Revenue Over Expenses	384,939	326,418
--	----------------	----------------

Management Compiled