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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 position of the Ukrainian Catholic Eparchy of St. Josaphat as of December 31, 2014, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Ukrainian Catholic Eparchy of St. Josaphat's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

June 11, 2015



Michael Simic, CPA

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

STATEMENT OF FINANCIAL POSITION

as of December 31, 2014

	Year 2014	Year 2013
ASSETS		
Cash and Cash Equivalents	\$ 176845	\$ 177828
Pre-paid Expenses (Catholic Mutual)	0	7701
Retirement Fund (Restricted Use) ¹	1044319	1075281
TOTAL ASSETS	\$ 1221164	\$ 1260810
 LIABILITIES		
Accounts Payable	\$ 33635	\$ 3142 ¹
Short-Term Liabilities		
St. Luke Institute	16881	33480
Total Short-Term Liabilities	\$ 16881	\$ 33480
Long-Term Liabilities		
Sacerdotal Society	151608	175910
McKees Rocks	50000	50000
Retirement Obligations	1044319	1075281
Loan – Selfreliance CU	238609	250000
Loan – Carnegie	25000	25000
Total Long-Term Liabilities	\$ 1509536	\$ 1576191
TOTAL LIABILITIES	\$ 1560052	\$ 1612813
NET ASSETS	\$ -338888	\$ -352003
TOTAL LIABILITIES AND NET ASSETS	\$ 1221164	\$ 1260810

¹See notes to financial statements

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STATEMENT OF ACTIVITIES
 For the Calendar Year Ending December 31, 2014

	Year 2014	Year 2013
REVENUES, GAINS AND OTHER SUPPORT		
Catholic Home Missions	\$ 135000	\$ 125000
Donations from Private Donors	24251	32689
Dues and Donations from Affiliated Parishes	561600	580125
Interest Income	574	1265
Special Events	32963	0
Stewardship Campaign	180861	106527
Total Income	\$ 935249	\$ 845606
EXPENSES		
Bishop's Residence Expenses	\$ 10785	\$ 14916
Charitable Donations	57329	6100
Clergy Conference, Retreats and Cantors	16320	12901
Dues and Assessments	31642	41152
Food and Gas Allowance	14685	12769
Health Insurance and Expenses	110735	125057
Health Insurance – Retired Priests	30087	22998
Health Insurance/Retirement/Residence – Retired Bishop	25344	30089
Health Insurance/Retirement – Chancery	12965	14275
Insurance – Property	310199	295236
Interest Expense	3609	0
Mission Support	15000	0
Office Supplies, Postage, Fees, and Equipment	40072	23060
Priest Support	8690	5020
Repairs and Maintenance	1127	1230
Salaries – Chancery	19700	17400
Salaries – PMO	36407	37961
Seminary Books, Supplies and Miscellaneous	37069	34468
Seminary Tuition	13386	37013
Special Events	29724	0
Stewardship Expenses	67425	71037
Travel and Meetings	13975	12286
Tribunal	750	200
Utilities and Phone	2920	2980
Widow's Support	8491	8266
Youth Committee	0	5250
Other Expenses – Accrued Loan Interest	3698	4290
Total Expenses	\$ 922134	\$ 835954
INCREASE OR DECREASE (-) IN ASSETS	\$ 13115	\$ 9652

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STATEMENT OF CASH FLOWS
For the Calendar Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flow from operations	\$ 13115
Increase in accounts payable	30493
Net cash provided by operating activities	43608

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on short-term debt	-16599
Payments on long-term debt	-35693
New Loans	0
Net cash provided by financing activities	-52292

NET INCREASE OR DECREASE (-) IN CASH AND CASH EQUIVALENTS **-8684**

CASH AND CASH EQUIVALENTS
BEGINNING OF YEAR **185529**

CASH AND CASH EQUIVALENTS
END OF YEAR **\$ 176845**

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Notes to Financial Statements

Year Ended December 31, 2014

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 serve 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 fourteen priests/bishops receiving a total of \$9,433 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 2014, the interest on the Certificates of Deposits with Cleveland Selfreliance Credit Union was \$ 6,207.94.

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.

Date	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

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. *Adjustment to Accounts Payable* – Accounts Payable as of December 31, 2013 were overstated on the 2013 Statement of Financial Position. The value has been corrected on the present Statement.