



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

Financial Statements

August 31, 2010 and 2009

(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, 2010 and 2009, 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, 2010 and 2009, 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**

February 4, 2011

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

Statements of Financial Position

August 31, 2010 and 2009

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	\$ 151,291	233,238
Investments (note 3)	19,320,167	24,401,773
Interest receivable and other assets	321,074	375,182
Mausoleums, net (note 4)	15,742,231	8,819,729
Property and equipment, net (note 4)	10,311,115	10,463,209
Property held for possible future cemetery site (note 5)	5,924,868	5,924,868
Assets whose use is contractually committed to permanent maintenance (notes 3 and 8):		
Cash	61,900	30,303
Investments	79,324,633	73,355,736
Total assets	\$ 131,157,279	123,604,038
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,713,915	600,716
Deferred revenue	3,685,449	3,226,150
Total liabilities	6,399,364	3,826,866
Net assets (accumulated deficit):		
Unrestricted:		
Designated for operations	(2,974,720)	5,426,075
Plant fund	31,978,214	25,207,806
Designated for maintenance and reserve (note 8)	16,354,740	15,744,185
Contractually committed to permanent maintenance (note 8)	79,386,533	73,386,039
Total unrestricted net assets	124,744,767	119,764,105
Temporarily restricted	13,148	13,067
Total net assets	124,757,915	119,777,172
Total liabilities and net assets	\$ 131,157,279	123,604,038

See accompanying notes to financial statements.

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

Statement of Activities  
Year ended August 31, 2010

	<b>Operations and Plant Funds</b>	<b>Designated and Maintenance Reserve Funds</b>	<b>Contractually Committed to Permanent Maintenance</b>	<b>Total unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Revenues:						
Cemetery operations (note 6)	\$ 6,567,008	—	—	6,567,008	—	6,567,008
Care funds interest and dividends	2,899,903	—	—	2,899,903	—	2,899,903
Maintenance care fees	—	—	613,928	613,928	—	613,928
World Trade Center memorial contributions	—	—	—	—	81	81
Permanent maintenance and perpetual care fees	—	—	471,939	471,939	—	471,939
Interest and dividend income	210,874	—	—	210,874	—	210,874
Realized and unrealized gains on investments	308,845	610,555	4,891,727	5,811,127	—	5,811,127
Decoration programs	1,011,391	—	—	1,011,391	—	1,011,391
Other	566,441	—	23,436	589,877	—	589,877
Total revenues	<u>11,564,462</u>	<u>610,555</u>	<u>6,001,030</u>	<u>18,176,047</u>	<u>81</u>	<u>18,176,128</u>
Expenses:						
Program – cemeteries operations	7,536,565	—	—	7,536,565	—	7,536,565
General and administrative costs	2,408,284	—	536	2,408,820	—	2,408,820
Contributions made to the Diocese (note 7)	3,250,000	—	—	3,250,000	—	3,250,000
Total expenses	<u>13,194,849</u>	<u>—</u>	<u>536</u>	<u>13,195,385</u>	<u>—</u>	<u>13,195,385</u>
Change in net assets	(1,630,387)	610,555	6,000,494	4,980,662	81	4,980,743
Net assets at beginning 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>
Net assets at end of year	<u>\$ 29,003,494</u>	<u>16,354,740</u>	<u>79,386,533</u>	<u>124,744,767</u>	<u>13,148</u>	<u>124,757,915</u>

See accompanying notes to financial statements.

**CATHOLIC CEMETERIES OF  
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Statement of Activities  
Year ended August 31, 2009

	<b>Operations and Plant Funds</b>	<b>Designated and Maintenance Reserve Funds</b>	<b>Contractually Committed to Permanent Maintenance</b>	<b>Total unrestricted</b>	<b>Temporarily restricted</b>	<b>Total</b>
Revenues:						
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	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	<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 – cemeteries operations	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 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	—	—	—
Change 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  
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Statements of Cash Flows

Years ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,980,743	(8,079,215)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization, and depletion	1,130,750	875,839
Net (appreciation) depreciation in fair value of investments	(5,811,127)	9,236,719
Change in interest receivable and other assets	54,108	(1,926)
Change in accounts payable and accrued expenses	1,088,517	(102,383)
Change in deferred revenue	459,299	94,597
Net cash provided by operating activities	<u>1,902,290</u>	<u>2,023,631</u>
Cash flows from investing activities:		
Purchases of property, equipment, and mausoleums	(7,901,158)	(5,837,077)
Change in accounts payable and accrued expenses relating to capital	1,024,682	(1,027,875)
Purchases of investments	(8,686,782)	(16,071,833)
Proceeds from sale of investments	13,610,618	20,675,796
Net cash used in investing activities	<u>(1,952,640)</u>	<u>(2,260,989)</u>
Net decrease in cash and cash equivalents	(50,350)	(237,358)
Cash and cash equivalents at beginning of year	<u>263,541</u>	<u>500,899</u>
Cash and cash equivalents at end of year	<u>\$ 213,191</u>	<u>263,541</u>

See accompanying notes to financial statements.

**CATHOLIC CEMETERIES OF  
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Notes to Financial Statements

August 31, 2010 and 2009

**(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, mausoleums, and equipment of Catholic Cemeteries.

*Designated Maintenance and 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. 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.

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Notes to Financial Statements

August 31, 2010 and 2009

**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. This memorial was completed in fiscal year 2006.

Catholic Cemeteries had no permanently restricted net assets at August 31, 2010 and 2009.

**(b) Cash Equivalents**

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

**(c) Fair Value Measurements**

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 value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement. The classification of an asset or liability in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of the asset or liability.

**(d) Investments**

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

In 2009, Catholic Cemeteries early adopted the measurement provisions of Financial Accounting Standards Board (FASB) 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)*, with respect to investments within its scope (including the investments in Unitas). This guidance allows for the estimation of the fair value of investments in investment companies for



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which the investment does not have a readily determinable fair value using net asset value per share or its equivalent.

In 2010, Catholic Cemeteries adopted the disclosure provisions of ASU No. 2009-12 (note 3). Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of Catholic Cemeteries' interest therein, its classification in Level 2 or 3 is based on Catholic Cemeteries' ability to redeem its interest at or near fiscal year-end. If the interest can be redeemed in the near term, the investment is classified as Level 2.

**(e) 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 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.

**(f) 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.

**(g) 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. Deferred revenue represents partial payments received based on payment plans and will be recognized as revenue once paid in full.

**CATHOLIC CEMETERIES OF  
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**(h) 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.

**(i) 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.

**(j) Income Taxes**

In 2010, Catholic Cemeteries adopted ASU No. 2009-06, Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities, in conjunction with its adoption of FASB Interpretation No. 48, Accounting for Uncertainties in Income Taxes (FIN 48) (now included in Accounting Standards Codification (ASC) Subtopic 740-10, Income Taxes – Overall). In accordance with FIN 48 and ASU 2009-06, Catholic Cemeteries accounts for uncertainties in income taxes recognized in the organization's financial statements using a threshold of more likely than not. The adoption of FIN 48 and ASU No. 2009-06 had no impact on Catholic Cemeteries' financial statements.

**(k) Reclassifications**

Certain amounts from the 2009 financial statements have been reclassified to conform to the 2010 presentation.

**(3) Investments**

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 0.5% annually depending upon the investment options chosen. In December 2009, the Unitas Board discontinued the mission fee for the remainder of fiscal year 2010. Effective September 1, 2010, the mission fee was reinstated.

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Catholic Cemeteries has adopted investment and spending policies for its permanent and 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 these funds.

At August 31, 2010 and 2009, investments consisted of the following:

	<u>2010</u>	<u>2009</u>
Cash equivalents	\$ 3,002	—
Mutual funds – equity	77,680,886	72,602,056
Mutual funds – fixed income	14,579,116	13,714,469
Listerine Royalty Trust	3,300,000	2,674,800
Unitas – Operating Fund:		
Money Market Fund	163,743	1,361,911
Total Fixed Income Fund	2,801,685	7,295,677
Unitas – St. Francis De Sales:		
Money Market Fund	5,225	6,563
Equity-Weighted Fund	111,143	102,033
Total	<u>\$ 98,644,800</u>	<u>97,757,509</u>
Consisting of:		
Operating	\$ 2,965,427	8,657,588
Designated for maintenance and reserve	16,354,740	15,744,185
Contractually committed to permanent maintenance	79,324,633	73,355,736
Total	<u>\$ 98,644,800</u>	<u>97,757,509</u>

The investments in the Unitas Money Market Fund are redeemable daily. The investments in the other Unitas funds are redeemable quarterly with one day's notice.

- a) The Unitas Money Market Fund invests in short-term debt securities and money market instruments.
- b) The Unitas Equity-Weighted Fund invests approximately 40% of its assets in the Unitas Total Fixed Income Fund and approximately 60% of its assets in equity securities.
- c) The Unitas Total Fixed Income Fund invests the majority of its assets in fixed income securities, mutual funds, and other investment pools that invest in fixed income securities.

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Notes to Financial Statements

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The following tables present the fair value hierarchy of investments as of August 31, 2010 and 2009:

	<b>Fair value</b>	<b>2010</b>	
		<b>Hierarchy level</b>	
		<b>Level 1</b>	<b>Level 2</b>
Cash equivalents	\$ 3,002	3,002	—
Mutual funds – equity	77,680,886	77,680,886	—
Mutual funds – fixed income	14,579,116	14,579,116	
Listerine royalty trust	3,300,000	—	3,300,000
Unitas – Operating Fund	2,965,428	—	2,965,428
Unitas – St. Francis De Sales	116,368	—	116,368
Total	<u>\$ 98,644,800</u>	<u>92,263,004</u>	<u>6,381,796</u>

	<b>Fair value</b>	<b>2009</b>	
		<b>Hierarchy level</b>	
		<b>Level 1</b>	<b>Level 2</b>
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>

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

At August 31, 2010 and 2009, the carrying amount of mausoleums was as follows:

	<b>2010</b>	<b>2009</b>
Mausoleums	\$ 22,714,149	22,648,732
Mausoleums in progress	7,840,294	347,525
Accumulated depletion	(14,812,212)	(14,176,528)
Total mausoleums, net	<u>\$ 15,742,231</u>	<u>8,819,729</u>

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Notes to Financial Statements

August 31, 2010 and 2009

At August 31, 2010 and 2009, property and equipment, net, consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,749,792	1,749,792
Buildings	7,270,776	7,167,468
Fences	383,281	383,281
Roads	3,677,053	3,677,053
Water system	522,504	522,504
Equipment	1,624,285	1,431,657
Statues and fixtures	740,749	710,152
Furniture and fixtures	485,282	480,863
Automobiles and trucks	1,025,385	1,013,365
	<u>17,479,107</u>	<u>17,136,135</u>
Accumulated depletion, depreciation, and amortization	<u>(7,167,992)</u>	<u>(6,672,926)</u>
Total property and equipment, net	<u>\$ 10,311,115</u>	<u>10,463,209</u>

Mausoleums in progress include 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. There have been approximately \$142,000 in miscellaneous additions to the property.

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, \$927,651 and \$603,773 of expenditures were incurred for the years ended August 31, 2010 and 2009, respectively, relating to Old Westbury Farms. Of these costs, approximately \$17,639 and \$17,307, respectively, were 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.

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Notes to Financial Statements

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**(6) Cemetery Operations Revenue**

For the years ended August 31, 2010 and 2009, cemetery operations revenue consisted of the following:

	<u>2010</u>	<u>2009</u>
Burial rights	\$ 498,036	630,496
Entombment rights	2,488,437	2,197,643
Entombments	516,325	495,465
Interments	2,459,465	2,400,580
Maintenance fees	604,745	612,521
Total cemetery operations revenue	<u>\$ 6,567,008</u>	<u>6,336,705</u>

**(7) Related-Party Transactions**

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

In 2010 and 2009, Catholic Cemeteries made contributions of \$3,250,000 and \$3,000,000, respectively, to the Diocese to assist the Bishop in his various ministries.

**(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. Pension expense totaled \$237,875 and \$225,087 for the years ended August 31, 2010 and 2009, respectively.

**(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 \$351,331 and \$333,140 for the years ended August 31, 2010 and 2009, respectively. Additionally, Catholic Cemeteries' expense under the Health Insurance Program was \$812,079 and \$715,622 for the years ended August 31, 2010 and 2009, respectively.

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**(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 committed 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. 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 \$2,846,890 were assumed to escalate at 3% per year for the next 50 years with a discount rate of 3.5%. Commitments for permanent maintenance are substantial and, based upon the assumption noted above, the present value of future care payouts approximates \$134 million as of August 31, 2010. As of August 31, 2010 and 2009, Catholic Cemeteries has approximately \$79.4 million and \$73.4 million, respectively, in permanent maintenance funds for this commitment.

**(9) Subsequent Events**

In connection with the preparation of the financial statements, Catholic Cemeteries evaluated events subsequent to the balance sheet date of August 31, 2010 and through February 4, 2011, which was the date the financial statements were available to be issued, and concluded that no additional disclosures were required.