



## DIOCESE OF PORTLAND OFFICE OF THE BISHOP

December 2019

Dear Sisters and Brothers in Christ:

Transparency. Accountability. Standards. These terms have entered the public lexicon and consciousness, reflecting a common expectation of responsible and ethical behavior in all our personal and professional relationships, both in our society and our Church.

In this issue of *Harvest*, I offer some reflections on my recent participation, along with the other bishops of New England, in the visit *ad limina apostolorum* (to the thresholds of the apostles). Visit highlights certainly included our meeting with his Holiness Pope Francis, the celebration of Mass at the four major basilicas, and our meetings with the heads of various congregations, offices, and dicasteries at the Holy See. All these gatherings were the culmination of our quinquennial report, a special document through which each bishop shares with the Holy See the state of the diocese that has been entrusted to his care.

Just as I, your bishop, have a fraternal responsibility to report on the life and mission of this diocese to the Holy Father, I also have a pastoral obligation to communicate about these and other matters with the good Catholic people who live within the borders of this beautiful state of Maine. I accomplish this duty through my periodic letters to you (usually as a bulletin insert), my bimonthly *Harvest* columns, and the many homilies and talks delivered during visits to parishes. And there is also the enclosed, audited annual financial report (July 1, 2018 through June 30, 2019) of the diocese.

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, which is expressed in your attendance at weekend Masses, through the various ways in which you volunteer and minister on behalf of one another, and by your financial sacrifices.

Compilations such as this financial statement and the quinquennial report serve to remind us of the progress we have made towards fulfilling that mission 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, 2019.

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 and dedication.

*Robert Blaisdell, Audit & Budget Committee*

## Message from the Chief Financial Officer

Fiscal Year 2019 was an average year for the diocese financially. Cash and investments grew by \$3.15 million, but retiree pension and health obligations grew by \$2.0 million. Net Assets Without Donor Restrictions declined by \$1.2 million while Net Assets with Donor Restrictions improved by \$2.3 million. Total net assets improved by \$1.1 million.

Financial results from ordinary operations show a \$3.6 million surplus, with an additional \$3.0 million coming from a remarkable jump in one-time Contributions and Bequests. Parish offertory grew slightly or about \$230,000, whereas the 2019/2020 annual Catholic Appeal lags last year by approximately \$244,000. Hopefully, with your help, we can catch up to the just under \$3.5 million raised on a gross basis last year. Total operating revenue increased by roughly \$2.0 million on the strength of the one-time contributions and bequests.

With offertory and the appeal trailing on a combined basis, investment return has become more critical. Thankfully, investment performance was strong across most investment asset classes last year and continues 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. 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 grew by \$2.0 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 plan contributions greater than called for by our actuaries, drove the retirement obligations and retirement expense higher.

In summary, decent results from operations and investment gains outpaced the increase in retirement obligations such that overall results for the year were good. Offertory and the annual Catholic Appeal 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 our parishioners and the overall mission of the Church, i.e. spreading the Gospel and living the Gospel in how we teach and care for others.

## Costs for Sexual Abuse

During Fiscal Year 2019, the cost attributable to sexual misconduct was \$186,064 for settlements, victim assistance, victim counseling, and legal expenses. Of that amount, \$157,413 was for settlements, investigation, and legal costs, which were 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 \$263,386 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 \$3.15 million from investment gains less the distributions made for program support. Retirement plan obligations grew by \$2 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 \$4.6 million surplus to a surplus of \$3.6 million. Total Net Assets increased by \$1.15 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. Though it is our intention to continue publishing similar information on an annual basis, this is likely my last annual report to you as I plan to step down as CFO by this time next year. I must say I am extremely grateful to my co-workers and so many of you across the diocese for your support and acts of kindness over the last 24 years. I have been blessed to be able to serve you. Thank you so much! Peace and God bless.

*David P. Twomey*  
*Chief Financial Officer*

# Financial Information

## Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Financial Position June 30, 2019 and 2018

	2019	2018
<b>Assets:</b>		
Cash and cash equivalents	15,360,555	11,851,707
Investments	140,974,635	141,331,512
Due from affiliated organizations	694,461	1,176,870
Pledges receivable, net of reserve for uncollectible pledges	2,504,994	2,068,387
Accounts and other receivables	1,023,814	822,130
Real estate held for investment	3,586,062	3,651,151
Other assets	2,547,885	2,495,902
Beneficial interests in trusts held by others	3,530,657	3,570,802
<b>Total Assets</b>	<b>170,223,063</b>	<b>166,968,461</b>

<b>Liabilities:</b>		
Accounts payable and accrued expenses	2,484,804	2,213,130
Other liabilities	772,632	865,157
Insurance claims payable	600,123	489,104
Reserve for insurance claims incurred but not reported	2,881,426	2,962,556
Accrued pension obligations	18,442,359	16,285,651
Accrued other postretirement benefits	7,487,960	7,654,580
Deferred revenue	3,894,366	3,992,026
<b>Total Liabilities</b>	<b>36,563,670</b>	<b>34,462,204</b>

<b>Net Assets:</b>		
Without donor restrictions:		
Operations	31,987,270	33,806,410
Board designated	6,954,389	6,650,831
Limited in use - cemetery perpetual care	14,398,552	14,069,951
<b>Total Without Donor Restrictions</b>	<b>53,340,211</b>	<b>54,527,192</b>
<b>Total With Donor Restrictions</b>	<b>80,319,182</b>	<b>77,979,065</b>
<b>Total Net Assets</b>	<b>133,659,393</b>	<b>132,506,257</b>

<b>Total Liabilities and Net Assets</b>	<b>170,223,063</b>	<b>166,968,461</b>
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Management Compiled

## Roman Catholic Bishop of Portland (A Corporation Sole) Combined Statement of Activities Year Ended June 30, 2019

	2019	2018
<b>Operating Revenues and Support:</b>		
Collections - freewill offerings	26,218,058	26,859,617
Capital campaign contributions	2,289,674	2,664,482
Other contributions and bequests	6,053,958	3,754,925
Management fee income	1,342,782	895,726
Parochial school revenues	12,760,729	13,180,137
Religious education revenues	244,744	205,483
Cemetery operating revenues	2,320,782	1,860,039
Charges for insurance to affiliates	2,213,378	1,563,404
Proceeds from sale of property	282,710	1,096,197
Parish fundraising events	1,204,071	1,004,578
Rental income	1,639,652	1,584,747
Other revenue	2,725,775	2,568,541
<b>Total Operating Revenue</b>	<b>59,296,313</b>	<b>57,237,876</b>

<b>Expenses:</b>		
<b>Program services:</b>		
Pastoral	9,048,590	8,375,218
Educational	15,907,998	16,338,040
Social services	2,576,978	1,874,731
Religious personnel development	614,393	640,201
Cemeteries	2,259,235	1,819,150
<b>Total Program Services</b>	<b>30,407,194</b>	<b>29,047,340</b>

<b>Supporting services:</b>		
General and administration	7,606,861	8,414,428
Building repairs and maintenance	8,398,836	6,944,394
Insurance expense	7,634,220	6,622,004
Fundraising expenses	1,650,240	1,594,912
<b>Total Supporting Services</b>	<b>25,290,157</b>	<b>23,575,738</b>
<b>Total Expenses</b>	<b>55,697,351</b>	<b>52,623,078</b>

Total before net investment returns	3,598,962	4,614,798
Net investment returns	6,941,252	7,963,811
<b>Excess of Revenue Over Expenses</b>	<b>10,540,214</b>	<b>12,578,609</b>

Pension/health liability adjustments	(2,988,849)	3,479,989
Property and equipment	(6,398,229)	(7,233,170)

<b>Change in Total Net Assets</b>	<b>1,153,136</b>	<b>8,825,428</b>
<b>Net assets July 1</b>	<b>132,506,257</b>	<b>123,680,829</b>
<b>Net assets June 30</b>	<b>133,659,393</b>	<b>132,506,257</b>

Management Compiled

## Roman Catholic Bishop of Portland Statement of Operations - Chancery For the Years Ending June 30, 2019 and June 30, 2018

	2019	2018
<b>Revenues:</b>		
Parish Assessments	2,023,462	2,002,263
Catholic Appeal	3,070,482	3,382,241
Unrestricted Bequests	579,612	399,509
Trust Funds	754,704	637,398
Insurance Income	865,352	791,141
Grants		
Investment Income	172,584	165,023
<b>Total Revenue</b>	<b>7,466,196</b>	<b>7,377,575</b>

<b>Expenses:</b>		
Vicar General's Office	427,884	452,401
Catholic Schools	785,725	659,686
Finance	556,663	444,080
Property Management	164,901	148,130
Lifelong Faith Formation	380,847	326,370
Leadership Training Initiative	116,945	131,250
Tribunal	409,170	344,628
Clergy Health & Pension	740,379	705,722
Native American Missions	65,753	75,624
Communications & Public Policy	438,766	411,658
Clergy Education & Development	162,101	182,647
Clergy Relief	95,024	66,846
Counseling & Support	32,963	17,339
Diocesan Charities	17,980	13,284
Bahamas Mission	10,000	10,000
Christian Life Center	25,000	25,000
Development	452,931	395,274
Parish Support	65,004	65,004
Hospital Chaplains	307,455	260,005
Campus Ministry	150,240	176,573
St. André Home	10,000	10,000
Catholic Charities Maine	743,966	729,634
Vocation Development & Seminarian Education	556,283	558,285
Prison Ministry	14,809	11,711
Hispanic Ministry	167,122	119,208
Risk Management	308,525	299,922
Safe Environment	263,386	219,792
Professional Responsibility	90,298	87,321
USCCB Assessment	45,602	45,242
<b>Total Expenses</b>	<b>7,605,722</b>	<b>6,992,636</b>
<b>Excess of Revenue Over Expenses</b>	<b>-139,526</b>	<b>384,939</b>

Management Compiled