



Українська Католицька Єпархія св. Євщм. Йосафата у Пармі  
UKRAINIAN CATHOLIC EPARCHY OF SAINT JOSEPH IN PARMA

May 19, 2020

Protocol Number: 120/20 S

Dear Brothers and Sisters in Christ:

This letter is intended to help you understand several items in the Eparchy's 2019 Audited Financial Statements. The Financial Statements consist of five parts:

- (1) *Auditor's Letter*. This is a one-page letter from the independent accounting firm of Simic CPA Company, 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 condition.
- (2) *Statement of Financial Position*. This statement, which is sometimes referred to as the "Balance Sheet", is a "snapshot in time" that shows the Eparchy's assets and liabilities as of December 31, 2019. Assets are towards the top; Liabilities are under them.
- (3) *Statement of Activities*. This shows the Eparchy's income and expenses in 2019.
- (4) *Statement of Cash Flows*. This shows the cash that flowed into and out of the Eparchy's accounts in 2019.
- (5) *Notes to Financial Statements*. These notes 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 \$1,386,024, the vast majority of which (\$1,091,556) consists of the Retirement Fund for Priests ("Board Designated Retirement Fund") which is restricted and is not available to be used for other things. That leaves remaining assets of \$244,468. This is a little larger than last year due to the increase in the Eparchy's investments in 2019, but this is still a very small number compared to most Catholic dioceses.
  - ✓ Parish Assets Not Included in Eparchy's Assets. 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 parishes.
2. Liabilities. There are three basic types of Liabilities: Accounts Payable (amounts which are immediately due), Short-Term Liabilities (obligations 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). There are several positive developments in this area in recent years:



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- ✓ Accounts Payable and Short-Term Liabilities. These categories **do not appear** on the financial statements this year because the Eparchy had no Accounts Payable or Short-Term Liabilities as of December 31, 2019 or December 31, 2018. This is a tremendous improvement from just a few years ago, when the Eparchy had hundreds of thousands of dollars of obligations in these categories.
- ✓ Long-Term Liabilities. The Eparchy had only two Long-Term Liabilities as of December 31, 2019. The larger one is the Board Designated Retirement Obligations (the Priest Retirement Fund) which amounted to \$1,091,556. This obligation is always equal to the Board Designated Retirement Fund (the Retirement Fund for Priests) in the list of Assets: \$1,091,556. The other Long-Term Liability consists of a loan from the parish in McKees Rocks, Pennsylvania to the Eparchy in the amount of \$50,000, which was made more than 10 years ago under the Eparchy's first Bishop.

**Statement of Activities (with comparative figures for the previous year on the next page)**

The Statement of Activities shows a sizeable increase in income from 2018 (\$186,478), and an increase in expenses that was nearly as large (\$140,774), with the bottom line being that there was \$2,458 remaining after expenses in 2019, compared to a \$43,246 deficit in 2018. **There would have been a larger deficit in 2019 (\$71,443) than in 2018 (\$43,246), were it not for the sale of property worth \$73,901 in 2019.**

The increase in income is attributable to five factors: 1) an increase in Donations for Others of \$33,203; 2) an increase in Dues and Donations paid by Parishes to the Eparchy in 2019 of \$28,016; 3) an increase in grants to the Eparchy of \$50,792; 4) an increase in Other Revenue of \$29,549; and the Sale of Real Estate generating \$73,901 in 2019. These were somewhat offset by a decline in Donations from Private Donors of \$28,652. Here are the underlying factors for these figures in 2019.

1. Revenues – Donations for Others (\$55,235 in 2019; \$22,033 in 2018; \$10,674 in 2017). The Donations for Others category consists of donations and special collections (Andrew's Pence, Peter's Pence, Collection for the Holy Land, Collection for Eastern Europe, Ukrainian Mission Fund, etc.) to benefit institutions located outside of the Eparchy. The increase in this category in 2019 was thanks to donations of over \$24,000 from the faithful in the Eparchy towards the Heart to Heart Week activities that took place in Philadelphia at the Enthronement of Metropolitan Archbishop Borys Gudziak.
2. Revenues – Donations from Private Donors (\$49,842 in 2019; \$78,494 in 2018). ALSO SEE: Other Revenue (\$36,272 in 2019; \$6,723 in 2018). The categories of "Donations



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from Private Donors” and “Other Revenue” consist of revenue from mailings which solicit donations, from special events, and from other donations received during the year. Looking at these two categories together, the combined revenue from these two categories was basically even in 2018 and 2019: \$86,214 in 2019 and \$85,217 in 2018. Two fundraising events for the Eparchy were held in 2019, whereas none were held in 2018. In both 2018 and 2019, there were two mailings were sent to about 4,500 people each: one in March and one in November. There was also a smaller mailing to about 500 households in September. The response rate to the mailings remains very low: just 3%.

3. Revenues – Dues and Donations from Affiliated Parishes (\$495,556 in 2019; \$467,540 in 2018; \$490,415 in 2017; \$611,849 in 2016; \$540,235 in 2015). The Dues and Donations from Affiliated Parishes are amounts paid by parishes to cover the cost of insurance for the parishes, to reimburse the Eparchy for certain costs incurred for parishes, and as assessments to support the Eparchy. The increase in this category in 2019 brought this to a level comparable with what the parishes paid to the Eparchy in 2017, but it is still far below what parishes paid before 2017. (Note that the 2016 figure includes a \$75,000 donation to the Eparchy from the Diocesan Resource Committee, which is a volunteer organization which raises funds to support the Eparchy.)
4. Revenues – Grants (\$362,230 in 2019; \$311,438 in 2018; \$309,707 in 2017; \$307,267 in 2016). Grants received by the Eparchy increased 16% in 2019 from 2018. The Eparchy is grateful for support from several foundations, including the United States Conference of Catholic Bishops Office of Home Missions (also known as “Catholic Home Missions”) (\$175,000); Catholic Extension Society (\$96,230); and the Heritage Foundation in 2019.
5. Revenues – Other Revenue (\$36,272 in 2019; \$6,723 in 2018). This category consists mainly of the sale of religious books and DVDs by the Chancery Office, usually over the Internet, and other small donations. This amount is high compared to prior years.
6. Revenues – Sale of Real Estate (\$73,901 in 2019; \$0 in 2018). A small piece of property was sold by the Eparchy in 2019; no property was sold in 2018.
7. Expenses – Relating to Current Bishop and Retired Bishop. Per Canon Law, every diocese has an obligation to support its current and retired Bishops. The expense items relating to the current bishop and the retired bishop in our financial statements are as follows: “Bishop’s Residence Expenses” (\$11,498 in 2019; \$12,795 in 2018) and Compensation and Benefits – Retired Bishop (\$33,919 in 2019; \$22,443 in 2018). Also, the current bishop’s compensation is included in the category “Compensation and Benefits – Chancery” (\$35,765 in 2019; \$41,198 in 2018). (That category includes



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compensation for two other individuals.) The expenses paid for the current Bishop and the retired Bishop increased slightly from last year.

8. Expenses – Clergy Conference, Retreats and Cantors (\$44,441 in 2019; \$25,254 in 2018). There are usually 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 2018 was due to a change in venue for both the priests’ retreat and the conference for cantors in 2019. A grant obtained by the Stewardship Office and donations from private donors helped pay these expenses.
9. Expenses – Compensation and Benefits – PMO (\$36,960 in 2019; \$36,754 in 2018). The PMO is the Pastoral Ministry Office, a ministry of the Eparchy dedicated to pastoral care for individuals. It is staffed by Sisters of the Order of Saint Basil the Great. It also assists in catechesis and the production of educational materials. This expense has remained steady over the past several years.
10. Expenses – Compensation and Benefits – Chancery (\$35,765 in 2019; \$41,198 in 2018). This category includes the compensation for three people working in the Eparchy’s office (the Chancery), one of whom is the current Bishop. Other expenses related to operating the Chancery were “Office Supplies, Postage, Fees and Equipment” (\$60,549 in 2019; \$42,662 in 2018; \$48,343 in 2017); and “Utilities and Phone” (\$2,832 in 2019; \$2,665 in 2018). As the Eparchy’s level of activity increases, small increases in these expenses are expected. Every diocese in America has these kinds of costs, but our Eparchy’s costs are amongst the lowest of any diocese in America. Grants obtained by the Stewardship Office from Catholic Extension Society and Catholic Home Missions paid all of these expenses in 2019.
11. Expenses – Donations to Others (\$128,136 in 2019; \$78,999 in 2018; \$43,139 in 2017; \$24,651 in 2016). This category includes donations and grants that the Eparchy helps Ukrainian Catholic institutions abroad to receive. This expense has increased significantly every year for the past four years, and reflects a) generosity on the part of the Eparchy and its faithful to outside institutions, and b) \$85,000 in grants from the Koch Foundation to several institutions in Ukraine. The Eparchy served as the Fiscal Agent for grants from the Koch Foundation to the following institutions in 2019: the Patriarchal Curia of the Ukrainian Catholic Church; Ukrainian Catholic Archeparchy of Kyiv; the Archeparchy of Ternopil-Zboriv; the Eparchy of Kamyanets-Podilsky; the Eparchy Saint Volodymyr the Great in Paris; the Marian Spirituality Center in Zarvanytsya; and the Redemptorist Sisters of Ukraine.



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12. Expenses – Dues and Assessments (\$20,368 in 2019; \$22,088 in 2018). These are mandatory dues that the Eparchy is obligated to pay to the Patriarchal Curia of the Ukrainian Catholic Church (\$10,000 a year or more), to the United States Conference of Catholic Bishops, and to other similar organizations. The slight decrease in this expense from 2018 was due to the timing of when some dues were paid.
13. Expenses – Health Insurance and Medical Expenses (\$130,083 in 2019; \$144,086 in 2018; \$133,639 in 2017). This is health insurance for the priests in the parishes. Much of this expense is paid by the parish of each priest. (The income from parishes to pay for their priest's health insurance is included in the Income category of "Dues and Donations from Affiliated Parishes".) This expense has held steady for the past three years.
14. Expenses – Insurance – Property (\$254,382 in 2019; \$273,199 in 2018; \$275,998 in 2017; \$274,225 in 2016; \$310,241 in 2015). Property insurance premiums, the Eparchy's largest expense, are paid mostly by parishes. This is, in effect, a tax upon the parishes. The Eparchy requested lower property insurance premiums from its insurance carrier (Catholic Mutual) several years ago. Thanks to the assistance of an outside consultant, Keith Dobrolinsky of Assurance Agency Ltd. in Schaumburg, IL, this cost dropped significantly in 2016 and has declined even further since then. Almost all of the savings has been passed on to the parishes.
15. Expenses – Mission Support (\$8,888 in 2019; \$15,601 in 2018; \$5,922 in 2017; \$7,154 in 2016; \$0 in 2015). The Eparchy provides direct financial assistance to sustain several missions (new parishes) to serve Ukrainian Catholics in areas where there was no parish before. It is important to help these young faith communities so that they can grow to become strong parishes in the future. Bishop Bohdan has made opening and supporting new missions one of the Eparchy's top priorities. The slight decrease in this figure in 2019 from 2018 was due to a timing issue in payments by the Eparchy.
16. Expenses – Office Supplies, Postage, Fees, and Equipment (\$60,549 in 2019; \$42,662 in 2018). As mentioned above (#10), these are the basic costs of running the Chancery (the diocesan office). Every diocese in America has these costs, but our Eparchy's costs are amongst the lowest of any diocese in America. As the Eparchy's level of activity increases, increases in these expenses are expected. Grants obtained by the Stewardship Office from Catholic Home Missions and Catholic Extension Society have paid all of these expenses for the past several years.
17. Expenses – Priest Support (\$32,752 in 2019; \$27,560 in 2018; \$27,900 in 2017; \$26,585 in 2016; \$37,996 in 2015). The Eparchy has an obligation under Canon Law to support priests of the Eparchy who are on leave for various reasons. Two priests received this support in 2019. This expense was in the middle of the range (\$26,585-\$37,996) for this



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expense since 2015.

18. Expenses – Professional Fees (\$15,485 in 2019; \$5,776 in 2018; \$7,795 in 2017; \$17,141 in 2016; \$12,626 in 2015). This category consists mainly of expenses relating to obtaining and maintaining religious worker visas for priests to serve in the Eparchy, accounting fees and attorney fees. The Bishop deems it a moral obligation and a service to the parishes to pay the immigration-related expenses for priests. This expense increased in 2019 from 2018 to a level comparable to 2016 and 2015.
19. Expenses – Seminary Books, Supplies and Miscellaneous (\$39,676 in 2019; \$42,971 in 2018; \$40,755 in 2017). These expenses decreased slightly from 2018. The Eparchy has two men currently in formation.
20. Expenses – Stewardship Expenses (\$102,317 in 2019; \$88,929 in 2018; \$87,964 in 2017; \$87,460 in 2016). The Stewardship Expenses consists of payments to the Stewardship Director and his assistants, postage and printing for mailings, and the cost of special events. This expense has remained steady since 2016; the 15% increase in 2019 was due to there being two special events in 2019 and none in 2018. All of the Stewardship Office's expenses are paid for by generous grants from Catholic Extension Society and Catholic Home Missions. The Stewardship Office has helped produce a tremendous inflow of revenues to the Eparchy since the Office's creation in December 2011, which reversed the Eparchy's financial decline. The Stewardship Office produced revenues for the Eparchy of over \$450,000 in 2019.
21. Expenses – Travel and Meetings (\$29,009 in 2019; \$19,233 in 2018). These are expenses incurred by the Bishop and other chancery officials to visit parishes in the Eparchy, and to attend mandatory meetings of the Ukrainian Catholic Synod of Bishops and the United States Conference of Catholic Bishops. This expense increased from 2018 due to more meetings and a busier travel schedule for the Bishop in 2019.
22. Expenses – Utilities and Phone (\$2,832 in 2019; \$2,665 in 2018). This expense increased slightly from 2018 due to more activity in the Eparchy. This expense is extremely small compared to almost every other diocese in America.
23. Expenses – Widow's Support (\$-297 in 2019; \$6,859 in 2018). This was a charitable expense of the Eparchy that existed from 2004 to late 2018 to support the widow of a priest. The widow passed away in late 2018; the negative amount in 2019 reflects a 2018 expense which was refunded to the Eparchy.
24. Expenses – Youth and Family Life Ministry (\$23,238 in 2019; \$14,518 in 2018; \$6,310 in 2017; \$6,304 in 2016). This is support for two of the Eparchy's most important



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ministries, Youth Ministry and the Office for Families and Sanctity of Life. This expense has increased in recent years due to the creation of the Office for Families and Sanctity of Life in 2018, and greater Youth Ministry activity. These are important investments in the people and future of our Eparchy.

25. Increase or Decrease in Assets from Operations (\$2,458 in 219; \$-43,246 in 2018). As mentioned in the introductory paragraphs of this section on the Statement of Activities, there was \$2,458 remaining after expenses in 2019 compared to a loss of \$43,246 after expenses in 2018, thanks largely to the sale of property which generated \$73,901 in 2019. Without this, there would have been a larger deficit in 2019 (\$71,443) than in 2018 (\$43,246).

### **Statement of Cash Flows**

The Statement of Cash Flows shows that cash slightly increased in 2019 (by \$9,778), compared to a decrease in cash of \$49,669 in 2018.

### **Closing**

These Financial Statements accurately reflect the Eparchy's financial state, and were audited by the outside accounting firm of Simic CPA Company. 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. The Eparchy is committed to continuing this level of transparency in future years so that it can continue to be accountable to the people it serves and who make its work possible. We are thankful for the support of the faithful. This Eparchy exists to serve you!

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

Sincerely yours in Christ,

Very Reverend Canon Steven Paliwoda  
Eparchial Financial Officer