

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

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**REPORT ON AUDITS OF FINANCIAL STATEMENTS**

*Years Ended August 31, 2011 and 2010*

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

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*Years Ended August 31, 2011 and 2010*

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## **Financial Statements**

## 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 statement of financial position of Catholic Cemeteries of the Diocese of Rockville Centre ("Catholic Cemeteries") as of August 31, 2011, and the related statements of activities and cash flows for the year 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 audit. The financial statements of Catholic Cemeteries as of and for the year ended August 31, 2010 were audited by other auditors whose report dated February 4, 2011 expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2011 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Holtz Rubenstein Reminick LLP*

Melville, New York  
December 6, 2011

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Statements of Financial Position

<i>August 31,</i>	2011	2010
<b>Assets</b>		
Cash and Cash Equivalents	\$ 374,135	\$ 151,291
Investments (Note 3)	18,808,813	19,320,167
Interest Receivable and Other Assets	216,933	321,074
Mausoleums, net (Note 4)	15,570,919	15,742,231
Property and Equipment, net (Note 4)	10,063,725	10,311,115
Property Held for Possible Future Cemetery Site (Note 5)	5,924,868	5,924,868
Assets Whose Use is Contractually Committed to Permanent Maintenance (Note 3 and Note 8):		
Cash	293,455	61,900
Investments	85,812,951	79,324,633
<b>Total Assets</b>	<b>\$ 137,065,799</b>	<b>\$ 131,157,279</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 670,301	\$ 2,713,915
Deferred revenue	4,358,723	3,685,449
<b>Total Liabilities</b>	<b>5,029,024</b>	<b>6,399,364</b>
<b>Net Assets (accumulated deficit):</b>		
<b>Unrestricted:</b>		
Designated for operations	(3,528,779)	(2,974,720)
Plant fund	31,559,512	31,978,214
Designated for maintenance and reserve (Note 8)	17,886,461	16,354,740
Contractually committed to permanent maintenance (Note 8)	86,106,406	79,386,533
<b>Total unrestricted net assets</b>	<b>132,023,600</b>	<b>124,744,767</b>
Temporarily restricted	13,175	13,148
<b>Total Net Assets</b>	<b>132,036,775</b>	<b>124,757,915</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 137,065,799</b>	<b>\$ 131,157,279</b>

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Statement of Activities

*Year Ended August 31, 2011*

	Operations and Plant Funds	Designated and Maintenance Reserve Funds	Contractually Committed to Permanent Maintenance	Total Unrestricted	Temporarily Restricted	Total
Revenues:						
Cemetery operations (Note 6)	\$ 7,514,218	\$ -	\$ -	\$ 7,514,218	\$ -	\$ 7,514,218
Care funds interest and dividends	2,874,779	-	-	2,874,779	-	2,874,779
Maintenance care fees	-	-	806,018	806,018	-	806,018
World Trade Center memorial contributions	-	-	-	-	27	27
Permanent maintenance and perpetual care fees	-	-	456,189	456,189	-	456,189
Interest and dividend income	24,290	-	-	24,290	-	24,290
Realized and unrealized gains on investments	(307)	1,531,721	5,458,839	6,990,253	-	6,990,253
Decoration programs	998,236	-	-	998,236	-	998,236
Other	613,420	-	-	613,420	-	613,420
<b>Total Revenues</b>	<b>12,024,636</b>	<b>1,531,721</b>	<b>6,721,046</b>	<b>20,277,403</b>	<b>27</b>	<b>20,277,430</b>
Expenses:						
Program - cemeteries operations	7,819,581	-	-	7,819,581	-	7,819,581
General and administrative costs	1,927,816	-	1,173	1,928,989	-	1,928,989
Contributions made to the Diocese (Note 7)	3,250,000	-	-	3,250,000	-	3,250,000
<b>Total Expenses</b>	<b>12,997,397</b>	<b>-</b>	<b>1,173</b>	<b>12,998,570</b>	<b>-</b>	<b>12,998,570</b>
(Decrease) Increase in Net Assets	(972,761)	1,531,721	6,719,873	7,278,833	27	7,278,860
Net Assets, beginning of year	29,003,494	16,354,740	79,386,533	124,744,767	13,148	124,757,915
<b>Net Assets, end of year</b>	<b>\$ 28,030,733</b>	<b>\$ 17,886,461</b>	<b>\$ 86,106,406</b>	<b>\$ 132,023,600</b>	<b>\$ 13,175</b>	<b>\$ 132,036,775</b>

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Statement of Activities

*Year Ended August 31, 2010*

	Operations and Plant Funds	Designated and Maintenance Reserve Funds	Contractually Committed to Permanent Maintenance	Total Unrestricted	Temporarily Restricted	Total
<b>Revenues:</b>						
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
<b>Total Revenues</b>	<b>11,564,462</b>	<b>610,555</b>	<b>6,001,030</b>	<b>18,176,047</b>	<b>81</b>	<b>18,176,128</b>
<b>Expenses:</b>						
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
<b>Total Expenses</b>	<b>13,194,849</b>	<b>-</b>	<b>536</b>	<b>13,195,385</b>	<b>-</b>	<b>13,195,385</b>
(Decrease) Increase in Net Assets	(1,630,387)	610,555	6,000,494	4,980,662	81	4,980,743
Net Assets, beginning of year	30,633,881	15,744,185	73,386,039	119,764,105	13,067	119,777,172
<b>Net Assets, end of year</b>	<b>\$ 29,003,494</b>	<b>\$ 16,354,740</b>	<b>\$ 79,386,533</b>	<b>\$ 124,744,767</b>	<b>\$ 13,148</b>	<b>\$ 124,757,915</b>

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Statements of Cash Flows

<i>Years Ended August 31,</i>	2011	2010
Cash Flows from Operating Activities:		
Increase in net assets	\$ 7,278,860	\$ 4,980,743
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation, amortization and depletion	1,523,770	1,130,750
Net appreciation in fair value of investments	(6,990,253)	(5,811,127)
Decrease in interest receivable and other assets	104,141	54,108
Decrease in accounts payable and accrued expenses	(820,275)	1,088,517
Increase in deferred revenue	673,274	459,299
Net Cash Provided by Operating Activities	<u>1,769,517</u>	<u>1,902,290</u>
Cash Flows from Investing Activities:		
Purchase of property, equipment and mausoleums	(1,105,069)	(7,901,158)
Decrease in accounts payable and accrued expenses relating to capital	(1,223,339)	1,024,682
Purchases of investments	(1,056,710)	(8,686,782)
Proceeds from sale of investments	2,070,000	13,610,618
Net Cash Used in Investing Activities	<u>(1,315,118)</u>	<u>(1,952,640)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	454,399	(50,350)
Cash and Cash Equivalents, beginning of year	213,191	263,541
Cash and Cash Equivalents, end of year	<u>\$ 667,590</u>	<u>\$ 213,191</u>

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Notes to Financial Statements

Years Ended August 31, 2011 and 2010

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### 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 United States 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

- (1) **Designated for operations** - Include all unrestricted resources of Catholic Cemeteries, which are expendable for carrying on day-to-day operations.
- (2) **Plant fund** - Include funds to accumulate the net investment in land, buildings, mausoleums, and equipment of Catholic Cemeteries.
- (3) **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.
- (4) **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 United States 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.

#### 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, 2011 and 2010.

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Notes to Financial Statements

Years Ended August 31, 2011 and 2010

- (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) **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 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.

Investments subject to the provisions of Accounting Standards Update 2009-12, "*Investments in Certain Entities That Calculate Net Asset Value per Share*", with no readily determinable fair values, are recorded at net asset value per share as a practical expedient to estimating fair value. This includes the investments in Unitas.

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 Level 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:

	Life (in years)
Land	*
Buildings	10 to 50
Fences	25 to 50
Roads	10 to 20
Water System	50
Equipment	3 to 10
Statues and Fixtures	50
Furniture and Fixtures	5 to 10
Automobiles and Trucks	3 to 7

\* 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.

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Notes to Financial Statements

*Years Ended August 31, 2011 and 2010*

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- (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. Deferred revenue represents partial payments received based on payment plans and will be recognized as revenue once paid in full.
- (h) **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.
- (i) **Risks and uncertainties** - Catholic Cemeteries invests in various investment securities, including temporary cash investments. 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. Catholic Cemeteries places its temporary cash investments with various financial institutions. The cash amounts exceed the Federal Deposit Insurance Corporation coverage limit.
- (j) **Income taxes** - Catholic Cemeteries evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of ASC No. 740, "Accounting for Uncertainty in Income Taxes". Generally, Catholic Cemeteries is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years before 2008, which is the standard statute of limitations look-back period.

### 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 0.50% 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.

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.

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Notes to Financial Statements

*Years Ended August 31, 2011 and 2010*

At August 31, 2011 and 2010, investments consisted of the following:

	2011	2010
Cash Equivalents	\$ 8,351	\$ 3,002
Mutual Funds - Equity	85,500,499	77,680,886
Mutual Funds - Fixed Income	14,711,179	14,579,116
Listerine Royalty Trust	3,350,000	3,300,000
Unitas - Operating Fund:		
Money Market Fund (a)	94,111	163,743
Total Fixed Income Fund (c)	828,242	2,801,685
Unitas - St. Francis De Sales:		
Money Market Fund	7,566	5,225
Equity - Weighted Fund (b)	121,816	111,143
Total	<u>\$ 104,621,764</u>	<u>\$ 98,644,800</u>
Consisting of:		
Operating	\$ 922,352	\$ 2,965,427
Designated for maintenance and reserve	17,886,461	16,354,740
Contractually committed to permanent maintenance	85,812,951	79,324,633
Total	<u>\$ 104,621,764</u>	<u>\$ 98,644,800</u>

The investments in the Unitas Money Market Fund are redeemable daily. The investments in 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.

The following tables present the fair value hierarchy of investments as of August 31, 2011 and 2010:

	Fair Value	2011 Hierarchy Level	
		Level 1	Level 2
Cash Equivalents	\$ 8,351	\$ 8,351	\$ -
Mutual Funds - Equity	85,500,499	85,500,499	-
Mutual Funds - Fixed Income	14,711,179	14,711,179	-
Listerine Royalty Trust	3,350,000	-	3,350,000
Unitas - Operating Fund	922,353	-	922,353
Unitas - St. Francis De Sales	129,382	-	129,382
Total	<u>\$ 104,621,764</u>	<u>\$ 100,220,029</u>	<u>\$ 4,401,735</u>
	Fair Value	2010 Hierarchy Level	
		Level 1	Level 2
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>

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Notes to Financial Statements

*Years Ended August 31, 2011 and 2010*

### 4. Mausoleums and Property and Equipment, Net

At August 31, 2011 and 2010, the carrying amount of mausoleums was as follows:

	2011	2010
Mausoleums	\$ 31,407,341	\$ 22,714,149
Mausoleums in Progress	-	7,840,294
Accumulated Depletion	(15,836,422)	(14,812,212)
Total Mausoleums, net	<u>\$ 15,570,919</u>	<u>\$ 15,742,231</u>

At August 31, 2011 and 2010, property and equipment, net, consisted of the following:

	2011	2010
Land	\$ 1,749,792	\$ 1,749,792
Buildings	7,270,776	7,270,776
Fences	383,281	383,281
Roads	3,739,653	3,677,053
Water System	522,504	522,504
Equipment	1,695,981	1,624,285
Statues and Fixtures	740,749	740,749
Furniture and Fixtures	485,282	485,282
Automobiles and Trucks	1,143,259	1,025,385
	<u>17,731,277</u>	<u>17,479,107</u>
Accumulated Depletion, Depreciation and Amortization	(7,667,552)	(7,167,992)
Total Property and Equipment, net	<u>\$ 10,063,725</u>	<u>\$ 10,311,115</u>

At August 31, 2010, mausoleums in progress included costs for an addition to Holy Rood Mausoleum. The mausoleum was completed and placed into service during the year ended August 31, 2011.

### 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, \$917,768 and \$927,651 of expenditures were incurred for the years ended August 31, 2011 and 2010, respectively, relating to Old Westbury Farms. Of these costs, approximately \$18,886 and \$17,639, 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.

# CATHOLIC CEMETERIES OF THE DIOCESE OF ROCKVILLE CENTRE

## Notes to Financial Statements

*Years Ended August 31, 2011 and 2010*

### 6. Cemetery Operations Revenue

For the years ended August 31, 2011 and 2010, cemetery operations revenue consisted of the following:

	2011	2010
Burial Rights	\$ 463,807	\$ 498,036
Entombment Rights	3,224,072	2,488,437
Entombments	606,675	516,325
Interments	2,594,058	2,459,465
Maintenance Fees	625,606	604,745
Total Cemetery Operations Revenue	<u>\$ 7,514,218</u>	<u>\$ 6,567,008</u>

### 7. Related-Party Transactions

- (a) **Contributions made to the Diocese** - In each of 2011 and 2010, Catholic Cemeteries made contributions of \$3,250,000 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 \$311,217 and \$237,875 for the years ended August 31, 2011 and 2010, 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 \$390,520 and \$351,331 for the years ended August 31, 2011 and 2010, respectively. Additionally, Catholic Cemeteries' expense under the Health Insurance Program was \$755,228 and \$812,079 for the years ended August 31, 2011 and 2010, 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 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 \$3,222,491 were assumed to escalate at 3.0% 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 \$134,000,000 as of August 31, 2011. As of August 31, 2011 and 2010, Catholic Cemeteries has approximately \$86,100,000 and \$79,400,000, respectively, in permanent maintenance funds for this commitment.

### 9. Subsequent Events

Management has evaluated subsequent events through December 6, 2011, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements