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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, 2017 and 2016, 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

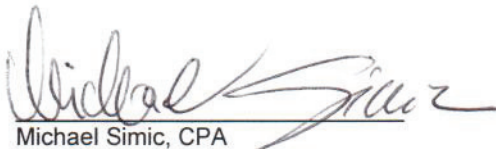
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2017, and 2016, 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
May 14th, 2018

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

STATEMENT OF FINANCIAL POSITION

as of December 31, 2017

	Year 2017	Year 2016
ASSETS		
Cash and Cash Equivalents	\$ 334359	\$ 258518
Retirement Fund (Restricted Use) ¹	1143122	1088648
TOTAL ASSETS	\$ 1477481	\$ 1347166
LIABILITIES		
Long-Term Liabilities		
Sacerdotal Society	\$ 6423	\$ 6263
McKees Rocks	50000	50000
Retirement Obligations	1143122	1088648
Loan – Carnegie	0	25000
Total Long-Term Liabilities	\$ 1199545	\$ 1169911
TOTAL LIABILITIES	\$ 1199545	\$ 1169911
NET ASSETS	\$ 277936	\$ 177255
TOTAL LIABILITIES AND NET ASSETS	\$ 1477481	\$ 1347166

¹See notes to financial statements

Ukrainian Catholic Eparchy of St. Josaphat
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STATEMENT OF ACTIVITIES
 For the Calendar Year Ending December 31, 2017

	Year 2017	Year 2016
REVENUES, GAINS AND OTHER SUPPORT		
Donations for Others	\$ 10674	\$ 24379
Donations from Private Donors	117855	70744
Dues and Donations from Affiliated Parishes	490415	611849
Grants	309707	307267
Interest Income	805	671
Sale of Land	0	198811
Other Revenue	12485	17458
TOTAL INCOME	\$ 941941	\$ 1231179
EXPENSES		
Bishop's Residence Expenses	\$ 11238	\$ 10362
Clergy Conference, Retreats and Cantors	40680	17502
Compensation and Benefits – Retired Bishop	22443	23443
Compensation and Benefits – PMO	36768	36683
Compensation and Benefits – Chancery	35598	44440
Donations to Others	43139	24651
Dues and Assessments	14452	32256
Health Insurance and Medical Expenses	133639	167308
Insurance – Property	275998	274225
Interest Expense	0	946
Mission Support	5922	7154
Office Supplies, Postage, Fees, and Equipment	48343	45285
Priest Support	27900	26585
Professional Fees	7795	17141
Seminary Books, Supplies and Miscellaneous	40755	25233
Stewardship Expenses	87964	87460
Travel and Meetings	16401	13985
Utilities and Phone	1638	2391
Widow's Support	9117	8881
Youth Ministry	6310	6304
TOTAL EXPENSES	\$ 866100	\$ 872235
INCREASE OR DECREASE (-) IN ASSETS FROM OPERATIONS	\$ 75841	\$ 358944
INCREASE IN ASSETS DUE TO LOAN FORGIVENESS	\$ 25000	\$ 0
DECREASE IN ASSETS – ACCRUED INTEREST	\$ -160	\$ 0
TOTAL INCREASE OR DECREASE (-) IN ASSETS	\$ 100681	\$ 358944

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flow from operations \$ 75841

Net cash provided by operating activities \$ 75841

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash provided by financing activities \$ 0

NET INCREASE OR DECREASE (-) IN CASH AND CASH EQUIVALENTS \$ 75841

**CASH AND CASH EQUIVALENTS
BEGINNING OF YEAR \$ 258518**

**CASH AND CASH EQUIVALENTS
END OF YEAR \$ 334359**

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

Notes to Financial Statements

Year Ended December 31, 2017

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 2017, there were twelve retired priests/bishops receiving a total of \$ 110,652. 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 2017, the interest on the Certificates of Deposits with Cleveland Selfreliance Credit Union was \$ 6,196.00.

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
2017	6,263.00	160.00	0.00	6,423.00

In addition, 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 May 14, 2018.

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.