



DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2020

Dear Sisters and Brothers in Christ:

As this calendar year draws to a close, who could have imagined just one year ago all the challenges our world, our Church, and our families would face because of the COVID-19 pandemic? We have spent the last nine months trying as best we can to maintain some semblance of normality while experiencing a once-in-a-lifetime upheaval in society due to this new threat to health and well-being. I am sure that you join me in offering prayers to God for the continued protection of everyone working in health care and all those who must interact with the public on a daily basis in order to provide for their families. We can give thanks to God that the talents and hard work of so many scientists have given us the hope of an eventual return to normality once a substantial portion of the population can be vaccinated.

Despite all the challenges, the Church in Maine can be proud of several important achievements during the period of the pandemic. When the public celebration of Mass was not possible, many priests made themselves available outdoors for the sacrament of reconciliation. Our Maine Catholic schools opened on time for in-person education five days per week. After six months of experience with the public celebration of Mass, we have successfully maintained the procedures that prevent accidental transmission of the virus. Parishes have continued to innovate in order to provide religious education in a hybrid manner, social events on a take-out basis, and virtual meetings and times of prayer of all kinds through the Internet. Throughout it all, Maine Catholics have done everything they can to care for each other and to take care of each other. I am very proud and grateful that the offices of the diocesan Chancery have been in a position to assist our parishes in so many of these new efforts.

Once again, I am pleased to present this report to you, the faithful, upon whose generosity the Church relies to support the many ministries that comprise her mission. 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 work of the Church is made possible by the perennial generosity of the Catholic faithful in the Diocese of Portland—through your personal prayer, active involvement, and financial contributions. To you, I also express my heartfelt gratitude. I am especially humbled by your fidelity to the Lord through the various ways in which you carry out the spiritual and corporal works of mercy for one another and by your financial sacrifices to maintain your parishes and the works of the diocese. Compilations such as this financial statement serve to remind us of the progress we have made towards fulfilling the mission that the Lord has entrusted to his Church, but 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, 2020.

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.

Paula Moses, 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.

Robert Blaisdell, Audit & Budget Committee Chair

Message from the Chief Financial Officer

Fiscal Year 2020 was far from an average year for the diocese. Due to the pandemic, all Church operations were shut down for eight weeks, and maximum indoor occupancy restrictions limited assemblies at different periods during the year, including the last four weeks of the fiscal year. COVID-19 had a serious negative impact on the fiscal 4th quarter and on the entire FY 2020 financial results.

Cash and Investments did manage to grow by \$4 million due to the almost \$5 million of Paycheck Protection Program (PPP) loans (long-term debt), but retiree pension and health obligations also grew by \$2.5 million. Net Assets Without Donor Restrictions declined by \$1.8 million and Net Assets with Donor Restrictions improved by \$812,000 resulting in a total net asset decline of \$1 million.

Financial results from ordinary operations show a \$1.2 million surplus despite operating revenue declining by almost \$4 million due to the COVID-19 shutdown. Almost every revenue account was lower than last year, led by parish offertory, which was down almost \$2.3 million compared to last year. Total operating expenses were also down \$1.6 million due to the shutdown, which helped offset the loss in revenue. Hopefully, with your help, we can grow the offertory this fiscal year to keep funding diocesan and parish programs across the state.



With offertory and Catholic Appeal revenue down substantially on a combined basis, investment return has become more critical. Thankfully, investment performance came back strong across most investment asset classes from post COVID-19 lows of early April and finished at \$5.3 million. That total is still \$1.7 million below last year. 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 12 trailing quarter 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.

As mentioned, retirement obligations grew by \$2.5 million this year. The discount rate used by actuaries to project pension and clergy retiree health obligations is based on prevailing interest rates. A lower discount rate pushes up retirement obligations. The discount rate decreased for the year. The lower discount rate, though partially offset with good investment returns and planned contributions greater than called for by our actuaries, drove the retirement obligations and retirement expense higher. The diocese also established a trust for the Priest Medical Benefits Program and contributed \$4.2 million of investment securities to the trust upon establishment.

In summary, it was a very difficult year that saw the surplus from operations substantially reduced due to the increase in retirement obligations and the negative impact of COVID-19 on revenue. Offertory and the annual Catholic Appeal need to continue to grow. Our parishes and diocesan ministries rely on your generosity to the Catholic Appeal and parish offertory. This year, more than ever, please consider making an additional gift to your parish and the Catholic Appeal if you are able.

Costs for Sexual Abuse

During Fiscal Year 2020, the cost attributable to sexual misconduct was \$159,000 for victim assistance, victim counseling, and legal expenses. Of that amount, \$138,000 was for investigations and legal costs, some of which was paid 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 \$232,000 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 and Investment assets increased in value by \$4 million entirely from the nearly \$5 million of PPP loans. Retirement plan obligations grew by \$2.5 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 \$3.6 million surplus in FY19 to a surplus of \$1.2 million in FY20. Total Net Assets decreased by \$1 million in FY20.

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, 2020 and 2019

	2020	2019
Assets:		
Cash and cash equivalents	19,577,767	15,360,555
Investments	140,762,074	140,974,635
Due from affiliated organizations	147,544	694,461
Pledges receivable, net of reserve for uncollectible pledges	2,541,916	2,504,994
Accounts and other receivables	778,722	1,023,814
Real estate held for investment	3,520,602	3,586,062
Other assets	2,588,439	2,547,885
Beneficial interests in trusts held by others	3,156,481	3,530,657
Total Assets	173,073,545	170,223,063

Liabilities:		
Accounts payable and accrued expenses	3,697,367	2,484,804
Other liabilities	651,247	772,632
Insurance claims payable	557,987	600,123
Reserve for insurance claims incurred but not reported	2,787,751	2,881,426
Accrued pension obligations	21,990,885	18,442,359
Accrued other postretirement benefits	2,300,927	7,487,960
Deferred revenue	3,502,966	3,894,366
Long-Term Debt	4,928,415	0
Total Liabilities	40,417,545	36,563,670

Net Assets:		
Without donor restrictions:		
Operations	29,418,916	31,987,270
Board designated	7,361,158	6,954,389
Limited in use - cemetery perpetual care	14,744,851	14,398,552
Total Without Donor Restrictions	51,524,925	53,340,211
Total With Donor Restrictions	81,131,075	80,319,182
Total Net Assets	132,656,000	133,659,393

Total Liabilities and Net Assets	173,073,545	170,223,063
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Management Compiled

Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2020

	2020	2019
Operating Revenues and Support:		
Collections - freewill offerings	23,927,670	26,218,058
Capital campaign contributions	3,495,503	2,289,674
Other contributions and bequests	5,217,716	6,053,958
Management fee income	1,870,538	1,342,782
Parochial school revenue	11,145,710	12,760,729
Religious education revenues	154,449	244,744
Cemetery operating revenues	2,251,471	2,320,782
Charges for insurance to affiliates	1,515,424	2,213,378
Proceeds from sale of property	781,838	282,710
Parish fundraising events	1,119,047	1,204,071
Rental income	1,544,328	1,639,652
Other revenue	2,297,398	2,725,775
Total Operating Revenue	55,321,092	59,296,313

Expenses:		
Program services:		
Pastoral	8,807,278	9,048,590
Educational	15,278,931	15,907,998
Social services	2,842,588	2,576,978
Religious personnel development	730,261	614,393
Cemeteries	2,626,872	2,259,235
Total Program Services	30,285,930	30,407,194

Supporting services:		
General and administration	7,640,621	7,606,861
Building repairs and maintenance	7,690,855	8,398,836
Insurance expense	7,039,431	7,634,220
Fundraising expenses	1,471,010	1,650,240
Total Supporting Services	23,841,917	25,290,157
Total Expenses	54,127,847	55,697,351

Total before net investment returns	1,193,245	3,598,962
Net investment returns	5,291,284	6,941,252
Excess of Revenue Over Expenses	6,484,529	10,540,214

Pension/health liability adjustments	(4,258,659)	(2,988,849)
Property and equipment	(3,229,263)	(6,398,229)

Change in Total Net Assets	(1,003,393)	1,153,136
Net Assets July 1	133,659,393	132,506,257
Net Assets June 30	132,656,000	133,659,393

Management Compiled

Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2020 and June 30, 2019

	2020	2019
Revenues:		
Parish Assessments	1,930,425	2,023,462
Catholic Appeal	2,915,482	3,070,482
Unrestricted Bequests	-	579,612
Trust Funds	874,655	754,704
Insurance Income	899,228	865,352
Grants	21,329	
Investment Income	181,681	172,584
Total Revenue	6,822,800	7,466,196

Expenses:		
Vicar General's Office	561,771	427,884
Catholic Schools	735,729	785,725
Finance	314,773	556,663
Property Management	232,264	164,901
Lifelong Faith Formation	411,005	380,847
Leadership Training Initiative	0	116,945
Deaf Ministry	4,224	0
Tribunal	338,804	409,170
Clergy Health & Pension	569,530	740,379
Native American Missions	23,888	65,753
Communications & Public Policy	289,498	438,766
Clergy Education & Development	117,285	162,101
Clergy Relief	127,539	95,024
Counseling & Support	25,431	32,963
Diocesan Charities	50,393	17,980
Bahama Mission	10,000	10,000
Christian Life Center	25,000	25,000
Development	459,401	452,931
Parish Support	65,004	65,004
Hospital Chaplains	303,231	307,455
Campus Ministry	145,441	150,240
St. Andre Home	10,000	10,000
Catholic Charities Maine	747,365	743,966
Vocation Development & Seminarian Education	530,146	556,283
Diaconate	87,314	0
Prison Ministry	6,324	14,809
Hispanic Ministry	139,264	167,122
Risk Management	319,055	308,525
Safe Environment	232,056	263,386
Professional Responsibility	96,570	90,298
USOCB Assessment	46,024	45,602
Total Expenses	7,024,329	7,605,722

Management Compiled

Excess of Revenue Over Expenses
-201,529
7,605,722
-139,526