



DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2015

My Dear Sisters and Brothers in Christ,

During this season of joy, it is my privilege to share this message of profound gratitude for the many good works, services, and ministries made possible by the generosity of you, the faithful of our diocese. The publication of this annual financial report of the Diocese of Portland is an appropriate occasion to thank our donors, clergy and lay staff, and numerous volunteers who provide generous funding, wise counsel, steady management, and prudent stewardship of the resources necessary for the building up of the Lord's kingdom. To all of you: thank you very much for supporting the mission and ministries of our Church through a sharing of your faith, your skills and energy, and, of course, your financial resources.

This year, I want to highlight the work that has begun in our diocese under the leadership of the faith-filled and competent professionals of the Catholic Leadership Institute (CLI). After consultation with the various advisory boards, the diocese engaged CLI's expertise to provide leadership training to priests, deacons and lay faithful who are involved in ministry and administration at both the parish and diocesan level. CLI's effort, which will span hundreds of hours of professional development over three years, is oriented to helping all of us build more effective pastoral and administrative teams through a mutual recognition of our gifts for ministry, as well as improved collaboration, consultation, and communication. We have received a generous grant that will cover a third of the cost of this program, and it is my hope that the promised outcome and quality of this initiative will attract additional donors who care about and want to support a more effective, evangelizing ministry in our Church.

During the holy days of this most sacred Christmas season, we celebrate that the Lord Jesus came among us, in the flesh, as the door, the way, and the gate of salvation. Recently, on December 8, Pope Francis also inaugurated the Jubilee Year of Mercy—a time for us to enter into the Biblical spirit of jubilee, which is nothing less than a share in God's unconditional love and mercy. Having walked through the door of mercy, we are called to share freely that divine gift of mercy with others, especially through the spiritual and corporal works of mercy which are an essential hallmark of our Catholic faith. This, too, is evangelization, which is the Church's challenge. Our deeds of mercy must be a joyful response to the good news of salvation that has come to us in and through the divine person of Jesus Christ!

So even as I thank you for your generosity and good will, I also invite you to renew your own commitment to the practice of these corporal and spiritual works of mercy—through the gift of self, we will be enriched with the treasure of peace, hope and joy that only a life truly lived in Christ can offer.

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

Sincerely yours in Christ,

† Most Reverend Robert P. Deeley, J.C.D.
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, 2015.

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 of all 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.

Dick Roderick, Audit & Budget Committee

Message From The Finance Officer

Financial results for Fiscal Year 2015 were mixed. Unrestricted net assets decreased \$3.1 million after increasing \$9.6 million last year. Investment gains were \$2.5 million, but retiree pension and health obligations grew by \$3.7 million. Temporarily restricted net assets were essentially unchanged. Permanently restricted net assets grew by about \$338,000. Total net assets declined by \$2.8 million (after improving by \$16.4 million last year).

Financial results from ordinary operations show a \$2.1 million surplus, with \$1.2 million coming from the sale of property. Unfortunately, parish offertory continues to erode each year, dropping by about \$250,000. From a total revenue perspective, that offertory drop was offset by a \$300,000 uptick in the Catholic Appeal.

The annual Catholic Appeal brought in \$2.95 million and is incrementally making its way back to the \$3.5 million raised in 2008. Total operating revenue was down by roughly \$1.8 million, largely as a result of declines in property sales and bequests from parishioners' wills. Total expenses increased by \$1.2 million, mainly as a result of increased insurance claims.



With offertory decreasing and the Appeal still working its way back to historical levels, investment return has become more critical. Thankfully, investment performance has been very good for the past three years, allowing us to not only fully recover from the drastic financial market downturn in 2008 but also to grow our total investment portfolio to new highs. Both the parishes and the diocese are dependent on income from savings and endowments to pay bills. Income from those sources, particularly savings and fixed-income securities, is down due to low interest rates. Maturing fixed-income investments yielding 4-5% are reinvested at .5-1%. So, our revenue growth has come from income received on investment appreciation.

Low interest rates also affect retirement obligations. The discount rate used by actuaries to project pension and clergy retiree health obligations are based on prevailing interest rates. A lower discount rate pushes up the retirement obligation. Unlike our experience in recent years, this year, the discount rate increased slightly. Yet, our retirement obligations increased this year because mortality tables were updated by actuaries. As pensioners live longer, the amount expected to be paid out increases.

In summary, investment performance remained positive but was more than offset by increases in retirement obligations and insurance claims. Though the annual Catholic Appeal is rebounding, parishes need to see offertory increases as they are squeezed by increasing costs. Without increased offertory support, parish programs will be cut and will prove detrimental to funding the mission of the Church, i.e. spreading of the Gospel and living the Gospel in how we care for others.

Costs for Sexual Abuse

During Fiscal Year 2015, the cost attributable to sexual misconduct was \$364,841 for settlements, victim assistance, victim counseling and legal expenses. Of that amount, \$355,462 was for settlements, investigation and legal costs, which was paid by the insurance program. The remaining balance, virtually all for victim assistance, was paid from diocesan reserves and investment income. An additional \$217,497 was spent on child protection programs.

The Financial Statements

A Combined Statement of Financial Position is shown in Exhibit I on the next page. Investment assets increased in value by \$3.6 million. Retirement plan obligations increased by \$3.7 million.

The Combined Statement of Activities shown in Exhibit II depicts the revenues and expenses for the Diocese. Parish revenues and expenses comprise the bulk of ordinary revenues and expenses (approx. 85% of both). Net operating revenue went from a \$5.1 million surplus to a surplus of \$2.1 million. Unrestricted net assets decreased by \$3.1 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
Finance Officer

FINANCIAL INFORMATION

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Financial Position June 30, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	9,812,843	11,145,272
Investments	128,021,323	124,456,262
Due from affiliated organizations	753,297	240,227
Pledges receivable, net of reserve for uncollectible pledges	1,846,037	3,455,456
Accounts receivable	804,163	779,022
Real estate held for investment	3,846,977	2,820,154
Other assets	1,984,294	1,397,707
Beneficial interests in trusts held by others	3,655,078	3,636,193
Total assets	150,724,012	147,930,293
Liabilities:		
Accounts payable and accrued expenses	2,576,678	2,308,015
Other liabilities	2,283,668	2,178,369
Insurance claims payable	1,879,359	906,292
Reserve for insurance claims incurred but not reported	3,434,791	2,888,623
Accrued pension obligations	19,231,894	15,883,977
Accrued other postretirement benefits	9,743,325	9,357,806
Deferred revenue	1,923,629	1,957,631
Amounts held for others	18,489	32,034
Total liabilities	41,091,833	35,512,747
Net assets:		
Unrestricted	19,883,701	23,508,345
Unrestricted - designated	3,191,809	2,953,202
Unrestricted - limited in use - cemetery perpetual care	13,182,406	12,869,197
Temporarily restricted	39,067,770	39,117,961
Permanently restricted	34,306,493	33,968,841
Total net assets	109,632,179	112,417,546
Total liabilities and net assets	150,724,012	147,930,293

Management Compiled

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2015

	2015	2014
Operating revenues and support:		
Collections - freewill offerings	25,679,387	25,621,622
Capital campaign contributions	473,901	569,841
Other contributions and bequests	2,868,284	4,499,276
Interest and dividends	1,544,504	1,652,065
Parochial school revenue	13,824,503	13,140,056
Religious education revenues	258,650	245,538
Cemetery operating revenues	1,865,597	1,668,437
Charges for insurance to affiliates	877,292	1,042,466
Proceeds from sale of property	1,155,424	2,000,398
Parish fundraising events	2,227,528	2,310,905
Rental income	1,135,207	970,280
Other revenue	1,787,445	1,814,089
Total operating revenue	53,697,722	55,534,973
Expenses:		
Program services:		
Pastoral	8,516,656	8,435,197
Educational	15,660,489	15,461,421
Social services	1,674,984	1,708,132
Religious personnel development	416,641	546,580
Cemeteries	2,374,018	2,387,906
Other	747,448	816,340
Total program services	29,390,236	29,355,576
Supporting services:		
General and administration	7,348,920	7,763,920
Building repairs and maintenance	6,593,934	7,457,038
Insurance expense	7,112,569	4,790,162
Fundraising expenses	1,162,003	1,085,429
Total supporting services	22,217,426	21,096,549
Total expenses	51,607,662	50,452,125
Excess (deficiency) of revenue	2,090,060	5,082,848
Pension/health liability adjustments	(3,754,329)	2,000,146
Property and equipment	(3,639,710)	(3,603,809)
Gain/(loss) on investments	2,518,612	12,979,836
Change in unrestricted net assets	(2,785,367)	16,459,021
Net assets July 1	112,417,546	95,958,525
Net assets June 30	109,632,179	112,417,546

Management Compiled

Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2015 and June 30, 2014

	2015	2014
Revenues:		
Parish Assessments	1,882,981	1,921,578
Bishop's Appeal	2,834,294	2,467,768
Unrestricted Bequests	26,980	52,587
Restricted Income	159,710	146,317
Trust Funds	798,719	1,013,468
Insurance Income	828,265	799,636
Investment Income	256,058	253,132
Total Revenue	6,787,007	6,654,486
Expenses:		
Vicar General's Office	431,424	340,086
Catholic Schools	512,981	496,732
Finance	415,908	378,283
Property Management	202,581	205,606
Lifelong Faith Formation	393,616	424,605
Leadership Training Initiative	42,088	0
Tribunal	250,012	255,852
Clergy Health & Pension	672,976	770,121
Indian Missions	78,240	74,868
Communications & Public Policy	354,168	317,836
Clergy Education & Development	110,740	87,242
Clergy Relief	173,804	70,586
Counseling & Support	47,121	49,326
Bahama Mission	12,000	12,000
Christian Life Center	21,000	19,680
Development	318,136	324,762
Parish Support	73,140	73,140
Hospital Chaplains	190,580	174,481
Campus Ministry	151,811	114,739
Saint André Home	24,000	24,000
Catholic Charities Maine	666,753	643,411
Vocation Development & Seminarian Education	401,106	590,945
Prison Ministry	9,688	9,589
Hispanic Ministry	117,407	99,494
Risk Management	314,442	322,974
Safe Environment	207,653	219,559
Professional Responsibility	79,766	77,198
USCCB Assessment	44,473	43,910
Total	6,317,614	6,221,025
Excess of revenue over expenses	469,393	433,461

Management Compiled