

FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS

**CATHOLIC CEMETERIES  
OF THE DIOCESE OF ROCKVILLE CENTRE**

August 31, 2003 and 2002

Grant Thornton 

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Most Reverend William F. Murphy, S.T.D., L.H.D.  
Bishop of Rockville Centre:

We have audited the accompanying statements of financial position of Catholic Cemeteries of the Diocese of Rockville Centre (“Catholic Cemeteries”) as of August 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Catholic Cemeteries’ management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Catholic Cemeteries of the Diocese of Rockville Centre as of August 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Catholic Cemeteries taken as a whole. The supplementary information included on pages 13 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Grant Thornton LLP*

Melville, New York  
December 22, 2003

Catholic Cemeteries of the Diocese of Rockville Centre

STATEMENTS OF FINANCIAL POSITION

As of August 31, 2003 and 2002

ASSETS	Undesignated		Unrestricted Designated						Total		Temporarily Restricted		Permanently Restricted Permanent Maintenance Funds		Total	
	General Funds		Plant Funds		Maintenance Care Funds		Maintenance Reserve Fund		2003	2002	2003	2002	2003	2002	2003	2002
	2003	2002	2003	2002	2003	2002	2003	2002								
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Cash and cash equivalents:																
Savings and checking accounts	\$ 222,450	\$ 75,560	\$ -	\$ -	\$ 40,378	\$ 60,967	\$ -	\$ -	\$ 262,828	\$ 136,527	\$ 45,383	\$ 42,220	\$ 67,607	\$ 130,876	\$ 375,818	\$ 309,623
Temporary cash investment	-	-	-	-	-	-	-	-	-	-	-	-	359,166	373,094	359,166	373,094
Total cash and cash equivalents	<u>222,450</u>	<u>75,560</u>	<u>-</u>	<u>-</u>	<u>40,378</u>	<u>60,967</u>	<u>-</u>	<u>-</u>	<u>262,828</u>	<u>136,527</u>	<u>45,383</u>	<u>42,220</u>	<u>426,773</u>	<u>503,970</u>	<u>734,984</u>	<u>682,717</u>
Marketable securities (Note B)	-	-	-	-	16,119,616	14,580,123	14,717,021	13,186,078	30,836,637	27,766,201	-	-	45,932,318	39,773,625	76,768,955	67,539,826
Investment in Diocesan Deposit and Loan Account (Note C)	13,550,000	12,850,000	-	-	-	-	-	-	13,550,000	12,850,000	-	-	-	-	13,550,000	12,850,000
Mausoleums, net (Note D)	-	-	7,397,532	8,005,849	-	-	-	-	7,397,532	8,005,849	-	-	-	-	7,397,532	8,005,849
Construction-in-progress on new mausoleums	-	-	59,930	59,930	-	-	-	-	59,930	59,930	-	-	-	-	59,930	59,930
Property and equipment, net (Note D)	-	-	2,816,260	2,819,182	-	-	-	-	2,816,260	2,819,182	-	-	-	-	2,816,260	2,819,182
Property held for possible future cemetery site (Note E)	-	-	5,859,714	5,859,714	-	-	-	-	5,859,714	5,859,714	-	-	-	-	5,859,714	5,859,714
Predevelopment	-	-	11,028	11,028	-	-	-	-	11,028	11,028	-	-	-	-	11,028	11,028
Other assets	<u>373,624</u>	<u>487,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,461</u>	<u>18,301</u>	<u>394,085</u>	<u>505,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,085</u>	<u>505,977</u>
Total assets	<u>\$14,146,074</u>	<u>\$13,413,236</u>	<u>\$16,144,464</u>	<u>\$16,755,703</u>	<u>\$16,159,994</u>	<u>\$14,641,090</u>	<u>\$14,737,482</u>	<u>\$13,204,379</u>	<u>\$61,188,014</u>	<u>\$58,014,408</u>	<u>\$ 45,383</u>	<u>\$ 42,220</u>	<u>\$46,359,091</u>	<u>\$40,277,595</u>	<u>\$107,592,488</u>	<u>\$ 98,334,223</u>
<b>LIABILITIES AND NET ASSETS</b>																
Liabilities:																
Accounts payable and accrued expenses	\$ 353,058	\$ 409,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,058	\$ 409,479	\$ -	\$ -	\$ -	\$ -	\$ 353,058	\$ 409,479
Deposits and fees paid in advance	<u>3,737,121</u>	<u>4,043,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,737,121</u>	<u>4,043,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,737,121</u>	<u>4,043,735</u>
Total liabilities	<u>4,090,179</u>	<u>4,453,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,090,179</u>	<u>4,453,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,090,179</u>	<u>4,453,214</u>
Net assets:																
Unrestricted undesignated	10,055,895	8,960,022	-	-	-	-	-	-	10,055,895	8,960,022	-	-	-	-	10,055,895	8,960,022
Unrestricted designated	<u>-</u>	<u>-</u>	<u>16,144,464</u>	<u>16,755,703</u>	<u>16,159,994</u>	<u>14,641,090</u>	<u>14,737,482</u>	<u>13,204,379</u>	<u>47,041,940</u>	<u>44,601,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,041,940</u>	<u>44,601,172</u>
Total unrestricted net assets	10,055,895	8,960,022	16,144,464	16,755,703	16,159,994	14,641,090	14,737,482	13,204,379	57,097,835	53,561,194	-	-	-	-	57,097,835	53,561,194
Temporarily restricted	-	-	-	-	-	-	-	-	-	-	45,383	42,220	-	-	45,383	42,220
Permanently restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,359,091</u>	<u>40,277,595</u>	<u>46,359,091</u>	<u>40,277,595</u>
Total net assets	<u>10,055,895</u>	<u>8,960,022</u>	<u>16,144,464</u>	<u>16,755,703</u>	<u>16,159,994</u>	<u>14,641,090</u>	<u>14,737,482</u>	<u>13,204,379</u>	<u>57,097,835</u>	<u>53,561,194</u>	<u>45,383</u>	<u>42,220</u>	<u>46,359,091</u>	<u>40,277,595</u>	<u>103,502,309</u>	<u>93,881,009</u>
Total liabilities and net assets	<u>\$14,146,074</u>	<u>\$13,413,236</u>	<u>\$16,144,464</u>	<u>\$16,755,703</u>	<u>\$16,159,994</u>	<u>\$14,641,090</u>	<u>\$14,737,482</u>	<u>\$13,204,379</u>	<u>\$61,188,014</u>	<u>\$58,014,408</u>	<u>\$ 45,383</u>	<u>\$ 42,220</u>	<u>\$46,359,091</u>	<u>\$40,277,595</u>	<u>\$107,592,488</u>	<u>\$ 98,334,223</u>

The accompanying notes are an integral part of these statements.

Catholic Cemeteries of the Diocese of Rockville Centre

STATEMENTS OF ACTIVITIES

For the years ended August 31, 2003 and 2002

	Unrestricted															
	Undesignated		Designated						Total		Temporarily Restricted		Permanently Restricted		Total	
	General Funds		Plant Funds		Maintenance Care Funds		Maintenance Reserve Fund						Permanent Maintenance Funds			
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Revenue:																
Operating income (loss) (Note F)	\$ 8,342,257	\$ 9,078,237	\$ -	\$ -	\$ (472,479)	\$ (479,065)	\$ -	\$ -	\$ 7,869,778	\$ 8,599,172	\$ -	\$ -	\$ -	\$ -	\$ 7,869,778	\$ 8,599,172
Other income:																
Maintenance Care fees	-	-	-	-	606,364	659,245	-	-	606,364	659,245	-	-	-	-	606,364	659,245
World Trade Center Memorial contributions	-	-	-	-	-	-	-	-	-	-	3,163	42,220	-	-	3,163	42,220
Permanent Maintenance and Perpetual Care fees	-	-	-	-	-	-	-	-	-	-	-	-	1,010,285	1,206,700	1,010,285	1,206,700
Interest and dividend income (Note B)	414,213	476,627	-	-	472,479	479,065	469,272	501,840	1,355,964	1,457,532	-	-	-	-	1,355,964	1,457,532
Unrealized appreciation (depreciation) in fair value of investments (Note B)	-	-	-	-	912,540	(2,189,201)	663,831	(1,467,740)	1,576,371	(3,656,941)	-	-	4,612,090	(3,240,964)	6,188,461	(6,897,905)
Realized gains (losses) on sale of investments	-	-	-	-	-	5,439	-	7,238	-	12,677	-	-	459,121	(355,182)	459,121	(342,505)
Miscellaneous income	627,143	643,264	-	-	-	-	-	-	627,143	643,264	-	-	-	-	627,143	643,264
	1,041,356	1,119,891	-	-	1,991,383	(1,045,452)	1,133,103	(958,662)	4,165,842	(884,223)	3,163	42,220	6,081,496	(2,389,446)	10,250,501	(3,231,449)
Total income	9,383,613	10,198,128	-	-	1,518,904	(1,524,517)	1,133,103	(958,662)	12,035,620	7,714,949	3,163	42,220	6,081,496	(2,389,446)	18,120,279	5,367,723
Expenses:																
Operating costs	3,948,017	3,984,073	613,997	754,199	-	-	-	-	4,562,014	4,738,272	-	-	-	-	4,562,014	4,738,272
General and administrative costs	1,816,043	1,862,408	220,759	223,337	-	-	-	-	2,036,802	2,085,745	-	-	-	-	2,036,802	2,085,745
Marketing costs	19,603	43,550	-	-	-	-	-	-	19,603	43,550	-	-	-	-	19,603	43,550
Contributions made to Diocese (Note G)	1,880,560	1,999,367	-	-	-	-	-	-	1,880,560	1,999,367	-	-	-	-	1,880,560	1,999,367
Total expenses	7,664,223	7,889,398	834,756	977,536	-	-	-	-	8,498,979	8,866,934	-	-	-	-	8,498,979	8,866,934
Transfers:																
From General Funds to Maintenance Reserve Fund	(400,000)	(400,000)	-	-	-	-	(400,000)	(400,000)	-	-	-	-	-	-	-	-
From General Funds to Plant Funds	(223,517)	(523,830)	223,517	523,830	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses and transfers	8,287,740	8,813,228	611,239	453,706	-	-	400,000	400,000	8,498,979	8,866,934	-	-	-	-	8,498,979	8,866,934
Increase (decrease) in net assets	1,095,873	1,384,900	(611,239)	(453,706)	1,518,904	(1,524,517)	1,533,103	(558,662)	3,536,641	(1,151,985)	3,163	42,220	6,081,496	(2,389,446)	9,621,300	(3,499,211)
Net assets, beginning of year	8,960,022	7,575,122	16,755,703	17,209,409	14,641,090	16,165,607	13,204,379	13,763,041	53,561,194	54,713,179	42,220	-	40,277,595	42,667,041	93,881,009	97,380,220
Net assets, end of year	\$ 10,055,895	\$ 8,960,022	\$ 16,144,464	\$ 16,755,703	\$ 16,159,994	\$ 14,641,090	\$ 14,737,482	\$ 13,204,379	\$ 57,097,835	\$ 53,561,194	\$ 45,383	\$ 42,220	\$ 46,359,091	\$ 40,277,595	\$ 103,502,309	\$ 93,881,009

The accompanying notes are an integral part of these statements.

Catholic Cemeteries of the Diocese of Rockville Centre

**STATEMENTS OF CASH FLOWS**

For the years ended August 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	<b>\$ 9,621,300</b>	\$ (3,499,211)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Unrealized (appreciation) depreciation in fair value of investments	<b>(6,188,461)</b>	6,897,905
Realized (gains) losses on sale of investments	<b>(459,121)</b>	342,505
Depletion and depreciation	<b>834,756</b>	977,536
Changes in assets and liabilities:		
Increase in other assets	<b>111,892</b>	306,306
(Decrease) increase in accounts payable and accrued expenses	<b>(56,421)</b>	85,969
Decrease in deposits and fees paid in advance	<b>(306,614)</b>	(642,936)
Net cash provided by operating activities	<b><u>3,557,331</u></b>	<u>4,468,074</u>
Cash flows from investing activities:		
Purchases of property and equipment	<b>(223,517)</b>	(523,830)
Increase in investment in Diocesan Deposit and Loan Account	<b>(700,000)</b>	(1,150,000)
Purchases of marketable securities	<b>(5,383,504)</b>	(9,034,923)
Proceeds from sale of marketable securities	<b><u>2,801,957</u></b>	<u>6,446,300</u>
Net cash used in investing activities	<b><u>(3,505,064)</u></b>	<u>(4,262,453)</u>
Net increase in cash and cash equivalents	<b>52,267</b>	205,621
Cash and cash equivalents, beginning of year	<b><u>682,717</u></b>	<u>477,096</u>
Cash and cash equivalents, end of year	<b><u>\$ 734,984</u></b>	<u>\$ 682,717</u>

*The accompanying notes are an integral part of these statements.*

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2003 and 2002

**NOTE A - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Catholic Cemeteries of the Diocese of Rockville Centre (“Catholic Cemeteries”) include the accounts of the General Funds, Plant Funds, Maintenance Care Funds and Permanent Maintenance Funds of Holy Rood Cemetery, Holy Sepulchre Cemetery and Queen of All Saints Cemetery, as well as the Maintenance Reserve Fund and Temporarily Restricted Fund of Holy Rood Cemetery. The Catholic Cemeteries are part of the Roman Catholic Diocese of Rockville Centre (the “Diocese”), which is under the control of the Diocesan Ordinary.

The Catholic Cemeteries’ net assets, revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Catholic Cemeteries’ financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. Catholic Cemeteries’ net assets consist of the following:

**Unrestricted Net Assets:**

General Funds Undesignated – include all current, unrestricted resources of Catholic Cemeteries, which are expendable for carrying on day-to-day operations.

Plant Funds – include funds designated to accumulate the net investment in land, buildings and equipment of Catholic Cemeteries.

Maintenance Care Funds – include funds designated for the future care of mausoleums by setting aside 20% of the revenues from crypt sales. These funds are invested and the income derived thereon transferred to the General Funds to pay maintenance expenses.

Maintenance Reserve Funds – include funds designated by the Bishop to provide for the future maintenance and operation of Holy Rood Cemetery after its primary revenue producing operation has ceased. Each year funds are transferred from the General Fund to the Maintenance Reserve Fund. All earnings of the Maintenance Reserve Fund’s investments are retained by the Maintenance Reserve Fund and reinvested. Once active operation of Holy Rood Cemetery ceases, the earnings of the Maintenance Reserve Fund will be transferred each year to the General Funds to pay the operating costs of Holy Rood Cemetery.

**Temporarily Restricted Net Assets:**

Include contributions made to Holy Rood Cemetery to build a memorial in honor of the victims of the World Trade Center, which will be completed during fiscal 2004. There were no net assets released from restrictions relating to this memorial during the years ended August 31, 2003 and 2002.

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE A (continued)**

**Permanently Restricted Net Assets:**

Permanent Maintenance Funds – include permanently restricted funds which have been set aside from the sale of burial rights at varying percentages and have been stipulated to provide for the current and future care of the cemeteries. These funds are invested, and the income derived thereon is transferred to the General Funds to pay for the care of the cemeteries. These funds include \$959,331 and \$852,053 of legally designated Perpetual Care Funds at August 31, 2003 and 2002, respectively.

**Summary of Significant Accounting Policies**

The accompanying financial statements are prepared on the accrual basis of accounting and all significant intercemetery accounts and transactions have been eliminated.

1. *Cash and Cash Equivalents*

Cash and cash equivalents are defined as cash in checking and savings accounts and overnight investments in commercial paper.

2. *Marketable Securities*

Investments in marketable securities are reported at fair value based upon quoted market prices.

3. *Property and Equipment*

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets within each major class of assets as follows:

	<u>Life (in Years)</u>
Land	*
Buildings	10 - 50
Fences	25 - 50
Roads	10 - 20
Water system	50
Equipment	3 - 10
Statues and fixtures	50
Furniture and fixtures	5 - 10
Automobiles and trucks	3 - 5

\* Land held for sale for future grave sites is included in property and equipment net of accumulated depletion in the accompanying financial statements. Catholic Cemeteries depletes the cost of land based on the number of plots available for interments as determined by survey.

Catholic Cemeteries of the Diocese of Rockville Centre

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE A (continued)**

4. *Mausoleums*

Mausoleums are stated at cost. Depletion is determined based on the number of crypts available for entombment. As contracts are paid in full, depletion on individual crypts is recorded.

5. *Income Taxes*

Catholic Cemeteries, as part of the Diocese, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the New York State income tax laws. Accordingly, no provision for income taxes has been made.

6. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

7. *Reclassifications*

Certain 2002 balances have been reclassified to conform with the 2003 presentation.

**NOTE B - MARKETABLE SECURITIES**

At August 31, 2003 and 2002, Catholic Cemeteries' marketable securities are comprised of the following:

	Maintenance Care Funds		Maintenance Reserve Fund		Permanent Maintenance Funds		Total	
	Market Value	Cost	Market Value	Cost	Market Value	Cost	Market Value	Cost
<u>2003</u>								
Mutual Funds	\$ 16,119,616	\$10,080,519	\$ 14,717,021	\$ 9,942,517	\$ 25,232,524	\$24,635,930	\$ 56,069,161	\$ 44,658,966
Listerine Royalty Trust	-	-	-	-	641,250	641,250	641,250	641,250
Preferred and common stocks	-	-	-	-	20,058,544	16,312,222	20,058,544	16,312,222
	<u>\$ 16,119,616</u>	<u>\$10,080,519</u>	<u>\$ 14,717,021</u>	<u>\$ 9,942,517</u>	<u>\$ 45,932,318</u>	<u>\$41,589,402</u>	<u>\$ 76,768,955</u>	<u>\$ 61,612,438</u>
<u>2002</u>								
Mutual Funds	\$ 14,580,123	\$ 9,453,509	\$ 13,186,078	\$ 9,075,404	\$ 24,041,768	\$23,024,235	\$ 51,807,969	\$ 41,553,148
Listerine Royalty Trust	-	-	-	-	641,250	641,250	641,250	641,250
Preferred and common stocks	-	-	-	-	15,090,607	16,396,120	15,090,607	16,396,120
	<u>\$ 14,580,123</u>	<u>\$ 9,453,509</u>	<u>\$ 13,186,078</u>	<u>\$ 9,075,404</u>	<u>\$ 39,773,625</u>	<u>\$40,061,605</u>	<u>\$ 67,539,826</u>	<u>\$ 58,590,518</u>

Catholic Cemeteries of the Diocese of Rockville Centre

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE B (continued)**

During fiscal 2003, Catholic Cemeteries received a letter from the market maker of the Listerine Trust indicating that the estimated value of this trust is approximately \$ 1,800,000. Catholic Cemeteries reflects this investment at cost since a ready market for this investment does not exist.

A rollforward of the unrealized appreciation (depreciation) for the years ended August 31, 2003 and 2002 follows:

	Maintenance Care Funds	Maintenance Reserve Fund	Permanent Maintenance Funds	Total
Unrealized appreciation, at August 31, 2001	\$ 7,315,758	\$ 5,578,413	\$ 2,971,790	\$15,865,961
Unrealized depreciation during fiscal 2002	<u>(2,189,201)</u>	<u>(1,467,740)</u>	<u>(3,240,964)</u>	<u>(6,897,905)</u>
Unrealized appreciation at August 31, 2002	5,126,557	4,110,673	(269,174)	8,968,056
Unrealized appreciation during fiscal 2003	<u>912,540</u>	<u>663,831</u>	<u>4,612,090</u>	<u>6,188,461</u>
Unrealized appreciation at August 31, 2003	<u>\$ 6,039,097</u>	<u>\$ 4,774,504</u>	<u>\$ 4,342,916</u>	<u>\$15,156,517</u>

Interest and dividend income reflected on the accompanying statements of activities does not include interest and dividends earned on Permanent Maintenance Funds' investments and Maintenance Care Funds' investments since this income flows through the General Funds to pay for the care of grave sites and crypts and is spent for that purpose during the year in which the income is earned. Interest and dividends on Permanent Maintenance Funds' investments and Maintenance Care Funds' investments are included in general funds operating revenue. Total interest and dividend income, including amounts earned on Permanent Maintenance Funds' investments and Maintenance Care Funds' investments, consists of the following for the years ended August 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
General Funds	\$ 414,213	\$ 476,627
Maintenance Care Funds	472,479	479,065
Maintenance Reserve Fund	<u>469,272</u>	<u>501,840</u>
Interest and dividend income per accompanying statements of activities	1,355,964	1,457,532
Permanent Maintenance Funds	<u>1,112,969</u>	<u>1,312,646</u>
Total interest and dividend income on all investments	<u>\$2,468,933</u>	<u>\$2,770,178</u>

Catholic Cemeteries of the Diocese of Rockville Centre

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE C - INVESTMENT IN DIOCESAN DEPOSIT AND LOAN ACCOUNT**

Catholic Cemeteries is a participant in the Diocesan Deposit and Loan Account (“DLA”). The DLA is administered by the Administrative Offices of the Diocese of Rockville Centre. Catholic Cemeteries’ investment in the DLA earns interest at a rate of 75% of prime, adjusted quarterly. This investment is carried at market value, which approximated cost at August 31, 2003 and 2002.

Investment pool income is allocated quarterly to Catholic Cemeteries. The total interest income on this investment amounted to \$426,236 and \$482,482 for the years ended August 31, 2003 and 2002, respectively.

**NOTE D - MAUSOLEUMS AND PROPERTY AND EQUIPMENT, NET**

At August 31, 2003 and 2002 the carrying amount of mausoleums was as follows:

	<u>2003</u>	<u>2002</u>
Mausoleums	<b>\$18,072,738</b>	\$18,072,738
Less accumulated depletion	<u>10,675,206</u>	<u>10,066,889</u>
	<u><b>\$ 7,397,532</b></u>	<u>\$ 8,005,849</u>

Property and equipment at August 31, 2003 and 2002 was comprised of the following:

	<u>2003</u>	<u>2002</u>
Land	<b>\$ 1,749,792</b>	\$ 1,749,792
Buildings	<b>1,433,218</b>	1,426,531
Fences	<b>269,820</b>	310,476
Roads	<b>954,693</b>	1,023,177
Water system	<b>452,470</b>	424,781
Equipment	<b>1,187,879</b>	1,098,046
Statues and fixtures	<b>694,789</b>	684,401
Furniture and fixtures	<b>420,799</b>	558,146
Automobiles and trucks	<u>947,186</u>	<u>940,115</u>
	<b>8,110,646</b>	8,215,465
Less accumulated depletion and depreciation	<u>5,294,386</u>	<u>5,396,283</u>
	<u><b>\$ 2,816,260</b></u>	<u>\$ 2,819,182</u>

Catholic Cemeteries of the Diocese of Rockville Centre

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE E - PROPERTY HELD FOR POSSIBLE FUTURE CEMETERY SITE**

On March 30, 1995, Catholic Cemeteries purchased approximately 100 acres of property located on Jericho Turnpike in Old Westbury, New York, (known as "Old Westbury Farms") for a possible future cemetery site. If developed as a cemetery, Old Westbury Farms will be renamed Queen of Peace Cemetery and will supplement the availability of plots at Holy Rood Cemetery, which is nearly exhausted. Catholic Cemeteries purchased Old Westbury Farms from the federal government at public auction for \$5,625,000. In addition, Catholic Cemeteries incurred closing costs of approximately \$158,000 relating to the property acquisition.

Catholic Cemeteries transferred \$5,062,565 during fiscal 1995 from its Maintenance Reserve Fund to its General Fund to purchase Old Westbury Farms. The remaining funds needed to purchase the property were taken from Catholic Cemeteries' General Funds. In addition, approximately \$145,000 and \$136,000 of operating expenditures were incurred for the years ended August 31, 2003 and 2002 relating to Old Westbury Farms. Of the \$145,000 and \$136,000 in operating expenses during fiscal 2003 and 2002, respectively, approximately \$74,000 and \$85,000 applied to village taxes during fiscal 2003 and 2002, respectively. As a result of an appeal filed in a prior year, Catholic Cemeteries is not currently subject to school taxes and Town of North Hempstead taxes on Old Westbury Farms.

The management of Catholic Cemeteries intends to repay the Maintenance Reserve Fund if and when Old Westbury Farms becomes an operating cemetery. There can be no assurance, at the present time, that full repayment will occur.

Catholic Cemeteries cannot begin construction of the new cemetery until the Village of Old Westbury approves the request to rezone Old Westbury Farms as a cemetery. The Village of Old Westbury had initially rejected a request to rezone Old Westbury Farms. On November 9, 2000, the Supreme Court of the State of New York issued a decision that ordered the Village of Old Westbury to issue a special use permit and awarded a judgement in the amount of \$72,695 plus interest for taxes paid. The Village of Old Westbury filed an appeal of this decision, and a hearing was held before the Appellate Division on January 22, 2002. The Court found in favor of the Diocese on the issue of cemetery use, but ruled against the judgment for taxes paid. The Village appealed this decision on constitutional issues. That appeal was denied by the Appellate Division on September 10, 2002. The Village then filed a petition to have the case heard by the Court of Appeals, which was denied on November 6, 2002. Catholic Cemeteries, however, continues to be responsible for property taxes until such time as this matter reaches final resolution. At August 31, 2003, surveying and engineering studies were being conducted in preparation for site plan submittal to the Village.

Catholic Cemeteries of the Diocese of Rockville Centre

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE F - GENERAL FUNDS OPERATING REVENUE**

General Funds operating revenue, including transfers from Permanent Maintenance Funds and Maintenance Care Funds, consists of the following for the years ended August 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Burial rights	<b>\$ 1,046,381</b>	\$ 1,298,313
Entombment rights	<b>2,425,452</b>	2,636,980
Entombments	<b>387,228</b>	354,400
Interments	<b>2,272,527</b>	2,332,720
Maintenance fees	<b>625,222</b>	677,034
Permanent Maintenance Funds investment income	<b>1,112,969</b>	1,299,725
Maintenance Care Funds investment income	<b>472,478</b>	479,065
	<b><u>\$ 8,342,257</u></b>	<b><u>\$ 9,078,237</u></b>

**NOTE G - RELATED PARTY TRANSACTIONS**

*1. Contributions Made to Diocese*

Each year Catholic Cemeteries makes a contribution to the Diocese from the General Funds' earnings based upon an agreed-upon formula. These contributions are used to assist the Bishop in his various ministries. The cumulative cash contributions made by Catholic Cemeteries since fiscal 1961 total \$12,915,780.

*2. Pension Plan*

Catholic Cemeteries is a participant in the noncontributory lay pension plan established by the Diocese of Rockville Centre covering employees who meet certain minimum service requirements. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for Catholic Cemeteries standing alone. In addition, because the plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements of Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions," as amended by SFAS No. 132, "Employers' Disclosures About Pensions and Other Postretirement Benefits." Pension expense allocated to Catholic Cemeteries for the years ended August 31, 2003 and 2002, totaled \$116,461 and \$159,576, respectively.

Catholic Cemeteries of the Diocese of Rockville Centre

**NOTES TO FINANCIAL STATEMENTS (continued)**

August 31, 2003 and 2002

**NOTE G (continued)**

*3. Insurance and Benefit Department*

Catholic Cemeteries is insured with regard to property and casualty insurance through the Protected Self Insurance Program of the Diocese of Rockville Centre (“PSIP”). The Medical Insurance Fund of the Diocese of Rockville Centre (“Medical Insurance Fund”) also exists to provide health coverage to Catholic Cemeteries’ employees. Insurance premiums charged by the PSIP to Catholic Cemeteries totaled \$313,270 and \$271,457 for the years ended August 31, 2003 and 2002, respectively. Catholic Cemeteries incurred insurance premiums to the Medical Insurance Fund of \$574,322 and \$545,868 for the years ended August 31, 2003 and 2002, respectively.

**SUPPLEMENTARY INFORMATION**

Catholic Cemeteries of the Diocese of Rockville Centre

**OPERATING COSTS – GENERAL FUNDS**

For the years ended August 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Labor	<b>\$ 1,891,762</b>	\$ 1,926,996
Supervisory	<b>355,244</b>	350,987
Seed, topsoil, foundations, supplies and small tools	<b>71,197</b>	78,945
Supplies and sales expenses	<b>104,685</b>	102,196
Insurance	<b>182,795</b>	154,544
Workers' compensation	<b>92,580</b>	85,369
Group Life Insurance, Disability LT/ST	<b>28,909</b>	29,691
Medical insurance	<b>442,884</b>	417,731
Eye care	<b>2,564</b>	2,557
Gas and oil	<b>45,586</b>	34,837
Equipment repairs and maintenance	<b>59,144</b>	57,096
Uniforms	<b>13,165</b>	11,874
Electricity	<b>59,023</b>	50,614
Water	<b>17,264</b>	57,890
Registration and plates	<b>4,407</b>	3,703
Employee pension and death benefits	-	1,610
Fuel oil	<b>32,500</b>	18,094
Pension plan contribution	<b>79,277</b>	114,926
Social Security	<b>190,930</b>	186,273
Unemployment	<b>21,584</b>	31,982
Signs, roads and irrigation repairs	<b>21,118</b>	28,268
Cleaning and rubbish removal	<b>34,705</b>	26,946
Protective services	<b>72,591</b>	69,988
OSHA expenses	<b>1,183</b>	3,515
Operating expenses on property held for possible future cemetery site	<b>49,116</b>	37,715
Real estate tax on property held for possible future cemetery site	<b>73,804</b>	84,957
World Trade Center Memorial	-	14,769
	<b><u>\$ 3,948,017</u></b>	<b><u>\$ 3,984,073</u></b>

*These schedules should be read in conjunction with the accompanying financial statements and notes thereto.*

Catholic Cemeteries of the Diocese of Rockville Centre

**GENERAL AND ADMINISTRATIVE COSTS – GENERAL FUNDS**

For the years ended August 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Building and property maintenance	\$ 55,670	\$ 66,707
Medical insurance	131,438	128,137
Eye care	1,303	1,201
Office	60,578	68,626
Salesmen's salaries	63,713	143,999
Parish cemeteries	3,858	7,926
Registration and plates, autos and trucks	1,285	1,141
Telephone	15,280	18,068
Stationery, printing and advertising	7,857	7,190
Cleaning and general supplies	22,346	20,900
Computer-related costs	16,694	38,095
Operating expenses on property held for possible future cemetery site	21,877	13,606
Miscellaneous	16,361	12,970
Office wages	1,055,752	967,170
Social Security taxes	74,908	74,738
Professional fees	87,656	80,971
Group life insurance, long- and short-term disability	12,828	9,573
Pension Plan contributions	37,184	44,650
Donations	59,827	89,196
Fuel oil	3,792	3,083
Conferences and dues	13,079	18,736
Chapel and household	2,739	3,554
Electricity	10,000	9,036
Personnel training	2,871	-
Subscriptions	1,929	1,994
Workers' compensation	32,276	31,141
Unemployment	1,488	-
St. Francis expense	1,454	-
	<u>\$ 1,816,043</u>	<u>\$1,862,408</u>

*These schedules should be read in conjunction with the accompanying financial statements and notes thereto.*

Catholic Cemeteries of the Diocese of Rockville Centre

**MARKETING COSTS – GENERAL FUNDS**

For the years ended August 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Advertising	<u>\$ 19,603</u>	<u>\$ 43,550</u>

*These schedules should be read in conjunction with the accompanying financial statements and notes thereto.*