



Українська Католицька Єпархія св. Свщм. Йосафата у Пармі

Ukrainian Catholic Diocese of St. Josaphat in Parma

5720 State Road • P.O. Box 347180 • Parma, Ohio 44134-7180

June 22, 2017

Dear Brothers and Sisters in Christ:

This letter highlights several items in the Eparchy's 2016 Audited Financial Statements to help you understand them. The Financial Statements consist of five parts:

- (1) *Auditor's Letter*. This is a one-page letter from the accounting firm, Simic C.P.A. & Co., which audits the Eparchy. The letter states that the firm has reviewed the Eparchy's finances and that the financial statements accurately present the Eparchy's financial state.
- (2) *Statement of Financial Position*. This statement, which is sometimes referred to as the "Balance Sheet", is a "snapshot in time" that shows the Eparchy's assets and liabilities as of December 31, 2016. Assets are towards the top; Liabilities are under them.
- (3) *Statement of Activities*. This page shows the income and expenses for the Eparchy during the year.
- (4) *Statement of Cash Flows*. This page shows the cash that flowed into and out of the Eparchy's accounts in 2016.
- (5) *Notes to Financial Statements*. These are the "footnotes" that explain certain accounting policies and items in the financial statements.

Statement of Financial Position

1. Assets. The Statement of Financial Position shows Total Assets of \$1,347,166, the vast majority of which (\$1,088,648) consists of the Retirement Fund for Priests ("Retirement Fund") which is restricted and is not available to be used for other things. That leaves remaining assets of \$258,518. This is larger than one year ago, but still **a very small amount for a Catholic diocese**.
 - ✓ Parish Assets Not Included in Eparchy's Assets. The assets of individual parishes are **not** included in the listing of the Eparchy's assets. This is because parish assets are not at the Eparchy's wanton disposal – that is, the Eparchy cannot "do whatever it wants" with the assets owned by the parishes.

2. Liabilities. There are three basic types of Liabilities: Accounts Payable (amounts which are immediately due), Short-Term Liabilities (obligations which need to be paid within a short period of time, typically one year) and Long-Term Liabilities (obligations which typically do not need to be paid for at least one year). There are several positive developments in this area in 2016:
 - ✓ Accounts Payable and Short-Term Liabilities. Just a few years ago, the Eparchy had hundreds of thousands of dollars of Accounts Payable and Short-Term Liabilities. As of December 31, 2016, the Eparchy paid all of its Accounts Payable and Short-Term Liabilities. This is a tremendous improvement.
 - ✓ Long-Term Liabilities. The Eparchy's largest liability consists of Retirement Obligations (the Priest Retirement Fund) which amounted to \$1,088,648 as of December 31, 2016. This obligation is always equal to the Retirement Fund for Priests in the list of Assets (which has a value of \$1,088,648). The other Long-Term Liabilities consisted of loans from other institutions in the Eparchy: the "Sacredotal Society" (another name for the Retirement Fund for Priests) in the amount of \$6,263, and from two parishes (located in McKees Rocks and Carnegie) in the amount of \$50,000 and \$25,000, respectively. The loans from the Stamford Eparchy and from Cleveland Selfreliance Federal Credit Union, which existed in 2014 and 2015, were paid in full by the end of 2016. This is great progress.

Statement of Activities (Profit and Loss Previous Year Comparison)

The Statement of Activities shows an increase in income from 2015 and a decrease in expenses, with the bottom line being that there was \$358,944 remaining after expenses which will be used to fund Eparchy programs in the future. Here are the highlights in income and expenses in 2016.

1. Revenues – Donations for Others (\$24,379 in 2016; \$24,952 in 2015). The Donations for Others category consists of donations and special collections (Andrew's Pence, Peter's Pence, Collection for the Holy Land, Collection for Eastern Europe, Ukrainian Mission Fund, etc.) to benefit institutions located outside of the Eparchy. Most of these are in Ukraine. The revenue in this area was essentially the same in 2016 as in 2015.
2. Revenues – Donations from Private Donors (\$70,744 in 2016; \$56,885 in 2015). The Donations from Private Donors consists of revenue from mailed appeals for donations and other donations during the year. Two general appeals were mailed in 2016 to about 4,500 people: one in April and one in November. There was also a smaller mailing to

about 400 households in September. Despite the increase in the overall amount given by private donors in 2016, the response rate to the mailing appeals was very low: 3%.

3. Revenues – Dues and Donations from Affiliated Parishes (\$611,849 in 2016; \$540,235 in 2015). The Dues and Donations from Affiliated Parishes are amounts paid by parishes to cover the cost of insurance for those parishes (\$330,412 in 2016), to reimburse the Eparchy for certain costs incurred for parishes (\$90,500), and as assessments to support the Eparchy (\$190,937). The 13% increase in this income category from 2015 was thanks to a \$75,000 donation from the Diocesan Resource Committee, a volunteer organization which raised funds to support the Eparchy.
4. Revenues – Grants (\$307,267 in 2016; \$439,224 in 2015). As I predicted in my letter last year, the amount received by the Eparchy in grants decreased 30% in 2016 from 2015, due to the timing of when the grants were paid: there was a “lumping” of grant payments in 2015. While some grants increased from the previous year, such as from Catholic Home Missions (\$145,000 in 2014; \$150,000 in 2015; \$165,000 in 2016), it was not enough to offset the lumping of several grants in 2015.
5. Revenues – Sale of Land (\$198,811 in 2016; \$0 in 2015). The Eparchy owned a small piece of land in Florida which it sold in 2016. The proceeds were used to pay the Eparchy’s debt to the Stamford Eparchy.
6. Revenues – Other Revenue (\$17,458 in 2016; \$2,886 in 2015). This category consists mainly of the sale of books and DVDs by the Chancery Office. The amount increased significantly in 2016 due to an increased effort in this area, especially in terms of selling materials over the Internet.
7. Expenses – Relating to Current Bishop and Retired Bishop. Per Canon Law, every diocese has an obligation to support its current Bishop and its retired Bishops. The expense items relating to the current bishop and the retired bishop are as follows: “Bishop’s Residence Expenses” (\$10,362 in 2016) and Compensation and Benefits – Retired Bishop (\$23,443). Also, the current bishop’s compensation is included in the category “Compensation and Benefits – Chancery” (\$44,440). (That category includes compensation for another individual.) The expenses paid for the current Bishop and the retired Bishop remained steady from last year (the compensation paid to the current Bishop actually fell in 2016); the increase in the category “Compensation and Benefits – Chancery” was due to an increase in the compensation paid to the other individual working in the Chancery to a more livable wage.
8. Expenses – Clergy Conference, Retreats and Cantors (\$17,502 in 2016; \$23,047 in 2015). There are usually two retreats or conferences per year for the clergy. These are important times for the priests of our Eparchy to learn, focus on their spirituality and become better

priests. Because of the long distances between many parishes in the Eparchy, it is also one of the few times of the year that some of our priests see other Ukrainian Catholic priests. The decrease in this expense from 2015 was due to the fact that one of the conferences was held outside the Eparchy in 2015 (in Chicago, in conjunction with the priests from the three other Ukrainian Catholic eparchies in the United States) which caused larger travel costs. A grant obtained by the Stewardship Office helped pay some of these expenses in 2016.

9. Expenses – Compensation and Benefits – PMO (\$36,683 in 2016; \$35,257 in 2015). The PMO is the Pastoral Ministry Office, a ministry of the Eparchy dedicated to pastoral care for individuals. It also assists in catechesis and the production of educational material. This expense remained steady from last year, increasing just 4%
10. Expenses – Compensation and Benefits – Chancery (\$44,440 in 2016; \$34,075 in 2015). This category includes the compensation for two people working in the Eparchy’s office (the Chancery), one of whom is the current Bishop. Other expenses related to operating the Chancery were “Office Supplies, Postage, Fees and Equipment” (\$45,285 in 2016; \$37,461 in 2015); and “Utilities and Phone” (\$2,391 in 2016; \$1,925 in 2015). As the Eparchy’s level of activity increases, small increases in these expenses are expected. Every diocese in America has these kinds of costs, but our Eparchy’s costs are amongst the lowest of any diocese in America. Grants obtained by the Stewardship Office from Catholic Home Missions and Catholic Extension Society paid all of these expenses in 2016.
11. Expenses – Donations to Others (\$24,651 in 2016; \$28,023 in 2015). This category includes two basic things: a) donations that the Eparchy passes to institutions abroad from donors in the Eparchy, and b) grants that the Eparchy helps Ukrainian Catholic institutions abroad to receive. The small decrease in this figure from 2015 was due entirely to the fact that the 2015 figure included a grant of \$10,000 to the Ukrainian Catholic Eparchy of Saint Volodymyr the Great in France from an American foundation for which the Eparchy served as the fiscal agent.
12. Expenses – Dues and Assessments (\$32,256 in 2016; \$20,270 in 2015). These are mandatory dues that the Eparchy is obligated to pay to the Patriarchal Curia of the Ukrainian Catholic Church (\$14,000 a year or more) and to the United States Conference of Catholic Bishops. The increase in this expense in 2016 resulted from prepaying some of the dues to the Patriarchal Curia in 2016.
13. Expenses – Health Insurance and Medical Expenses (\$167,308 in 2016; \$163,977 in 2015). Much of this expense is paid from the dues paid by individual parishes. The slight increase in this expense was caused by an increase in costs for our retired priests in 2016.

14. Expenses – Insurance – Property (\$274,225 in 2016; \$310,241 in 2015). The property insurance premiums, the Eparchy’s largest expense, are paid mostly by parishes. This is, in effect, a tax upon the parishes, and a heavy one at that. The Eparchy requested lower property insurance premiums from its current carrier (Catholic Mutual) for several years but the premiums continued to rise. Thanks to the assistance of an outside consultant, Keith Dobrolinsky of Assurance Agency Ltd in Schaumburg, IL, the cost in the category flattened out in 2015 and dropped significantly in 2016. Almost all of this savings was passed onto the parishes immediately.
15. Expenses – Interest Expense (\$946 in 2016; \$3,890 in 2015). This was interest on debt owed by the Eparchy. This is a very small figure compared to most dioceses and other enterprises, and, as we expected last year, it decreased in 2016 with the payment of the Eparchy’s remaining external debts.
16. Expenses – Mission Support (\$7,154 in 2016; \$0 in 2015). The Eparchy provided direct financial assistance to sustain a few missions (new parishes) in 2016. It is important to help these faith communities in their infancy so that they grow to become strong parishes in the future and serve the faithful well. Due to a timing issue, there were no direct payments to missions in 2015.
17. Expenses – Priest Support (\$26,585 in 2016; \$37,996 in 2015). The large decrease in this expense category was thanks to a decrease in the financial needs of one priest who was on leave during 2016 compared to 2015. The Eparchy has an obligation under Canon Law, and/or the Bishop deemed it a moral obligation or in the Eparchy’s best interest, to support these priests. This expense category also includes Liturgy stipends provided to priests thanks to grants obtained by the Eparchy’s Stewardship Office from Catholic Extension Society which are restricted for this purpose.
18. Expenses – Professional Fees (\$17,141 in 2016; \$12,626 in 2015). This category consists almost entirely of expenses paid relating to helping priests in the Eparchy obtain or maintain religious workers’ visas allowing them to serve in the Eparchy. The Bishop deemed it a moral obligation or in the Eparchy’s best interest to pay these expenses and thereby assist these priests and the parishes they serve in this way.
19. Expenses – Repairs and Maintenance (\$0 in 2016; \$1,385 in 2015). The Eparchy delayed or did itself all repairs and maintenance in 2016. This reflects the Eparchy’s commitment to spending as little as possible on non-essentials.
20. Expenses – Seminary Books, Supplies and Miscellaneous (\$25,233 in 2016; \$29,877 in 2015). The expenses for “Seminary Books, Supplies and Miscellaneous” decreased slightly from 2015. The Eparchy has several men who finished their seminary studies a few years ago and are on the path to the priesthood, working for the Eparchy or parishes.

The expenses in this category in 2016 resulted from supporting these men. One new priest was ordained for the Eparchy in 2016; two were ordained in 2015.

21. Expenses – Stewardship Expenses (\$87,460 in 2016; \$80,622 in 2015). The bulk of the Stewardship Expenses consisted of postage and printing for mailings, travel expenses, and payments to the Stewardship Director and his assistant. The slight increase in this expense category was the result of a timing issue. All of the Stewardship Office's expenses were paid for by generous grants by Catholic Extension Society and the US Conference of Catholic Bishops Office of Home Missions (also known as "Catholic Home Missions"). Support from Catholic Extension and Catholic Home Missions for the Stewardship Office has helped produce a tremendous inflow of revenues to the Eparchy since the Office's creation in December 2011, which helped reverse the Eparchy's financial decline. The Stewardship Office produced revenues of over \$300,000 in 2016.
22. Expenses – Travel and Meetings (\$13,985 in 2016; \$22,195 in 2015). These are expenses incurred by the Bishop to visit parishes in the Eparchy, and to attend mandatory meetings of the Ukrainian Catholic Synod of Bishops (held in Ukraine) and the United States Conference of Catholic Bishops. The decrease in this category in 2016 from 2015 was due to greater efficiencies in the Bishop's and other chancery officials' travel schedules for 2016.
23. Expenses – Widow's Support (\$8,881 in 2016; \$6,894 in 2015). This is a charitable expense of the Eparchy that has existed since 2004 to support the widow of a priest.
24. Expenses – Youth Ministry (\$6,304 in 2016; \$10,430 in 2015). This is support for the one of the Eparchy's most important ministries. The decrease in this figure from 2015 was due to a timing issue and a lumping of grants obtained by the Eparchy's Stewardship Office to support the Eparchy's Youth Ministry Office being paid in 2015.
25. Other Expenses (\$0 in 2016; \$11,832 in 2015). This category used to contain items such as certain interest expenses and professional fees; these were either eliminated or reclassified in 2016.

Statement of Cash Flows

The Statement of Cash Flows shows that Cash increased by \$88,667 in 2016. By comparison, it decreased by \$6,994 in 2015. This reflects the Eparchy's strengthened financial position compared to its position at the beginning of 2016.

Closing

These Financial Statements accurately reflect the Eparchy's financial state, and were audited by the outside accounting firm of Simic C.P.A. & Co. This audit (which has taken place since 2011), and the publication of these Financial Statements, fulfills the Eparchy's goal of transparency in its finances. The Eparchy is committed to continuing this level of transparency in future years so that it can continue to be accountable to the people it serves and who make its work possible.

May God bless the Eparchy of Saint Josaphat in Parma and its faithful priests and people!

Sincerely yours in Christ,

A handwritten signature in cursive script that reads "Fr. Steven M. Paliwoda".

Very Reverend Canon Steven Paliwoda
Eparchial Financial Officer