



Українська Католицька Єпархія св. Євщм. Йосафата у Пармі
UKRAINIAN CATHOLIC EPARCHY OF SAINT JOSEPH IN PARMA

July 3, 2018

Protocol Number: 216/18 S

Dear Brothers and Sisters in Christ:

This letter explains several items in the Eparchy's 2017 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 independent 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 condition.
- (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, 2017. Assets are towards the top; Liabilities are under them.
- (3) *Statement of Activities*. This shows the income and expenses for the Eparchy in 2017.
- (4) *Statement of Cash Flows*. This shows the cash that flowed into and out of the Eparchy's accounts in 2017.
- (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 \$1,477,481, the vast majority of which (\$1,143,122) 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 \$277,936. This continues to grow, but is still **very small 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.



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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 recent years:
 - ✓ Accounts Payable and Short-Term Liabilities. As of December 31, 2017, the Eparchy has no Accounts Payable or Short-Term Liabilities. This is a tremendous improvement from just a few years ago, when the Eparchy had hundreds of thousands of dollars of obligations in these categories.
 - ✓ Long-Term Liabilities. The Eparchy's largest liability consists of Retirement Obligations (the Priest Retirement Fund) which amounted to \$1,143,122 as of December 31, 2017. This obligation is always equal to the Retirement Fund for Priests in the list of Assets (\$1,143,122). The other Long-Term Liabilities consisted of loans from other institutions in the Eparchy: the "Sacerdotal Society" (another name for the Retirement Fund for Priests) in the amount of \$6,423, and the parish in McKees Rocks (PA) in the amount of \$50,000. In 2017, the parish in Carnegie (PA) forgave the \$25,000 loan it had made to the Eparchy many years ago.

Statement of Activities (Profit and Loss Previous Year Comparison)

The Statement of Activities shows a large decrease in income and a small decrease in expenses from 2016, with the bottom line being that there was \$75,841 remaining after expenses in 2017 (compared to \$358,944 in 2016). The difference in income is attributable to two factors: 1) the Eparchy sold property in 2016 which resulted in \$198,811 in income, and 2) Dues and Donations from Parishes fell by \$121,434 in 2017. Here are the highlights in income and expenses in 2017.

1. Revenues – Donations for Others (\$10,674 in 2017; \$24,379 in 2016). 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. Several of these are in Ukraine. Most of the difference from 2016 to 2017 in this category is explained by two items: first, a transfer of \$6,020 to Ukraine was deducted from the income in this category in 2017; and second, there were significant decreases in the collections for Andrew's Pence (decrease of \$2,026) and Peter's Pence (decrease of \$2,594) from 2016.



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2. Revenues – Donations from Private Donors (\$117,855 in 2017; \$70,744 in 2016; \$56,885 in 2015). The Donations from Private Donors consists of revenue from special events, from mailings which solicit donations, and from other donations received during the year. The increase in this category is due mainly to the three Benefit Dinners which were held by the Eparchy in 2017 which raised \$61,840 in revenue. These events were held in Parma, OH; Pittsburgh, PA and North Port, FL. Two mailings were sent in 2017 to about 4,500 people each: one in April and one in November. There was also a smaller mailing to about 400 households in September. The creation of the Benefit Dinners is a great development in the Eparchy and will hopefully grow in the future. The response rate to the mailings, unfortunately, remains very low: just 3%.
3. Revenues – Dues and Donations from Affiliated Parishes (\$490,415 in 2017; \$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 the parishes (\$276,197 in 2017), to reimburse the Eparchy for certain costs incurred for parishes (\$82,909 in 2017), and as assessments to support the Eparchy (\$131,309 in 2017). The \$121,343 decrease in this category in 2017 was the result of three things: First, the amount paid by parishes for insurance decreased by \$54,215 (from \$330,412 in 2016 to \$276,197 in 2017); second, the amount paid by parishes to reimburse the Eparchy for certain costs incurred for parishes decreased by \$7,591 (from \$90,500 in 2016 to \$82,909 in 2017); and third, in 2016 the Diocesan Resource Committee (a volunteer organization which raised funds to support the Eparchy) made a \$75,000 donation to the Eparchy in 2016 which was not repeated in 2017.
4. Revenues – Grants (\$309,707 in 2017; \$307,267 in 2016). The amount received by the Eparchy in grants remained steady from 2016. The Eparchy is very grateful for support from several foundations, including the United States Conference of Catholic Bishops Office of Home Missions (also known as “Catholic Home Missions”) (\$157,100) and Catholic Extension Society (\$87,607) in 2017.
5. Revenues – Sale of Land (\$0 in 2017; \$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 outstanding debt at that time to the Ukrainian Catholic Eparchy of Stamford. This was unusual income; there was no income from this in 2015 or 2017.
6. Revenues – Other Revenue (\$12,485 in 2017; \$17,458 in 2016; \$2,886 in 2015). This category consists mainly of the sale of religious books and DVDs by the Chancery Office, usually over the Internet. While there was a decrease in this revenue category



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from 2016, this amount remains at a very high level compared to 2015 and prior years.

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” (\$11,238 in 2017; \$10,362 in 2016) and Compensation and Benefits – Retired Bishop (\$22,443 in 2017; \$23,443 in 2016). Also, the current bishop’s compensation is included in the category “Compensation and Benefits – Chancery” (\$35,598 in 2017; \$44,440 in 2016). (That category includes compensation for another individual.) The expenses paid for the current Bishop and the retired Bishop remained steady from last year; the decrease in the category “Compensation and Benefits – Chancery” was due to the reclassification of certain expenses.
8. Expenses – Clergy Conference, Retreats and Cantors (\$40,680 in 2017; \$17,502 in 2016). 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 increase in this expense in 2017 was due to changes in the venues as the retreat centers were unavailable. A grant obtained by the Stewardship Office helped pay some of these expenses in 2017.
9. Expenses – Compensation and Benefits – PMO (\$36,768 in 2017; \$36,683 in 2016). The PMO is the Pastoral Ministry Office, a ministry of the Eparchy dedicated to pastoral care for individuals that is staffed by Sisters of the Order of Saint Basil the Great. It also assists in catechesis and the production of educational materials. This expense remained steady from last year.
10. Expenses – Compensation and Benefits – Chancery (\$35,598 in 2017; \$44,440 in 2016). 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” (\$48,343 in 2017; \$45,285 in 2016); and “Utilities and Phone” (\$1,638 in 2017; \$2,391 in 2016). 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 Extension Society and Catholic Home Missions paid these expenses in 2017.



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11. Expenses – Donations to Others (\$43,139 in 2017; \$24,651 in 2016). 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 large increase in this figure from 2016 was due to grants of \$10,000 to the Ukrainian Catholic Eparchy of Saint Volodymyr the Great in France and \$15,000 to the Missionary Sisters of the Holy Redeemer in Ukraine from the Koch Foundation. The Eparchy served as the fiscal agent for these grants.
12. Expenses – Dues and Assessments (\$14,452 in 2017; \$32,256 in 2016). These are mandatory dues that the Eparchy is obligated to pay to the Patriarchal Curia of the Ukrainian Catholic Church (\$10,000 a year or more) and to the United States Conference of Catholic Bishops. The decrease in this expense from 2016 was due to a lumping of several years' dues being paid to the Patriarchal Curia in 2016.
13. Expenses – Health Insurance and Medical Expenses (\$133,639 in 2017; \$167,308 in 2016). This is health insurance for the priests in the parishes. Much of this expense is paid by the parish of each priest. The large decrease in this expense was caused by fewer priests and their families being covered under the Eparchy's group insurance policy.
14. Expenses – Insurance – Property (\$275,998 in 2017; \$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 insurance carrier (Catholic Mutual) for several years. Thanks to the assistance of an outside consultant, Keith Dobrolinsky of Assurance Agency Ltd. in Schaumburg, IL, this cost dropped significantly in 2016 and remained steady in 2017. Almost all of this savings was immediately passed on to the parishes.
15. Expenses – Interest Expense (\$0 in 2017; \$946 in 2016; \$3,890 in 2015). This is interest on debt owed by the Eparchy. This expense decreased significantly in 2016 with the payment of the Eparchy's remaining external debts during that year, and was eliminated entirely in 2017.
16. Expenses – Mission Support (\$5,922 in 2017; \$7,154 in 2016; \$0 in 2015). The Eparchy provides direct financial assistance to sustain several missions (new parishes). It is important to help these faith communities in their infancy so that they grow to become strong parishes in the future. The level of support fell slightly in 2017 due to a timing issue in payments to missions in 2016, when some payments from 2015 were lumped into 2016.



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17. Expenses – Office Supplies, Postage, Fees, and Equipment (\$48,343 in 2017; \$45,285 in 2016). As mentioned above (#10), these are the basic costs of running the Chancery (the diocesan office). Every diocese in America has these costs, but our Eparchy's costs are amongst the lowest of any diocese in America. As the Eparchy's level of activity increases, small increases in these expenses are expected. Grants obtained by the Stewardship Office from Catholic Home Missions and Catholic Extension Society paid these expenses in 2017.
18. Expenses – Priest Support (\$27,900 in 2017; \$26,585 in 2016; \$37,996 in 2015). The Eparchy has an obligation under Canon Law to support priests of the Eparchy who are on leave for various reasons. Two priests received this support in 2017. This cost increased slightly from 2016, but is down significantly from 2015.
19. Expenses – Professional Fees (\$7,795 in 2017; \$17,141 in 2016; \$12,626 in 2015). This category consists largely of expenses relating to obtaining (or maintaining) religious worker visas for priests to serve in the Eparchy. The Bishop deems 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. This expense decreased significantly from 2016 due to fewer visa matters being open in 2017.
20. Expenses – Repairs and Maintenance (\$0 in 2017; \$0 in 2016; \$1,385 in 2015). This expense does not appear in the Statement of Activities because the Eparchy delayed or did itself all repairs and maintenance in 2017 and 2016. This reflects the Eparchy's commitment to spending as little as possible on non-essentials.
21. Expenses – Seminary Books, Supplies and Miscellaneous (\$40,755 in 2017; \$25,233 in 2016; \$29,877 in 2015). The expenses for "Seminary Books, Supplies and Miscellaneous" increased significantly from 2016 due to an increase in housing costs and their classification. The Eparchy has men who finished their seminary studies and are on the path to the priesthood, working for the Eparchy.
22. Expenses – Stewardship Expenses (\$87,964 in 2017; \$87,460 in 2016). The bulk of the Stewardship Expenses consisted of postage and printing for mailings, travel expenses, and payments to the Stewardship Director and his assistant. This expense remained steady from 2016. All of the Stewardship Office's expenses were paid for by generous grants by Catholic Extension Society and 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



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December 2011, which reversed the Eparchy's financial decline. The Stewardship Office produced revenues of over \$400,000 in 2017.

23. Expenses – Travel and Meetings (\$16,401 in 2017; \$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. This expense increased slightly from 2016 (although remaining below 2015's level) due to a busier travel schedule for the Bishop in 2017.
24. Expenses – Utilities and Phone (\$1,638 in 2017; \$2,391 in 2016). This expense decreased slightly from 2016 due to better pricing from the Eparchy's vendors. This expense is extremely small compared to almost every other diocese in America.
25. Expenses – Widow's Support (\$9,117 in 2017; \$8,881 in 2016). This is a charitable expense of the Eparchy that has existed since 2004 to support the widow of a priest.
26. Expenses – Youth Ministry (\$6,310 in 2017; \$6,304 in 2016). This is support for one of the Eparchy's most important ministries, Youth Ministry. This expense remained steady from 2016, and is paid from grants obtained by the Eparchy's Stewardship Office.
27. Increase or Decrease in Assets from Operations (\$75,841 in 2017; \$358,944 in 2016). As mentioned in the introductory paragraph of this section on the Statement of Activities, there was \$75,841 remaining after expenses in 2017 (compared to \$358,944 in 2016). The difference from 2016 is attributable to two factors: 1) the Eparchy sold property in 2016 which resulted in \$198,811 in additional income that year, and 2) Dues and Donations from Parishes fell by \$121,434 in 2017. The extra amount remaining after expenses in 2017 (\$75,841) was allocated to the Eparchy's expenses in 2018.

Statement of Cash Flows

The Statement of Cash Flows shows that cash increased by \$75,841 in 2017. This is similar to 2016, when cash increased by \$88,667, and reflects the Eparchy's slightly stronger financial position.



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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. We are thankful for the support of the faithful. This Eparchy exists to serve you!

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, reading "Fr. Steven M. Paliwoda".

Very Reverend Canon Steven Paliwoda
Eparchial Financial Officer