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

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Excess of Revenue Over Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7,476,412</td>
<td>7,149,994</td>
<td>326,418</td>
</tr>
<tr>
<td>2016</td>
<td>7,745,582</td>
<td>6,671,478</td>
<td>1,074,104</td>
</tr>
</tbody>
</table>

### Combined Statement of Activities
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenues and Support</th>
<th>Expenses</th>
<th>Excess (Deficiency) of Revenue</th>
<th>Pension/health liability adjustments</th>
<th>Property and equipment</th>
<th>Gain/(loss) on investments</th>
<th>Change in Total Net Assets</th>
<th>Net assets July 1</th>
<th>Net assets June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>58,391,103</td>
<td>53,335,512</td>
<td>5,055,591</td>
<td>5,855,591</td>
<td>(4,597,595)</td>
<td>10,463,106</td>
<td>16,768,001</td>
<td>106,912,282</td>
<td>123,680,829</td>
</tr>
<tr>
<td>2016</td>
<td>60,878,052</td>
<td>52,965,279</td>
<td>7,912,773</td>
<td>(3,934,126)</td>
<td>(3,743,983)</td>
<td>(2,954,015)</td>
<td>(2,719,351)</td>
<td>109,632,179</td>
<td>106,912,282</td>
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</tbody>
</table>

### Combined Statement of Financial Position
June 30, 2017 and 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Net Assets</th>
<th>Total Liabilities and Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>161,774,667</td>
<td>38,093,838</td>
<td>123,680,829</td>
<td>161,774,667</td>
</tr>
<tr>
<td>2016</td>
<td>152,738,837</td>
<td>45,826,009</td>
<td>106,912,282</td>
<td>152,738,837</td>
</tr>
</tbody>
</table>

### Financial Information

<table>
<thead>
<tr>
<th>Financial Information</th>
<th>Total Revenue Over Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Compiled</td>
<td>326,418</td>
</tr>
</tbody>
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