

AUDITOR'S STATEMENT TO 56th DIOCESAN ASSEMBLY
THE DIOCESE OF PHILADELPHIA AND EASTERN PENNSYLVANIA
ORTHODOX CHURCH IN AMERICA

CHRIST THE SAVIOUR ORTHODOX CHURCH, HARRISBURG

JANUARY 23-24, 2020

Matushka Sharon Hubiak
Lead
Diocesan
Auditor

Gregory Polk
Diocesan
Auditor

Protodeacon Sergei Kapral
Diocesan
Auditor

Gloria Bench
Diocesan
Auditor

We have examined a substantial sampling of financial records with regard to income and expenses relative to The Diocese of Philadelphia and Eastern Pennsylvania. The Auditors met November 18, 2019 to assess documentation and have found the records to be in good order.

As a result of this reviews, we believe that the prepared reports presented for the financial period of January 1, 2019 through December 31, 2019 have been fairly stated. We also offer the following observations and recommendation:

In the course of our financial review, we were made aware of three "investments", we have chosen to put in quotes because they do not reflect investments in typical institutions as the majority of individuals, organizations or corporations might make. Since the organizations which received the Dioceses' funds are not bank or financially regulated funds, it is impossible for the audit team to weigh in on the security or safety of these invested funds. As such, we sought to ensure that adequate paperwork was in place which would recognize the exchange of the funds, the interest to be earned, the method and time of repayment and the ability to draw the funds if necessary.

The three investments were:

OCCIF - \$50,000
The Russian Brotherhood Organization (RBO) - \$50,000
The Diocese of the South - \$200,000

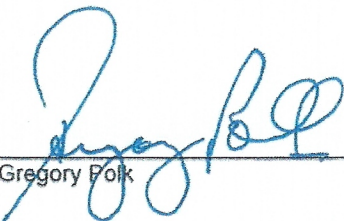
None of the investments made carry FDIC Insurance. The investments made to the OCCIF and RBO had adequate documentation supporting the transactions which included documentation signed by both parties. For the investment made to the Diocese of the South,

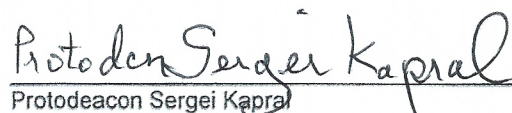
the supporting documentation provided at the time of the audit was just an email from the Treasurer of the DOS explaining the nature of the arrangement, interest rate to be earned and use of the funds. After a request made by the Auditors and with assistance from Deacon John Shingara, we received a more formally written agreement with the Diocese of the South. In our opinion, the Diocese may wish to consider investing its excess funds in more traditional arrangements with the advice of an experienced financial advisor.

The audit committee has no frame of reference in which to give an opinion on these investments since 1) our previous reviews did not encompass investments as there were none and 2) no diocesan approved investment policy statement exists that we are aware of. One suggestion the committee proposes is the drafting of an investment policy statement that sets forth guidelines to be followed in terms of amount, type, rate of return, authority and use of excess diocesan funds. Such a policy should be formulated and voted on by the diocesan assembly.

Respectfully Completed
January 20, 2020


Matushka Sharon Hubiak


Gregory Folk


Protodeacon Sergei Kapral


Gloria Bench