



DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2022

Dear Sisters and Brothers in Christ:

With joy, we find ourselves in the midst of the Christmas season. Families are gathering together once again, perhaps even after the last two years apart. The normal round of workplace gatherings and shopping resumed this year without much of the anxiety we experienced during the pandemic. For myself, I am grateful for the opportunity to visit our Catholic schools in person once again as I had been doing in past years. All in all, we hope and pray for the blessings of peace, health, and prosperity in the coming year, for ourselves and for all the troubled places of the world.

This year, the Catholic Church in the United States embarked on a three-year plan promoting a revival of belief and practice around the Eucharist. The COVID-19 pandemic has reduced the number of people celebrating the Eucharist on Sunday by about 30% on average in most places. We know, however, that over the past decades there has been a slow erosion of faith in the Eucharist as Christ's gift of Himself to others. The pandemic accelerated that phenomenon. The Diocese of Portland has begun to respond to this challenge by forming parish leaders to help renew faith in the Eucharist. You will certainly be hearing more about that from your own parish. Over the next three years, I hope that parishes pay greater attention to the way the Eucharist is celebrated on Sunday, received worthily by believers, adored in the tabernacles and on the altars of our church, and lived in service to others. That is a very significant undertaking, one that can bring many blessings to our Church and our State.

I am very pleased to present this annual financial report to you, conscious of the many sacrifices on your part that make the mission of the Church possible in Maine. A report such as this can only present numbers, as important as that is. But behind the numbers are found countless families and individuals throughout Maine who contribute faithfully and generously to the support of the ministries listed here. Without that support, the work of the Church would come to a complete halt. And so, for all the generosity which is so evident in these pages, I thank you and your loved ones. It is immensely encouraging for me to know how seriously so many Catholics in Maine want to see the Church succeed in her mission of bringing Good News to our society. May God reward your generosity many times over.

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, 2022.

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.

Jim Geary, 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 and dedication.

William Sawyer, Audit & Budget Committee Chair

Message from the Chief Financial Officer

Fiscal Year 2022 again was far from a normal year for the Diocese of Portland. The financial market meltdown in the 2nd quarter of calendar year 2022 had a large negative impact on the entire FY2022 financial results. However, through the generosity of our parishioners, program revenues and offertory donations made a strong comeback and once again the Catholic Appeal exceeded expectations. It wasn't a full recovery, but we came a long way back toward pre-COVID revenues.

Cash did manage to grow by \$6.5 million due to strong revenue recovery. Retiree pension and health obligations declined \$4.9 million due to increases in the discount rates. Net assets without donor restrictions decreased by \$5.4 million, and net assets with donor restrictions decreased by \$11.5 million, resulting in a total net asset decrease of \$16.9 million, mainly due to investment losses.

Financial results from ordinary operations show a \$3.6 million surplus due to operating revenues increasing by almost \$1.6 million over last year, which included \$6.8 million of Paycheck Protection Program (PPP) debt forgiveness in FY21. Revenue accounts were mostly up in comparison to last year. Total operating expenses were also up \$8.3 million due to the return to more normal operations. 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 and are returning to more normal Mass attendance.



Investment performance was substantially down across most investment asset classes and finished with a loss of \$19.8 million. With the parishes and the diocese dependent on income from savings and endowments to pay their bills, 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 \$4.9 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 for the year. The higher discount rate and planned contributions drove the retirement obligations and retirement expenses lower.

In summary, it was a very difficult year due to extraordinary investment losses. As you can see from the investment decline this year, we cannot 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 2022, the cost attributable to sexual misconduct was \$232,000 for victim assistance, victim counseling, and legal expenses. Of that amount, \$138,000 was for investigations and legal costs, some of which was paid for 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 \$239,000 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 \$6.5 million, aided by retirement plan obligations decreasing by \$4.9 million. However, a large investment loss of \$19.8 million wiped out any positive gains in net assets for the year.

The Combined Statement of Activities shown in Exhibit II depicts the revenues and expenses for the entire diocese. Net operating revenue went from a \$9 million surplus in FY2021 to a surplus of nearly \$3.6 million in FY22. Total Net Assets decreased by \$16.9 million in FY2022 mostly due to investment losses of \$19.8 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. 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, 2022 and 2021

Assets:	2022	2021
Cash and cash equivalents	31,812,797	19,577,767
Investments	147,260,238	140,762,074
Due from affiliated organizations	91,013	147,544
Pledges receivable, net of reserve for uncollectible pledges	1,065,794	2,541,916
Accounts and other receivables	1,158,412	778,722
Excess insurance carrier recoverable on case reserves	1,025,000	3,520,602
Real estate held for investment	3,381,057	2,588,439
Other assets	2,944,531	2,613,780
Beneficial interests in trusts held by others	3,171,444	3,156,481
Total Assets	191,910,286	209,371,232
Liabilities:		
Accounts payable and accrued expenses	4,610,179	3,340,936
Other liabilities	610,500	690,377
Insurance claims payable	2,743,104	1,065,334
Reserve for insurance claims incurred but not reported	5,363,585	2,887,116
Accrued pension obligations	8,934,089	13,835,273
Accrued other postretirement benefits	1,089,514	2,157,900
Deferred revenue	5,867,339	5,143,495
Long-term debt	-	654,615
Total Liabilities	29,218,310	29,775,046

Net Assets:	2022	2021
Without donor restrictions:		
Operations	52,460,222	57,729,858
Board designated	7,323,964	7,987,964
Limited in use - cemetery perpetual care	15,821,897	15,268,138
Total Without Donor Restrictions	75,606,083	80,985,960
Total With Donor Restrictions	87,085,893	98,610,226
Total Net Assets	162,691,976	179,596,186
Total Liabilities and Net Assets	191,910,286	209,371,232

Management Compiled

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2022

Operating Revenues and Support:	2022	2021
Collections - freewill offerings	25,034,374	23,368,242
Capital campaign contributions	2,259,688	1,237,669
Other contributions and bequests	8,102,953	6,703,529
Management fee income	2,061,659	2,062,390
Parochial school revenue	13,417,781	11,309,914
Religious education revenues	85,788	51,369
Cemetery operating revenues	3,405,334	3,130,344
Charges for insurance to affiliates	1,373,870	1,310,859
Proceeds from sale of property	833,866	20,221
Parish fundraising events	876,072	523,025
Rental income	1,766,633	1,559,089
Other revenue	2,551,539	2,732,210
Gain on forgiveness of Paycheck Protection Program Debt	654,615	6,817,108
Total Operating Revenue	62,424,172	60,825,969
Expenses:		
Program services:		
Pastoral	8,462,937	8,266,015
Educational	14,834,348	13,541,472
Social services	3,452,614	2,948,331
Religious personnel development	797,499	624,529
Cemeteries	3,242,828	2,912,699
Total Program Services	30,790,226	26,293,046
Supporting services:		
General and administration	7,889,581	7,065,161
Building repairs and maintenance	9,069,703	7,847,221
Insurance expense	9,588,132	7,299,955
Fundraising expenses	1,467,883	1,354,450
Total Supporting Services	28,015,299	23,566,787
Total Expenses	58,805,525	51,859,833
Total before net investment returns	3,618,647	8,966,136
Net investment returns	(19,825,375)	33,423,277
Excess of Revenue Over Expenses	(16,206,728)	42,389,413
Pension/health liability adjustments	3,642,917	7,482,849
Property and equipment	(4,340,401)	(2,932,074)
Change in Total Net Assets	(16,904,212)	46,940,188
Net Assets July 1	179,596,188	132,656,000
Net Assets June 30	162,691,976	179,596,188

Management Compiled

Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2022 and June 30, 2021

Revenues:	2022	2021
Parish Assessments	1,921,572	1,710,042
Catholic Appeal	3,300,293	3,350,510
Unrestricted Bequests	8,650	-
Trust Funds	1,093,453	836,709
Insurance Income	899,311	854,637
Grants	193,997	278,394
Investment Income	74,040	72,000
Total Revenue	7,491,316	7,102,292
Expenses:		
Vicar General's Office	591,444	509,353
Catholic Schools	571,316	551,004
Finance	284,411	278,743
Property Management	169,282	114,291
Lifelong Faith Formation	411,679	379,765
Deaf Ministry	739	276
Tribunal	479,416	446,231
Clergy Health & Pension	674,921	574,137
Native American Missions	14,220	55,888
Communications & Public Policy	298,241	283,346
Clergy Education & Development	195,621	129,057
Clergy Relief	182,600	101,569
Counseling & Support	34,321	28,270
Diocesan Charities	23,689	40,544
Bahama Mission	10,000	10,000
Christian Life Center	22,497	25,000
Development	530,230	490,873
Parish Support	65,416	65,004
Hospital Chaplains	326,506	287,588
Campus Ministry	159,254	152,088
Harvest Magazine	165,241	159,488
St. André Home	10,000	10,000
Catholic Charities Maine	713,766	732,783
Vocation Development & Seminarian Education	582,016	565,880
Diaconate	125,684	83,851
Prison Ministry	10,368	12,383
Hispanic Ministry	273,717	248,038
Risk Management	347,730	353,795
Safe Environment	239,078	244,391
Professional Responsibility	95,749	93,530
Systems	248,473	206,291
USCCB Assessment	47,051	46,675
Total	7,904,646	(7,280,132)
Excess of Revenue Over Expenses	(413,330)	(177,840)

Management Compiled