



**Simic CPA Company**  
*Certified Public Accountants*

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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, 2018 and 2017, 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**

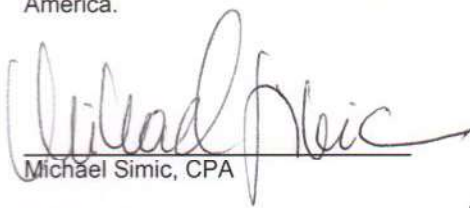
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2018, and 2017, 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  
April 1<sup>st</sup>, 2019

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

## STATEMENT OF FINANCIAL POSITION

as of December 31, 2018

	Year 2018	Year 2017
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 239572	\$ 334359
Retirement Fund ( <b>Restricted Use</b> ) <sup>1</sup>	1079129	1143122
Fidelity Investments	45118	0
<b>TOTAL ASSETS</b>	<b>\$ 1363819</b>	<b>\$ 1477481</b>
<b>LIABILITIES</b>		
Long-Term Liabilities		
Sacerdotal Society	\$ 0	\$ 6423
McKees Rocks	50000	50000
Retirement Obligations	1079129	1143122
<b>Total Long-Term Liabilities</b>	<b>\$ 1129129</b>	<b>\$ 1199545</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 1129129</b>	<b>\$ 1199545</b>
<b>NET ASSETS</b>	<b>\$ 234690</b>	<b>\$ 277936</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1363819</b>	<b>\$ 1477481</b>

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

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# **STATEMENT OF ACTIVITIES**

For the Calendar Year Ending December 31, 2018

	Year 2018	Year 2017
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Donations for Others	\$ 22033	\$ 10674
Donations from Private Donors	78494	117855
Dues and Donations from Affiliated Parishes	467540	490415
Grants	311438	309707
Interest Income	1009	805
Other Revenue	6723	12485
<b>TOTAL INCOME</b>	<b>\$ 887237</b>	<b>\$ 941941</b>
<b>EXPENSES</b>		
Bishop's Residence Expenses	\$ 12795	\$ 11238
Clergy Conference, Retreats and Cantors	25254	40680
Compensation and Benefits – Retired Bishop	22443	22443
Compensation and Benefits – PMO	36754	36768
Compensation and Benefits – Chancery	41198	35598
Donations to Others	78999	43139
Dues and Assessments	22088	14452
Health Insurance and Medical Expenses	144086	133639
Insurance – Property	273199	275998
Mission Support	15601	5922
Office Supplies, Postage, Fees, and Equipment	42662	48343
Priest Support	27560	27900
Professional Fees	5776	7795
Seminary Books, Supplies and Miscellaneous	42971	40755
Stewardship Expenses	88929	87964
Travel and Meetings	19233	16401
Utilities and Phone	2665	1638
Widow's Support	6859	9117
Youth and Family Life Ministry	14518	6310
Child Protection Office	6893	0
<b>TOTAL EXPENSES</b>	<b>\$ 930483</b>	<b>\$ 866100</b>
<b>INCREASE OR DECREASE (-) IN ASSETS FROM OPERATIONS</b>	<b>\$ -43246</b>	<b>\$ 75841</b>
<b>INCREASE IN ASSETS DUE TO LOAN FORGIVENESS</b>	<b>\$ 0</b>	<b>\$ 25000</b>
<b>DECREASE IN ASSETS – ACCRUED INTEREST</b>	<b>\$ 0</b>	<b>\$ -160</b>
<b>TOTAL INCREASE OR DECREASE (-) IN ASSETS</b>	<b>\$ -43246</b>	<b>\$ 100681</b>
See notes to financial statements		

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**STATEMENT OF CASH FLOWS**  
For the Calendar Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flow from operations	\$ -43246
<b>Net cash provided by operating activities</b>	<b>\$ -43246</b>

CASH FLOWS FROM FINANCING ACTIVITIES

Loan Repayment	\$ 6423
<b>Net cash provided by financing activities</b>	<b>\$ -6423</b>

<b>NET INCREASE OR DECREASE (-) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ -49669</b>
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<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<b>\$ 334359</b>
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<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 284690</b>
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See notes to financial statements

## Notes to Financial Statements

Year Ended December 31, 2018

### 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 \$ 750) times the years of service divided by 35. The money in the fund can only be used for the payment of retired priests. In 2018, there were twelve retired priests/bishops receiving a total of \$ 102,084.00. 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 2018, the interest on the Certificates of Deposits with Cleveland Selfreliance Credit Union was \$ 5,554.80.

g. *Long-Term Liabilities* - The Eparchy have interest-free loan from McKees Rocks (\$ 50,000) which is a related Catholic institution. Loan is payable on demand.

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 31, 2019.

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.