



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

April 15, 2019

Protocol Number: 91/19 S

Dear Brothers and Sisters in Christ:

This letter explains several items in the Eparchy's 2018 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 of Simic CPA Company, 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, 2018. Assets are towards the top; Liabilities are under them.
- (3) *Statement of Activities*. This shows the Eparchy's income and expenses in 2018.
- (4) *Statement of Cash Flows*. This shows the cash that flowed into and out of the Eparchy's accounts in 2018.
- (5) *Notes to Financial Statements*. These notes 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 \$1,363,819, the vast majority of which (\$1,079,129) 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 \$234,690. This is a little smaller than last year due to the Eparchy investing in some important ministries in 2018, and a very small number compared to most Catholic dioceses.
 - ✓ 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 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. These categories **do not appear** on the financial statements this year because the Eparchy had no Accounts Payable or Short-Term Liabilities as of December 31, 2018 or December 31, 2017. 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 \$1,079,129 as of December 31, 2018. This obligation is always equal to the Retirement Fund for Priests in the list of Assets (\$1,079,129). The other Long-Term Liability consists of a loan from the parish in McKees Rocks (PA) in the amount of \$50,000 which was made more than 10 years ago under the Eparchy's first Bishop.

Statement of Activities (with comparative figures for the previous year)

The Statement of Activities shows a small decrease in income and a small increase in expenses from 2017, with the bottom line being that there was a \$43,246 deficit in 2018 (compared to \$75,841 remaining after expenses in 2017). The difference in income is attributable to two factors: 1) Dues and Donations from Parishes paid to the Eparchy in 2018 collectively dropped by \$22,875, and 2) Donations from Private Donors fell by \$39,361 in 2018. Here are the highlights in income and expenses in 2018.

1. Revenues – Donations for Others (\$22,033 in 2018; \$10,674 in 2017). 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 institutions are in Ukraine. Most of the difference from 2017 to 2018 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 increases in the collections for Andrew's Pence (increase of \$1,733) and Missions (increase of \$2,954) from 2017.



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2. Revenues – Donations from Private Donors (\$78,494 in 2018; \$117,855 in 2017; \$70,744 in 2016; \$56,885 in 2015). The Donations from Private Donors category consists of revenue from mailings which solicit donations, from special events (none in 2018; three in 2017) and from other donations received during the year. The decrease in this category in 2018 is due mainly to the fact that no Benefit Dinners were held by the Eparchy in 2018, while three Benefit Dinners were held in 2017 which raised \$61,840. Two mailings were sent in 2018 to about 4,500 people each: one in March and one in November. There was also a smaller mailing to about 400 households in September. The response rate to the mailings, unfortunately, remains very low: just 3%. The return of the Benefit Dinners to the Eparchy in 2019 should help grow revenues next year.
3. Revenues – Dues and Donations from Affiliated Parishes (\$467,540 in 2018; \$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 (\$282,967 in 2018), to reimburse the Eparchy for certain costs incurred for parishes (\$66,192 in 2018), and as assessments to support the Eparchy (\$112,836 in 2018 compared to \$131,309 in 2017). The \$22,875 decrease in this category in 2018 was the result of the assessments paid by the parishes to support the Eparchy decreasing by \$18,473 from 2017, and the amount paid by parishes to reimburse the Eparchy for certain costs incurred for parishes decreasing by \$16,717 (from \$82,909 in 2017 to \$66,192 in 2018). Also, of note when looking at the older historical figures in this category is that in 2016 the Diocesan Resource Committee (a volunteer organization which raises funds to support the Eparchy) made a \$75,000 donation to the Eparchy in 2016 which was not repeated in 2017.
4. Revenues – Grants (\$311,438 in 2018; \$309,707 in 2017; \$307,267 in 2016). The amount received by the Eparchy in grants has remained steady over the past three years. 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”) (\$160,000); Catholic Extension Society (\$87,438); and the Heritage Foundation in 2018. Not included in these financial statements is a \$10,000 grant procured by the Eparchy’s Stewardship Office for one of the Eparchy’s parishes in 2018 from the Koch Foundation.
5. Revenues – Other Revenue (\$6,723 in 2018; \$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 from 2017 and 2016, this amount is high compared to 2015 and prior years.



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6. Expenses – Relating to Current Bishop and Retired Bishop. Per Canon Law, every diocese has an obligation to support its current and retired Bishops. The expense items relating to the current bishop and the retired bishop are as follows: “Bishop’s Residence Expenses” (\$12,795 in 2018; \$11,238 in 2017; \$10,362 in 2016) and Compensation and Benefits – Retired Bishop (\$22,443 in 2018; \$22,443 in 2017; \$23,443 in 2016). Also, the current bishop’s compensation is included in the category “Compensation and Benefits – Chancery” (\$41,198 in 2018; \$35,598 in 2017; \$44,440 in 2016). (That category includes compensation for two other individuals.) The expenses paid for the current Bishop and the retired Bishop remained steady from last year; the increase in the category “Compensation and Benefits – Chancery” was due to the compensation paid to other individuals in this category of expenses increasing slightly from 2017.
7. Expenses – Clergy Conference, Retreats and Cantors (\$25,254 in 2018; \$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 decrease in this expense from 2017 was due to a change in venue as the retreat centers that were unavailable in 2017 became available in 2018. A grant obtained by the Stewardship Office helped pay some of these expenses.
8. Expenses – Compensation and Benefits – PMO (\$36,754 in 2018; \$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. It 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 has remained steady over the past several years.
9. Expenses – Compensation and Benefits – Chancery (\$41,198 in 2018; \$35,598 in 2017; \$44,440 in 2016). This category includes the compensation for three 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” (\$42,662 in 2018; \$48,343 in 2017; \$45,285 in 2016); and “Utilities and Phone” (\$2,665 in 2018; \$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 2018.



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10. Expenses – Donations to Others (\$78,999 in 2018; \$43,139 in 2017; \$24,651 in 2016).
This category includes donations and grants that the Eparchy helps Ukrainian Catholic institutions abroad to receive. The large increase in this figure from 2017 was mainly due to several grants from the Koch Foundation to several institutions in Ukraine, namely: \$24,000 to the Ukrainian Catholic Archeparchy of Kyiv; \$10,000 to the Patriarchal Curia of the Ukrainian Catholic Church; \$10,000 to the Eparchy of Kamyanets-Podilsky; and \$10,000 to the Marian Spirituality Center in Zarvanytsya. The Eparchy served as the Fiscal Agent for these grants.
11. Expenses – Dues and Assessments (\$22,088 in 2018; \$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), to the United States Conference of Catholic Bishops, and to other similar organizations. The increase in this expense from 2017 was due to 2017's dues to the Patriarchal Curia being paid in 2016; that is also why the figure for 2016 is much higher than in 2017 or 2018.
12. Expenses – Health Insurance and Medical Expenses (\$144,086 in 2018; \$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 income from parishes to pay for their priest's health insurance is included in the Income category of "Dues and Donations from Affiliated Parishes".) The 8% increase in this expense was caused mainly by the underlying increase in rates under the Eparchy's health insurance policy.
13. Expenses – Insurance – Property (\$273,199 in 2018; \$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 has remained steady in 2017 and 2018. Almost all of the savings has been passed on to the parishes.
14. Expenses – Interest Expense (\$0 in 2018; \$0 in 2017; \$946 in 2016; \$3,890 in 2015).
This **does not appear on this statement** because no interest has been paid since the payment in 2016 of the Eparchy's remaining external debts.



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15. Expenses – Mission Support (\$15,601 in 2018; \$5,922 in 2017; \$7,154 in 2016; \$0 in 2015). The Eparchy provides direct financial assistance to sustain several missions (new parishes) to serve Ukrainian Catholics in areas where there was no parish before. It is important to help these young faith communities so that they can grow to become strong parishes in the future. The level of support grew considerably in 2018 as Bishop Bohdan has made opening and supporting new missions one of the Eparchy's top priorities. (The slight decrease in this figure in 2017 from 2016 was due to a timing issue in payments to missions in 2016, when some payments from 2015 were lumped into 2016.)
16. Expenses – Office Supplies, Postage, Fees, and Equipment (\$42,662 in 2018; \$48,343 in 2017; \$45,285 in 2016). As mentioned above (#9), 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; but the figure fell in 2018. Grants obtained by the Stewardship Office from Catholic Home Missions and Catholic Extension Society paid these expenses for the past several years.
17. Expenses – Priest Support (\$27,560 in 2018; \$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 2018. This cost has been steady since 2016, and is down significantly from 2015.
18. Expenses – Professional Fees (\$5,776 in 2018; \$7,795 in 2017; \$17,141 in 2016; \$12,626 in 2015). This category consists mainly of expenses relating to obtaining and maintaining religious worker visas for priests to serve in the Eparchy. The Bishop deems it a moral obligation and in the Eparchy's best interest to pay these expenses and assist these priests and the parishes they serve in this way. This expense decreased slightly from 2017 and is considerably lower compared to 2016 and 2015 due to fewer visa matters being open in 2017 and 2018.
19. Expenses – Repairs and Maintenance (\$0 in 2018; \$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 2018, 2017 and 2016. This reflects the Eparchy's commitment to spending as little as possible on non-essentials.
20. Expenses – Seminary Books, Supplies and Miscellaneous (\$42,971 in 2018; \$40,755 in 2017; \$25,233 in 2016; \$29,877 in 2015). These expenses increased slightly from 2017 due to an increase in seminarians. The Eparchy has three men currently in formation.



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21. Expenses – Stewardship Expenses (\$88,929 in 2018; \$87,964 in 2017; \$87,460 in 2016). The bulk of the Stewardship Expenses consisted of payments to the Stewardship Director and his assistant, postage and printing for mailings, and travel expenses. This expense has remained steady since 2016. All of the Stewardship Office’s expenses were paid for by generous grants from 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 December 2011, which reversed the Eparchy’s financial decline. The Stewardship Office produced revenues for the Eparchy of over \$380,000 in 2018.
22. Expenses – Travel and Meetings (\$19,233 in 2018; \$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 2017 (although remaining below 2015’s level) due to more meetings and a busier travel schedule for the Bishop in 2018.
23. Expenses – Utilities and Phone (\$2,665 in 2018; \$1,638 in 2017; \$2,391 in 2016). This expense increased slightly from 2017 due to more activity in the Eparchy. This expense is extremely small compared to almost every other diocese in America.
24. Expenses – Widow’s Support (\$6,859 in 2018; \$9,117 in 2017; \$8,881 in 2016). This is a charitable expense of the Eparchy that existed from 2004 to late 2018 to support the widow of a priest. The widow passed away in the Fall of 2018.
25. Expenses – Youth and Family Life Ministry (\$14,518 in 2018; \$6,310 in 2017; \$6,304 in 2016). This is support for two of the Eparchy’s most important ministries, Youth Ministry and the Office for Families and Sanctity of Life. This expense increased considerably in 2018 from 2017 due to the creation of the Office for Families and Sanctity of Life in 2018, and greater Youth Ministry activity in 2018 from 2017. These expenses are paid from grants obtained by the Eparchy’s Stewardship Office.
26. Increase or Decrease in Assets from Operations (\$-43,246 in 2018; \$75,841 in 2017; \$358,944 in 2016). As mentioned in the introductory paragraph of this section on the Statement of Activities, there was a loss of \$43,246 after expenses in 2018 (compared to \$75,841 remaining after expenses in 2017 and \$358,944 in 2016). The difference from 2017 is largely the result of the Eparchy investing in important ministries and new mission in 2018. The higher figure in 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)



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Dues and Donations from Parishes were much lower in 2018 and 2017 compared to 2016.

Statement of Cash Flows

The Statement of Cash Flows shows that cash decreased by \$49,669 in 2018 (compared to an increase in cash of \$75,841 in 2017). This reflects the Eparchy's investment in its ministries, missions and parishes.

Closing

These Financial Statements accurately reflect the Eparchy's financial state, and were audited by the outside accounting firm of Simic CPA Company. 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,

Very Reverend Canon Steven Paliwoda
Eparchial Financial Officer