



## DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2017

My dear brothers and sisters in Christ,

This is the season for families. During the last year, inspired by Pope Francis' letter on the family, *Amoris Laetitia: The Joy of Love*, our diocese has undertaken an effort to teach about the importance of the family, the domestic Church, in God's plan of salvation. We have entitled our effort, "Joy of the Family," and it is intended to be a message of hope and support for families throughout our diocese.

My diocesan staff has produced a creative bulletin for and about the family that is made available to all our parishes monthly. It includes Scripture readings, prayers, intercessions, family activities, thought-provoking questions, and personal reflections. Likewise, *Harvest* magazine has been "home" to two types of articles: accessible, chapter-by-chapter summaries of the rich teaching found in the Holy Father's letter and real-life stories highlighting families who face the challenges and demands of life with faith and fidelity.

Pope Francis has reminded us that the "Church is a family of families, constantly enriched by the lives of all those domestic churches" (AL. 87). As Church, it is a critical part of our mission to care for and strengthen all families. We are to ensure that every domestic church, regardless of its hurts, struggles, and difficulties, will come to know the saving love of Jesus, Mary, and Joseph and to recognize themselves as part of his Holy Family.

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 family of the Church to support this mission — through prayer, through personal involvement, through contributions. Families are at their healthiest and holiest when members embrace the role that the Lord Jesus has called them to fulfill in the respective communities where they "live and move and have their being" (Acts 17:28).

With profound gratitude for the many generous graces and gifts that are shared in our diocesan family, I offer my humble yet sincere words of thanks. These hands of mercy are a true reflection of the One who embraced fully the mystery of family life by coming to live among us, in the flesh — our Lord and Savior Jesus Christ.

With prayerful best wishes that your family has 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, 2017.

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.

*Robert Blaisdell, Audit & Budget Committee*

### Message From The Finance Officer

Fiscal Year 2017 was a strong year for the diocese financially. Unrestricted net assets increased \$9.7 million after decreasing \$1.8 million last year. Investment gains were \$10.5 million, and retiree pension and health obligations fell by \$5.6 million. Unrestricted - designated net assets were up \$1.6 million. Temporarily restricted and permanently restricted net assets grew by about \$4.7 million and \$500,000, respectively. Total net assets improved by \$16.8 million (after deteriorating by \$2.7 million last year).

Financial results from ordinary operations show a \$5.05 million surplus, with \$856,000 coming from the sale of property. Thankfully, parish offertory grew for the second year in a row, rising by about \$79,000. That uptick in offertory, coupled with another \$250,000 increase in the Catholic Appeal, is cause for optimism. The annual Catholic Appeal brought in more than \$3.35 million and is incrementally making its way back to the \$3.5 million raised in 2008. Total operating revenue declined by roughly \$2.5 million as a result of decreases in gifts, school fundraising, property sales, and bequests from parishioners' wills. Total expenses increased by \$350,000 due to a one-time asset write-down incurred in general and administrative expense from the sale of its long-term care facility.

With offertory and the Appeal still working their way back to historical levels, investment return has become more critical. Thankfully, investment performance was strong across virtually all 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 twelve-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 \$5.6 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 obligation. The discount rate increased marginally 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 such cuts usually prove to be detrimental to the mission of the Church, i.e. spreading of the Gospel message in word and deed, that is, in how we live by caring for one another.

### **Costs for Sexual Abuse**

During Fiscal Year 2017, the cost attributable to sexual misconduct was unusually high at \$1,562,469 for settlements, victim assistance, victim counseling, and legal expenses as the diocese settled a multi-plaintiff claim that had been negotiated over several years. Of that amount, \$1,516,629 was for settlements, 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 \$261,075 was spent on child protection programs. Hopefully, these claims will now 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 \$8.7 million from investment gains less the distributions made for program support. Retirement plan obligations fell by \$5.6 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 \$7.9 million surplus to a surplus of \$5.0 million. Total net assets increased by \$16.8 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, 2017 and 2016

	2017	2016
<b>Assets:</b>		
Cash and cash equivalents	11,519,086	11,768,492
Investments	136,884,501	128,153,726
Dues from affiliated organizations	533,147	660,074
Pledges receivable, net of reserve for uncollectable pledges	2,112,517	1,763,296
Accounts receivable	954,545	949,266
Real estate held for investment	3,966,063	3,781,523
Other assets	2,348,181	2,167,900
Beneficial interests in trusts held by others	3,456,627	3,494,560
<b>Total Assets</b>	<b>161,774,667</b>	<b>152,738,837</b>

<b>Liabilities:</b>		
Accounts payable and accrued expenses	2,204,421	2,395,844
Other liabilities	736,670	731,157
Insurance claims payable	416,526	1,918,353
Reserve for insurance claims incurred but not reported	2,991,591	3,457,956
Accrued pension obligations	18,790,219	23,093,034
Accrued other postretirement benefits	9,041,669	10,336,849
Deferred revenue	3,912,742	3,892,816
<b>Total Liabilities</b>	<b>38,093,838</b>	<b>45,826,009</b>

<b>Net Assets:</b>		
Unrestricted	27,830,258	18,115,736
Unrestricted - designated	6,205,059	4,567,044
Unrestricted - limited in use - cemetery perpetual care	13,774,840	13,506,445
Temporarily restricted	40,696,027	36,017,435
Permanently restricted	35,174,645	34,706,168
<b>Total Net Assets</b>	<b>123,680,829</b>	<b>106,912,828</b>
<b>Total Liabilities and Net Assets</b>	<b>161,774,667</b>	<b>152,738,837</b>

Management Compiled

## Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2017

	2017	2016
<b>Operating Revenues and Support:</b>		
Collections - freewill offerings	26,147,850	27,459,383
Capital campaign contributions	3,163,034	793,485
Other contributions and bequests	3,774,192	4,716,447
Interest and dividends	1,400,770	1,299,877
Parochial school revenue	13,529,365	14,194,259
Religious education revenues	177,067	293,925
Cemetery operating revenues	1,819,024	2,064,681
Charges for insurance to affiliates	1,251,533	978,860
Proceeds from sale of property	855,678	3,361,310
Parish fundraising events	1,006,405	936,733
Rental income	1,513,099	1,463,991
Other revenue	3,753,086	3,315,101
<b>Total Operating Revenue</b>	<b>58,391,103</b>	<b>60,878,052</b>

<b>Expenses:</b>		
<b>Program services:</b>		
Pastoral	8,155,696	8,717,086
Educational	16,623,883	16,323,829
Social services	2,090,708	1,878,886
Religious personnel development	604,602	431,265
Cemeteries	2,314,310	2,329,506
<b>Total Program Services</b>	<b>29,789,199</b>	<b>29,680,572</b>

<b>Supporting services:</b>		
General and administration	9,459,549	8,912,383
Building repairs and maintenance	6,962,669	6,826,363
Insurance expense	5,266,554	5,609,336
Fundraising expenses	1,857,541	1,936,625
<b>Total Supporting Services</b>	<b>23,546,313</b>	<b>23,284,707</b>
<b>Total Expenses</b>	<b>53,335,512</b>	<b>52,965,279</b>

<b>Excess (Deficiency) of Revenue</b>	<b>5,055,591</b>	<b>7,912,773</b>
Pension/health liability adjustments	5,856,317	(3,934,126)
Property and equipment	(4,597,595)	(3,743,983)
Gain/(loss) on investments	10,453,688	(2,954,015)
<b>Change in Total Net Assets</b>	<b>16,768,001</b>	<b>(2,719,351)</b>
<b>Net assets July 1</b>	<b>106,912,828</b>	<b>109,632,179</b>
<b>Net assets June 30</b>	<b>123,680,829</b>	<b>106,912,828</b>

Management Compiled

## Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2017 and June 30, 2016

	2017	2016
<b>Revenues:</b>		
Parish Assessments	1,892,862	1,880,609
Catholic Appeal	3,196,860	3,346,923
Unrestricted Bequests	130,828	55,450
Restricted Income	371,227	557,388
Trust Funds	606,736	682,357
Insurance Income	851,074	862,905
Grants	269,650	208,600
Investment Income	157,175	151,350
<b>Total Revenue</b>	<b>7,476,412</b>	<b>7,745,582</b>

<b>Expenses:</b>		
Vicar General's Office	444,963	462,204
Catholic Schools	666,356	604,679
Finance	420,354	443,108
Property Management	173,434	173,937
Lifelong Faith Formation	418,534	410,004
Leadership Training Initiative	135,676	81,435
Tribunal	295,361	290,351
Clergy Health & Pension	679,744	657,360
Native American Missions	75,624	75,624
Communications & Public Policy	420,094	373,276
Clergy Education & Development	161,298	102,672
Clergy Relief	157,581	157,835
Counseling & Support	35,320	40,308
Bahamas Mission	10,000	10,000
Christian Life Center	25,000	25,000
Development	419,961	400,272
Parish Support	65,004	74,117
Hospital Chaplains	252,702	226,019
Campus Ministry	169,874	163,409
St. André Home	10,000	24,000
Catholic Charities Maine	701,044	700,935
Vocation Development & Seminarian Education	579,497	347,561
Prison Ministry	10,731	10,346
Hispanic Ministry	110,511	104,856
Risk Management	322,958	311,744
Safe Environment	261,075	269,618
Professional Responsibility	82,713	86,326
USOCB Assessment	44,585	44,482
<b>Total Expenses</b>	<b>7,149,994</b>	<b>6,671,478</b>

<b>Excess of Revenue Over Expenses</b>	<b>326,418</b>	<b>1,074,104</b>
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Management Compiled