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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 statement of financial statements of the Ukrainian Catholic Eparchy of St. Josaphat (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 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 the Ukrainian Catholic Eparchy of St. Josaphat as of December 31, 2016, and 2015, 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.

Michael Simic, CPA

Parma, Ohio
March 29th, 2017

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

STATEMENT OF FINANCIAL POSITION

as of December 31, 2016

	Year 2016	Year 2015
ASSETS		
Cash and Cash Equivalents	\$ 258518	\$ 169851
Retirement Fund (Restricted Use) ¹	1088648	1032731
TOTAL ASSETS	\$ 1347166	\$ 1202582
 LIABILITIES		
Long-Term Liabilities		
Sacerdotal Society	6263	83140
McKees Rocks	50000	50000
Retirement Obligations	1088648	1032731
Loan – Carnegie	25000	25000
Loan – Stamford Eparchy	0	193400
Total Long-Term Liabilities	\$ 1169911	\$ 1384271
TOTAL LIABILITIES	\$ 1169911	\$ 1384271
NET ASSETS	\$ 177255	\$ -181689
TOTAL LIABILITIES AND NET ASSETS	\$ 1347166	\$ 1202582

¹See notes to financial statements

Ukrainian Catholic Eparchy of St. Josaphat
 5720 State Rd.
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STATEMENT OF ACTIVITIES
 For the Calendar Year Ending December 31, 2016

	Year 2016	Year 2015
REVENUES, GAINS AND OTHER SUPPORT		
Donations for Others	\$ 24379	\$ 24952
Donations from Private Donors	70744	56885
Dues and Donations from Affiliated Parishes	611849	540235
Grants	307267	439224
Interest Income	671	659
Sale of Land	198811	0
Other Revenue	17458	2886
TOTAL INCOME	\$ 1231179	\$ 1064841
EXPENSES		
Bishop's Residence Expenses	\$ 10362	\$ 11154
Clergy Conference, Retreats and Cantors	17502	23047
Compensation and Benefits – Retired Bishop	23443	24465
Compensation and Benefits – PMO	36683	35257
Compensation and Benefits – Chancery	44440	34075
Donations to Others	24651	28023
Dues and Assessments	32256	20270
Health Insurance and Medical Expenses	167308	163977
Insurance – Property	274225	310241
Interest Expense	946	3890
Mission Support	7154	0
Office Supplies, Postage, Fees, and Equipment	45285	37461
Priest Support	26585	37996
Professional Fees	17141	12626
Repair and Maintenance	0	1385
Seminary Books, Supplies and Miscellaneous	25233	29877
Stewardship Expenses	87460	80622
Travel and Meetings	13985	22195
Utilities and Phone	2391	1925
Widow's Support	8881	6894
Youth Ministry	6304	10430
Other Expenses	0	11832
TOTAL EXPENSES	\$ 872235	\$ 907642
INCREASE OR DECREASE (-) IN ASSETS	\$ 358944	\$ 157199

See notes to financial statements

Ukrainian Catholic Eparchy of St. Josaphat
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STATEMENT OF CASH FLOWS
For the Calendar Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flow from operations	\$	358944
Net cash provided by operating activities		358944

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt		-270277
Net cash used by financing activities		-270277

NET INCREASE OR DECREASE (-) IN CASH AND CASH EQUIVALENTS		88667
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CASH AND CASH EQUIVALENTS BEGINNING OF YEAR		169851
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CASH AND CASH EQUIVALENTS END OF YEAR	\$	258518
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See notes to financial statements

Notes to Financial Statements

Year Ended December 31, 2016

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. In 2016, there were fourteen retired priests/bishops receiving a total of \$ 114,735.00. 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 2016, the interest on the Certificates of Deposits with Cleveland Selfreliance Credit Union was \$ 5,077.35.

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	81,110.00	2,030.00		83,140.00
			77,032.00	
2016	6,108.00	155.00		6,263.00

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 March 29, 2017.

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.