



**Simic CPA Company**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Ukrainian Catholic Eparchy of St. Josaphat:

We have audited the accompanying financial statements of Ukrainian Catholic Eparchy of St. Josaphat which comprise the statement of financial position as of December 31, 2015 and December 31, 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ukrainian Catholic Eparchy of St. Josaphat as of December 31, 2015 and December 31, 2014, and

the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Simic CPA Company

Cleveland, Ohio  
May 31, 2016

Ukrainian Catholic Eparchy of St. Josaphat  
 5720 State Rd.  
 Parma OH 44134

## STATEMENT OF FINANCIAL POSITION

as of December 31, 2015

	Year 2015	Year 2014
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 169851	\$ 176845
Retirement Fund ( <b>Restricted Use</b> ) <sup>1</sup>	1032731	1044319
<b>TOTAL ASSETS</b>	<b>\$ 1202582</b>	<b>\$ 1221164</b>
 <b>LIABILITIES</b>		
<b>Accounts Payable</b>	<b>\$ 0</b>	<b>\$ 33635</b>
Short-Term Liabilities		
St. Luke Institute	0	16881
<b>Total Short-Term Liabilities</b>	<b>\$ 0</b>	<b>\$ 16881</b>
Long-Term Liabilities		
Sacerdotal Society	83140	151608
McKees Rocks	50000	50000
Retirement Obligations	1032731	1044319
Loan – Selfreliance CU	0	238609
Loan – Carnegie	25000	25000
Loan – Stamford Eparchy	193400	0
<b>Total Long-Term Liabilities</b>	<b>\$ 1384271</b>	<b>\$ 1509536</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 1384271</b>	<b>\$ 1560052</b>
<b>NET ASSETS</b>	<b>\$ -181689</b>	<b>\$ -338888</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1202582</b>	<b>\$ 1221164</b>

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<sup>1</sup>See notes to financial statements

Ukrainian Catholic Eparchy of St. Josaphat  
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**STATEMENT OF ACTIVITIES**

For the Calendar Year Ending December 31, 2015

	Year 2015	Year 2014
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Donations for Others	24952	24000
Donations from Private Donors	56885	24251
Dues and Donations from Affiliated Parishes	540235	561600
Grants	439224	291861
Interest Income	659	574
Special Events	0	32963
Other Revenue	2886	0
<b>Total Income</b>	<b>\$ 1064841</b>	<b>\$ 935249</b>
<b>EXPENSES</b>		
Bishop's Residence Expenses	\$ 11154	\$ 10785
Clergy Conference, Retreats and Cantors	23047	16320
Compensation and Benefits – Retired Bishop	24465	25344
Compensation and Benefits – PMO	35257	36407
Compensation and Benefits – Chancery	34075	34385
Donations to Others	28023	57329
Dues and Assessments	20270	31642
Health Insurance and Medical Expenses	163977	153787
Insurance – Property	310241	310199
Interest Expense	3890	3609
Mission Support	0	15000
Office Supplies, Postage, Fees, and Equipment	37461	40072
Priest Support	37996	8690
Professional Fees	12626	0
Repair and Maintenance	1385	1127
Seminary Books, Supplies and Miscellaneous	29877	37069
Seminary Tuition	0	13386
Special Events	0	29724
Stewardship Expenses	80622	67425
Travel and Meetings	22195	13975
Tribunal	0	750
Utilities and Phone	1925	2920
Widow's Support	6894	8491
Youth Ministry	10430	0
Other Expenses – Accrued Interest and Real Estate Taxes	11832	3698
<b>TOTAL EXPENSES</b>	<b>\$ 907642</b>	<b>\$ 922134</b>
<b>INCREASE OR DECREASE (-) IN ASSETS</b>	<b>\$ 157199</b>	<b>\$ 13115</b>

See notes to financial statements

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**STATEMENT OF CASH FLOWS**  
For the Calendar Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flow from operations	\$	157199
Decrease in accounts payable		-33635
<b>Net cash provided by operating activities</b>		<b>123564</b>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on short-term debt		-16881
Payments on long-term debt		-307077
New Loan		193400
<b>Net cash used by financing activities</b>		<b>-130558</b>

**NET INCREASE OR DECREASE (-) IN CASH AND CASH EQUIVALENTS** -6994

**CASH AND CASH EQUIVALENTS  
BEGINNING OF YEAR** 176845

**CASH AND CASH EQUIVALENTS  
END OF YEAR** **\$ 169851**

See notes to financial statements

Ukrainian Catholic Eparchy of St. Josaphat  
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Parma, OH 44134

## **Notes to Financial Statements**

Year Ended December 31, 2015

### **1. ORGANIZATION AND PURPOSE**

The Ukrainian Catholic Eparchy of St. Josaphat is a not-for-profit organization devoted to the preservation and teaching of the Ukrainian Catholic faith and culture. A major portion of its funding is from individual contributions and fees collected from member groups.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. *Basis of Presentation* – The financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.
- b. *Cash and Cash Equivalents* – For financial statement purposes, the Ukrainian Catholic Eparchy of St. Josaphat considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.
- c. *Revenue Recognition* – Contributions are recognized as revenue when they are received or unconditionally pledged.

The Ukrainian Catholic Eparchy of St. Josaphat reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- d. *Income Taxes* – The Ukrainian Catholic Eparchy of St. Josaphat is a not-for-profit organization and is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

- e. *Use of Estimates* – The preparation of financial statement in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- f. *Restricted-Use Retirement Fund* – The Ukrainian Catholic Sacerdotal Society (of the Eparchy of Parma) is the retirement fund of the priests of the Ukrainian Catholic Eparchy of St. Josaphat. Any priest (including bishops) who served in the Eparchy for a period of ten or more years, and have made monthly payments into the fund, either by the parish(es) they serve or have served or personally, in the case of a leave of absence, is eligible to receive a monthly subsistence payment beginning at the age of seventy. A priest may receive it earlier in the case of a disability. The monies for the payments come from current payments from the parishes, and when needed, from the fund itself. The formula for determining the payments is this: base amount (currently \$ 650) times the years of service divided by 35. The money in the fund can only be used for the payment of retired priests. Currently, there are thirteen priests/bishops receiving a total of \$ 8,896 per month. The assets of the fund are invested as Certificates of Deposit with Cleveland Selfreliance Credit Union and in an investment fund (the Mission Diocese Fund) sponsored by Catholic Extension Society. In calendar year 2015, the interest on the Certificates of Deposits with Cleveland Selfreliance Credit Union was \$ 4,786.53.

g. *Long-Term Liabilities – Loan from Sacerdotal Society* - The Sacerdotal Society provided a loan of \$175,000.00 to the Eparchy in 2007. The money was used for a purchase of a new bishop's residence. The balance on the loan is calculated based on 2.50% simple interest, rounded to closest \$5 increment.

Year	Amount Owed	Interest	Payments	Balance
2007	175,000.00	4,375.00		179,375.00
2008	179,375.00	4,485.00		183,860.00
2009	183,860.00	4,600.00		188,460.00
2010	188,460.00		7,500.00	
	180,960.00	4,525.00		185,485.00
2011	185,485.00		13,500.00	
	171,985.00	4,300.00		176,285.00
2012	176,285.00		8,850.00	
		4,185.00		171,620.00
2013	171,620.00	4,290.00		175,910.00
			28,000.00	
2014	147,910.00	3,700.00		151,610.00
			70,500.00	
2015	81,110	2,030.00		83,140.00

h. *Exclusion of Parishes and Other Institutions / Real Estate and Furnishings* – These statements exclude the financial position and transactions of the parishes and missions, homes for the elderly, and residences of priests, brothers and sisters in the Eparchy. These organizations may or may not be separate corporations under civil law; however, each is an operating entity distinct from the administrative offices of the Eparchy, maintains separate accounts and carries its own services and programs. In the event of the dissolution of one of these entities, the Eparchy may or may not be the beneficiary of remaining net assets. Most of the real property, buildings and furnishings used by parishes and missions in the Eparchy is titled in the name of the Eparchy or the Bishop and his successors in office. For financial accounting, however, the real property, buildings and furnishings at the parishes and missions are not included in these financial statements because most of those assets are not considered to be at the unlimited disposal of the Eparchy and because it would be very difficult to estimate their realistic fair market value.

i. *Subsequent Events*. The subsequent events were evaluated by the management through May 31, 2016.

j. *Statement on Functional Expenses*. The management of the Eparchy elected not to prepare the Statement of Functional Expenses due to the fact that the organization program is to provide supporting/administrative services for the local Ukrainian Catholic churches.

k. *Adjustments in Classification of Categories of Income and Expenses*. Some of the income and expense categories in the Eparchy's 2014 financial statements have been reclassified or combined with other categories in order to be consistent with the Eparchy's new chart of accounts implemented in 2015. The purpose of the changes is to make the presentation of the financial information clearer. Specifically: a) "Dues and Donations from Affiliated Parishes" and "Donations from Private Donors" which are to benefit institutions outside the Eparchy are now a standalone category ("Donations for Others"); b) "Stewardship Campaign" has been relabeled "Grants" and the grants received from Catholic Home Missions have been combined into the Grants category; c) Health Insurance and Medical Expenses which were formerly stratified into four categories have been combined as follows: Health Insurance for current priests, retired priests and chancery staff has been combined into a single entry ("Health Insurance and Medical Expenses"), while "Health Insurance/Retirement/Residence for Retired Bishop" has been put into a separate category; and d) Food and Gas Allowance is now included in "Compensation and Benefits – Chancery".