



## DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2016

My Dear Brothers and Sisters in the Lord Jesus,

We have completed a year which was truly full of grace. As was the hope of our Holy Father, Pope Francis, the Extraordinary Jubilee Year of Mercy provided us with a wonderful lens through which we have been able to share in the mystery of God's infinite love. And although the holy year has reached its official conclusion, the people of God throughout our diocese have been blessed with a renewed awareness of the Church's commitment to the corporal and spiritual works of mercy.

This annual financial report of the Diocese of Portland, which I am pleased to share with you, is but one measure of the generous spirit that has allowed mercy to be freely received and given. Countless charitable services and pastoral ministries have been made possible by you — that is, our donors, benefactors, volunteers and advisors. Your contributions of time, talent and treasure guarantee that our diocesan life not only continues but thrives, ensuring that the Church remains ever faithful to her mission of proclaiming the Good News of Jesus Christ through word, worship and good works.

As I conclude my third year in the diocese, I am increasingly aware of and humbled by the profound generosity of our people, your desire to have parishes that are vibrant and growing, as well as the many personal sacrifices you offer in order to make it all happen. For all that, and more, I am profoundly grateful and offer you my prayerful support and sincere thanks.

May the Lord Jesus, who humbled himself by coming to us as a tiny child and sacrificing himself on the cross for the sake of our salvation, continue to bring you his gracious blessings, now during the Christmas season and throughout the new year.

Sincerely yours in Jesus, our merciful Savior,

† 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, 2016.

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

Financial results for Fiscal Year 2016 were down overall. Unrestricted net assets decreased \$1.8 million after decreasing \$3.1 million last year. Investment losses were \$2.95 million and retiree pension and health obligations grew by \$3.9 million. Unrestricted – designated net assets were up \$1.4 million, as the result of a large bequest from a donor's estate. Permanently restricted net assets grew by about \$400,000. Total net assets declined by \$2.7 million (after deteriorating by \$2.8 million last year).

Financial results from ordinary operations show a \$7.9 million surplus, with \$3.4 million coming from the sale of property. Thankfully, parish offertory grew for the first time in years, rising by about \$282,000. That uptick in offertory, coupled with another \$200,000 increase in the Catholic Appeal, is cause for optimism. The annual Catholic Appeal brought in in excess of \$3.1 million and is incrementally making its way back to the \$3.5 million raised in 2008. Total operating revenue improved by roughly \$7.7 million, as a result of increases in offertory, the annual Appeal, property sales and bequests from parishioners' wills. Total expenses increased by \$2.0 million, despite a decrease in insurance claims, due to increases in program services and employee benefits costs.

With offertory and the Appeal still working their way back to historical levels, investment return has become more critical. Unfortunately, investment performance, which had been very good for the past



three years, did not come through for us this 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. However, 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.

Our growing retirement obligations remain a challenge. 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 the retirement obligation. The discount rate, unfortunately, went down this year. Plus, as pensioners live longer, the amount expected to be paid out increases.

In summary, investment losses and increases in retirement obligations more than offset an otherwise good year from operations. 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 cuts usually prove to be detrimental to the mission of the Church, i.e. spreading of the Gospel and living the Gospel in how we teach and care for others.

### **Costs Related to Sexual Abuse Cases**

During Fiscal Year 2016, the cost attributable to sexual misconduct was \$154,276 for settlements, victim assistance, victim counseling, and legal expenses. Of that amount, \$102,258 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 \$269,618 was spent on child protection programs.

### **The Financial Statements**

A Combined Statement of Financial Position is shown in Exhibit I on the next page. Investment assets increased in value by \$132,000 as new money coming in more than offset investment losses. Retirement plan obligations increased by \$3.9 million.

The Combined Statement of Activities shown in Exhibit II depicts the revenues and expenses for the entire Diocese. Parish revenues and expenses comprise the bulk of ordinary revenues and expenses (approx. 85% of both). Net operating revenue went from a \$2.1 million surplus to a surplus of \$7.9 million. Total net assets decreased by \$2.7 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, 2016 and 2015

	2016	2015
<b>Assets:</b>		
Cash and cash equivalents	11,768,492	9,812,843
Investments	128,153,726	128,021,323
Due from affiliated organizations	660,074	753,297
Pledges receivable, net of reserve for uncollectible pledges	1,763,296	1,846,037
Accounts receivable	949,266	804,163
Real estate held for investment	3,781,523	3,846,977
Other assets	2,167,900	1,984,294
Beneficial interests in trusts held by others	3,494,560	3,655,078
<b>Total Assets</b>	<b>152,738,837</b>	<b>150,724,012</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	2,395,844	2,576,678
Other liabilities	2,321,353	2,283,668
Insurance claims payable	1,918,353	1,879,359
Reserve for insurance claims incurred but not reported	3,457,956	3,434,791
Accrued pension obligations	23,093,034	19,231,894
Accrued other postretirement benefits	10,336,849	9,743,325
Deferred revenue	2,302,620	1,923,629
Amounts held for others		18,489
<b>Total Liabilities</b>	<b>45,826,009</b>	<b>41,091,833</b>
<b>Net Assets:</b>		
Unrestricted	18,115,736	19,883,701
Unrestricted - designated	4,567,044	3,191,809
Unrestricted - limited in use - cemetery perpetual care	13,506,445	13,182,406
Temporarily restricted	36,017,435	39,067,770
Permanently restricted	34,706,168	34,306,493
<b>Total Net Assets</b>	<b>106,912,828</b>	<b>109,632,179</b>
<b>Total Liabilities and Net Assets</b>	<b>152,738,837</b>	<b>150,724,012</b>

Management Compiled

## Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2016

	2016	2015
<b>Operating Revenues and Support:</b>		
Collections - freewill offerings	27,459,383	25,268,793
Capital campaign contributions	793,485	323,901
Other contributions and bequests	4,716,447	4,500,168
Interest and dividends	1,299,877	1,544,504
Parochial school revenue	14,194,259	13,510,786
Religious education revenues	293,925	258,650
Cemetery operating revenues	2,064,681	1,865,597
Charges for insurance to affiliates	978,860	877,292
Proceeds from sale of property	3,361,310	1,155,424
Parish fundraising events	936,733	909,361
Rental income	1,463,991	1,135,207
Other revenue	3,315,101	1,787,981
<b>Total Operating Revenue</b>	<b>60,878,052</b>	<b>53,137,664</b>
<b>Expenses:</b>		
<b>Program services:</b>		
Pastoral	9,027,196	8,516,656
Educational	16,323,829	15,530,042
Social services	1,878,886	1,674,984
Religious personnel development	472,943	416,641
Cemeteries	2,329,506	2,374,018
<b>Total Program Services</b>	<b>30,032,360</b>	<b>28,512,341</b>
<b>Supporting services:</b>		
General and administration	8,560,595	7,348,920
Building repairs and maintenance	6,826,363	6,481,579
Insurance expense	5,609,336	7,112,569
Fundraising expenses	1,936,625	1,479,840
<b>Total Supporting Services</b>	<b>22,932,919</b>	<b>22,422,908</b>
<b>Total Expenses</b>	<b>52,965,279</b>	<b>50,935,249</b>
<b>Excess (Deficiency) of Revenue</b>	<b>7,912,773</b>	<b>2,202,415</b>
Pension/health liability adjustments	(3,934,126)	(3,754,329)
Property and equipment	(3,743,983)	(3,752,065)
Gain/(loss) on investments	(2,954,015)	2,518,612
<b>Change in Unrestricted Net Assets</b>	<b>(2,719,351)</b>	<b>(2,785,367)</b>
<b>Net assets July 1</b>	<b>109,632,179</b>	<b>112,417,546</b>
<b>Net assets June 30</b>	<b>106,912,828</b>	<b>109,632,179</b>

Management Compiled

## Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2016 and June 30, 2015

	2016	2015
<b>Revenues:</b>		
Parish assessments	1,880,609	1,882,981
Catholic Appeal	3,346,923	2,834,294
Unrestricted bequests	55,450	26,980
Restricted income	557,388	159,710
Trust funds	682,357	798,719
Insurance income	862,905	828,265
Investment income	151,350	256,058
<b>Total Revenue</b>	<b>7,536,982</b>	<b>6,787,007</b>
<b>Expenses:</b>		
Vicar General's Office	462,204	431,424
Catholic Schools	604,679	512,981
Finance	443,108	415,908
Property Management	173,937	202,581
Lifelong Faith Formation	410,004	393,616
Leadership Training Initiative	81,435	42,088
Tribunal	290,351	250,012
Clergy Health & Pension	657,360	672,976
Native American Missions	75,624	78,240
Communications & Public Policy	373,276	354,168
Clergy Education & Development	102,672	110,740
Clergy Relief	157,835	173,804
Counseling & Support	40,308	47,121
Bahamas Mission	10,000	12,000
Christian Life Center	25,000	21,000
Development	400,272	318,136
Parish Support	74,117	73,140
Hospital Chaplains	226,019	190,580
Campus Ministry	163,409	151,811
St. André Home	24,000	24,000
Catholic Charities Maine	700,935	666,753
Vocation Development & Seminarian Education	347,561	401,106
Prison Ministry	10,346	9,688
Hispanic Ministry	104,856	117,407
Risk Management	311,744	314,442
Safe Environment	269,618	207,653
Professional Responsibility	86,326	79,766
USCCB Assessment	44,482	44,473
<b>Total Expenses</b>	<b>6,671,478</b>	<b>6,317,614</b>
<b>Excess of Revenue Over Expenses</b>	<b>865,504</b>	<b>469,393</b>

Management Compiled