



## Українська Католицька Єпархія св. Свщм. Йосафата у Пармі

Ukrainian Catholic Diocese of St. Josaphat in Parma

5720 State Road • P.O. Box 347180 • Parma, Ohio 44134-7180

June 12, 2015

Protocol Number: 97/15 S

Dear Brothers and Sisters in Christ:

This letter highlights several items in the Eparchy's 2014 Audited Financial Statements to help you understand them. The Financial Statements consist of five parts:

- (1) *Auditor's Letter*. This is the letter from the accounting firm, Simic C.P.A. & Co., 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 state.
- (2) *Statement of Financial Position*. This statement is a "snapshot in time" that shows the Eparchy's assets and liabilities as of December 31, 2014. Assets are at the top, and Liabilities are under them.
- (3) *Statement of Activities*. This page shows the revenue (also called income) and expenses for the Eparchy during the year 2014.
- (4) *Statement of Cash Flows*. This page shows the cash that flowed into and out of the Eparchy's accounts in 2014.
- (5) *Notes to Financial Statements*. These are the "footnotes" that 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 \$1,221,164, but the vast majority of this (\$1,044,319) consists of the Retirement Fund for Priests ("Retirement Fund") and is not available to be used for other things. That leaves remaining assets of \$176,845. **This is a very small amount of assets for a Catholic diocese!**
  - ✓ **Parish Assets Not Included in Net Worth**. 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 the parishes.

Liabilities. There are three types of Liabilities: Accounts Payable (checks which were written to outside parties in 2014 but not cashed until 2015), Short-Term Liabilities (obligations which are currently due or 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). Overall, Assets and Liabilities stayed about the same in 2014 as they were in 2013.

- ✓ Accounts Payable. The Eparchy wrote several checks in December 2014 to pay bills, so the Accounts Payable figure as of December 31, 2014 was much higher than the Accounts Payable figure as of December 31, 2013. This is not a cause for concern.
- ✓ Short-Term Liabilities. It is a basic principle of financial security for any enterprise that Accounts Payable and Short-Term Liabilities should be less than the Assets that consist of Cash and Cash Equivalents, so that the enterprise can pay its debts as they come due. Due to the Eparchy's payment of a large overdue bill to Catholic Mutual Group for insurance premiums in 2013, together with smaller obligations to various charities, the Eparchy's Cash and Cash Equivalents (\$176,845) is now larger than the combination of its Accounts Payable (\$33,635) and Short-Term Liabilities (\$16,881). That is good news. Also, the Short-Term Liability to St. Luke Institute was reduced by 49% in 2014 (from \$33,480 to \$16,881) and is expected to be paid in full during 2015.
- ✓ Long-Term Liabilities. The Eparchy's Long-Term Liabilities decreased from \$1,576,191 at the end of 2013 to \$1,509,536 as of the end of 2014. The largest liability is the Retirement Obligations (\$1,044,319). This particular obligation is always equal to the Retirement Fund for Priests in the list of Assets. The other Long-Term Liabilities consisted of a loan from the retirement fund for priests ("Sacerdotal Society", which was \$151,608), loans from two parishes to the Eparchy (McKees Rocks and Carnegie, totaling \$75,000), and a loan from Cleveland Selfreliance Federal Credit Union (\$238,609). The Eparchy's debt to the Ukrainian Catholic Church's Patriarchal Curia was paid off in full in 2013, along with several smaller amounts owed to various charities.

### **Statement of Activities**

1. Revenues – Catholic Home Missions (\$135,000 in 2014; \$125,000 in 2013). Catholic Home Missions increased its support for the Eparchy to \$135,000 in 2014 from \$125,000 in 2013. Catholic Home Missions also made a special grant of \$10,000 in 2014 to the Eparchy to help pay the costs of the consecration and enthronement of the Eparchy's new Bishop in November 2014, which is included with other donations for the same purpose under the heading "Special Events". The grant from Catholic Home Missions will increase to \$150,000 in 2015.

2. Revenues – Dues and Donations from Affiliated Parishes (\$561,600 in 2014). The Dues from Affiliated Parishes are amounts paid by parishes to cover the cost of insurance for those parishes, and a small amount of support for the Eparchy. This amount remained steady from 2013 to 2014, decreasing by about 3%.
3. Revenues – Special Events (\$32,963 in 2014; \$0 in 2013). The revenue from Special Events consistent of gifts made in honor of the consecration of Bishop Bohdan Danylo for the Eparchy on November 4, 2014. The amount received by the Eparchy for this occasion, \$32,963, slightly exceeded the expenses for this Special Event (\$29,724, which is listed below under expenses).
4. Revenues – Stewardship Campaign (\$180,861 in 2014; \$106,527 in 2013). The Revenue from the Stewardship Campaign consisted mainly of grants from foundations and, to a smaller extent, revenue from mailed appeals for donations. There were two appeals in 2014: one in May distributed through the parishes, and one in December mailed directly to about 5,000 households. The response to the appeals is disappointingly low.
5. Expenses – Relating to Retired Bishops and Priests. Per Canon Law, every diocese has an obligation to support its current and retired bishops and priests. The expense items relating to the current and former Bishop and the retired priests totaled \$89,591 in 2014 (\$10,785 + \$14,685 + \$30,087 + \$25,344 + \$8,690). This increased 4% from 2013, as there was one additional retired priest in 2014 from 2013.
6. Expenses – Charitable Donations (\$57,329 in 2014; \$6,100 in 2013). This category includes two basic things: a) donations made by the faithful through the Eparchy to institutions abroad, and b) grants that the Eparchy helped Ukrainian Catholic institutions abroad to receive. Specifically, figure this included donations from the faithful of \$19,253 to Special Collections (such as Catholic Home Missions, the Church in Central and Eastern Europe, and the Church in the Holy Land); \$10,544 to assist the Maidan; \$4,596 to the Patriarch; and \$936 to other Ukrainian Catholic institutions abroad. It also included grants of \$10,000 to the Ukrainian Catholic Eparchy in France; \$10,000 to the Redemptorist Order in Ukraine; and \$4,000 to projects of the Patriarch Curia in Ukraine.
7. Expenses – Clergy Conference, Retreats and Cantors (\$16,320 in 2014). There are 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 increase in this expense from 2013 was caused by one of the retreats being held in the southern part of the Eparchy, which necessitated larger travel costs. The Bishop feels that the retreat location should occasionally change so that the same priests are not always forced to travel the farthest.

8. Expenses – Dues and Assessments (\$31,642 in 2014). These are mandatory dues that the Eparchy is obligated to pay to the Patriarchal Curia of the Ukrainian Catholic Church (\$13,000 a year or more) and to the United States Conference of Catholic Bishops. The decrease in this expense in 2014 resulted from the Eparchy paying its entire past due balance to the Patriarchal Curia in 2013, which had been overdue for several years.
9. Expenses – Health Insurance and Expenses (\$110,735 in 2014). Much of this expense is paid from the dues paid by individual parishes. The decrease in this cost was caused by a slight decrease in the number of covered priests in this category in 2014 and a timing anomaly in payments.
10. Expenses – Health Insurance – Retired Priests (\$30,087 in 2014). The increase in this expense from \$22,998 in 2013 to \$30,087 in 2014 was caused by an increase in the number of covered priests in this category by two, and increased health insurance costs.
11. Expenses – Insurance – Property (\$310,199 in 2014). 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 current carrier for three years but the premiums continued to rise. Therefore, the Eparchy has decided to use an alternative carrier that will save an estimated 20% on premiums starting in 2016. At least half of this savings will be passed onto the parishes immediately; the remainder may be kept in a fund to keep future insurance premiums low.
12. Expenses – Interest (\$3,609 in 2014). This was interest on debt owed by the Eparchy.
13. Expenses – Mission Support (\$15,000 in 2014). The Eparchy provided direct financial assistance to sustain several missions (new parishes) in 2014. It is important to help these faith communities in their infancy so that they grow to become strong parishes in the future and serve the faithful well.
14. Expenses – Office Supplies, Postage, Fees and Equipment (\$40,072 in 2014; \$23,060 in 2013). This significant increase in this expense category in 2014 resulted from two things: a) legal fees of about \$10,000, and b) the purchase of equipment for \$8,000.
15. Expenses – Priest Support (\$8,690 in 2014; \$5,020 in 2013). This expense category consists of Liturgy stipends provided to priests thanks to grants obtained by the Eparchy's Stewardship Office which are restricted for this purpose.
16. Expenses – Salaries – PMO (\$36,407 in 2014). The PMO is the Pastoral Ministry Office, a ministry of the Eparchy dedicated to pastoral care for individuals. A grant obtained by the Stewardship Office paid about 15% of this expense in 2014.

17. Expenses – Seminary Related (\$37,069 + \$13,386 in 2014 versus \$34,468 + \$37,013 in 2013). The combined expenses for Seminary Books, Supplies and Miscellaneous; and Seminary Tuition; decreased to \$50,455 in 2014 from \$71,481 in 2013. Some of this decrease was a result of paying past due bills in 2013; the remainder of this decrease was a result of paying seminarian tuition for only half of 2014. Every diocese must invest in the formation and education of its seminarians to ensure that there are priests who can serve in the parishes in the future.
18. Expenses – Special Events (\$29,724 in 2014). These were expenses the Eparchy incurred in conjunction with the consecration of Bishop Bohdan Danylo as the Eparchy’s Bishop on November 4, 2014. These expenses included the bill from the caterer, the cost of travel to the Eparchy for visiting clergy (including the Patriarch), a bill from the media company that recorded the event, and other smaller bills. Generous members of the faithful, parishes and foundations made special gifts to the Eparchy of \$32,963 in 2014 to cover all of the expenses of this joyous occasion. (This is listed above under Revenue – Special Events.)
19. Expenses – Stewardship Expenses (\$67,425 in 2014). The bulk of the Stewardship Expenses consisted of postage and printing for mailings, travel expenses, payments to the Stewardship Director, and other costs of the Stewardship Office. The Stewardship Office’s costs decreased in 2014 to \$67,425 from \$71,037 in 2013; the revenues produced by the Stewardship Office in 2014 were over \$275,000. The Stewardship Office has produced a tremendous inflow of revenues to the Eparchy since its creation in December 2011 and has helped reverse the Eparchy’s financial decline.
20. Expenses – Travel and Meetings (\$13,975 in 2014). These are the expenses incurred by the Bishop to visit parishes in the Eparchy, and to attend mandatory meetings of the Patriarchal Curia of the Ukrainian Catholic Church (held in Ukraine) and the United States Conference of Catholic Bishops. The slight increase in this category in 2014 from 2013 was due to higher airline ticket costs and other travel costs in 2014.
21. Expenses – Widow’s Support (\$8,491 in 2014). This is a charitable expense of the Eparchy that has existed since 2004.
22. Expenses – Youth Committee (\$0 in 2014; \$5,250 in 2013). This apparent decrease in 2014 is due to a timing issue: two grants obtained by the Eparchy’s Stewardship Office in late 2014 to support the Eparchy’s Youth Ministry Office were not paid until 2015.
23. Expenses related to the Eparchy’s Office (the Chancery) – Office Supplies, Postage, Fees and Equipment (\$40,072 in 2014); Salaries – Chancery (\$19,700 in 2014); Health Insurance/Retirement–Chancery (\$12,965 in 2014). These are the basic costs of operating the Eparchy’s office (the Chancery). Every diocese in America has these kinds of costs, but our costs are amongst the lowest of any diocese in America. Grants obtained by the

Stewardship Office from Catholic Home Missions and Catholic Extension Society paid all of these expenses in 2014. There is one full time employee who works in the Chancery.

### **Statement of Cash Flows**

The Statement of Cash Flows shows that Cash decreased by \$8,684 during the year 2014. The most important takeaway from this is that there is adequate cash on hand to pay the Eparchy's Short-Term Liabilities.

### **Closing**

These Financial Statements accurately reflect the Eparchy's financial state, and were audited by the outside accounting firm of Simic C.P.A. & Co.. 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. This level of transparency should continue in future years so that the Eparchy continues to be accountable to the people it serves and who make its work possible.

May God bless the Eparchy of Saint Josaphat in Parma and its faithful priests and people!

Sincerely yours in Christ,

A handwritten signature in cursive script that reads "Fr. Steven M. Paliwoda".

Very Reverend Canon Steven Paliwoda  
Eparchial Financial Officer