



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

Financial Statements

August 31, 2009 and 2008

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
345 Park Avenue  
New York, NY 10154

## **Independent Auditors' Report**

The Most Reverend William F. Murphy, S.T.D., L.H.D.,  
Bishop of the Roman Catholic Diocese 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, 2009 and 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Cemeteries' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

December 11, 2009

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

Statements of Financial Position

August 31, 2009 and 2008

<b>Assets</b>	<b>2009</b>	<b>2008</b>
Cash and cash equivalents	\$ 233,238	387,180
Investments (note 3)	24,401,773	32,065,424
Interest receivable and other assets	375,182	373,256
Mausoleums, net (note 4)	8,532,133	4,550,242
Property and equipment, net (note 4)	10,750,805	9,783,534
Property held for possible future cemetery site (note 5)	5,924,868	5,912,792
Assets whose use is contractually committed to permanent maintenance (notes 3 and 8):		
Cash	30,303	113,719
Investments	73,355,736	79,532,767
Total assets	<b>\$ 123,604,038</b>	<b>132,718,914</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 600,716	1,730,974
Deferred revenue	3,226,150	3,131,553
Total liabilities	<b>3,826,866</b>	<b>4,862,527</b>
Net assets:		
Unrestricted:		
Designated for operations	5,426,075	10,184,605
Plant fund	25,207,806	20,246,569
Designated for maintenance and reserve (note 8)	15,744,185	17,765,582
Contractually committed to permanent maintenance (note 8)	73,386,039	79,646,486
Total unrestricted net assets	119,764,105	127,843,242
Temporarily restricted	13,067	13,145
Total net assets	119,777,172	127,856,387
Total liabilities and net assets	<b>\$ 123,604,038</b>	<b>132,718,914</b>

See accompanying notes to financial statements.

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

Statement of Activities

Year ended August 31, 2009

	<b>Operations and Plant Funds</b>	<b>Designated Maintenance Reserve Funds</b>	<b>Contractually Committed to Permanent Maintenance</b>	<b>Total unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Revenues and losses:						
Cemetery operations (note 6)	\$ 6,336,705	—	—	6,336,705	—	6,336,705
Care funds interest and dividends	3,494,280	—	—	3,494,280	—	3,494,280
Maintenance care fees	—	—	564,362	564,362	—	564,362
World Trade Center memorial contributions	—	—	—	—	152	152
Permanent maintenance and perpetual care fees	—	—	586,611	586,611	—	586,611
Interest and dividend income (note 3)	538,729	—	—	538,729	—	538,729
Realized and unrealized gains (losses) on investments	333,009	(2,021,397)	(7,548,331)	(9,236,719)	—	(9,236,719)
Decoration programs	934,251	—	—	934,251	—	934,251
Other	572,260	—	133,468	705,728	—	705,728
Net assets released from restrictions	230	—	—	230	(230)	—
Total revenues (losses)	<u>12,209,464</u>	<u>(2,021,397)</u>	<u>(6,263,890)</u>	<u>3,924,177</u>	<u>(78)</u>	<u>3,924,099</u>
Expenses:						
Program	6,905,213	—	—	6,905,213	—	6,905,213
General and administrative costs	2,098,101	—	—	2,098,101	—	2,098,101
Contributions made to the Diocese (note 7)	3,000,000	—	—	3,000,000	—	3,000,000
Total expenses	<u>12,003,314</u>	<u>—</u>	<u>—</u>	<u>12,003,314</u>	<u>—</u>	<u>12,003,314</u>
Excess (deficiency) of revenues (losses) over expenses	206,150	(2,021,397)	(6,263,890)	(8,079,137)	(78)	(8,079,215)
Transfers:						
From Operations Fund to Permanent Maintenance Funds (St. Francis)	(3,443)	—	3,443	—	—	—
Increase (decrease) in net assets	202,707	(2,021,397)	(6,260,447)	(8,079,137)	(78)	(8,079,215)
Net assets at beginning of year	30,431,174	17,765,582	79,646,486	127,843,242	13,145	127,856,387
Net assets at end of year	<u>\$ 30,633,881</u>	<u>15,744,185</u>	<u>73,386,039</u>	<u>119,764,105</u>	<u>13,067</u>	<u>119,777,172</u>

See accompanying notes to financial statements.

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

Statement of Activities

Year ended August 31, 2008

	<b>Operations and Plant Funds</b>	<b>Designated Maintenance Reserve Funds</b>	<b>Contractually Committed to Permanent Maintenance</b>	<b>Total unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Revenues and losses:						
Cemetery operations (note 6)	\$ 6,168,494	—	—	6,168,494	—	6,168,494
Care funds interest and dividends	3,418,580	—	—	3,418,580	—	3,418,580
Maintenance care fees	—	—	517,492	517,492	—	517,492
World Trade Center memorial contributions	—	—	—	—	1,665	1,665
Permanent maintenance and perpetual care fees	—	—	562,598	562,598	—	562,598
Interest and dividend income (note 3)	776,939	—	—	776,939	—	776,939
Realized and unrealized losses on investments	(191,838)	(1,594,590)	(7,387,240)	(9,173,668)	—	(9,173,668)
Decoration programs	909,142	—	—	909,142	—	909,142
Other	549,127	—	5,526	554,653	—	554,653
Total revenues (losses)	<u>11,630,444</u>	<u>(1,594,590)</u>	<u>(6,301,624)</u>	<u>3,734,230</u>	<u>1,665</u>	<u>3,735,895</u>
Expenses:						
Program	6,916,378	—	—	6,916,378	—	6,916,378
General and administrative costs	2,106,776	—	—	2,106,776	—	2,106,776
Contributions made to the Diocese (note 7)	3,000,000	—	—	3,000,000	—	3,000,000
Total expenses	<u>12,023,154</u>	<u>—</u>	<u>—</u>	<u>12,023,154</u>	<u>—</u>	<u>12,023,154</u>
(Deficiency) excess of revenues (losses) over expenses	(392,710)	(1,594,590)	(6,301,624)	(8,288,924)	1,665	(8,287,259)
Transfers:						
From Operations and Plant Funds to Permanent Maintenance Funds	(300,000)	—	300,000	—	—	—
From Permanent Maintenance Funds to Operations and Plant Funds	80,000	—	(80,000)	—	—	—
From Permanent Maintenance Funds (St. Francis) to Operations and Plant Funds (note 2)	1,858	—	(1,858)	—	—	—
(Decrease) increase in net assets	<u>(610,852)</u>	<u>(1,594,590)</u>	<u>(6,083,482)</u>	<u>(8,288,924)</u>	<u>1,665</u>	<u>(8,287,259)</u>
Net assets at beginning of year	31,042,026	19,360,172	85,729,968	136,132,166	11,480	136,143,646
Net assets at end of year	<u>\$ 30,431,174</u>	<u>17,765,582</u>	<u>79,646,486</u>	<u>127,843,242</u>	<u>13,145</u>	<u>127,856,387</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (8,079,215)	(8,287,259)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation, amortization and depletion	875,839	654,074
Realized and unrealized losses on investments	9,236,719	9,173,668
(Increase) decrease in interest receivable and other assets	(1,926)	210,935
Decrease in accounts payable and accrued expenses	(102,383)	(101,309)
Increase in deferred revenue	94,597	64,536
Net cash provided by operating activities	<u>2,023,631</u>	<u>1,714,645</u>
Cash flows from investing activities:		
Purchases of property and equipment	(5,837,077)	(4,856,841)
(Decrease) increase in accounts payable and accrued expenses relating to capital	(1,027,875)	1,182,494
Purchases of investments	(16,071,833)	(7,945,541)
Proceeds from sale of investments	<u>20,675,796</u>	<u>10,337,649</u>
Net cash used in investing activities	<u>(2,260,989)</u>	<u>(1,282,239)</u>
Net (decrease) increase in cash and cash equivalents	(237,358)	432,406
Cash and cash equivalents at beginning of year	<u>500,899</u>	<u>68,493</u>
Cash and cash equivalents at end of year	<u>\$ 263,541</u>	<u>500,899</u>

See accompanying notes to financial statements.

**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2009 and 2008

**(1) Organization**

The accompanying financial statements of Catholic Cemeteries of the Diocese of Rockville Centre (Catholic Cemeteries) include the accounts of Holy Rood Cemetery, Holy Sepulchre Cemetery and Queen of All Saints Cemetery. Catholic Cemeteries is part of the Roman Catholic Diocese of Rockville Centre (the Diocese), which is under the control of the Diocesan Ordinary.

Catholic Cemeteries is exempt from income taxes under Section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles using the accrual basis of accounting.

Catholic Cemeteries distinguishes between unrestricted, temporarily restricted and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions, as follows:

**Unrestricted Net Assets**

*Designated for Operations* – include all unrestricted resources of Catholic Cemeteries, which are expendable for carrying on day-to-day operations.

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

*Maintenance Reserve Funds* – include funds designated by the Catholic Cemeteries Investment Advisory Committee to provide for the future maintenance and operation of Holy Rood Cemetery after its primary revenue-producing operation has ceased. Commencing in 2005, a percentage of the funds are being withdrawn each year to supplement revenue due to the limited availability of graves at Holy Rood Cemetery.

*Contractually Committed to Permanent Maintenance* – when a right of burial or entombment is sold by Catholic Cemeteries, a percentage of the fee is designated as a Permanent Maintenance fund. These funds are not donations; therefore, they are not permanently restricted under U.S. generally accepted accounting principles. Further, New York State only regulates permanent maintenance funds when they are held by entities other than religious corporations, requiring that such funds be treated as trust funds, prudently invested with the intent of preserving capital and producing a reasonable income. Although Catholic Cemeteries is exempt from the State regulations, it recognizes a written promise to invest the principal of the Permanent Maintenance Fund and to use the income to fund the care of the community mausoleums, surroundings and the general maintenance and improvements of the cemetery. As of August 31, 2009 and 2008, Catholic Cemeteries had \$73,386,039 and \$79,646,486, respectively, contractually committed for such purposes.

**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2009 and 2008

**Temporarily Restricted Net Assets**

Temporarily restricted net assets include funds that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled by the actions of Catholic Cemeteries, pursuant to those stipulations. Temporarily restricted contributions were made to Holy Rood Cemetery to build and maintain a memorial in honor of the victims of the World Trade Center. In 2009, \$230 was released for related expenses. There were no funds released to pay for related expenses for the year ended August 31, 2008. This memorial was completed in fiscal year 2006.

Catholic Cemeteries had no permanently restricted net assets at August 31, 2009 and 2008.

**(b) Cash Equivalents**

Cash equivalents include highly liquid instruments with original maturities of three months or less, except for those instruments held by investment managers for long-term investment purposes.

**(c) Property and Equipment, Net**

Property and equipment are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets, as follows:

	<b>Life (in years)</b>
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

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

**(d) 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.

**(e) Revenue**

Revenue from the sale of plots and crypts is recognized when paid in full, at which point the deed for burial or entombment rights is passed to the purchaser.



**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2009 and 2008

**(f) Use of Estimates**

The preparation of financial statements in conformity with U.S. 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.

**(g) Risks and Uncertainties**

Catholic Cemeteries invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

**(h) Recent Accounting Standards**

Effective September 1, 2008, Catholic Cemeteries adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157), as amended. SFAS 157 defines fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

The adoption of SFAS 157 did not have a material impact on Catholic Cemeteries financial statements.

In connection with the adoption of SFAS 157, Catholic Cemeteries elected to early adopt the measurement provisions of Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures - Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, to certain investments in funds that do not have readily determinable fair values including the investments in Unitas Investment Fund, Inc. (Unitas) and the Listerine Royalty Trust.

**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2009 and 2008

This guidance amends SFAS 157 and allows for the estimation of the fair value of investments within its scope using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated pursuant to SFAS 157.

Effective August 31, 2009, Catholic Cemeteries adopted SFAS No. 165, *Subsequent Events* (SFAS 165). SFAS 165 establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The adoption of SFAS 165 had no significant impact on Catholic Cemeteries' financial statements.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. FIN 48 requires entities to determine whether it is more-likely than-not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. FIN 48 is currently effective for Catholic Cemeteries' August 31, 2010 financial statements. The adoption of FIN 48 is not expected to have a significant impact on Catholic Cemeteries' financial statements.

**(3) Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices. Catholic Cemeteries' investment in the Listerine Royalty Trust is stated at fair value based upon recent sales price information and other factors.

A portion of Catholic Cemeteries' investments are in pooled investment funds held by Unitas, a separately incorporated, nonregulated investment fund organized to provide investment options to Roman Catholic organizations in the Diocese. Unitas offers investment options to participants, including a money market fund, fixed income and equity offerings. The investments in Unitas are carried at estimated fair value based principally upon the quoted market prices of the underlying assets of the fund. A "mission fee" is deducted from the investment performance of all participants for the purpose of funding the mission component, provided the fund had a positive return. The rates range from 0.05% to 0.50% annually depending upon the investment options chosen.

Catholic Cemeteries has adopted investment and spending policies for its designated maintenance care funds that attempt to provide sufficient resources for the current and future care and maintenance of the various cemeteries, while seeking to protect the original value of the designated maintenance care funds.

**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2009 and 2008

At August 31, 2009 and 2008, investments, at fair value, consisted of the following:

	<u>2009</u>	<u>2008</u>
Cash equivalents	\$ —	153,393
Mutual funds – equity	72,602,056	70,921,872
Mutual funds – fixed income	13,714,469	12,741,361
Listerine Royalty Trust	2,674,800	2,900,000
Preferred and common stocks	—	10,468,792
Unitas – Operating Fund:		
Short-term – cash equivalents	1,361,911	1,516,181
Mutual fund – fixed income	7,295,677	12,783,662
Unitas – St. Francis De Sales:		
Short-term	6,563	1,107
Long-term	102,033	111,823
Total	<u>\$ 97,757,509</u>	<u>111,598,191</u>
Consisting of:		
Operating	\$ 8,657,588	14,299,842
Designated for maintenance and reserve	15,744,185	17,765,582
Contractually committed to permanent maintenance	73,355,736	79,532,767
Total	<u>\$ 97,757,509</u>	<u>111,598,191</u>

The following table presents the fair value hierarchy of investments as of August 31, 2009.

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds – equity	\$ 72,602,056	65,562,255	7,039,801	—
Mutual funds – fixed income	13,714,469	13,714,469	—	—
Listerine royalty trust	2,674,800	—	2,674,800	—
Unitas – Operating Fund	8,657,588	—	8,657,588	—
Unitas – St. Francis De Sales	108,596	—	108,596	—
Total	<u>\$ 97,757,509</u>	<u>79,276,724</u>	<u>18,480,785</u>	<u>—</u>

**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2009 and 2008

**(4) Mausoleums and Property and Equipment, Net**

At August 31, 2009 and 2008, the carrying amount of mausoleums was as follows:

	<u>2009</u>	<u>2008</u>
Mausoleums	\$ 22,648,732	18,148,732
Mausoleums in progress	59,929	59,929
Less accumulated depletion	<u>(14,176,528)</u>	<u>(13,658,419)</u>
Total mausoleums, net	<u>\$ 8,532,133</u>	<u>4,550,242</u>

At August 31, 2009 and 2008, property and equipment, net, consisted of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 1,749,792	1,749,792
Buildings	7,167,468	1,645,247
Fences	383,281	269,820
Roads	3,677,053	962,673
Water system	522,504	461,970
Equipment	1,431,657	1,416,867
Statues and fixtures	710,152	704,302
Furniture and fixtures	480,863	439,290
Automobiles and trucks	1,013,365	1,020,089
Construction in progress (see below)	<u>287,596</u>	<u>7,481,317</u>
	17,423,731	16,151,367
Less accumulated depletion and depreciation and amortization	<u>(6,672,926)</u>	<u>(6,367,833)</u>
Total property and equipment, net	<u>\$ 10,750,805</u>	<u>9,783,534</u>

The Mausoleum at Holy Sepulchre Cemetery became fully operational on May 31, 2009. Construction in progress includes costs for an addition to Holy Rood Mausoleum.

**(5) Property Held for Possible Future Cemetery Site**

The Diocese owns approximately 97 acres of property located on Jericho Turnpike in Old Westbury, New York (Old Westbury Farms) for a possible future cemetery site purchased from the federal government at public auction for \$5,625,000. In addition, the Diocese incurred closing costs of approximately \$158,000 relating to the property acquisition.

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August 31, 2009 and 2008

Catholic Cemeteries transferred \$5,062,565 during fiscal 1995 from its Maintenance Reserve Funds to its Operations and Plant Funds to purchase Old Westbury Farms. The remaining funds needed to purchase the property were utilized from the Operations and Plant Funds. In addition, \$603,773 and \$698,734 of expenditures were incurred for the years ended August 31, 2009 and 2008, respectively, relating to Old Westbury Farms. Of these costs, approximately \$17,307 and \$15,520, respectively, was related to village taxes.

The management of Catholic Cemeteries intends to transfer an amount applying the purchase price back to the Maintenance Reserve Fund, if and when Old Westbury Farms becomes an operating cemetery. There can be no assurance, at the present time, that such transfer 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.

**(6) Cemetery Operations Revenue**

For the years ended August 31, 2009 and 2008, cemetery operations revenue consisted of the following:

	<u>2009</u>	<u>2008</u>
Burial rights	\$ 630,496	599,085
Entombment rights	2,197,643	2,076,083
Entombments	495,465	463,905
Interments	2,400,580	2,432,170
Maintenance fees	612,521	597,251
Total cemetery operations revenue	<u>\$ 6,336,705</u>	<u>6,168,494</u>

**(7) Related-Party Transactions**

**(a) Contributions Made to the Diocese**

Catholic Cemeteries makes a contribution to the Diocese from the General Funds' earnings. These contributions are used to assist the Bishop in his various ministries. In 2009 and 2008, such contribution was \$3,000,000.

**(b) Pension Plan**

Catholic Cemeteries is a participant in the noncontributory lay pension plan, a defined benefit plan, established by the Diocese covering employees who meet certain minimum service requirements. Because the plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements of SFAS No. 87, *Employers' Accounting for Pensions*, as amended by SFAS No. 132, *Employers' Disclosures About Pensions and Other Postretirement Benefits*. Pension expense totaled \$225,087 and \$234,158 for the years ended August 31, 2009 and 2008, respectively.

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Notes to Financial Statements

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**(c) Insurance and Benefits**

Catholic Cemeteries has obtained its property and casualty insurance through the Protected Self Insurance Program of the Diocese of Rockville Centre (PSIP). The Health Insurance Program of the Diocese of Rockville Centre (Health Insurance Program) also exists to provide health coverage to Catholic Cemeteries' employees. Insurance premiums charged by PSIP to Catholic Cemeteries totaled \$333,140 and \$365,251 for the years ended August 31, 2009 and 2008, respectively.

Additionally, Catholic Cemeteries' expense under the Health Insurance Program was \$715,622 and \$674,208 for the years ended August 31, 2009 and 2008, respectively.

**(8) Contractual Commitment to Permanent Maintenance**

As discussed in note 2(a), when a right of burial is sold, a percentage of the fee is contractually obligated for the permanent maintenance of Catholic Cemeteries, with the income of such fund to be used for the general maintenance of Catholic Cemeteries. In addition, Catholic Cemeteries has designated certain additional funds to be used for future maintenance and care. In 2008 and 2009, Catholic Cemeteries undertook a study to estimate the amount of maintenance that would be incurred in the future to care for Catholic Cemeteries. For the purpose of the calculation, maintenance costs of \$2,929,009 were assumed to escalate at 3% per year for the next 50 years with a discount rate of 3.5%. Obligations for permanent maintenance are substantial and, based upon the assumption noted above, the present value of future care payouts approximates \$134.1 million as of August 31, 2009. As of August 31, 2009, Catholic Cemeteries has \$73.4 million in permanent maintenance funds for this obligation.

**(9) Subsequent Events**

In connection with the preparation of the financial statements, Catholic Cemeteries evaluated subsequent events through December 11, 2009, which was the date the financial statements were approved for issuance, and concluded that no additional disclosures are required.