



DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2021

Dear Sisters and Brothers in Christ:

We are once again approaching the end of another year. What a year it has been! I am sure that you join me in praying for the continued protection of everyone in this time of pandemic. The year began with hope that vaccines would open a way forward. Unfortunately, the arising variants have reminded us that we are not free of the COVID-19 virus. It is going to be with us for a while. We will cope with it through the safety measures we each take on behalf of our care for each other.

Despite the dislocations and challenges the pandemic has caused, the Catholic community in Maine can be proud of the efforts we have made to continue our mission. Our Maine Catholic schools offer in-person education five days a week. Our churches are open once again for the celebration of the sacraments. Some people are still uncomfortable attending Mass in person. Parishes, therefore, continue to provide a virtual option to remain connected with their parishioners. Parishes also continue to innovate in providing religious education, social events, and times of prayer of all kinds through the Internet. Through it all, Maine Catholics have done everything they can to care for each other. I am very proud and grateful for the ways in which the offices of the diocesan Chancery have assisted our parishes with so many of these new efforts.

As I present this annual financial report to you, then, I do it with deep gratitude for the generosity of the people of the diocese which makes this work that we do for one another possible. The audited report should provide you with the assurance that your gifts are being used for the purposes they are given. The transparency, accountability, and standards reflected in this report depend 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. To all of them, I express my profound appreciation. The Catholic Church in Maine relies on your generous support to fund the ministries that serve our brothers and sisters throughout the state. The work of the Church is made possible only through your personal prayer, active involvement, and financial contributions. Your generosity during this time of pandemic has been particularly noteworthy. To all of you who have continued to support the mission of the Church in your parishes and the diocese, I express my heartfelt gratitude. Summaries such as this financial statement serve to remind us of the deep commitment to carry on the mission the Lord has entrusted to his Church we share. It is also a reminder of the work we have yet to bring to completion. And for that, I ask your continued support.

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, 2021.

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 Finance 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.

Jim Geary, 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 and dedication.

William Sawyer, Audit & Budget Committee Chair

Message from the Chief Financial Officer

Fiscal Year 2021 again was far from an average year for the Diocese of Portland. The pandemic, and the resulting state-mandated restrictions, limited the size of assemblies for most of the fiscal year. COVID-19, therefore, had a serious impact on offertory across the state for the entire 2021 financial year. Income, however, was extraordinary, and through the generosity of our parishioners, the Catholic Appeal exceeded expectations.

Cash did manage to grow by \$5.6 million due to an additional \$2.5 million of Paycheck Protection Program II (PPP-II) loans (long-term debt). Retiree pension and health obligations declined \$8.2 million due to investment gains and increases in the discount rates. Net Assets Without Donor Restrictions increased by \$17.5 million, and Net Assets With Donor Restrictions improved by \$29.5 million, resulting in a total net asset increase of \$47 million, mostly due to exceptional investment gains.

Financial results from ordinary operations show a \$6 million surplus due to the recognition of \$6.8 million of PPP debt forgiveness. Revenue accounts were mostly flat in comparison to last year, except for parish offertory which was down more than \$500,000 compared to last year. Total operating expenses were also down \$1.8 million due to the state-mandated limits on churches' maximum capacities. Hopefully, with your help, we can grow the offertory this fiscal year to keep funding diocesan and parish programs across the state now that our churches are open without any state-mandated occupancy restrictions.



With offertory and the Appeal revenue down on a combined basis, investment return has become more critical because parishes and the diocese depend on income from savings and endowments to pay their bills. Thankfully, investment performance came back strong across most investment asset classes and finished up \$33.5 million. That total is more than \$28.1 million above last year's gains. Distributions are made based on 4% of a twelve trailing quarter average, and consequently, distributions are generally not impacted greatly from year to year if 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.

As mentioned, retirement obligations decreased by \$8.2 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 for the year. The higher discount rate, exceptionally high investment returns, and planned contributions drove the retirement obligations and retirement expenses lower. The diocese also established a trust for the Priest Medical Benefits Program in FY20 which grew to almost \$6.0 million in FY21. Also this year, due to a very generous donation, the Father Feeney Fund was created to help our retired priests age in place.

In summary, what was anticipated to be a very difficult year saw a surplus from operations mainly due to the PPP forgiveness, extraordinary investment gains, and a large decrease in pension liability. These trends, though extremely favorable this year, cannot be counted upon in the long term. This was a truly unusual year, and we can't depend on the markets to continue to fuel our investments and commitment to ministries and services. It is more important now than ever that our Appeal funds and parish offertory grow in the years ahead. The wonderful work being done in Maine is not something we can do on our own, but together, we can make a difference in the lives of many. Please consider making an additional gift to your parish and the Catholic Appeal if you are able.

Costs for Sexual Abuse

During Fiscal Year 2021, the cost attributable to sexual misconduct was \$161,000 for victim assistance, victim counseling, and legal expenses. Of that amount, \$125,000 was for investigations and legal costs, some of 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 \$244,000 was spent on child protection programs.

The Financial Statements

A Combined Statement of Financial Position is shown in Exhibit I on the next page. Cash assets increased in value by \$5.6 million aided by \$2.5 million of PPP-II loans. Retirement plan obligations decreased by \$8.2 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 \$1.2 million surplus in FY20 to a surplus of almost \$9.0 million in FY21. Total Net Assets increased by \$47.0 million in FY21.

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. Our audited financial statements are now available on our website. I hope these financial reports are informative and helpful. Thank you!

Peace and God bless,

Scott Graff, CPA

Chief Financial Officer

Financial Information

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Financial Position June 30, 2021 and 2020

Assets:	2021	2020
Cash and cash equivalents	25,270,335	19,577,767
Investments	171,721,015	140,762,074
Due from affiliated organizations	122,653	147,544
Pledges receivable, net of reserve for uncollectible pledges	1,599,690	2,541,916
Accounts and other receivables	748,822	778,722
Real estate held for investment	3,446,518	3,520,602
Other assets	2,613,780	2,588,439
Beneficial interests in trusts held by others	3,848,419	3,156,481
Total Assets	209,371,232	173,073,545
Liabilities:		
Accounts payable and accrued expenses	3,340,936	3,697,367
Other liabilities	690,377	651,247
Insurance claims payable	1,065,334	557,987
Reserve for insurance claims incurred but not reported	2,887,116	2,787,751
Accrued pension obligations	13,835,273	21,990,885
Accrued other postretirement benefits	2,157,900	2,300,927
Deferred revenue	5,143,495	3,502,966
Long-Term debt	654,615	4,928,415
Total Liabilities	29,775,046	40,417,545

Net Assets:	2021	2020
Without donor restrictions:		
Operations	57,729,858	29,418,916
Board designated	7,987,964	7,361,158
Limited in use - cemetery perpetual care	15,268,138	14,744,851
Total Without Donor Restrictions	80,985,960	51,524,925
Total With Donor Restrictions	98,610,226	81,131,075
Total Net Assets	179,596,186	132,656,000

Total Liabilities and Net Assets	2021	2020
	209,371,232	173,073,545

Management Compiled

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2021

Operating Revenues and Support:	2021	2020
Collections - freewill offerings	23,368,242	23,927,670
Capital campaign contributions	1,237,669	3,495,503
Other contributions and bequests	6,703,529	5,217,716
Management fee income	2,062,390	1,870,538
Parochial school revenue	11,309,914	11,145,710
Religious education revenues	51,369	154,449
Cemetery operating revenues	3,130,344	2,251,471
Charges for insurance to affiliates	1,310,859	1,515,424
Proceeds from sale of property	20,221	781,838
Parish fundraising events	523,025	1,119,047
Rental income	1,559,089	1,544,328
Other revenue	2,732,210	2,297,398
Gain on forgiveness of Paycheck Protection Program debt	6,817,108	0
Total Operating Revenue	60,825,969	55,321,092
Expenses:		
Program services:		
Pastoral	8,266,015	8,807,278
Educational	13,541,472	15,278,931
Social services	2,948,331	2,842,588
Religious personnel development	624,529	730,261
Cemeteries	2,912,699	2,626,872
Total Program Services	28,293,046	30,285,930
Supporting services:		
General and administration	7,065,161	7,640,621
Building repairs and maintenance	7,847,221	7,690,855
Insurance expense	7,299,955	7,039,431
Fundraising expenses	1,354,450	1,471,010
Total Supporting Services	23,566,787	23,841,917
Total Expenses	51,859,833	54,127,847
Total before net investment returns	8,966,136	1,193,245
Net investment returns	33,423,277	5,291,284
Excess of Revenue Over Expenses	42,389,413	6,484,529
Pension/health liability adjustments	7,482,849	(4,258,659)
Property and equipment	(2,932,074)	(3,229,263)
Change in Total Net Assets	46,940,188	(1,003,393)
Net Assets July 1	132,656,000	133,659,393
Net Assets June 30	179,596,188	132,656,000

Management Compiled

Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2021 and June 30, 2020

Revenues:	2021	2020
Parish Assessments	1,710,042	1,930,425
Catholic Appeal	3,350,510	2,915,482
Unrestricted Bequests	-	-
Trust Funds	836,709	874,655
Insurance Income	854,637	899,228
Grants	278,394	21,329
Investment Income	72,000	181,681
Total Revenue	7,102,292	6,822,800
Expenses:		
Vicar General's Office	509,353	561,771
Catholic Schools	551,004	735,729
Finance	278,743	314,773
Property Management	114,291	232,264
Lifelong Faith Formation	379,765	411,005
Deaf Ministry	276	4,224
Tribunal	446,231	338,804
Clergy Health & Pension	574,137	569,530
Native American Missions	55,888	23,888
Communications & Public Policy	283,346	289,498
Clergy Education & Development	129,057	117,285
Clergy Relief	101,569	127,539
Counseling & Support	28,270	25,431
Diocesan Charities	40,544	50,393
Bahama Mission	10,000	10,000
Christian Life Center	25,000	25,000
Development	490,873	459,401
Parish Support	65,004	65,004
Hospital Chaplains	287,588	303,231
Campus Ministry	152,088	145,441
Harvest Magazine	159,488	153,080
St. André Home	10,000	10,000
Catholic Charities Maine	732,783	747,365
Vocation Development & Seminarian Education	565,880	530,146
Diaconate	83,881	87,314
Prison Ministry	12,383	6,324
Hispanic Ministry	248,038	139,264
Risk Management	353,795	319,055
Safe Environment	244,391	232,056
Professional Responsibility	93,530	96,570
Systems	206,291	211,955
USCCB Assessment	46,675	46,024
Total	7,280,132	7,389,364
Excess of Revenue Over Expenses	(177,840)	(566,564)

Management Compiled